

ASX Announcement

14 April 2020

Company Updates - Carlyle

Syndicated Facility Agreement

Pioneer Credit Limited ('**Pioneer**' or the '**Company**') advised the market in requesting a trading halt on 8 April 2020 that it had received a letter from Project Robin, L.P., an entity part of the group doing business as The Carlyle Group ('**Carlyle**'), in relation to the Company's A\$ Syndicated Facilities Agreement dated 20 December 2019 ('**Facility Agreement**') under which Carlyle is the senior lender.

Carlyle's letter alleged a number of defaults have occurred and are continuing under the Facility Agreement ('**Defaults**'). The Defaults, which Pioneer refutes, relate to:-

1. the alleged occurrence of a Material Adverse Effect in respect of the Company as a result of the impact of COVID-19 on the business, operational strategies employed by the Company between March and August 2019, and internal governance matters;
2. the alleged non-compliant disclosure of information to Carlyle prior to its entry into the Facility Agreement;
3. the alleged non-lodgement of a Compliance Certificate (which has since been remedied); and
4. the alleged cross defaults under the Medium Term Notes.

As a consequence of the alleged Defaults, which Pioneer refutes, Carlyle has declared, amongst other of its rights under the Facility Agreement, that the outstanding amount under the Facility Agreement (being approximately \$141.6 million excluding accrued interest) to be payable on demand made by Carlyle.

No demand for the Outstanding Amount has been made by Carlyle and Carlyle has otherwise reserved its remedies and rights under the Facility Agreement.

Pioneer strongly refutes all of Carlyle's claims and believes that none of the matters cited in support of the allegations comprise a Default under the Facility Agreement or by extension, the Medium Term Notes.

Pioneer has requested Carlyle withdraw its Default Notice by 5.00pm (Perth time) on Friday, 17 April 2020 and that, if no such withdrawal is received, advised that Pioneer will commence legal proceedings against them seeking declaratory relief and any other necessary ancillary orders, including but not limited to orders for specific performance of the Facility Agreement, and for injunctive relief.

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Scheme of Arrangement

Late on Monday 13 April 2020, the Company received a further letter from Robin BidCo Pty Ltd ('**BidCo**'), another entity part of The Carlyle Group, totalling 27 pages in length alleging a number of breaches under the Scheme Implementation Agreement as released to the market on 5 December 2019 ('**SIA**').

The letter alleges that there have been Pioneer Material Adverse Changes, Pioneer Regulated Events and a number of material breaches of the SIA by Pioneer. These breaches and alleged occurrences relate, amongst other things, to BidCo's information requests, the form and content of the draft Scheme Booklet, outstanding information and alleged changes to Pioneer's business. Many of these alleged matters relate to responses already provided by Pioneer to BidCo, including the potential impacts to Pioneer's business of the COVID-19 pandemic.

BidCo has provided the Company with 5 Business Days to remedy the alleged material breaches and has given notice that it intends to terminate the SIA pursuant to clause 15.1(a) if the relevant circumstances continue to exist after 5 Business Days from the date of the notice. BidCo has reserved all of its remedies and rights arising under the SIA.

The Company is generally disappointed with Carlyle's actions and is considering this further letter and its proposed response. Pioneer believes that it has engaged with Carlyle in good faith continuously throughout the period since the SIA was signed, providing extensive information, analysis and data and has responded to all enquiries with vigour and detail.

It seems clear to the Board that Carlyle are intent on exercising maximum pressure on the Company, including using the potential impacts of COVID-19, to move from their original commitment under the SIA and either withdraw from the transaction or attempt to gain control of Pioneer for a very low price.

The Company will provide a further update to the market once available.

Authorised by:

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About Pioneer

Pioneer Credit is an ASX-listed company (ASX: PNC) providing high quality, flexible, financial services support to help everyday Australians out of financial difficulty. Pioneer Credit has the trust of long-term vendor partners to do the right thing and respectfully support customers to achieve their financial independence.

Pioneer Credit has established a solid foundation to pursue further growth by leveraging its outstanding industry relationships, compliance record and customer-focused culture.

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