



JUSTKAPITAL

Litigation Partners Limited

22 January 2016

The Manager
Company Announcements
Australian Securities Exchange
Level 5, 20 Bridge Street
Sydney NSW 2000

By E-Lodgement

Dear Sirs

ASX Code: JKL

Successful completion of the acquisition of the Macquarie Medico Legal business

The directors of JustKapital Litigation Partners Limited (**JustKapital**) (ASX: JKL) are pleased to announce that the acquisition of the assets and business of Macquarie Medico Legal (MML) has been successfully completed today.

Philip Kapp, the Executive Chairman of JustKapital said:

"We are very pleased and excited with the acquisition of MML, we now have an opportunity to expand and grow the Macquarie Medico Legal business Australia wide.

"The Macquarie Medico Legal business is very complimentary to JustKapital's core litigation funding business. Importantly, it also adds recurring income and cash flows to the Company".

The final purchase consideration paid today, based upon MML's debtor book at completion is \$19.3 million. The purchase consideration consists broadly of the following:

- A\$10.9 million in a single cash payment upon completion of the transaction;
- A\$2.0 million deferred cash payment; and
- A\$6.4 million of share and option consideration based on an agreed average price of \$0.25/share, representing a 14% premium to yesterday's closing price of \$0.22/share.

The final purchase price of \$19.3 million represents a multiple of 1x the value of the debtor book (approximately \$19 million), which the Board considers attractive for a business which has delivered compound revenue growth in excess of 40% over the past three years.

JustKapital has funded the acquisition out of existing cash reserves and a new debt facility. No new equity was required to fund the acquisition.

MML currently operates in Sydney and has an estimated 4% market share in Australia with the total market estimated to be worth more than \$300 million.

"We consider that there are considerable opportunities to expand the business beyond New South Wales," said Mr Kapp. "It's also worth noting that MML's founder and existing CEO, John Bannister, and MML's staff will remain with the business".

For personal use only



JUSTKAPITAL

Litigation Partners Limited

About Macquarie Medico Legal

Established in 2007, MML is a growing business which funds and provides medical reports and radiological services to legal practitioners. MML is a market leader in the funding of medical reports and related medical professionals' expenses associated with personal injury cases.

MML has a debtor book of approximately \$19 million at completion (\$17.3 million as at 30 June 2015), which consists of a portfolio of approximately 9,000 disbursement receivables at an average invoiced amount of approximately \$2,200. Generally, MML's invoices for the disbursements funded are payable on determination of the litigation or after 3 years. MML's average time frame for a personal injury case to settle is approximately 18 months.

MML currently operates mainly in Sydney. MML has an estimated 4% market share in Australia with the total market estimated to be worth more than \$300m. As part of the continued growth objectives, the Board of JustKapital believes there are significant opportunities to expand the business beyond NSW in this highly fragmented disbursement funding marketplace.

Acquisition Highlights

Highlights regarding this acquisition include:

- MML generated revenues in the year ending 30 June 2015 of \$11.6 million (\$9.4 million for the period to 30 June 2014), representing growth of 23.8% and three year compound annual growth in excess of 40%;
- MML had underlying EBIT of \$4.1 million for the financial year ending 30 June 2015 (\$3.0 million for the period to 30 June 2014), representing an EBIT margin of 35%;
- MML's Net Debtors on hand at 30 June 2015 were \$17.3 million (\$13.9 million as at 30 June 2014) representing debtor book growth of 24.3%;
- MML's founder and existing CEO, John Bannister and MML's staff will remain with the business under the ownership of JustKapital;
- MML has strong, long-standing relationships with a growing number legal firms that use its services;
- Geographical growth opportunity to expand its' services to more legal firms both within NSW and to the rest of Australia.

Update on the key terms of the Acquisition

Under the terms of the Acquisition, JustKapital's wholly owned subsidiary, JustKapital Financing Pty Ltd ACN 606 427 294 (JustKapital Financing) acquired all of the issued capital in MML Services Pty Ltd ACN 609 165 817, the entity holding the Macquarie Medico Legal assets.

As foreshadowed in JustKapital's ASX announcement dated 21 December 2015, JustKapital Financing has now secured a \$20,000,000 debt facility to fund, in part, the upfront cash component of the Acquisition and to support the strategic growth of JustKapital's litigation and disbursement funding businesses.

Of the \$20 million debt funding package, \$7.5 million will be used to fund the acquisition, with the balance to fund growth of the disbursement funding business.

For personal use only



JUSTKAPITAL

Litigation Partners Limited

JustKapital also issued 11,333,333 shares at an agreed issue price of \$0.26 each and 1,500,000 unlisted options (at an exercise price of \$0.25 each) to the vendors on completion which are subject to a two year voluntary escrow restriction.

The debt financing is being provided via a receivables purchase arrangement. The financier will take an interest in the shares in JustKapital Financing and its assets (including beneficial ownership of the receivables) as security and JKL and JustKapital Financing will also provide a guarantee to the financiers.

JustKapital will also seek shareholder approval for the issue of the ordinary shares in JustKapital under the earn-out arrangements agreed with the sellers prior to 30 December 2016. If shareholders do not approve the issue of shares the sellers will be paid all of the earn-out consideration in cash. Further details of the shareholders' meeting will be provided in due course.

About JustKapital Litigation Partners Limited

JustKapital Litigation Partners Limited (ASX: JKL) is a leading Australian litigation funding business offering finance to corporate and individual plaintiffs with meritorious claims. Cases pursued include business to business claims, breaches of fiduciary duties, continuous disclosure and intellectual property rights and claims for liquidators, misleading and deceptive conduct and professional negligence.

Authorised by:

Philip Kapp
Executive Chairman

For media enquiries:

Michael Mullane
Cannings Corporate Communications
mmullane@cannings.net.au
Tel: +61 414 590 296

For investor enquiries:

Philip Kapp
Executive Chairman
JustKapital Litigation Partners Limited
Tel: +61 2 9696 0220

For personal use only