

ASX Announcement (ASX: JKL)

Market Update

The Board of Directors of JustKapital Limited (JustKapital or Company) are pleased to announce an update on its businesses as at 28 March 2017.

Disbursement Funding Division and Short-Term Funding Update

JustKapital has developed into a diversified provider of litigation financing solutions. During FY2017, JustKapital established a short-term finance division and rapidly expanded its disbursements funding business.

JustKapital has successfully expanded its customer base in Sydney, its regional presence to Brisbane and Melbourne, and its product offering, which now includes short-term lending to law firms.

This organic growth is primarily driven by the growth of its law firm client base in the Disbursements Funding Division. Revenue in this division grew 37% between the second half of FY2016 and the first half of FY2017. JustKapital expects to deliver more than \$5 million EBITDA from its Disbursements Funding Division in FY2017.

During FY2017 the Group has committed \$1.6 million in short-term finance to law firms (agreements with a duration of less than 12 months) and is experiencing increasing demand in this area. The short-term lending product is tailored to law firms and performs similar to a revolving line of credit, allowing the law firm to draw down and repay any amount at any time during the term of the facility. JustKapital's law firm clients use the funds to grow their business, assisting them with the acquisition of cases and general working capital requirements. The Short-Term Finance Division is expected to be EBITDA positive in FY2017.

Litigation Funding Division Update

The Group currently has 8 cases which are funded and under management. An overview of these cases is attached as Appendix A. Due to the nature of litigation it is not possible to predict the timing of the completion of the case with accuracy. The Group continues to expect that at least one case will conclude in FY2017. In addition, the Group continues to assess a number of cases which are in the due diligence phase.

Corporate Update

The Group has successfully finalised its warranty claim in relation to the purchase of the Macquarie Medico Legal business, which now forms part of the Disbursement Funding Division. The deferred settlement due to be paid to the Vendors of that business has been reduced by \$0.8 million from \$1 million to \$0.2 million, which is due to be paid on 30 June 2017.

Additional Debt Facility

The Company has entered into a term sheet with Lucerne Investment Partners for a short-term loan (Facility) to fund its growing business divisions.

The Facility is subject to a number of usual conditions including signing the Loan Agreement. The parties expect to have the facility in place on or before 31 March 2017.



Key Terms of the Facility

Amount:	\$7,000,000
Term:	12 Months
Facility:	Corporate Credit Facility
Interest Rate:	13.5% p.a.
Interest Payments:	Monthly in arrears
Lender:	Lucerne Investment Partners

Use of Funds

The proceeds of the Facility will allow the Company to continue with its regional, customer and product expansion strategy as well as the provision of the short-term finance to law firms.

As Shareholders are aware the Company has in place a \$20 million facility with Assetsecure Pty Limited (AS Facility). The AS Facility was put in place to fund the acquisition of and to provide a disbursement funding facility for law firms operating in personal injury matters (see announcement dated 22 January 2016). An amount of \$13.9 million has been drawn down to date under the AS Facility as at 28 March 2017.

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Current Cases Portfolio – Cases Funded

TYPE OF CLAIM	DEFFENDANT	GROSS CLAIM VALUE*	COMMENTS
A. Breaches of Corporations Act & Continuous Disclosure Laws	Top 200 ASX listed Company	\$300m	Matter is proceeding through the Court system. There is a co-funding agreement in place
B. Patent Infringement US patent	Global Software Company	\$350m	All interlocutory motions and ancillary actions have been found in JKL client's favour to date. Trial was set to commence in March 2017, however due to a recent further application by the defendant concerning parts of the patents, the trial is expected to be delayed until calendar 2018. There is a co funding agreement in place
C. Breach of Fiduciary Duty	ASX Listed Trustee	\$34m	Trial to commence on 4 September 2017. A mediation expected in April 2017. There is a co funding agreement in place
D. Breach of Fiduciary Duty	ASX Listed Trustee	\$17m	Proceedings yet to be filed. There is a co funding agreement in place
E. Shareholder Class Action	Directors and Advisors	\$50m	Proceedings commenced as an open class. Strike out application has been dismissed. Expect trial date in FY18. Claim size could reach \$90m. There is a co funding agreement in place
F. Breach of Fiduciary Duty	ASX Listed Trustee	\$100m	The trial date of 3 July 2017 has been vacated. A new trial date has not yet been set but is expected to be in FY18. There is a co funding agreement in place
G. Breach of Fiduciary Duty	ASX Listed Trustee	\$50m	Trial has been moved to 18 March 2018. Mediation expected by June 2017. There is a co funding agreement in place
H. Breach of Contract & Fiduciary Duty	Big Four Bank	\$1 billion	Proceedings commenced as an open class. This matter is in its early stages. Claims totaling \$500M have signed funding agreements to date.
Total Funded 8 cases		\$1.9 billion	Does not include contingently funded cases

*Gross claim value is the amount being claimed by JustKapital's clients. It is not the estimated return to the Group from the case if it is successful. JustKapital expects to receive between 25%-50% of the settlement amount or judgment awarded, which could differ substantially from the gross claim value.