

18 September 2017

ASX Announcement (ASX: JKL)

## **JustKapital Governance and Remuneration Changes**

The Board of Directors is pleased to update shareholders on several proposed changes to the Company, the Board of Directors and management.

As shareholders are aware JustKapital has recently made two significant announcements;

- The restructure of litigation portfolio, announced on 3 July 2017;
- The acquisition of a 70% share in National Health Finance LLC, announced on 12 September 2017. In this regard also please see the updated presentation released today, 18 September 2017.

In addition, given the extraordinary growth of JustKapital Finance (the disbursement funding and short term loan businesses) JustKapital is well on its way to becoming a pure finance business servicing the legal industry in both Australia and the United States.

As such the Board has decided to implement several changes recognising that this is necessary to continue to drive JustKapital's exceptional growth and success.

### **Litigation Portfolio Restructure**

As announced, a separate unit trust (JustKapital Litigation Funding Trust) (the Trust), a trustee company and management company have been established and into which the litigation portfolio and pipeline of cases will be transferred at a value set by an independent valuation. JustKapital will receive units in the trust in settlement of the transfer. The income generated through the successful resolution of cases will be paid to JustKapital pro-rata based on the units held by JustKapital and new investors in the trust. The Trust will shortly commence a separate capital raise to fund the business of the Trust and the prosecution of existing and new cases.

The trustee company currently has 3 directors, Philip Kapp (Chairman), Tim Storey (Non-Executive Director) and Diane Jones (Executive Director). The trustee company intends to appoint 2 further non-executive directors to the Board of the trustee company. Discussions with those persons are ongoing.

### **JustKapital Board**

Given the transformation of JustKapital into a financier of law firms and the potential NHF acquisition referred to above, as well as the potential new capital raise to fund the NHF acquisition, the Board intends to appoint an independent chairman and a further non-executive director. Accordingly, upon the appointment of a new chairperson, Mr Kapp will assume the role of Chief Executive Officer of the JustKapital Group. Diane Jones will continue as Chief Operating Officer and Chief Financial Officer of the JustKapital Group.

The total remuneration pool for non-executive directors is \$300,000 (as approved by shareholders on 30 November 2011). It is anticipated that the appointment of the additional independent non-executive directors will not require an increase to this remuneration pool and the current Non-Executive Directors will reduce their salaries accordingly.



## **Executive Salaries and Incentives**

The Company has received questions from some shareholders regarding executive remuneration packages.

To address these concerns Mr Kapp will have his base salary adjusted to \$500,000 from \$775,000 (a reduction of \$275,000 per annum). Ms Jones' base salary will be reduced to \$400,000 from \$525,000 (a reduction of \$125,000 per annum). These salary adjustments will be effective from 1 October 2017.

In addition to the above adjustments in base salaries, Mr Kapp will be entitled to a short term bonus of \$250,000 in FY2018 which will be payable upon achieving performance measures, including a case settlement, completing the NHF transaction and achieving earnings targets. Ms Jones will be entitled to a short term bonus of \$125,000 in FY2018 which will be payable upon achieving the same performance measures.

Mr Kapp and Ms Jones will take 2/3 of their respective short term FY2017 bonuses as shares issued at a strike price of \$0.21 cents per share, being the same strike price as that used for the performance rights. These shares will be escrowed until 31 December 2018. The shares issued to Mr Kapp under this arrangement will require shareholder approval at the Annual General Meeting.

All participants of the Executive Incentive Plan have entered into an agreement to escrow the shares, issued as a result of achieving the hurdles in FY2017, until 31 December 2018.

Authorised by:

A handwritten signature in black ink that reads "Philip Kapp".

Philip Kapp  
Executive Chairman and Managing Director  
JustKapital Limited

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