

ASX Announcement (ASX: JKL)

**NHF Acquisition and Litigation Trust Update**

The Board of JustKapital Limited ("JustKapital" or the "Company" or the "Group") confirms that the proposed 70% acquisition of the US personal injury litigation financing business National Health Finance ("NHF") will no longer be pursued in its current structure. Despite the Company's best efforts, JustKapital has been unable to secure sufficient debt and equity funding in a timeframe deemed acceptable since the transaction became public knowledge. The Company will update the market should the transaction be revisited under an alternative structure.

The Board is also pleased to announce that it has reached favourable terms with Mr Philip Kapp resulting in Mr Kapp assuming management rights over the majority of the Group's funded cases which will be transferred into the Litigation Finance Trust ("Trust"). JustKapital is in the process of negotiating long-form documentation in relation to the transfer and expects to update the market once this has been executed. The transfer is subject to a number of conditions precedent, including that shareholder approval is obtained at a shareholder meeting expected to be held in February 2018. The outcome of these arrangements is that JustKapital will not incur any future liability on these cases and JustKapital will share in the future profits of the Trust upon completion of each case.

The Company has retained control of 3 cases. For various reasons the Board considered it is in the best interests of shareholders to retain these particular cases. The expected future investment required by the Group to realise an outcome in these 3 cases is less than \$1 million.

JustKapital wishes to update the market on the expected Group result for FY2018. It is anticipated that the Group will incur a loss of \$5M for FY2018. This loss includes one-off due diligence costs relating to the NHF proposal, transaction costs relating to the transfer of the litigation funding assets into the Trust and costs associated with Board and management changes.

The normalised FY2018 result can be summarised as follows:

	FY2018 \$'000
<b>Expected FY18 NPBT</b>	<b>(5,000)</b>
Add:	
NHF Transaction costs	2,600
Litigation Trust restructure costs	500
Management and Board costs	1,100
Other costs	400
<b>Normalised FY18 NPBT</b>	<b>(400)</b>



The Group expects to return to profitability in FY2019.

Further details in relation to the above will be provided with the Group's half yearly results, which are expected to be released in late February 2018 and in the notice of meeting, which is expected to be issued in January 2018.

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