



JUSTKAPITAL

PROSPECTUS

Non-renounceable Pro-rata Rights Issue

JUSTKAPITAL LIMITED ACN 088 749 008

To be renamed
LAWFINANCE LIMITED

For the offer of one JustKapital New Share for every one JustKapital Existing Share at an issue price of A\$0.08 per JustKapital New Share – up to 147.93 million new fully paid ordinary shares in JustKapital (Prospectus Offer)

The Prospectus Offer is scheduled to close at 5:00pm on 15 October 2018 unless extended or withdrawn. Applications must be received before that time to be valid.

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR ATTENTION.

This is an important document that should be read in its entirety. If you do not understand any component of this Prospectus you consult your professional advisors.



Financial Advisor



Legal Advisor

IMPORTANT INFORMATION

General

The Prospectus Offer contained in this Prospectus is an invitation to apply for one New JustKapital Share for every one Existing JustKapital Share in JustKapital Limited ACN 088 749 008 (**JustKapital** or the **Company**).

This Prospectus is dated 12 September 2018 and was lodged with ASIC on that date. ASIC and its Officers take no responsibility for the contents of this Prospectus or the merits of the investment to which the Prospectus relates.

Recompliance Prospectus

This Prospectus is a recompliance prospectus for the purposes of satisfying Chapters 1 and 2 of the ASX Listing Rules and to satisfy the ASX requirements for re-admission to the official list of the ASX following a change in nature and scale of JustKapital's activities.

ASX takes no responsibility for the contents of this Prospectus or the merits of the investment to which the Prospectus relates. The fact that ASX may list any of the securities offered under this Prospectus is not to be taken as an indication of the merits of any of those securities, the Company or any aspect of the Prospectus Offer.

Expiry Date

No securities will be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

Notice to Applicants

The information in this Prospectus is not financial advice and does not take into account the investment objectives, financial situation or specific needs of any prospective investor.

It is important that you read this Prospectus carefully and in full before deciding whether to invest in JustKapital. In particular, in considering the prospects of JustKapital you should consider the risk factors that could affect the financial performance of JustKapital in light of your personal circumstances (including financial and taxation issues) and seek professional advice from your accountant, stockbroker, lawyer and other independent professional advisor before deciding whether to invest. The price of New JustKapital Shares may rise or fall according to a number of factors. Some of the key risk factors that should be considered by prospective investors are set out within the Prospectus. There may be risks in addition to these which should be considered in light of your personal circumstances.

Exposure Period

The Corporations Act prohibits JustKapital from processing Applications to subscribe for New JustKapital Shares under this Prospectus in the seven day period after the date of lodgement. This period may be extended by ASIC by up to a further seven days. This period is an exposure period to enable the Prospectus to be examined by market participants prior to the raising of funds. The examination may result in the identification of deficiencies in this Prospectus, in which case any Application may need to be dealt with in accordance with section 724 of the Corporations Act. Applications received during the exposure period will not be processed until after the expiry of that period. No preference will be conferred on Applications received during the exposure period.

Statements of Past Performance

This Prospectus includes information regarding the past performance of JustKapital and NHF. Past performance is not indicative of future performance.

Financial Performance

Section 4 and Appendix 3 sets out the financial information and basis of preparation in this Prospectus. All amounts are in Australian dollars unless otherwise stated. Any discrepancy between totals and the sums of the components in tables are due to rounding.

Financial Information

Historical financial information has been prepared in accordance with Australian Accounting Standards and Australian Accounting Interpretations of the Australian Accounting Standards Board (**AASB**) and the Corporations Act.

Australian Accounting Standards set out the accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting standards ensures that the financial statements and notes also comply with International Reporting Standards as issued by the International Accounting Standards Board (**IASB**).

Forward Looking Statements

This document includes information that is historical in character and forward looking statements. The forward looking statements relate to future matters and are subject to various inherent risks and uncertainties. These risks and uncertainties include the risks described in section 5, as well as other matters not yet known to JustKapital or not currently considered material by JustKapital.

Any forward looking statements are subject to various risk factors that could cause actual results to differ materially from the results expressed or anticipated in these statements. Forward looking statements should be read in conjunction with, and are qualified by reference to, risk factors, general assumptions, specific assumptions and other information in this Prospectus. None of JustKapital, any of the directors or Officers of JustKapital, any other person named in this document with their consent or any person involved in the preparation of this document makes any representation or warranty (either express or implied) as to the accuracy or likelihood of fulfilment of any forward looking statement, or any events or results expressed or implied in any forward looking statement, except to the extent required by law.

JustKapital cannot and does not give any assurance that the results, performance or achievements expressed or implied by the forward looking statements contained in this Prospectus will actually occur and investors are cautioned not to place undue reliance on these forward looking statements. JustKapital has no intention of updating or revising forward looking statements, or publishing prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information, contained in this Prospectus, except where required by law.

Photographs and Diagrams

Photographs and diagrams used in this Prospectus that do not have descriptions are for illustration only and should not be interpreted to mean that any person shown in them endorses this Prospectus or its contents or that the assets shown in them are owned by JustKapital. Diagrams used in this Prospectus are illustrative only and may not be drawn to scale. Unless otherwise stated, all data contained in charts, graphs and tables is based on information available at the date of the Prospectus.

Company Website

Any references to documents included on the JustKapital website at <http://www.justkapital.com.au> are for convenience only, and none of the documents or other information available on the JustKapital is incorporated herein by reference.

Defined Terms and Time

Defined terms and abbreviations used in this Prospectus have the meanings given in the Glossary. Unless otherwise stated or implied, financial amounts are expressed in Australian dollars and references to times in this Prospectus are to local time in Sydney (GMT +11).

Disclaimer and Representations

Except as required by law, and only to the extent so required, neither JustKapital nor any other person warrants or guarantees the future performance of JustKapital, or any return on any investment made pursuant to this Prospectus.

No person is authorised to give any information or make any representations in connection with the Prospectus Offer which is not contained in this Prospectus. Any information or representation not so contained may not be relied upon as having been authorised by the JustKapital Directors, JustKapital or any other person in connection with the Prospectus Offer.

Non-underwritten Offer

The Prospectus Offer is not underwritten.

Selling Restrictions

This Prospectus does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. No action has been taken to register or qualify the New JustKapital Shares or the Prospectus Offer, or to otherwise permit a public offering of New JustKapital Shares, in any jurisdiction outside Australia. The distribution of this Prospectus outside Australia may be restricted by law and persons who come into possession of this Prospectus outside Australia should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

In particular, the New JustKapital Shares have not been, and will not be, registered under the US Securities Act or the securities laws of any state of the United States and may not be offered or sold in the United States unless the Shares are registered under the US Securities Act, or an exemption from the registration requirements of the US Securities Act and applicable US state securities laws is available.

Electronic Prospectus

This Prospectus will be issued in paper form and as an electronic Prospectus, which may be viewed online at <http://www.justkapital.com.au>. Persons who access the

electronic version of this Prospectus should ensure that they download and read the entire Prospectus. The offer of New JustKapital Shares pursuant to this Prospectus is available to persons receiving an electronic version of the Prospectus in Australia. The Corporations Act prohibits any person from passing onto another person the General Offer Application Form or Priority Allocation Application Form (as applicable) unless attached to or accompanied by the complete and unaltered version of this Prospectus. During the currency of this Prospectus any person may obtain a hard copy of this Prospectus free of charge by contacting the Company Secretary of JustKapital Limited on (+61 2) 9696 0220.

Privacy

By filling out the relevant Application Form to apply for Shares, you are providing personal information to JustKapital and JustKapital may collect, hold, use and disclose that personal information for the purpose of processing your Application, service your needs as a shareholder, provide facilities and services that you need or request and carry out appropriate administration.

If you do not provide the information requested in the relevant Application Form, JustKapital may not be able to process or accept your Application. Your personal information may also be used from time to time to inform you about other products and services offered by JustKapital, which it considers may be of interest to you. Your personal information may also be provided to JustKapital agents and service providers on the basis that they deal with such information in accordance with the JustKapital privacy policy. The agents and service providers of JustKapital may be located outside Australia where your personal information may not receive the same level of protection as that afforded under Australian law. The types of agents and service providers that may be provided with your personal information and the circumstances in which your personal information may be shared are: the Share Registry for ongoing administration of the register of members; printers and other companies for the purpose of preparation and distribution of statements and for handling mail; market research companies for the purpose of analysing the shareholder base and for product development and planning; and legal and accounting firms, auditors, contractors, consultants and other advisors for the purpose of administering, and advising on, the New JustKapital Shares and for associated actions. If an Applicant becomes a JustKapital Shareholder, the Corporations Act requires JustKapital to include information about the shareholder (including name, address and details of the JustKapital Shares held, including the New JustKapital Shares) in its public register of members. The information contained in the JustKapital register of members must remain there even if that person ceases to be a JustKapital Shareholder. Information contained in the JustKapital register of members is also used to facilitate dividend payments and corporate communications (including JustKapital financial results, annual reports and other information that JustKapital may wish to communicate to its Shareholders) and compliance by JustKapital with legal and regulatory requirements. An Applicant has a right to gain access to his or her personal information that JustKapital holds about that person, subject to certain exemptions under law. A fee may be charged for access. Access requests must be made in writing or by a telephone call to the JustKapital registered office. Applicants can obtain a copy of the JustKapital privacy policy by visiting the JustKapital (<http://www.justkapital.com.au>). By submitting an Application, you agree that JustKapital may communicate

with you in electronic form or to contact you by telephone in relation to the Prospectus Offer.

Questions

If you have any questions about how to apply for New JustKapital Shares under this Prospectus, please call your broker. Instructions on how to apply for New JustKapital Shares are set out on the back of the Application Forms.

If you have any questions about this document, please contact Diane Jones on (+61 2) 9696 0220, or your stockbroker, legal or financial advisor.

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LETTER FROM THE CHAIR

12 September 2018

Dear Shareholders,

On behalf of my fellow directors, it gives me great pleasure to offer you this opportunity to invest in JustKapital Limited (**JustKapital** or the **Company**) at this exciting time when it is proposed to transform from an Australian-based disbursements funder to a multi-national financing company.

On 19 July 2018, JustKapital announced the following elements of its transformation:

- (a) the execution of two conditional Securities Purchase Agreements to acquire a 100% interest in United States personal injury financier National Health Finance HoldCo, LLC (**NHF**) (**Transaction**);
- (b) the proposed extraordinary general meeting to be held on 26 September 2018 to approve, amongst other things, the change in the nature and scale of JustKapital's activities as a result of the Transaction, and approve the change of name from "JustKapital Limited" to "LawFinance Limited";
- (c) A\$7.5m placement fully underwritten by Pitt Capital Partners Limited (**Pitt Capital**), a wholly-owned subsidiary of Washington H. Soul Pattinson & Company Limited (**WHSP**) at A\$0.08;
- (d) A\$42m syndicated loan facility agreed with leading Australian institutions and family offices including WHSP; and
- (e) 1:1 non-renounceable rights issue to enable existing shareholders to participate on the same terms as the placement as set out in this Prospectus.

Under this Prospectus, JustKapital is inviting applications to participate in a non-renounceable pro-rata rights issue of up to 147,933,598 New JustKapital Shares, under which each Eligible Shareholders may apply for one New JustKapital Share for every one Existing JustKapital Share.

Details of the Prospectus Offer and the operations, financial performance, key risks and future prospects of JustKapital and the impact of the acquisition of NHF are set out in the Prospectus. I encourage you to read it carefully in its entirety.

On behalf of the board of JustKapital, I look forward to participating in this next exciting phase of the Company's life.

Yours sincerely



Tim Storey

Chairman
JustKapital Limited

RIGHTS ISSUE AT A GLANCE

1.1 Summary of offer

Issue Price	A\$0.08 per New Share
Entitlement	One New Share for every one Existing Share held at 7.00pm (Sydney local time) on the Record Date
Number of New Shares to be issued under the Rights Issue	Approximately 147,933,598
Underwriting	The Rights Issue is not underwritten
Amount to be raised	Up to A\$11.8 million (before the costs of the Rights Issue)

1.2 Key dates

Execution of Transaction Documents	18 July 2018 (local time in Phoenix, Arizona, United States)
Announcement of the Rights Issue	19 July 2018
Notice of Meeting and Explanatory Memorandum mailed to Shareholders	27 August 2018
Lodgement of Prospectus with ASIC	12 September 2018
JustKapital Extraordinary General Meeting	26 September 2018
Notice to Shareholders (details of timetable & statement that Prospectus has been lodged with ASX)	27 September 2018
Completion of the Transaction and payment of the purchase price in the USA	28 September 2018
Ex Date, Existing Shares trade without Rights attached and Rights trading commences on ASX	28 September 2018
Record Date to determine Entitlements	7.00pm (Sydney local time) on 1 October 2018
Prospectus and Entitlement and Acceptance Form despatched	4 October 2018
Opening date of the Rights Issue	
Last date to extend the offer under the Rights Issue	10 October 2018
Closing Date – last date for lodgement of Entitlement and Acceptance Forms and Application Money	15 October 2018
Trading of New Shares commences on a deferred settlement basis	16 October 2018
Notification to ASX of undersubscriptions	By 18 October 2018 (no later than 3 business days after the Closing Date)
Allotment of new Shares under the Placement	22 October 2018
Issue of New Shares and despatch of holding statements for New Shares	22 October 2018
Normal trading of New Shares expected to commence on ASX	23 October 2018

Subject to the Listing Rules and the Corporations Act and conditional on satisfaction of the conditions to the Transaction, JustKapital reserves the right to vary the timetable without prior notice, including by extending the Closing Date or closing the Rights Issue early.

All dates in the above timetable are indicative only and are subject to change. The parties may vary any or all of these dates and times and will provide reasonable notice of any such variation. Any changes will be announced by JustKapital to ASX.

If the shareholder approval for ASX Listing Rule 11.1.2 is obtained at the Extraordinary General Meeting, JustKapital will need to remain suspended pending its re-compliance with Chapters 1 and 2 of the ASX Listing Rules. Therefore, during the period in which JustKapital remains suspended, there will be no trading and the securities under the Placement and Rights Issue can only be issued when ASX has confirmed that JustKapital has satisfied the re-compliance requirements under Chapters 1 and 2 of the ASX Listing Rules.

1 INVESTMENT OVERVIEW

This section is a summary only and is not intended to provide full information for investors intending to apply for New JustKapital Shares offered pursuant to this Prospectus. This Prospectus should be read and considered in its entirety.

Question	Answer	More information
1.1 Company		
Who is the issuer of this Prospectus?	JustKapital Limited ACN 088 749 008 (ASX Code: JKL) (JustKapital) to be renamed LawFinance Limited (expected to be ASX Code: LAW)	NA
Who is JustKapital?	<p>Since March 2015, JustKapital has been a specialised financier to the legal industry, including disbursement funding and short-term lending.</p> <p>Under its business of disbursement funding solutions for law firms, JustKapital provides deferred payment terms for third party disbursements that form part of litigation mainly associated with personal injury claims, which include:</p> <ul style="list-style-type: none"> • Medico-legal reports • Radiology reports • Court filing fees • All other expert reports <p>On 12 September 2017, JustKapital announced the proposed purchase of 70% of National Health Finance HoldCo, LLC (NHF), which is a business similar to JustKapital Finance in that it provides a funding solution to business. That transaction was withdrawn. A renegotiation took place over several months. In the end JustKapital agreed to acquire 100% of NHF for US\$53 million, as announced on 19 July 2018 (Transaction).</p>	Section 3.1
Who is NHF?	<p>Established in 1999, the NHF business is an Arizona based medical lien purchasing business with operations in 19 states in the United States.</p> <p>NHF purchases a lien from healthcare providers and hospitals over medical receivables associated with personal injury cases. NHF's return is realised upon payment by the at-fault party or the insurance carrier on conclusion of the personal injury litigation either by settlement or judgment.</p>	Section 3.3
1.2 Transaction		
What is the Transaction?	<p>JustKapital is acquiring the US business, NHF.</p> <p>The Transaction involves JustKapital acquiring 100% of NHF from Presidio and from Wattel and Siegel, for an aggregate purchase price of US\$53.0 million (c.A\$68.8 million¹), comprising:</p> <ul style="list-style-type: none"> • US\$26.5 million in cash paid to Presidio; • A vendor loan from Wattel and Siegel of A\$17.2 million at 13% interest per annum and of a four year duration and 122,863,636 Warrants (at a ratio of 7.14 Warrants per dollar with a A\$0.14 strike price (89% to the VWAP)); and • Wattel and Siegel will be issued with 215,097,403 new Shares at A\$0.08. <p>The consideration for the acquisition will be made from:</p> <ul style="list-style-type: none"> • A\$42.0 million secured syndication acquisition facility with leading Australian institutions and family offices including Pitt Capital. The issue of 329,880,000 Warrants to the Syndicated Acquisition 	Section 2

¹ Based on a A\$:US\$ exchange rate of 0.77 (**Exchange Rate**) agreed by the parties. In the remainder of this document, unless otherwise stated, the conversion from US\$ to A\$ is based on the Exchange Rate.

	<p>Lenders (at a ratio of 7.14 Warrants per dollar with a A\$0.14 strike price (89% to the VWAP)) as an establishment fee;</p> <ul style="list-style-type: none"> • A\$7.5m placement fully underwritten by Pitt Capital, a wholly-owned subsidiary of WHSP at A\$0.08. Pricing represents a 8% premium to the VWAP²; and • Up to A\$11.8 million non-underwritten, 1:1 non-renounceable, pro-rata rights issue at A\$0.08 per share. <p>The Transaction has the capacity to transform JustKapital from an Australian-based disbursements funder to a multi-national financing company.</p>	
Who are the Vendors?	<p>The vendors are Wattel and Siegel (who are also the founders of the NHF business (Founders)) and Presidio who is a third party early stage investor who is exiting from the business. The Founders will be retained in the business following completion of the sale of NHF.</p> <p>None of the vendors are related to JustKapital in any way.</p>	NA
What are the conditions to completion of the Transaction?	<p>Completion of the Transaction is conditional upon:</p> <ul style="list-style-type: none"> • Debt: JustKapital securing debt finance of approximately of A\$42 million (the Syndicated Acquisition Facility); • Equity: Completion of the Placement; • No material adverse change: there not being any material adverse change in the business, operations, properties, prospects, assets or condition of NHF and no event has occurred or circumstances exist that may result in such material adverse effect; • Shareholder approval: JustKapital secures the necessary shareholder approvals required for the Transaction; • Lender approval: NHF obtains approval from Atalaya Special Opportunities Fund IV LP (Atalaya) (if necessary). Atalaya provides a financing facility to NHF that funds 90% of the cost of originations of NHF; and • Key management: key management including Wattel and Siegel signing employment agreements with NHF. 	Section 2.3
What conditions precedent under the Management Agreement have been fulfilled?	<p>The following conditions precedent have been fulfilled:</p> <ul style="list-style-type: none"> • the Presidio Agreement has been executed and delivered and the Presidio Agreement has been consummated concurrently with the Management Agreement; and • JustKapital has completed a due diligence review of the NHF business and is satisfied in its sole discretion with such review. 	NA
Does the Board recommend the Transaction?	The Board unanimously recommend that Shareholders vote in favour of the Resolutions.	Notice of Meeting
When will the Transaction be completed?	JustKapital expects that Completion will occur in the US on or about 28 September 2018.	Rights Issue at a Glance (Key Dates)
What are the Warrants?	<p>The Warrants will be issued to various parties in connection with the Transaction. The Warrants have an exercise price of A\$0.14 and are exercisable by the holder at any time up to 4 years after issue.</p> <p>JustKapital will issue 122,863,636 warrants in JustKapital to Wattel and Siegel pursuant to the Management Securities Purchase Agreement and 329,880,000 warrants in JustKapital to the Syndicated Acquisition Lenders.</p>	Appendix 1

² VWAP as at close of trade on 19 July 2018, being the date JustKapital's Shares were voluntarily suspended from official quotation.

1.3 Business Model		
How will the Merged Group generate its revenue?	<p>NHF purchases a lien from healthcare providers and hospitals over medical receivables associated with personal injury cases. Historically NHF has generated a return from these purchases of 1.77 times its invested cost.</p> <p>JustKapital provides disbursement funding solutions for law firms for third party disbursements for litigation mainly associated with personal injury claims.</p> <p>Under AASB9, revenue from these purchases (both NHF and JustKapital) will be brought to account over a period in line with its cash collections as determined by an external actuary.</p>	N/A
What are the key business strategies of the Merged Group?	JustKapital will continue to focus on organic opportunities in the domestic market while it takes advantage of new growth opportunities in the US market.	N/A
Which geographical markets will the Merged Group operate in?	<p>JustKapital's core business of disbursement funding currently operates, and will continue to operate, across 4 states in Australia including: NSW, Queensland, Victoria and SA.</p> <p>NHF operates in 19 states in the United States including: Arkansas, Arizona, California, Florida, Georgia, Indiana, Kentucky, Louisiana, Michigan, Nevada, New Mexico, New York, Oklahoma, Pennsylvania, Tennessee, Texas, Utah, Virginia and Washington. Consequently, following completion of the Transaction, JustKapital will operate in both Australia and in the US.</p>	Section 3.9
What are the key dependencies of the Merged Group's business model?	<p>The NHF business relies on its partner provider network to facilitate relationships between NHF and local personal injury attorneys, medical practitioners, hospitals and patients, allowing NHF to scale rapidly.</p> <p>The JustKapital business relies on its relationships with Law firms to fund their disbursements.</p> <p>Both NHF and JustKapital are heavily reliant on debt financing for the purchase of medical liens or funding of the disbursements respectively. The ability of JustKapital to continue to have access to funding for future activities in both countries is dependent on a number of factors including general economic, political, capital and credit market conditions.</p>	Section 5.2
How does the Merged Group expect to fund its operations?	Both NHF and JustKapital rely on debt to finance the purchase of medical liens or funding of the disbursements respectively. Overheads and other expenses are financed by a combination of cashflow and equity.	N/A
1.4 Key Financial Information		
What historical financial information is available?	The historical financial information for JustKapital and NHF and the pro forma financial information for the Merged Group can be located in the Investigating Accountant's Report in Appendix 3.	Section 4.3 and Appendix 3.
What are the expected key drivers of financial performance?	The growth in net loan receivables, cash collections, and level of Unrecognised Day 1 Margin will all be key metrics in determining the performance of the business.	N/A
What is the Exchange Rate?	The A\$:US\$ exchange rate of 0.77 has been used throughout this document, unless otherwise stated. The exchange rate at the time this Transaction completes may be higher or lower than this rate.	Glossary
1.5 Key Benefits and Risks		
What is the rationale for the Transaction and what are the	The Board believes the Transaction will deliver significant value to JustKapital and its shareholders as the enterprise value of the combined Group will be A\$199.7 million ³ , with an implied market capitalisation increase	Section 3.9

³ Enterprise Value – Being the A\$40.2m implied market capitalisation plus A\$48.3m JustKapital Gross Debt less A\$1.3m JustKapital Cash on Hand plus A\$72.0m NHF Gross Debt less A\$3.2m NHF Cash on Hand plus A\$59.2m Acquisition Debt (being the A\$42m Syndicated Acquisition Facility and A\$17.2 Vendor Loan) less A\$16.0m Acquisition Cash (being the A\$13.2m Working Capital and A\$1.3m Founder Note (tranche 1) and A\$0.9m 3rd party notes).

key benefits of the Transaction?	<p>by 267% to A\$40.2 million.⁴ Further it will provide access to the larger United States market, which has over 325 million people, 13 times the size of the Australian market.</p> <p>Specifically, the Board considers that the Transaction has the capacity to transform JustKapital from an Australian-based disbursements funder to a multi-national financing company.</p> <p>While JustKapital remains committed to exiting the litigation funding business, JustKapital's core business of disbursement funding currently operates, and will continue to operate, in Australia. Following completion of the Transaction, JustKapital will operate in both Australia and in the US.</p>
What are the key risks associated with the Transaction?	<p>If the Transaction proceeds, Shareholders may be exposed to several risks including, but not limited to:</p> <ul style="list-style-type: none"> • risks specific to the Transaction such as: <ul style="list-style-type: none"> ○ reliance on information provided to JustKapital by the Vendors; ○ reliance on the Founders; ○ conditional on obtaining debt and equity finance and JustKapital Shareholder approval; • risks specific to the NHF business in the JustKapital Group, including: <ul style="list-style-type: none"> ○ managing a business that is in a different time zone and jurisdiction to the existing business; ○ regulatory risk and legislative changes in the USA relating to the health care industry; ○ integration risk; ○ ability to originate new receivables; ○ ability to retain existing customers and respond to competitive challenges; and ○ obligations under debt and funding arrangements; • Other risks include: <ul style="list-style-type: none"> ○ dilutive effect on holdings of existing Shareholders; ○ accounting policy alignment may affect the proforma financial statements; ○ currency and interest rate fluctuations; ○ delay in cash collections on the acquired receivables; ○ access to new capital to support continued growth; and ○ new market entrants which may affect the expected margins.
What happens if the Transaction is not approved?	<p>If the Transaction is not approved then the Transaction will not proceed.</p> <p>There are a number of key implications if the Transaction does not proceed, including:</p> <ul style="list-style-type: none"> (a) lack of scale; (b) restricted liquidity or market depth;

⁴ Market Capitalisation – VWAP as at close of trade on 19 July 2018, being the date JustKapital's Shares were voluntarily suspended from official quotation being A\$0.074 for 147,933,598 JustKapital shares currently on issue and assuming an issue price of A\$0.08 for 93,750,000 new shares relating to the Placement and an assumption of 56,250,000 shares relating to the Rights Issue and 215,097,403 new Shares will be issued to Wattel and Siegel (in aggregate) as part of the purchase price for the Transaction. This number ignores any dilutive effect from any conversion of the convertible notes issued by JustKapital.

	<p>(c) lack of geographic diversity; and</p> <p>(d) regulatory risk.</p> <p>The other key implications if the Transaction does not proceed, include:</p> <p>(a) the costs of the Transaction, which are expected to be A\$2.1m;</p> <p>(b) the existing business of JustKapital only being the disbursement funding business; and</p> <p>(c) JustKapital only operating in Australia as a sub-scale disbursement funder.</p>																															
1.6 Directors and Executive Team and interests																																
Directors	<p>Upon the passing of Resolutions 1 to 11 set out in the Notice of Meeting, the directors of JustKapital will be:</p> <p>(a) Timothy Storey (Non-Executive Chairman);</p> <p>(b) Diane Jones (Chief Executive Officer and Managing Director);</p> <p>(c) Anthony Murphy (Non-Executive Director); and</p> <p>(d) David Wattel (Chief Executive - NHF and Executive Director).</p>	Section 6.1																														
Key management personnel	<p>Upon the passing of Resolutions 1 to 11 set out in the Notice of Meeting, the key management personnel of JustKapital will be:</p> <p>(a) Anthony Hersch (Chief Operating Officer);</p> <p>(b) Craig Beaton (Chief Financial Officer); and</p> <p>(c) Mark Siegel (Medical Director of NHF).</p>	Section 6.2																														
What benefits and interests are payable to JustKapital Directors, the Proposed Director and other persons connected with JustKapital and what interests do they hold?	<p>Following completion of the Transaction, the JustKapital Directors (including the Proposed Director) are anticipated to have a Relevant Interest in 113,034,279 JustKapital Shares on a post Consolidation basis), being approximately 22.03% of the total number of JustKapital Shares on issue. The assumption is that A\$4.5 million is raised under the Rights Issue:</p> <table><tr><th rowspan="2">Director</th><th rowspan="2">Number of JustKapital Performance Rights⁵ (post Consolidation basis)</th><th colspan="2">Number of JustKapital Shares (post Consolidation basis)</th></tr><tr><th>Direct</th><th>Indirect</th></tr><tr><td>Tim Storey</td><td>166,590</td><td>-</td><td>3,218,212</td></tr><tr><td>Anthony Murphy</td><td>-</td><td>-</td><td>840,000</td></tr><tr><td>Diane Jones</td><td>719,366</td><td>1,427,366</td><td>-</td></tr><tr><td>David Wattel</td><td>-</td><td>107,548,701</td><td>-</td></tr><tr><td>Total</td><td>885,956</td><td>108,976,067</td><td>4,058,212</td></tr><tr><td>% held</td><td>n/a</td><td>21.24%</td><td>0.79%</td></tr></table>	Director	Number of JustKapital Performance Rights ⁵ (post Consolidation basis)	Number of JustKapital Shares (post Consolidation basis)		Direct	Indirect	Tim Storey	166,590	-	3,218,212	Anthony Murphy	-	-	840,000	Diane Jones	719,366	1,427,366	-	David Wattel	-	107,548,701	-	Total	885,956	108,976,067	4,058,212	% held	n/a	21.24%	0.79%	Section 6.3
Director	Number of JustKapital Performance Rights ⁵ (post Consolidation basis)			Number of JustKapital Shares (post Consolidation basis)																												
		Direct	Indirect																													
Tim Storey	166,590	-	3,218,212																													
Anthony Murphy	-	-	840,000																													
Diane Jones	719,366	1,427,366	-																													
David Wattel	-	107,548,701	-																													
Total	885,956	108,976,067	4,058,212																													
% held	n/a	21.24%	0.79%																													
Related party transactions	<p>There are related party transactions between JustKapital and with the Lucerne Group, which manages funds on behalf of third parties. Anthony Murphy is the Chief Executive Officer of Lucerne Investment Partners, part of the Lucerne Group.</p>	Section 6.3																														

⁵ Performance rights that convert into shares that are provided to employees and directors of JustKapital in exchange for the rendering of services.

1.7 Key terms of the Prospectus Offer		
What is the Prospectus Offer?	JustKapital is inviting applications under the Prospectus Offer to participate in a 1:1 non-renounceable pro-rata rights issue of up to 147,933,598 New JustKapital Shares.	Section 7.1
Who can accept the Prospectus Offer?	The Prospectus Offer is available to Eligible Shareholders to both Australian and New Zealand residents.	See section 7 for more information.
What are the key dates of the Prospectus Offer?	The key dates of the Prospectus Offer are set out in the 'Rights Issue at a Glance' section of this Prospectus.	Rights Issue at a Glance (Key Dates)
Will the New JustKapital Shares be listed?	JustKapital will make an application to the ASX within 7 days after the date of this Prospectus to be re-admitted to the official list of the ASX and for the official quotation of the New JustKapital Shares.	Section 7.14
Is the Prospectus Offer underwritten?	The Prospectus Offer is not underwritten.	Section 7.1
What are the tax implications of investing in New JustKapital Shares?	Different taxation circumstances will apply to different investors, depending on factors such as whether the investor is a resident or a non-resident of Australia for taxation purposes and whether the investor is an individual, a company, a trust, or a complying superannuation fund. Accordingly, potential investors are advised to seek their own taxation advice before investing in JustKapital.	Section 7.7
What are the rights and liabilities attached to the security being offered?	A summary of the material rights and liabilities attaching to the New JustKapital Shares is set out in section 7.18.	Section 7.18
Is there any brokerage or stamp duty payable?	Applicants will not pay any brokerage or stamp duty on accepting the Prospectus Offer.	Section 8.7
When will I receive confirmation that my Application was successful?	It is expected that initial holding statements will be despatched by standard post on or about 22 October 2018.	Section 7.4
Can the Prospectus Offer be withdrawn?	JustKapital reserves the right not to proceed with the Prospectus Offer at any time before the issue of New JustKapital Shares to successful Applicants. If the Prospectus Offer does not proceed, Application Monies will be refunded. No interest will be paid on any Application Monies refunded as a result of the withdrawal of the Prospectus Offer	Section 7.17
How can I participate in the Rights Issue?	If you are an Eligible Shareholder, you may: (a) take up your Entitlement in full; (b) take up your Entitlement in part; or (c) allow some or all of your Rights to lapse. Eligible shareholders who take up their Entitlement in full may also apply for Additional New Shares in excess of their Entitlement (to the extent available). In the event of oversubscription, the allocation of Additional New Shares will be at the absolute discretion of JustKapital and subject to scale back. For further information on each of these options, see sections 7.9, 7.10 and 7.13. The Rights Issue is non-renounceable, which means that if you do not accept all or part of your Entitlement, you will not be able to trade your Entitlement and it will lapse.	Sections 7.9, 7.10 and 7.13. See section 7 for more information.
Are there any conditions to the Prospectus Offer?	None.	N/A

1.8 Use of funds		
What is the proposed use of funds raised pursuant to the Prospectus Offer?	<p>As funds raised under the Rights Issue are to be primarily used for working capital to take advantage of potential growth opportunities, there will be no minimum subscription for the Rights Issue. However, it is intended that some of the funds raised under the Rights Issue will be used to fund the Transaction (as described in section 4.12).</p> <p>The JustKapital Board believes that the Prospectus Offer will allow investors to participate in the growth of JustKapital as it enters into an exciting phase of its development.</p>	Section 7.2
What will JustKapital's capital structure look like after completion of the Prospectus Offer?	<p>As at the date of this Prospectus, JustKapital has 147,933,598 Shares on issue.</p> <p>Following completion of the Prospectus Offer and Transaction, JustKapital is expected to have 513,031,001⁶; Shares on issue.</p>	Section 4.7
1.9 JustKapital Shares		
Why were shares in JustKapital suspended?	The ASX determined that the Transaction will result in a significant change to the nature and scale of the JustKapital's activities, and the Transaction will require the Shareholders' approval under ASX Listing Rule 11.1.2 and will also require JustKapital to re-comply with Chapters 1 and 2 of the Listing Rules in accordance with ASX Listing Rule 11.1.3.	NA
When will the shares in JustKapital recommence trading?	JustKapital's securities will remain suspended until such time as the ASX is satisfied that there has been sufficient information released to the market regarding the Transaction in order for JustKapital to be reinstated.	NA
1.10 Additional information		
Where can I find more information about this Prospectus or the Prospectus Offer?	<p>If you have any questions about the Prospectus Offer, please contact the Company on (+61 2) 9696 0220.</p> <p>If you are unclear in relation to any matter or are uncertain as to whether JustKapital is a suitable investment for you, you should seek professional guidance from your solicitor, stockbroker, accountant or other independent and qualified professional adviser before deciding whether to invest.</p>	NA

⁶ Assumes that i) 56,250,000 new Shares will be issued under the Rights Issue at an issue price of A\$0.08 and ii) 93,750,000 new Shares will be issued under the Placement at an issue price of A\$0.08 and 215,097,403 new Shares will be issued to Wattel and Siegel.

2 TRANSACTION OVERVIEW

2.1 Introduction

On 12 September 2017 JustKapital announced that it had signed a conditional Securities Purchase Agreement to acquire a 70% interest in NHF for an aggregate purchase price of US\$68 million. That Transaction was subsequently abandoned. A renegotiation took place over several months. In the end JustKapital agreed to acquire 100% of NHF for US\$53 million, as announced to the market on 19 July 2018. The revised Transaction has the capacity to transform JustKapital from an Australian-based disbursements funder to a multi-national financing company.

2.2 Transaction overview

The securities in NHF are currently held by Wattel, Siegel and Presidio. In addition, Presidio I, a separate entity affiliated with Presidio II, holds debt with attaching rights to convert that debt into equity in NHF.

JustKapital executed binding transaction documents with Presidio, Wattel and Siegel (**Transaction Documents** – details of which are described in Appendix 2) on 18 July 2018. Under the Transaction Documents and for an aggregate purchase price of US\$53.0 million (c. A\$68.8 million) JustKapital will acquire a 100% interest in NHF as follows:

- (a) JustKapital will acquire all of Presidio's interest in NHF for US\$26.5 million in cash;
- (b) JustKapital will acquire 100% of the interests owned by Wattel and Siegel in NHF through:
 - (i) a vendor loan from Wattel and Siegel of A\$17.2 million,
 - (ii) 215,097,403 newly issued ordinary Shares in JustKapital to Wattel and Siegel; and
 - (iii) 122,863,636 Warrants issued to Wattel and Siegel.

The cash component will be funded by senior secured Syndicated Acquisition Facility of A\$42 million. The lenders will be issued 329,880,000 Warrants as an establishment fee. This amount does not include the vendor loan from Wattel and Siegel of A\$17.2 million or the 122,863,636 Warrants being issued to the Founders.

There will also be an equity raising through separate A\$7.5 million placement that is fully underwritten by Pitt Capital at A\$0.08 per share. The Placement Underwriting Agreement is subject to a number of conditions, including in relation to finalisation of transaction documents, Pitt Capital entering into sub-underwriting arrangements on terms acceptable to it and other customary terms. If the Placement Underwriting Agreement is terminated then JustKapital may not raise sufficient equity funding for the Group's future capital requirements and the Transaction may not be able to complete.

There will also be a non-underwritten, 1:1 non-renounceable, pro-rata rights issue to raise up to A\$11.8 million (at A\$0.08 per share) to provide further working capital, to take advantage of potential future growth opportunities as set out in this Prospectus (see section 7 for further details).

Further information about the effect of the Transaction on JustKapital's financial and capital position is set out in this Prospectus.

The pro forma merged accounts for the group are set out in Appendix 3. As highlighted in those accounts, on completion of the Transaction, it is expected that The Transaction will deliver an Enterprise Value / Receivable book multiple of 1.3 times and on completion of the Transaction JustKapital will own 100% of the capital of NHF.

2.3 Conditions of the Transaction

The Transaction is subject to a number of conditions precedent, including:

- (a) **Debt:** JustKapital securing debt finance of A\$42 million (the **Syndicated Acquisition Facility**);
- (b) **No material adverse change:** there not being any material adverse change in the business, operations, properties, prospects, assets or condition of NHF and no event has occurred or circumstances exist that may result in such material adverse effect;
- (c) **Equity:** JustKapital completing the Placement;
- (d) **Shareholder approval:** JustKapital secures the necessary shareholder approvals required for the Transaction;
- (e) **Lender approval:** NHF obtains approval from Atalaya (if necessary) (Atalaya provides a financing facility to NHF that funds 90% of the cost of originations of NHF);
- (f) **Key management:** key management including Wattel and Siegel signing three year employment agreements with NHF; and

- (g) **Escrow:** Wattel and Siegel enter into escrow deeds to restrict the sale of the Shares allotted to Wattel and Siegel as part of the Transaction.

Further details of the Transaction Documents are set out in Appendix 2.

2.4 Change in Nature and Scale

The completion of the Transaction will result in JustKapital undergoing a significant change in nature and scale of its activities as contemplated by ASX Listing Rule 11.1, from a disbursement funding business based in Australia to a multi-national financing company operating in both Australia and the United States. To effect this change, JustKapital must receive approval from its shareholders at the Extraordinary General Meeting. Further information on the General Meeting is set out in section 2.6 below.

2.5 Re-compliance with ASX Listing Rules

Following such a change in nature and scale, ASX may exercise its discretion to require a company to re-comply with Chapters 1 and 2 of the ASX Listing Rules. In this case, ASX has indicated to JustKapital that it will require JustKapital to re-comply with these provisions.

To comply with Chapters 1 and 2 of the ASX Listing Rules, JustKapital must, among other things:

- (a) obtain a waiver from ASX Listing Rule 1.1 Condition 12 and ASX Listing Rule 2.1 Condition 2;
- (b) satisfy the shareholder “spread” requirements of the ASX Listing Rules; and
- (c) issue the full form Prospectus.

The JustKapital Shares will remain suspended from trading from the commencement of trading on the date of the General Meeting until JustKapital has satisfied the requirements for the Re-compliance.

If JustKapital does not receive conditional approval for re-admission to the official list of the ASX, JustKapital will not proceed with the Prospectus Offer and will repay all application monies received by it in connection with this Prospectus (without interest).

If JustKapital Shareholder approval to the change in nature and scale of JustKapital’s activities is not obtained, the suspension of JustKapital Shares from quotation will end after the results of the General Meeting have been announced to the market and trading in JustKapital Shares will resume.

2.6 Extraordinary General Meeting

JustKapital will hold the Extraordinary General Meeting on 26 September 2018. JustKapital will seek to obtain approval for all of the Shareholder Resolutions, being the resolutions to approve:

- (a) to make a significant change in the nature or scale of its activities;
- (b) to issue up to a total of 107,548,701 Shares to David Wattel equal to 23.5% of the total Shares on issue⁷;
- (c) to issue up to a total of 107,548,702 Shares to Mark Siegel equal to 23.5% of the total Shares on issue⁸;
- (d) to enter into the Escrow Deed (as that term is defined in the Explanatory Memorandum) in respect of a number of its own Shares equal to 47.1% of the total Shares on issue, as a result of which JustKapital and its Associates; WHSP, Pitt Capital and their Associates; David Wattel; and Mark Siegel, will each acquire a Relevant Interest in Shares⁹;
- (e) for the issue of 61,431,818 Shares to David Wattel upon exercise of the Warrants equal to 32.6% of the total Shares on issue¹⁰;
- (f) for the issue of 61,431,818 Shares to Mark Siegel upon exercise of the Warrants equal to 32.6% of the total Shares on issue¹¹;
- (g) for the issue of 208,500,000 Warrants to Washington H. Soul Pattinson and Company Limited ACN 000 002 728 (**WHSP**) (of which 30,000,000 Warrants comprise WHSP’s advisory fee) and 121,380,000 Warrants to other Syndicated Acquisition Lenders;

⁷ Assumes that i) 93,750,000 new Shares will be issued under the Placement at an issue price of A\$0.08, ii) no new Shares will be issued under the Rights Issue and iii) there is no conversion of the A\$5 million convertible bond of JustKapital.

⁸ Assumes that i) 93,750,000 new Shares will be issued under the Placement at an issue price of A\$0.08, ii) no new Shares will be issued under the Rights Issue and iii) there is no conversion of the A\$5 million convertible bond of JustKapital.

⁹ Assumes that i) 93,750,000 new Shares will be issued under the Placement at an issue price of A\$0.08, ii) no new Shares will be issued under the Rights Issue and iii) there is no conversion of the A\$5 million convertible bond of JustKapital.

¹⁰ Assumes that i) 93,750,000 new Shares will be issued under the Placement at an issue price of A\$0.08, ii) no new Shares will be issued under the Rights Issue and iii) there is no conversion of the A\$5 million convertible bond of JustKapital.

¹¹ Assumes that i) 93,750,000 new Shares will be issued under the Placement at an issue price of A\$0.08, ii) no new Shares will be issued under the Rights Issue and iii) there is no conversion of the A\$5 million convertible bond of JustKapital.

- (h) for the issue of up to 302,250,000 Shares to WHSP equal to 45.4% of the total Shares on issue¹² as a result of which WHSP and its Associates will acquire a Relevant Interest and Voting Power in the Shares¹³;
- (i) the grant to WHSP of security in connection with the provision of loans to JustKapital and related group entities;
- (j) the Placement in connection with the underwritten placement of up to 93,750,000 Shares;
- (k) the election of David Wattel as a director of JustKapital; and
- (l) the change of the name of the Company to LawFinance Limited.

Further details of the proposed resolutions are contained in the Notice of Meeting. A copy of the Notice of Meeting may be obtained from JustKapital's website at: <http://www.justkapital.com.au/investor-centre/other-asx-announcements/>.

¹² Assumes that i) 93,750,000 new Shares will be issued under the Placement at an issue price of A\$0.08, ii) no new Shares will be issued under the Rights Issue and iii) there is no conversion of the A\$5 million convertible bond of JustKapital.

¹³ Inclusive of the 208,500,000 Warrants to be issued to WHSP and 93,750,000 Shares issued to WHSP under the Placement.

3 BUSINESS OVERVIEW

3.1 Overview of JustKapital

Since re-listing in March 2015, JustKapital is specialised financier to the legal industry, including disbursement funding and short-term lending. Under its business of disbursement funding solutions for law firms, JustKapital provides deferred payment terms for third party disbursements that form part of litigation, mainly associated with personal injury claims, which include:

- Medico-legal reports
- Radiology reports
- Court filing fees
- All other expert reports

This funding solution defers repayments until completion of the case. The Disbursement Funding solution is aligned to benefit:

- Commercial litigation firms
- Personal injury law firms
- SME law firms

JustKapital is in the process of restructuring and the JustKapital Board has determined to exit the litigation funding business and the existing portfolio of funded cases will be finalised in an orderly manner. As announced on 17 July 2018 the Board accepted funding for JustKapital's litigation portfolio from FCCD (Australia) Pty Limited and/or its affiliates or related parties.

3.2 Brief history of JustKapital

JustKapital was founded in April 2014, following the acquisition of JustKapital Litigation Pty Ltd ACN 168 872 606 (JustKapital Litigation). JustKapital listed on the ASX (via listed shell company African Chrome Fields Limited) in March 2015. Since its establishment, JustKapital has achieved several milestones, which include:

- developed three operating businesses including (i) litigation funding, (ii) disbursement funding and short-term lending and (iii) broking and advisory services for After the Event insurance;
- completed the acquisition of Macquarie Medico Legal in January 2016, to develop JustKapital's disbursement funding operations;
- completed the acquisition of Macquarie Medico Legal in January 2016, to develop JustKapital's disbursement funding operations funded more than 10,000 individual disbursements for over 160 law firm clients in the disbursement funding business. This business is now JustKapital's core operating business;
- built a litigation funding portfolio of 11 claims, including funding claims against entities such as "Big Four" Australian banks, ASX listed companies and a global software company (amongst others);
- established a joint venture with US based Longford Capital Management LP in September 2015, to jointly fund cases in Australia, New Zealand, and the United States;
- three cases in the litigation portfolio have been successfully completed, with a further case settlement subject to Court approve. The balance of the portfolio (seven cases) are being funded to their conclusion. All cases are expected to be concluded by December 2019;
- established a broking and advisory business from scratch which has now placed thirteen After the Event Insurance policies; and
- negotiated the purchase agreements to acquire NHF, including finance agreements, subject to Shareholder approval at the Extraordinary General Meeting on 26 September 2018.

3.3 Overview of NHF

Established in 1999, the NHF business is an Arizona based medical lien purchasing business with operations in 19 states in the United States. The medical liens purchased generally relate to the not at fault personal injury victims involved in motor vehicle accidents.

NHF purchases a lien or obtains a letter of protection over medical receivables associated with personal injury cases from healthcare providers and hospitals. The return to NHF is realised upon payment by the at-fault party or the insurance carrier on conclusion of the

litigation either by settlement or judgment.

NHF provides a funding solution for the victim of a motor vehicle accident by facilitating access to medical care they would likely not otherwise receive. NHF's funding solution enables medical providers to obtain quick liquidity and reduce the administrative burden by managing the medical claims through the litigation process. Medical providers are less vulnerable during the litigation as they have no financial interest in the outcome of the case when they operate through the NHF funding solution. Conversely, medical providers working on a lien basis who do not use the NHF solution are required to wait for a successful conclusion of the legal proceeding before being paid and accordingly may be perceived as conflicted during their cross examination.

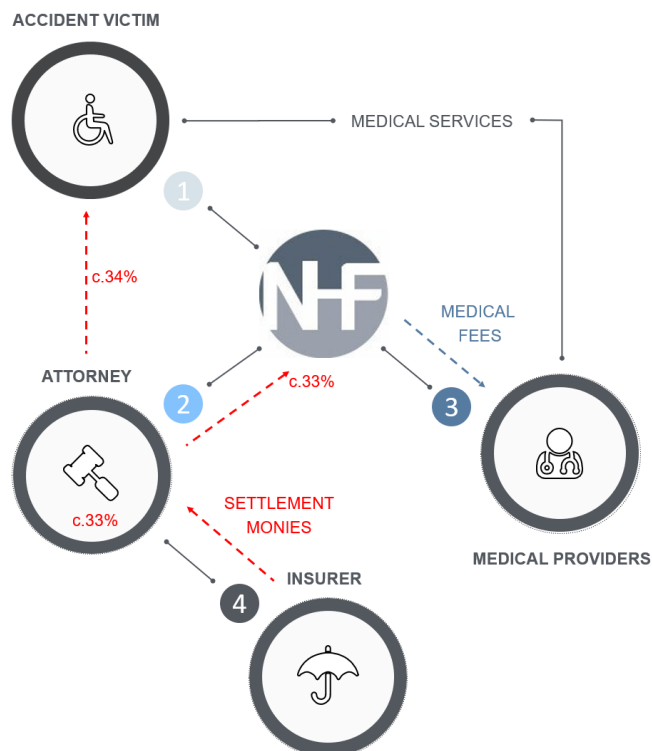
As set out in the below table, NHF creates a mutually beneficial situation for all stakeholders in a personal injury case:

Medical Providers	<ul style="list-style-type: none">• Allows physicians to focus on patients instead of collecting outstanding accounts.• Ensures timely payment to medical providers (c.30 days versus up to 120 days via Private Insurance/Medicare/Medicaid (if it responds)).• A physician's testimony during legal examination can be called into question if payment for services is directly linked to case outcome.• Hesitation to provide care due to perceived risk on recoverability.
Attorneys	<ul style="list-style-type: none">• Assists attorneys to obtain medical care for clients, to minimise overheads in collating medical records and to access expert witnesses.• The defence attorney can use a "gap in care" from delayed treatment due to lack of financing as leverage to minimise payout of the victim's claim.• Assists with maximising the victim's claim.• Strong referral network with medical providers.
Accident Victims	<ul style="list-style-type: none">• Provides the victim with a level of medical care they would likely not otherwise receive.• Without financing, victims often delay seeking medical care, intensifying the injury and causing additional complications.• In addition to medical treatment, NHF financing provides the victim with the opportunity to achieve improved compensation under their claim.• NHF enables the patient to access premium care without the need for personal insurance coverage.

3.4 NHF Model

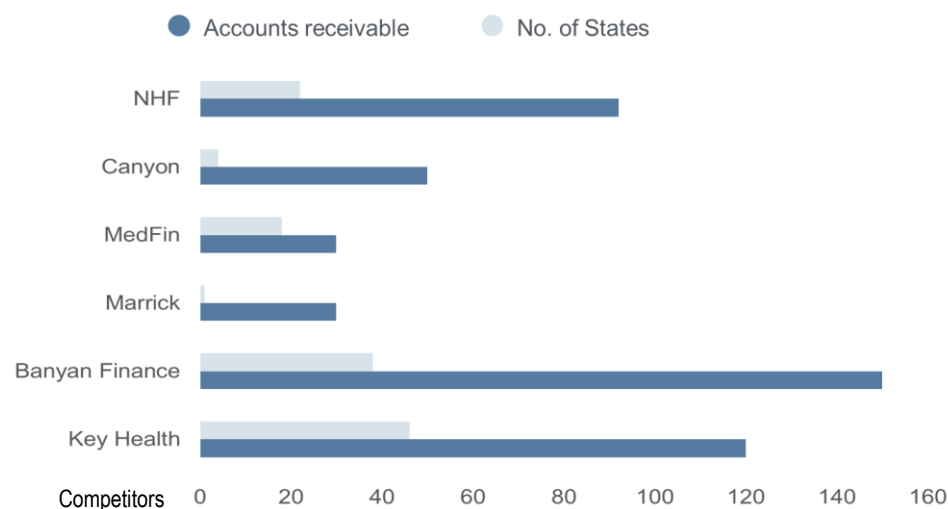
NHF collects c.33% of the economic benefit from a successful claim outcome

- 1 ACCIDENT VICTIM**
Engages NHF directly or through a Partner Provider to obtain accident related medical care. NHF becomes the central point of contact liaising with the medical facility to schedule care and obtain medical documents for the lawyer to substantiate a successful court settlement. NHF facilitates the victim to seek medical treatment.
- 2 ATTORNEY**
NHF works with the attorney to facilitate the victim's medical treatments. Attorney benefits from 1) NHF managing the victim through the time-consuming treatment phase, 2) reducing overhead costs in collating medical records and 3) accessing expert witnesses.
- 3 MEDICAL PROVIDER**
Engaged by NHF directly or through its Partner Providers. Paid by NHF ~30 days after procedure vs. 120+ days for Medicare/Medicaid or other private health insurance claim (if it responds). In return for fast payment and a reduced risk of handling personal injury claims, the medical provider sells its lien rights to the full face value of the bill at a reduced rate (~30% of the total charges). This amount is better than what would be received for the same treatment under any health insurance or Government insurance plan.
- 4 CLAIM AND SETTLEMENT**
Attorney lodges the personal injury claim with the insurer. Successful claim settlement results in NHF, attorney and the victim sharing the proceeds (c.33%/33%/34%). NHF's historical ROIC of settled cases is c.1.77x funds invested and is typically received within 1-3 years of the initial claim.



3.5 Current market in which NHF operates

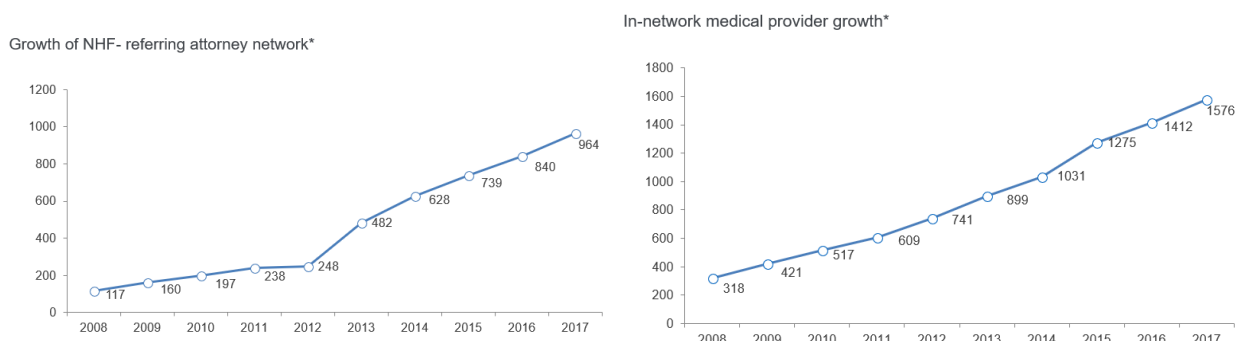
Purchasing of medical liens is a highly fragmented industry still in its infancy in the United States. NHF differentiates itself from its competitors by providing additional administrative support to the attorneys and the doctors, enabling the underlying legal case to be completed more efficiently.



For Accounts Receivables – US\$M's. For No. of states – operations in US States.

3.6 Growth potential of NHF

Following the Transaction, JustKapital intends to assist NHF capitalise on growth opportunities. These opportunities include expansion in its current markets (19 states across the US) using the existing attorney and physician network as well as expanding into new markets (5 new states targeted within the next 12 months). Historically, NHF's attorney and physician network has grown as can be seen from the graphs below. With over 1,500 in network medical providers and circa 1,000 referring attorneys, NHF is well positioned to capitalise on these opportunities.



*Source – NHF Management

3.7 Current Management of NHF

The current NHF management team comprises the following people:

David Wattel, CEO	<ul style="list-style-type: none"> Over 25 years of experience as personal injury attorney Co-founder of a multi-state based personal injury and property damage law firm
Dr. Mark Siegel, Executive Board	<ul style="list-style-type: none"> Co-founder of Arizona based hospital Clinical Practitioner, with over 20 years of experience as accident & injury physician
Richard Cruz COO and General Counsel	<ul style="list-style-type: none"> Chief Operating Officer; managing underwriting and servicing teams Licensed attorney in the State of Arizona since 2004; over 10 years of experience as personal injury and civil litigation attorney
Sarika Merchant, CFO	<ul style="list-style-type: none"> Chief Financial Officer, managing finance and administration Certified Public Accountant

As a condition precedent to the Transaction, the founders of NHF will enter into employment agreements for a three-year term in which Wattel and Siegel must continue to manage the NHF business. Wattel and Siegel are also entering into a voluntary escrow deed governing ownership of the shares issued to them by JustKapital.

The employment agreements will include usual restraint obligations following termination or expiration of the employment agreements.

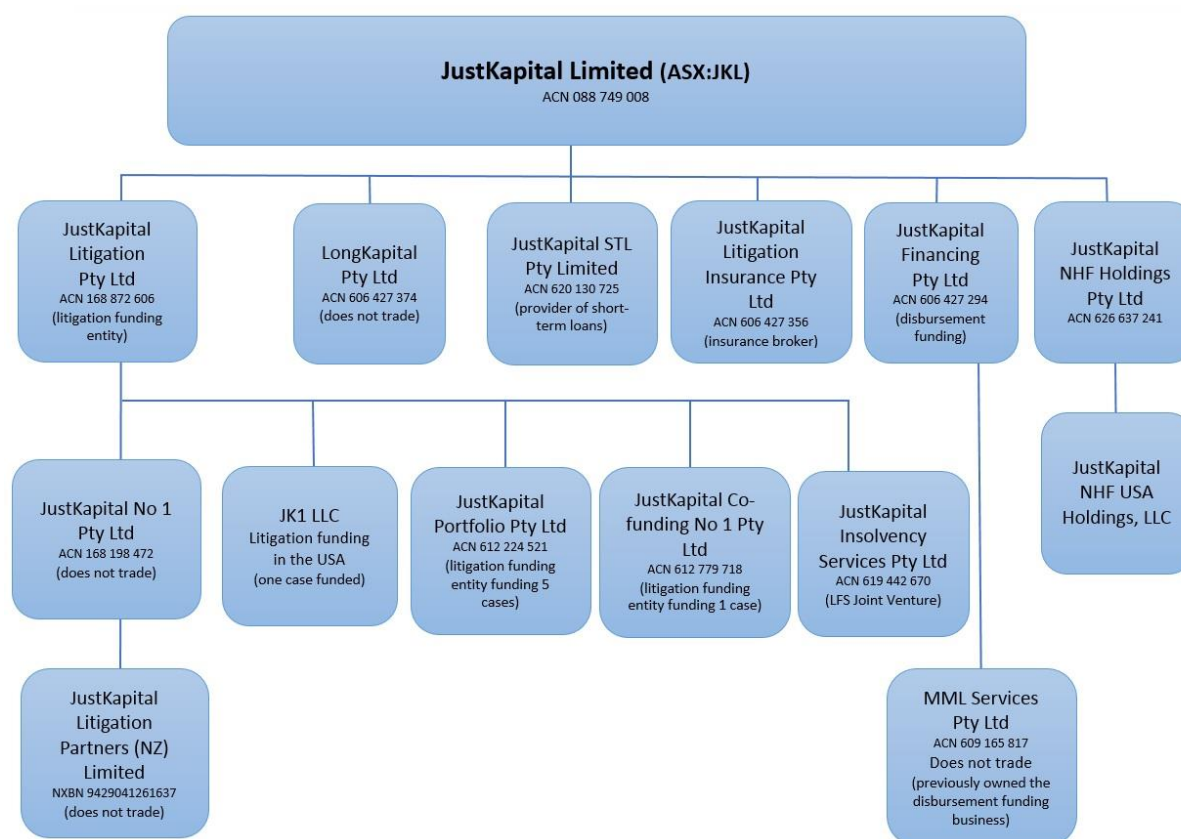
Wattel will be appointed as a director of the Board and other than his appointment, there will be no other changes to the Board.

Brief biographies for each of Wattel and Siegel are set out below.

Name and position	Expertise
David Wattel CEO of NHF	<p>David Wattel graduated from the University of Illinois in 1984 with a degree in economics before obtaining his JD in 1988 from Arizona State University College of Law.</p> <p>He has practiced personal injury law ever since graduating. He founded Wattel & York; a multi-state personal injury and medical malpractice law firm. He speaks at numerous conferences in the area of personal injury and litigation.</p> <p>Mr. Wattel has been actively managing and overseeing the growth of NHF.</p>
Dr. Mark Siegel Medical Director of NHF	<p>Dr. Siegel graduated from the University of Arizona in 1984 with a degree in biology and obtained his Doctor of Medicine in Osteopathic Medicine in 1987 from the College of Osteopathic Medicine of the Pacific.</p> <p>Supplementing his education, Dr. Siegel interned with Hollywood Community Hospital from 1988 to 1990, when he left to practice family medicine in Arizona, specializing in personal injury treatment. In 1999, Dr. Siegel and a partner converted Phoenix Community Hospital into the first surgical specialty hospital in Arizona and renamed it Arizona Surgical Hospital.</p> <p>Dr. Siegel practiced medicine there for six years before selling the facility to a group of private investors and devoting his time to the success of NHF.</p>

3.8 Group Structure

JustKapital's corporate structure after completion of the Transaction will be as follows:



The details of JustKapital's subsidiaries are summarised as follows:

JustKapital Subsidiary	Nature of business	JustKapital percentage holding
JustKapital Litigation Pty Ltd ACN 168 872 606 (JustKapital Litigation)	Litigation funding entity.	100%
JustKapital STL Pty Limited ACN 620 130 725	Provider of short-term loans.	100%
JustKapital Litigation Insurance Pty Ltd ACN 606 427 356	Insurance broker.	100%
JustKapital Financing Pty Ltd ACN 606 427 294 (JustKapital Financing)	Disbursement funding.	100%
JustKapital NHF Holdings Pty Ltd ACN 626 637 241 (JustKapital NHF Holdings)	Australian holding company established to acquire NHF. Holds 100% in the US subsidiary, JustKapital NHF USA.	100%
JustKapital Litigation Partners (NZ) Limited	Does not trade.	100%
LongKapital Pty Ltd ACN 606 427 374	Does not trade.	100%
JustKapital NHF USA Holdings, LLC (JustKapital NHF USA)	Operating as the purchaser in terms of the Presidio Agreement.	100% (held through JustKapital's subsidiary JustKapital NHF Holdings)

JK1 LLC	Litigation funding in the USA, funding one case.	100% (held through JustKapital's subsidiary JustKapital Litigation)
JustKapital Portfolio Pty Ltd ACN 612 224 521	Litigation funding entity.	100% (held through JustKapital's subsidiary JustKapital Litigation)
JustKapital Co-funding No 1 Pty Ltd ACN 612 779 718	Litigation funding entity.	100% (held through JustKapital's subsidiary JustKapital Litigation)
JustKapital Insolvency Services Pty Ltd ACN 619 442 670	Does not trade.	100% (held through JustKapital's subsidiary JustKapital Litigation)
JustKapital No 1 Pty Ltd ACN 168 198 472 (JustKapital No 1)	Does not trade.	100% (held through JustKapital's subsidiary JustKapital Litigation)
JustKapital Litigation Partners (NZ) Limited NZBN 9429041261637	Does not trade.	100% (held through JustKapital's subsidiary JustKapital No 1)
MML Services Pty Ltd ACN 609 165 817	Does not trade.	100% (held through JustKapital's subsidiary JustKapital Financing)

3.9 Potential advantages of the Transaction

If approved by Shareholders, the Board considers that the main advantages to the Shareholders of the Transaction include the following matters.

- (a) The NHF business is complementary to JustKapital's expanding financing business.

JustKapital		NHF
Overview	Provider of financing solutions for law firms, including disbursement funding and short-term lending	Finances medical liens for not at fault personal injury victims (generally motor vehicle accidents) in the United States
Founded	New South Wales, Australia, 2015	Arizona, USA, 1999
Jurisdictions	4 states (Australia)	19 states (USA)
Services	Short-term funding to law firms / attorneys	x
	Coordination of services for law firm	✓

- (b) It is anticipated that the Transaction will result in significant geographical and service diversification and scale benefits for JustKapital. JustKapital's core business of disbursement funding currently operates, and will continue to operate, across 4 states in Australia including: NSW, Queensland, Victoria and SA. NHF operates in various states in the United States including: Arkansas, Arizona, California, Florida, Georgia, Indiana, Kentucky, Louisiana, Michigan, Nevada, New Mexico, New York, Oklahoma, Pennsylvania, Tennessee, Texas, Utah, Virginia and Washington. Consequently, following completion of the Transaction, JustKapital will operate in both Australia and in the US.
- (c) The Transaction is expected to accelerate the growth of JustKapital's financing business.
- (d) JustKapital will have access to the expertise of Wattel and Siegel, the founders of NHF, under employment arrangements with a term of three years. The interests of Wattel and Siegel will be aligned with that of JustKapital as they will each retain a significant stake in JustKapital post completion of the Transaction to be held in escrow until on 31 December 2021.
- (e) There are significant barriers to competition in the market in which NHF operates as entry into the market requires considerable legal and regulatory knowledge.

- (f) JustKapital's enlarged size following completion of the Transaction may lead to improved access to cheaper funding sources in the future.

3.10 Competitive Landscape

Based on NHF Management estimates, among its competitors, NHF has the third largest amount of receivables and third largest geographic footprint in terms of number of states in the US. NHF mainly competes with the following companies:

- (a) Key Health Medical Solutions (**Key Health**): 46 states, founded in 1996. Key Health offers disbursement funding in several of NHF's markets and has approximately US\$120 million of accounts receivable. The company has a robust financial backing and is a subsidiary of Oasis Legal Finance which offers legal funding on a more diversified basis for auto and work related accidents.
- (b) Banyan Finance (**Banyan**): 38 states, founded in 2002. Banyan provides medical based receivables purchasing as well as private equity investments. A core characteristic of Banyan's business model is the ability to provide payments in 48 hours. Banyan has an estimated US\$150 million in receivables.
- (c) Medfin Manager (**Medfin**): 18 states, founded in 2000. Medfin differentiated itself by offering high end medical care funding to include extensive in patient surgery, hospitalisation and comprehensive outpatient surgical procedures. It has an estimated US\$30 million in receivables.
- (d) Canyon MB Holdings (**Canyon**): 6 states, founded in 2003. Canyon has financed over 100,000 medical bills and has developed an online platform to improve the processing speed of its clients' claims. The company started in Nevada in 2003 and has c. US\$50 million in receivables.
- (e) Injury Care Solutions (**Injury**): 3 states, founded in 2004. Injury is a medical funding company specialising in personal injury cases. It offers an online portal for medical record access. The company is based in Colorado and has expanded its operations to Tennessee and New Mexico.
- (f) Marrick Medical Finance (**Marrick**): 2 states, founded in 2007. Marrick has an estimated US\$30 million in medical receivables related to personal injury cases and has developed a proprietary online platform which serves as a hub for all case related information. The firm focuses on Colorado and Arizona.

4 FINANCIAL INFORMATION AND CAPITAL STRUCTURE

4.1 Financial information

The Transaction represents a major acceleration of JustKapital's financing business and is a significant move in its international expansion strategy. It is anticipated that the diversification and scale benefits for JustKapital will be substantial.

NHF is a complementary funding business and should provide significant global scale to JustKapital's expanding Australian financing business. JustKapital is currently active in four states in Australia and it is expected that the acquisition of NHF will unlock an additional 19 states across the United States of America.

The Pro forma Historical Statement of Financial Position is derived from the Statement of Financial Position for the year ended 30 June 2018, adjusted to reflect the impact of JustKapital acquiring NHF as if the two entities had always been part of the same group as shown in the Investigating Accountants Report in Appendix 3.

The historical NHF accounts show that NHF had a poor result for the 12 months ended 31 December 2017 and the six months ending 30 June 2018 as it had limited access to capital and was therefore unable to originate new receivables to the level of the previous reporting periods. NHF's limited access to capital was as a result of its financing facility being fully utilised and due to an ongoing dispute between the shareholders. These factors inhibited NHF's ability to look for refinancing options or other additional capital.

As highlighted in the pro forma merged accounts for the group, on completion of the Transaction, it is expected that The Transaction will deliver an Enterprise Value / Receivable book multiple of 1.3 times and on completion of the Transaction JustKapital will own 100% of the capital of NHF.

4.2 NHF Trading Update

The existing NHF management team has a proven track record of executing business objectives and driving profitable growth when sufficient capital is available. Over the last eighteen months, NHF's management believe that NHF's growth rate and performance has been constrained by the business' limited access to capital.

Cash flow from operations has been consistently negative, meaning that cash generated through collections has not been sufficient to cover the cash outflows required to support growth in the business through new originations of receivables.

As a result of these restrictions NHF has recently had lower net income than what it expected to achieve if capital had been available to drive further business. There is however, strong market demand for NHF's product in the US that cannot be realised without further access to capital. The Transaction has the potential to provide NHF with additional equity and a significantly enlarged debt facility to enable profitable growth over the coming years.

4.3 Historical and Pro-forma Historical Statement of Financial Position

	JustKapital 30 June 18 A\$'000	JustKapital 30 June 18 US\$'000	Pro-forma 30 June 18 US\$'000
Assets			
Current Assets			
Cash and cash equivalents	1,264	934	11,147
Restricted cash	-	-	921
Trade and other receivables	12,124	8,961	29,350
Prepayments	111	82	82
Total current assets	13,499	9,977	41,500
Non-Current Assets			
Trade and other receivables	17,109	12,645	70,832
Notes and interest receivable	-	-	374
Allowance for uncollectible notes and interest receivable	-	-	(298)
Notes and interest receivable from related parties	-	-	158
Investment held in joint operation	1,652	1,221	1,221
Property plant and equipment, net of accumulated depreciation	141	104	125
Other assets	-	-	71
Goodwill and other intangibles	20,826	15,392	17,633
Goodwill arising on acquisition of NHF	-	-	29,628
Deferred tax	6,264	4,630	4,630
Total non-current assets	45,992	33,993	124,376

Total Assets	59,491	43,970	165,876
Liabilities			
Current Liabilities			
Trade and other payables	4,322	3,195	7,243
Employee benefits and other liabilities	131	97	682
Borrowings	6,418	4,744	15,744
Deferred consideration	500	369	369
Total current liabilities	11,371	8,405	24,038
Non-Current Liabilities			
Note payable to related parties - subordinated	-	-	2,500
Loan facilities	25,496	18,844	18,844
Other borrowings	16,352	12,086	92,328
Total non-current liabilities	41,848	30,930	113,672
Total Liabilities	53,219	39,335	137,710
Net Assets	6,272	4,635	28,166
Equity			
Issued capital	23,961	17,709	38,749
Reserves	2,261	1,671	6,099
Accumulated losses	(19,950)	(14,745)	(17,270)
Non-controlling interest	-	-	588
Total Equity	6,272	4,635	28,166

4.4 Prospects

Earnings per share

The impact of the acquisition of NHF and the Prospectus Offer on the reported earnings per share of JustKapital will depend on a number of variables, including the effective date of acquisition for accounting purposes, the amount raised under the Prospectus Offer, the profitability of NHF and the timing and level of cost savings achieved.

JustKapital will provide an update to the market after the capital raising has been completed when some of these variables will become known.

Despite the expected strong operating cashflow and underlying profitability, due to the new requirement to report under its earnings under AASB9- *Financial Instruments*, the extended cash collections profile of NHF will result in only a small portion of profit being reported in the first 24 months after the acquisition. Therefore, it is not anticipated that the Merged Group will show a statutory profit in this period or positive earnings per share.

Dividend policy

The payment of any dividend and level of franking in respect of any year are subject to the operating performance and financial position of JustKapital. Future determinations as to the payment of dividends by JustKapital will be at the discretion of the directors of JustKapital. In making any determination the directors will consider many factors including the operating results and financial condition of JustKapital and its subsidiaries, future capital requirements, covenants in relevant financing agreements and franking credits. No assurance is given in relation to the payment of future dividends or the extent to which any such dividends may be franked.

4.5 Forecasts

The JustKapital Directors have considered the matters set out in ASIC Regulatory Guide 170 and believe that while they have included information about the prospects of the Merged Group they do not have a reasonable basis to forecast future earnings, due to difficulties in forecasting the future portion of the profit required to be recognised under AASB9 - Financial Instruments for the acquired business.

4.6 Basis of Preparation of Financial Information

The financial information included in this Prospectus in relation to JustKapital has been prepared in accordance with the significant accounting policies are set out in the Investigating Accounts Report which is attached as Appendix 3.

4.7 Capital Structure

In the previous 6 months, no securities in either JustKapital or NHF have been issued. The table below sets out the issued share capital of JustKapital before and after the Transaction:

<u>JustKapital Share Capital</u>	<u>Pre – Transaction</u>		<u>Post – Transaction</u>	
	No ordinary shares	%	No ordinary shares	%
<u>JustKapital Existing</u>	147,933,598	100%	147,933,598	28.84%
Rights Issue	-	-	56,250,000	10.96%
Placement	-	-	93,750,000	18.27%
NHF Founders – scrip offer	-	-	215,097,403	41.93%
Total Shares on Issue (Undiluted Basis)	147,933,598	100.00%	513,031,001	100.00%
Total Shares on Issue (Fully Diluted Basis)	227,558,598*	100.00%	1,045,399,637**	100.00%

*assuming that all unlisted options are exercised and conversion of the convertible notes (see **Section 4.8** of this Prospectus below).

assuming that all unlisted options, Founder Warrants and Vendor Warrants are exercised and conversion of the convertible notes (see **Section 4.8 of this Prospectus below).

There are 1,264,569 performance rights that have met the performance milestone hurdle and are therefore eligible to be converted to ordinary shares. The shares to be issued under the performance rights (which vested at 30 June 2018) have not yet been issued as at the date of this Prospectus.

4.8 Options, warrants and convertible bonds

The table below sets out the unlisted options, warrants and convertible bonds of JustKapital before and after the Transaction:

<u>JustKapital options and other convertible securities</u>	<u>Pre – Transaction</u>		<u>Post – Transaction</u>	
	No options/ convertible securities	%	No options/ convertible securities	%
Unlisted options*	1,500,000	1.88%	1,500,000	0.28%
Founder Warrants**	-	-	122,863,636	14.67%
Vendor Warrants**	-	-	329,880,000	23.08%
Convertible bonds***	78,125,000	98.12%	78,125,000	61.96%
Total options and other convertible securities	79,625,000	100.00%	532,368,636	100.00%

*The unlisted options are exercisable at A\$0.25 per option, expiring 22 January 2019.

**The Founder Warrants and Vendor Warrants are exercisable at A\$0.14 per option, expiring 4 years from the date of issue.

***Convertible bonds issued by the Company to Lucerne Finance Pty Limited and other sophisticated investors with a face value of A\$5 million with a maturity date on 15 January 2019.

4.9 Free float

The table below sets out the anticipated free float¹⁴ of JustKapital at the time of relisting:

Total Shares on issue	1,045,399,637*
less:	
NHF Founders - escrowed shares	(215,097,403)
Management of JustKapital - escrowed shares	(1,431,160)
Litman Holdings escrowed shares	(7,333,333)
Free Float	821,537,741

*assuming that all unlisted options, Founder Warrants and Vendor Warrants are exercised and conversion of the convertible notes (see **Section 4.7** and **4.8** of this Prospectus).

¹⁴ As per the definition of "free float" in Chapter 19 of the ASX Listing Rules.

4.10 Share options

JustKapital has an Incentive Plan (**Incentive Plan**) and associated non-recourse loan agreements for directors, officers, employees and consultants (**Participants**). The Incentive Plan, effective from 1 July 2016, replaced the previous Incentive Option Plan and Executive Incentive Plans. The objectives of the Incentive Plan are to:

- (a) supplement Participant remuneration;
- (b) ensure that the Group's remuneration policy is competitive in retaining and motivating the Participants;
- (c) provide a mechanism for achieving the Group's overarching remuneration objective of aligning the interests of Participants and shareholders; and
- (d) reward Participants based on the Group's overall performance including achieving successful judgements or settlements of individual cases, growth of the disbursements funding business (JustKapital Finance) and other businesses and high performance.

The table set out below summaries the options granted under the Incentive Plan (as at 30 June 2018):

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
10/03/2015	10/03/2018	\$0.250	1,200,000	-	-	(1,200,000)	-
10/03/2015	10/03/2018	\$0.250	1,195,673	-	-	(1,195,673)	-
10/03/2015	10/03/2018	\$0.250	4,000,000	-	-	(4,000,000)	-
27/03/2015	27/03/2018	\$0.250	398,558	-	-	(398,558)	-
27/03/2015	27/03/2018	\$0.250	1,500,000	-	-	(1,500,000)	-
22/01/2016	22/01/2019	\$0.250	1,500,000	-	-	-	1,500,000
			9,794,231	-	-	(8,294,231)	1,500,000
Weighted average exercise price			\$0.250	\$0.000	\$0.000	\$0.250	\$0.250

The weighted average remaining contractual life of options outstanding at the end of the financial year was 0.56 years (2017: 0.84 years).

4.11 Performance rights

The table set out below summaries JustKapital's performance rights granted under the Incentive Plan (as at 30 June 2018):

Grant date	Vesting date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
30/11/2016	30/06/2018	\$0.000	4,679,664	-	(3,248,505)	(166,590)	1,264,569
			4,679,664	-	(3,248,505)	(166,590)	1,264,569

4.12 Sources and Uses of Proceeds

It is anticipated that the Transaction is to be funded by a combination of the following debt and equity sources:

- (e) Rights Issue (assumption) A\$4,500,000
- (f) Placement (underwritten) A\$7,500,000
- (g) Issue of new Shares to the Founders 215,097,403 Shares
- (h) Vendor loan to JustKapital A\$17,200,000
- (i) Warrants to Founders 122,863,636 Warrants
- (j) Syndicated Acquisition Facility A\$42,000,000
- (k) Warrants to Syndicated Acquisition Lenders 329,880,000 Warrants

Residual funds raised will be used for JustKapital's working capital requirements, to support the growth of both the NHF and JustKapital businesses and also to fund Transaction costs.

The table below details the proposed sources and uses of funds with respect to the Transaction:

Sources (A\$M)		Uses (A\$M)	
Rights Issue*	4.5	34.4	Presidio consideration
Placement	7.5	1.3	Founder note (tranche 1)**
Syndicated Acquisition Facility	42.0	0.9	3 rd party notes
		4.2	Offer costs
		13.2	Working capital
Total	54.0	54.0	Total

* Assumes A\$4.5m is raised from the Rights Issue.

** First repayment of Founder US\$10m promissory note; the remaining repayments are intended to be paid over the next 18 months.

4.13 Effect of the Transaction on JustKapital's financial position

The Syndicated Acquisition Lenders and the Syndicated Acquisition Facility

JustKapital, certain subsidiaries of JustKapital, certain subsidiaries of Equity Trustees Limited (as facility agent and security trustee) and WHSP with others (as original lenders) propose to enter into a conditional syndicated facility agreement to provide a A\$42 million Senior Secured Credit Facility (the **Syndicated Acquisition Facility**).

The key terms of the Syndicated Acquisition Facility are summarised as follows:

Facility Size:	A\$42 million senior secured credit facility
Use of proceeds	Fund the Transaction
Interest Rate:	13.0% per annum
Term	Four years
Establishment fee	329,880,000 Warrants (which equates to A\$46,183,200 if all the Warrants exercised at the exercise price of A\$0.14)

The funds raised under the Syndicated Acquisition Facility are to be used to pay the Presidio consideration, for transaction costs and for working capital.

The pro forma accounts set out in the Investigating Accountants Report attached as Appendix 3 show the financial effect of the Secured Acquisition Facility on the Merged Group.

Vendor Loan

JustKapital proposes to enter into a A\$17.2 million vendor loan with the Founders on the same material terms as the Syndicated Acquisition Facility except the vendor loan will be unsecured and with no guarantee and indemnity provided (**Vendor Loan**).

Australian equity

JustKapital will raise A\$7.5 million under a placement that is fully underwritten by Pitt Capital at A\$0.08 per share.

JustKapital will also raise up to A\$11.8 million by offering investors the opportunity to subscribe under a non-underwritten pro-rata rights issue for new Shares at A\$0.08 per share (on the terms of this Prospectus).

As funds raised under the Rights Issue are to be used for working capital to take advantage of potential growth opportunities, there will be no minimum subscription for the Rights Issue.

Issue of new Shares to the Founders

Of the total purchase price payable by JustKapital under the Transaction, 215,097,403 new ordinary Shares will be issued to Wattel and Siegel (the Founders) separately. The issue of the above new Shares is subject to shareholder approval at the General Meeting.

Warrants

The total number of Warrants to be issued is 452,743,636 comprising 329,880,000 (to the Syndicated Acquisition Lenders) and 122,863,636 (to the Founders). It is intended that the Warrants have an exercise price of A\$0.14 exercisable at any time up to four years after issue. The details of the terms of the Warrants are set out in Appendix 1.

4.14 Top Shareholders

The table below sets out the top 20 JustKapital Shareholders as at 31 August 2018 prior to the completion of the Transaction and Prospectus Offer. The top 20 JustKapital Shareholders hold 85,907,001 JustKapital Shares, being approximately 58.07% of the total number of JustKapital Shares on issue.

	Ordinary shares % of total shares issued	
	Number held	
Mr John Herbert Bannister	15,846,390	10.71
National Nominees Limited	12,630,000	8.54
Citicorp Nominees Pty Limited	12,471,134	8.43
Twin Investors Pty Limited (the Twin)	5,984,012	4.05
BNP Paribas Nominees Pty Limited (IB AU Noms)	4,841,041	3.27
Wattle Laboratories Pty Limited (Advanced Culture Systems A/c)	4,800,000	3.24
Twin Investors Pty Limited (The Twin A/c)	3,005,400	2.03
Onmell Pty Ltd (ONM BPSF A/c)	2,800,000	1.89
Mr Alistair David Strong	2,600,000	1.76
Garrett Smythe Limited	2,566,568	1.73
Mrs Adele Whyte	2,266,667	1.53
Mr Jason Maxwell Yu	2,175,000	1.47
Mr Ivan Tanner & Mrs Felicity Tanner (The Supernatural S/f A/c)	1,980,000	1.34
Barbright Australia Pty Ltd (Interquartz Super Fund A/c)	1,949,573	1.32
Cornerstone Investments Pty Ltd (Cornerstone Super A/c)	1,856,814	1.26
Alpha Bronte Pty Limited (The Bronte Carlo A/c)	1,750,000	1.18
Mr Jared Adam Roomer	1,697,146	1.15
Prolex Holdings Limited (PHL A/c)	1,666,667	1.13
HSBC Custody Nominees (Australia) Limited	1,557,589	1.05
Midland Securities Limited	1,463,000	0.99
	<u>85,907,001</u>	<u>58.07</u>

The table below sets out the top 9 JustKapital Shareholders following the completion of the Transaction. The information set out in the table below is based on the assumption that A\$4.5 million is taken up under the Rights Issue (shareholder allocation unknown).

	Ordinary shares % of shares issued	
	Number held	
Mr Mark Siegel	107,548,702	20.96%
Mr David Wattel	107,548,701	20.96%
Pitt Capital	93,750,000	18.27%
Mr John Herbert Bannister	31,692,780	6.18%
National Nominees Limited	25,260,000	4.92%
Citicorp Nominees Pty Limited	24,942,268	4.86%
Twin Investors Pty Limited (the Twin)	11,968,024	2.33%
BNP Paribas Nominees Pty Limited (IB AU Noms)	9,682,082	1.89%
Wattle Laboratories Pty Limited (Advanced Culture Systems A/c)	9,600,000	1.87%
	<u>421,992,557</u>	<u>82.25%</u>

JustKapital will announce to the ASX details of its top 20 shareholders following completion of the Transaction and Prospectus Offer prior to the JustKapital Shares commencing trading on the ASX.

4.15 Substantial Shareholders

The table below sets out the JustKapital Shareholders who held at least 5% or more of the total number of JustKapital Shares on issue as at 31 August 2018. This was prior to the completion of the Transaction and Prospectus Offer.

	Ordinary shares	
	Number held	% of total shares issued
Mr John Herbert Bannister (and associated parties)	18,108,057	12.24
Lucerne Services and Associates	12,804,680	8.66
EGP Capital Pty Limited	12,600,000	8.52
Philip Kapp (and associated parties)	9,018,434	6.10
JustKapital Limited (escrowed shares)	8,764,493	5.92

The table below provides details of all JustKapital Shareholders who will hold 5% or more of the share capital of JustKapital following completion of the Transaction, assuming A\$4.5m is taken up under the Rights Issue (shareholder allocation).

	Ordinary shares	
	Number held	% of shares issued
Mr Mark Siegel	107,548,702	20.96%
Mr David Wattel	107,548,701	20.96%
Pitt Capital	93,750,000	18.27%
Mr John Herbert Bannister	31,692,780	6.18%
National Nominees Limited	25,260,000	4.92%

5 KEY RISKS

There are risks associated with any investment. The following highlights some of the risks that potential investors should consider prior to entering into the investment opportunity referred to in this Prospectus. However, the following is not, and does not purport to be, a comprehensive statement of all relevant risks. Potential investors must seek their own professional advice in relation to the risks and must make their own risk assessment regarding an investment in JustKapital.

The JustKapital Directors have reviewed and considered these risks, ways to reduce the likelihood of these risks eventuating and ways to reduce their impact if they do eventuate.

The factors below may materially affect the financial performance of JustKapital and the value of New JustKapital Shares. Therefore, the New JustKapital Shares carry no guarantee with respect to the payment of dividends, returns or capital or the market value of those securities.

The following summary, which is not exhaustive, represents some of the major risks associated with an investment in JustKapital. These risks, set out in decreasing order of their impact and likelihood (in the opinion of the Board) have been separated into:

- (a) key risks unique to the Transaction;
- (b) specific risks in relation to the business of JustKapital and NHF; and
- (c) general risks to JustKapital.

In deciding whether or not to apply for New JustKapital Shares, you should carefully consider these risks, as well as the other information contained in this Prospectus.

5.1 Transaction specific risks

- (a) The Transaction is conditional on a number of matters including JustKapital having obtained both the debt and equity finance that it deems necessary to complete the Transaction and JustKapital Shareholder approval. If these conditions are not satisfied or waived, the Transaction will not complete. There may also be substantial delays to completion in order to obtain some of the conditions.
 - (i) JustKapital intends to raise A\$7.5 million under the Placement that will be fully underwritten by Pitt Capital at A\$0.08 per share. The Placement Underwriting Agreement is subject to a number of conditions. If the conditions of the Placement Underwriting Agreement are not met then JustKapital may not raise sufficient equity funding for the Group's future capital requirements and the Transaction may not be able to complete.
 - (ii) JustKapital proposes to enter into a conditional agreement under which the Syndicated Acquisition Lenders agree to provide debt funding. Termination of these facilities or failure to satisfy the conditions precedent would mean funds would not be available. In such a case, JustKapital may not have sufficient funding for the Transaction and may be required to seek alternative funding or may not be able to complete the Transaction.
- (b) JustKapital intends to raise up to A\$11.8 million under the Rights Issue at A\$0.08 per share. The Rights Issue is not underwritten. Funds from the rights issue are intended to partially fund the working capital needs of the Company.
- (c) The Transaction will result in the issue of approximately 817,841,039¹⁵ new Shares (including under the Warrants if exercised) which will have a material dilutive effect on the holdings of existing Shareholders i.e. 85% of the enlarged capital of the Company could be new Shares. The dilution from the exercise of the warrants would however also result in the receipt of A\$63.4 million of additional cash onto the group's balance sheet.
- (d) The Transaction requires JustKapital to raise a significant amount of debt in order to complete the Transaction. JustKapital needs to ensure that cash collections remain in line with expectations in order to service this debt.
- (e) While JustKapital has undertaken due diligence on NHF, that due diligence:

¹⁵ Assuming an issue price of A\$0.08 for 93,750,000 new shares relating to the Placement and an assumption of 56,250,000 shares relating to the Rights Issue, 452,743,636 new Shares will be issued on exercise of the warrants and 215,097,403 new Shares will be issued to Wattel and Siegel (in aggregate) as part of the purchase price for the Transaction. This number ignores any dilutive effect from any conversion of the convertible notes issued by JustKapital.

- (i) is limited to the scope of the review conducted (which is based on a reasonable scope for due diligence for a transaction such as this) and it is possible that the due diligence has not revealed issues that will later have a materially adverse impact on the expected benefits to JustKapital; and
 - (ii) is in certain respects, reliant on responses provided by NHF management in relation to the business and those responses are limited to the knowledge of management at the time the responses were provided.
- (f) Following completion of the Transaction, it is expected that majority of JustKapital's revenues will be generated in the United States. In this way, JustKapital will be exposed to the United States economic and regulatory environment, including the effect of changes to tax laws, changes to local regulations or otherwise which could affect the earnings of JustKapital.
 - (g) The proforma adjustments to reflect the combined Group have been presented aligning NHF's accounting policies to IFRS. The actual adoption of these accounting policies to the Group could result a material change in the proforma financial statements, as presented.
 - (h) No adjustments have been made to the pro-forma results to reflect the impact of the business combination that will impact the profit and loss of the Group post Transaction. Whilst the pro-forma balance sheet does reflect the expected consideration, no formal purchase price allocation exercise has been undertaken to confirm the fair values of identifiable assets and liabilities including identification of any intangibles.

5.2 Business risks

- (a) As the industry of purchasing medical liens grows, there is the possibility that regulators will increase their level of scrutiny of the business and impose regulatory changes that may impact on the NHF business.
- (b) There is no guarantee as to how existing laws and regulations will be applied in the future. The key laws and regulations governing NHF's business which may impact on JustKapital's business, if they were to change, are summarised as follows:
 - (i) the federal Anti-Kickback Statute (42 U.S.C. § 1320a-7b) (and similar applicable state laws) makes it a felony offense for anyone to knowingly and wilfully offer, pay, solicit or receive remuneration if one purpose of the act is to induce patient referrals or the purchase, order or the arranging for or recommending the purchase or order of items or services, for which payment may be made in whole or in part by any federal or state healthcare program. Payments or inducements offered directly to patients, such as coupons, discounts, fee waivers and giveaways are also prohibited;
 - (ii) the Federal Stark Law (42 U.S.C. § 1395nn) prohibits physicians from referring Medicare patients for designated health services to any entity with which the physicians or an immediate family member of the physician has an interest or financial relationship, unless an exception applies. Federal Stark Law also prohibits the designated health services entity from submitting claims to Medicare for those services resulting from a prohibited referral;
 - (iii) the Health Insurance Portability and Accountability Act of 1996 (Pub. L. No. 104-191), the Health Information Technology for Economic and Clinical Health Act (Pub. L. No. 111-5), and their implementing regulations set forth at 45 C.F.R. Part 160, 162 and 164 as amended are the mandated federal privacy regulation for medical information. As a general rule, protected health information must be kept confidential and cannot be used or disclosed without a person's authorisation; and
 - (iv) other laws and regulations including consumer protection and usury laws, insurance laws and laws regulating security interests.
- (c) The United States health care industry is subject to change. There is a risk that any change could affect NHF's business and financial performance.
- (d) New competitors may enter the market place in which NHF operates and affect NHF's financial performance. New or increased competition has the potential to impact NHF's relationships with Partner Providers which may in turn reduce the funding opportunities available to NHF.
- (e) While NHF currently has safeguards in place, there is the possibility that NHF could be exposed to potential personal injury fraud.
- (f) NHF is heavily reliant on debt financing for the purchase of medical liens. The ability of JustKapital to continue to have access to funding for future activities is dependent on a number of factors including general economic, political, capital and credit market conditions. This could adversely affect its ability to operate its business or refinance its debt.

- (g) The funding businesses operated by both JustKapital and NHF respectively relies on cash collections and access to funding to grow. Both JustKapital and NHF businesses have extended average collection periods (longer than 12 months) which results in a greater reliance to access capital in order to facilitate growth of the businesses. Although the Transaction will give JustKapital the scale and size to access new sources of capital, there is no guarantee that JustKapital will be able to obtain the funding it requires to successfully exploit all opportunities presented by the Transaction.
- (h) There is no guarantee that all amounts that are stated as being recoverable (Accounts Receivable) will actually be recovered.
- (i) The NHF business relies on its partner provider network to facilitate relationships between NHF and local personal injury attorneys, medical practitioners, hospitals and patients, allowing NHF to scale rapidly. There is the risk that these relationships could deteriorate over time.
- (j) Shareholders will be dependent on the management of JustKapital and NHF to assess financing opportunities as they arise. The continued success of NHF may be at risk if Wattel or Siegel cease to be involved in the management of NHF. This risk is to some extent mitigated by a condition precedent to the Transaction of each of Wattel and Siegel entering into a three year employment agreement with usual non-compete provisions on termination of the employment arrangements. There is no guarantee that a breach of the non-compete provisions will be enforceable and there is no certainty in relation to the remedies that would be available for any such breach.
- (k) JustKapital will be exposed to the volatility and fluctuations of the exchange rate between the American dollar and the Australian dollar. Post consolidation, JustKapital intends to change its reporting currency to US\$ and financial year end to December. Global currencies are affected by a number of factors that are beyond the control of JustKapital. These factors include economic conditions in the relevant country and elsewhere and the outlook for interest rates, inflation and other economic factors. These factors may have a positive or negative effect on JustKapital's operations and the ability to fund those operations. These risks are mitigated by the proposal to have US debt fund the US operations and Australian debt fund the Australian operations.
- (l) Following completion of the Transaction, there are likely to be additional expenses incurred by JustKapital as a result of needing to comply with reporting requirements including expenses incurred in building out the Group's internal accounting function. These additional expenses are inherent to all multinational companies.

5.3 General risks

JustKapital's business is affected by a range of industry specific and general legal and regulatory controls. Changes in these types of controls can have an adverse effect on JustKapital's financial performance. Further, any major shift in regulatory policy may impact on the profitability of JustKapital. For example, there is the possibility that additional regulations related to State tort reform in the jurisdictions in which NHF operates could affect NHF's business and financial performance.

- (a) As the Company is a listed company, the price at which its securities trade will be subject to the numerous influences that may affect both the broad trend in the share market and the share prices of individual companies and sectors. Investors should recognise that the price of New Shares may fall as well as rise.
- (b) Both domestic and world economic conditions may affect the performance of the Company. Relevant factors include the level of inflation, interest and exchange rates, investor sentiment, changes in fiscal, monetary and regulatory policies and sovereign or political risk in each of the regions in which the Company operates.
- (c) A number of factors outside the control of the Company may impact significantly on the Company, its performance and the price of its securities, including factors such as domestic and international competition, exchange rate fluctuations and competitive pressures forcing market prices lower.
- (d) The Company's business may be impacted by changes to government policies (including taxation).

5.4 Consequences of the Transaction not proceeding

If the Transaction does not proceed, the Board considers that the main risks for JustKapital include the following matters:

- (a) **Lack of scale:** If the Transaction does not proceed it is possible that JustKapital's growth opportunities will be limited.
- (b) **Liquidity:** Under certain conditions, the liquidity of a particular market or security may be restricted, thus affecting a company's equity valuation. Historically, JustKapital has experienced low trading volume. This lack of liquidity or market depth could affect the valuation of JustKapital.
- (c) **Lack of diversity:** JustKapital currently only operates in Australia. JustKapital will consequently be vulnerable to an economic downturn affecting this specific market.

- (d) **Regulatory risk:** JustKapital is exposed to the effect of changes to various laws and regulations. Changes to local regulations or otherwise which could affect the earnings of JustKapital.
- (e) **Costs:** the costs of the Transaction are expected to be A\$2.1 million (excluding success fees).
- (f) **Intentions:** the existing business of JustKapital is a disbursement funding business and JustKapital will only operate in Australia as a sub-scale disbursement funder.

If the Transaction is not approved by Shareholders, the Company will continue to wind-down its litigation funding business and will continue to operate its Australian focussed disbursement funding business. It is the opinion of the Board that this will be a sub-scale result for the listed environment and the Board will need to consider how this can be addressed in the future.

6 KEY INDIVIDUALS AND CORPORATE GOVERNANCE

6.1 Directors

JustKapital has three directors as of the date of the Prospectus:

- (a) Timothy Storey (Non-Executive Chairman);
- (b) Anthony Murphy (Non-Executive Director); and
- (c) Diane Jones (Chief Executive Officer and Managing Director).

As a condition precedent to the Transaction, the founders of NHF will enter into employment agreements for a three-year term in which Wattel and Siegel must continue to manage the NHF business, as Chief Executive of NHF and Medical Director of NHF, respectively. If the Transaction is completed and the resolution to appoint David Wattel as a new director of JustKapital is passed at the General Meeting, the JustKapital Board will be reconstituted as follows:

- (a) Timothy Storey (Non-Executive Chairman);
- (b) Diane Jones (Chief Executive Officer and Managing Director);
- (c) Anthony Murphy (Non-Executive Director); and
- (d) David Wattel (Executive Director and Chief Executive of NHF).

The profiles of each of the JustKapital Directors who will continue to hold office and the proposed Director, David Wattel, after completion of the Transaction are set out below:

Timothy Storey (Non-Executive Chairman)

Tim holds a number of directorships in various private and public companies. He is a barrister and solicitor and was a partner at one of New Zealand's premier law firms through to 2006 and has practised in both Australia and New Zealand, focusing on corporate, commercial and property transactions. He is a member of the Institute of Directors (NZ) and the Financial Services Institute of Australasia. Tim Storey chairs Stride Property Group (NZX:SPG), is a Director of Investore Property Limited (NZX:IPL).

Diane Jones (Chief Executive Officer and Managing Director)

Diane is a member of Chartered Accountants Australia and New Zealand and holds a Masters of Business Administration degree and a Bachelor of Economics degree. Ms Jones has over 25 years in management, corporate advisory, finance and accounting experience across a range of listed and unlisted entities in Australia. Diane was previously the Chief Operating Officer and Chief Financial Officer of JustKapital prior to becoming its Chief Executive Officer. Prior to joining JustKapital in 2016, Diane was the Chief Operating Officer, Chief Financial Officer and Company Secretary of Australia's largest litigation funder IMF Bentham Limited (ASX: IMF).

Anthony Murphy (Non-Executive Director)

Anthony is Chief Executive Officer of Lucerne Investment Partners, a boutique investment and advisory firm with offices in Melbourne and Singapore. Anthony is responsible for overseeing and leading both Group strategy and ongoing management at Lucerne Investment Partners. Anthony holds a Bachelor of Economics and Bachelor of Commerce degrees from Australian National University.

David Wattel (Executive Director)

David Wattel graduated from the University of Illinois in 1984 with a degree in economics before obtaining his JD in 1988 from Arizona State University College of Law. He has practiced personal injury law ever since graduating. He founded Wattel & York; a multi-state personal injury and medical malpractice law firm. He speaks at numerous conferences in the area of personal injury and litigation. Mr. Wattel has been actively managing and overseeing the growth of NHF. Mr. Wattel will be invited to join the board of JustKapital and shareholders will be asked to approve his appointment – subject to him meeting all the ASX requirements.

6.2 Senior Management

It is anticipated that post completion of the Transaction, Mark Siegel will be employed by the Merged Group as Medical Director of NHF and Anthony Hersch will continue to hold office as Chief Operating Officer and Craig Beaton will continue to be the Group's Chief Financial Officer.

Dr. Mark Siegel (Medical Director of NHF)

Dr. Siegel graduated from the University of Arizona in 1984 with a degree in biology and obtained his Doctor of Medicine in Osteopathic Medicine in 1987 from the College of Osteopathic Medicine of the Pacific. Supplementing his education, Dr. Siegel interned with Hollywood Community Hospital from 1988 to 1990, when he left to practice family medicine in Arizona, specializing in personal injury treatment. In 1999, Dr. Siegel and a partner converted Phoenix Community Hospital into the first surgical specialty hospital in Arizona

and renamed it Arizona Surgical Hospital. Dr. Siegel practiced medicine there for six years before selling the facility to a group of private investors and devoting his time to the success of NHF.

Anthony Hersch (Chief Operating Officer)

Anthony is a member of Chartered Accountants Australia and New Zealand, a fellow of the Financial Services Institute of Australasia and holds a Bachelor of Commerce degree. Anthony has over 18 years in finance, investments and accounting experience across chartered firms, banking and high net wealth family investment offices. For the last 5 years prior to joining JustKapital, Anthony was CFO of well-known high net wealth family investment office.

Craig Beaton (Chief Financial Officer)

Craig is a member of Chartered Accountants Australia and New Zealand and holds a Bachelor of Commerce degree. Craig has over 18 years' experience in finance, investments and accounting experience across chartered firms. Prior to joining JustKapital Craig was the Chief Financial Officer of Shaw Stockbroking Limited.

6.3 Personal Interests of Directors and Proposed Directors

Interests in JustKapital Shares and JustKapital Options

Immediately prior to the completion of the Transaction, the JustKapital Directors are expected to have Relevant Interests in JustKapital Shares and JustKapital Performance Rights over JustKapital ordinary shares as set out in the table below (on a post Consolidation basis):

Director	Number of JustKapital Performance Rights ¹⁶ (post Consolidation basis)	Number of JustKapital Shares (post Consolidation basis)	
		Direct	Indirect
Tim Storey	166,590	-	3,218,212
Anthony Murphy	-	-	840,000
Diane Jones	719,366	1,427,366	-
Total	885,956	1,427,366	4,058,212
% held	n/a	0.96%	2.74%

Following completion of the Transaction, the JustKapital Directors (including the Proposed Director) are anticipated to have a Relevant Interest in 113,034,279 JustKapital Shares on a post Consolidation basis), being approximately 22.03% of the total number of JustKapital Shares on issue. The assumption is that A\$4.5 million is raised under the Rights Issue:

Director	Number of JustKapital Performance Rights ¹⁷ (post Consolidation basis)	Number of JustKapital Shares (post Consolidation basis)	
		Direct	Indirect
Tim Storey	166,590	-	3,218,212
Anthony Murphy	-	-	840,000
Diane Jones	719,366	1,427,366	-
David Wattel	-	107,548,701	-
Total	885,956	108,976,067	4,058,212
% held	n/a	21.24%	0.79%

¹⁶ Performance rights that convert into shares that are provided to employees and directors of JustKapital in exchange for the rendering of services.

¹⁷ Performance rights that convert into shares that are provided to employees and directors of JustKapital in exchange for the rendering of services.

Remuneration

The proposed annual remuneration (inclusive of superannuation) of the existing JustKapital Director and the Proposed Director that will be a part of the board of the Merged Group for the next financial year ending 31 December 2019 are as follows:

	2019 Financial Year (including super, pa)
Existing Directors	
Tim Storey – Non-Executive Chairman	A\$48,000
Diane Jones – Chief Executive Officer	A\$550,000 ¹⁸
Anthony Murphy – Non-Executive Director	A\$48,000
Proposed Director	
David Wattel – Executive Director	US\$400,000

Directors who hold executive roles within the business do not get Board remuneration above their total remuneration described above.

Directors of JustKapital are also reimbursed for all reasonable expenses incurred in the course of conducting their duties which include, but are not in any way limited to, travelling expenses, disbursements made on behalf of JustKapital and other expenses incurred whilst engaged in the business of JustKapital or in the discharge of their duties as directors.

The remuneration of JustKapital directors is reviewed annually by JustKapital.

Related party agreements

The following transactions occurred with related parties:

	Consolidated 30 Jun 2018 \$	30 Jun 2017 (Restated) \$
Lucerne Group - interest on borrowings	2,023,999	-
Lucerne Group - facility fees	194,520	-
Lucerne Group - underwriting fees	171,735	-

The above table depicts all transactions with the Lucerne Group, which manages funds on behalf of third parties. Anthony Murphy is the Chief Executive Officer of Lucerne Investment Partners, part of the Lucerne Group. The JustKapital Board considers that the terms of the related party agreements with the Lucerne Group are at least as favourable to the Company as those on which might reasonably be expected in the circumstances if they were dealing at arm's length.

6.4 Corporate Governance

Introduction

The JustKapital Board is committed to high standards of corporate governance and considers that, having regard to the size of the Company and the nature of its enterprise, it is considered that the Company complies as far as possible with the spirit and intentions of the ASX Corporate Governance Council's 'Corporate Governance Principles and Recommendation' – 3rd Edition (ASX Corporate Governance Principles and Recommendations).

The JustKapital Board seeks, where appropriate, to provide accountability levels that meet or exceed the ASX Corporate Governance Principles and Recommendations.

¹⁸ Subject to the successful completion of the Transaction.

Due to its size and structure, the JustKapital Board is able to meet regularly throughout the year for management and formal meetings of the JustKapital Board, as well as being in frequent communication by way of telephone to ensure compliance with ASX Listing Rule disclosure requirements.

Details on JustKapital's corporate governance procedures, policies and practices can be seen in the Company's Annual Report which is found on its website (<http://www.justkapital.com.au>) or at www.asx.com.au.

The JustKapital Board anticipates that its corporate governance policies will be reviewed and amended following completion of the Transaction to take into account changes to the Merged Group's activities and board structure. Its corporate governance policies would also be reviewed and where necessary updated and amended.

The Company will provide an explanation of any departures from the ASX Corporate Governance Principles and Recommendations in its future annual reports.

Board of Directors

The JustKapital Board is responsible for overseeing the corporate governance activities of JustKapital. The JustKapital Board guides and monitors the business and affairs of JustKapital on behalf of the JustKapital Shareholders by whom they are elected and to whom they are accountable.

As the JustKapital Board acts on behalf of shareholders, it seeks to identify the expectations of shareholders, as well as other ethical expectations and obligations. In addition, the JustKapital Board is responsible for identifying areas of significant business risk and ensuring arrangements are in place to adequately manage those risks.

The primary responsibilities of the JustKapital Board include:

- (a) formulation and approval of the strategic direction, objectives and goals of the Company;
- (b) monitoring the operational and financial position and performance of the Company, including approval of the Company's financial statements;
- (c) requiring that financial and other reporting mechanisms are put in place which result in adequate, accurate and timely information being provided to the JustKapital Board and the Company's shareholders and the financial market as a whole being fully informed of all material developments relating to the Company;
- (d) ensuring that adequate internal control systems and procedures exist and that compliance with these systems and procedures is maintained;
- (e) the identification of significant business risks and ensuring that such risks are adequately managed;
- (f) the appointment of the Managing Director and all direct executive reports, the review of their performance and remuneration;
- (g) the establishment and maintenance of appropriate ethical standards; and
- (h) reviewing and, to the extent necessary, amending the JustKapital Board and committee charters regularly.

Independent Directors

Two members of the JustKapital Board, as at the date of this document, are considered to be independent, namely Timothy Ian Mackenzie Storey and Anthony Murphy. Mr Storey and Mr Murphy will continue office as independent directors of the Merged Group following completion of the Transaction.

The independent directors are free from any business or other relationship that could materially interfere with, or reasonably be perceived to materially interfere with, the independent exercise of the person's judgement.

Composition and term of appointment of the JustKapital Board

The JustKapital Board is considered to be an appropriate and cost effective structure for the size of JustKapital and the nature of JustKapital's operations.

When the need for a new director is identified, selection is based on the skills and experience of prospective directors, having regard to the present and future needs of JustKapital. Any director so appointed must then stand for election at the next meeting of JustKapital Shareholders.

JustKapital's constitution provides that a director (other than the Managing Director) may not retain office for more than three calendar years or beyond the third annual general meeting following his or her election, whichever is longer, without submitting for re-election. One third of the directors must retire each year and are eligible for re-election.

The directors who retire by rotation at each Annual General Meeting are those with the longest length of time in office since their appointment or last election.

Committees of the JustKapital Board

Given the size and stage of development of JustKapital, the JustKapital Board has not established a separate Nomination and Remuneration Committee as doing so would contribute little to the effective management of JustKapital.

The nomination of new directors and the setting, or review, of remuneration levels of directors and senior executives are reviewed by the JustKapital Board as a whole and approved by resolution (with abstentions from relevant directors where there is a conflict of interest). Where particular expertise or information, which is not available from within the JustKapital Board, is considered necessary, external advice may be taken and reviewed prior to a final decision being made.

Audit, risk management and internal controls

The JustKapital Board is responsible for overseeing the risk management activities of JustKapital. A combination of internal policies and procedures are in place and external audits are undertaken to monitor risk management and its effectiveness.

The JustKapital Board acknowledges that it does not fully comply with the ASX's recommendation in Principle 4 of the ASX Corporate Governance Principles and Recommendations, but in view of the size of JustKapital and the nature of its activities, the JustKapital Board considers that establishing a separate audit and risk management committee would contribute little to the effective management of JustKapital.

Following implementation of the Transaction, the JustKapital Board will meet to reassess its response to these items.

The JustKapital Board as a whole reviews audit and risk management matters and accepts the responsibility to ensure truthful and factual presentation of JustKapital's financial position.

JustKapital uses the services of an independent audit firm that has only a small number of partners. The JustKapital Board, to a certain extent, relies on the auditors to ensure compliance with relevant accounting standards and gives full and complete co-operation to its auditors without absolving itself of its responsibility. Where appropriate, the JustKapital Board is able to engage independent experts or professional advisors to assist with the identification and/or management of any key risk areas identified.

Each year the Chairman provides a statement to the JustKapital Board in writing in respect to the integrity of the financial statements to the effect that they are founded on a sound system of risk management and internal compliance and control and that JustKapital's risk management and internal compliance and control systems are operating efficiently and effectively in all material respects.

Management of JustKapital has established and implemented a risk management and internal control system for identifying, assessing, monitoring and managing strategic, operational, financial reporting and compliance risks for JustKapital. The system is based upon policies, guidelines, delegations, industry practices and reporting as well as the selection and training of qualified personnel. The JustKapital Board believes the current framework to be suitable for JustKapital's current operations and stage of development.

Policies

To the extent applicable, JustKapital has (unless otherwise stated in this Prospectus), adopted the ASX Corporate Governance Principles and Recommendations.

Following re-admission to the official list of the ASX, JustKapital will be required to report any departures from the ASX Corporate Governance Principles and Recommendations in its annual report.

Details on JustKapital's corporate governance procedures, policies and practices can be obtained from the Company's website at <http://www.JustKapital.com.au/corporate/governance>.

Continuous disclosure

JustKapital is a "disclosing entity" (as defined in section 111AC of the Corporations Act) and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company will continue to be required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company's securities.

Price sensitive information will be publicly released through ASX before it is disclosed to shareholders and market participants. Distribution of other information to shareholders and market participants will also be managed through disclosure to the ASX. In addition, JustKapital will post this information on its website after the ASX confirms an announcement has been made, with the aim of making the information readily accessible to the widest audience.

7 DETAILS OF THE OFFER

7.1 Details of the Rights Issue

JustKapital is inviting applications under the Prospectus Offer to participate in a 1:1 pro-rata non-renounceable rights issue of up to 147,933,598 New JustKapital Shares. The Rights Issue will be conducted on the basis of one New JustKapital Share for every one Existing Share held at 7.00pm (Sydney time) on the Record Date, at an issue price of A\$0.08 per New JustKapital Share, payable in full on application.

Your Entitlement to subscribe for New Shares is shown on your personalised Entitlement and Acceptance Form which accompanies this Prospectus.

Issue Price

The Issue Price is A\$0.08 for each New Share and is payable in full upon application.

Minimum subscription

There is no minimum subscription under the Rights Issue.

Non-renounceable Rights

The Rights Issue is non-renounceable, which means that if you do not accept all or part of your Entitlement, you will not be able to trade your Entitlement and it will lapse.

Non-underwritten offer

The Rights Issue is not underwritten.

Rights and liabilities of New Shares

New Shares will rank equally in all respects with Existing Shares. A summary of the rights and liabilities attaching to New Shares is set out in section 7.18.

7.2 Purpose of the Prospectus and Prospectus Offer

This Prospectus has been issued to assist JustKapital to meet the re-admission requirements of ASX under Chapters 1 and 2 of the ASX Listing Rules following a significant change to the nature and scale of JustKapital's activities as a result of the proposed acquisition of 100% of the interest in NHF under the Transaction.

The Rights Issue will raise up to approximately \$11.8 million, before costs. As funds raised under the Rights Issue are to be primarily used for working capital to take advantage of potential growth opportunities, there will be no minimum subscription for the Rights Issue.

The primary purposes of the Prospectus Offer under the Prospectus are to enable JustKapital, after completion of the Transaction, to raise funds to take advantage of potential growth opportunities.

The JustKapital Board believes that the Prospectus Offer will allow investors to participate in the growth of JustKapital as it enters into an exciting phase of its development.

7.3 Opening and Closing Date for applications

The Rights Issue opens for acceptances on 4 October 2018 and all Entitlement and Acceptance Forms and payments of Application Money must be received by no later than 5.00 pm (Sydney time) on 15 October 2018, subject to the Directors being able to vary the Closing Date and in accordance with the Listing Rules.

7.4 Allotment of New Shares and ASX quotation

It is expected that allotment of the New Shares will take place as soon as practicable after the Closing Date. It is expected that the New Shares will be allotted and holding statements posted no later than 22 October 2018. However, if the Closing Date is extended, the date for allotment and posting may also be extended.

No allotment of New Shares will be made until permission is granted for their quotation by ASX. If the New Shares are not granted quotation within three months after the date of this Prospectus, all Application Money received will be returned (without interest) in accordance with the Corporations Act, unless ASIC grants the Company an exemption permitting it to do otherwise.

Application Money will be held in trust in a subscription account until allotment. Any interest earned on Application Money will be retained by the Company, irrespective of whether allotment takes place.

7.5 Shareholders outside Australia and New Zealand

General restrictions

This Prospectus and accompanying Entitlement and Acceptance Form do not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer.

No action has been taken to register or qualify the Rights or New Shares, or to otherwise permit an offering of Rights or New Shares outside Australia and New Zealand. The Rights or New Shares may not be offered in a jurisdiction outside Australia and New Zealand where such an offer is not made in accordance with the laws of that place.

The distribution of this Prospectus in jurisdictions outside Australia and New Zealand may be restricted by law and therefore persons who come into possession of this document outside Australia and New Zealand should seek advice on and observe any such restrictions. A failure to comply with these restrictions may constitute a violation of applicable securities laws.

It is the responsibility of any Applicant to ensure compliance with any laws of the country relevant to their application. Return of a duly completed Entitlement and Acceptance Form and/or payment of Application Money will be taken by the Company to constitute a representation that there has been no breach of such laws and that the Applicant is physically present in Australia or New Zealand.

Eligible Shareholders resident outside Australia should consult their professional advisers as to whether, in order to enable them to accept their entitlements, any governmental or other consents are required, or other formalities need to be observed.

New Zealand securities law requirements

The Rights Issue will be offered in New Zealand pursuant to the *Financial Markets Conduct (Incidental Offers) Exemption Notice 2016*.

United States

The Rights and the New Shares have not been and will not be, registered under the US Securities Act or the securities laws of any state of the United States and may not be offered or sold, directly or indirectly, in the United States or to, or for the account or benefit of, a US person, except in a transaction exempt from the registration requirements of the US Securities Act and applicable United States state securities laws.

This Prospectus is neither an offer to sell nor a solicitation of an offer to buy securities as those terms are defined under the US Securities Act. The Rights Issue is not being made to US persons or persons in the United States.

This Prospectus and the accompanying Entitlement and Acceptance Form will not be sent by the Company or its agents to any Shareholder in the United States or to any US person.

By submitting an Entitlement and Acceptance Form or paying Application Money, an Applicant will be deemed to have represented, warranted and agreed as follows:

- (a) it understands that the Rights and New Shares have not been, and will not be, registered under the US Securities Act, and may not be offered, sold or resold in the United States or for the account or benefit of, a US person except in accordance with an available exemption from registration;
- (b) it is not:
 - (i) in the United States or a US person; and
 - (ii) acting for the account or benefit of a person in the United States or a US person;
- (c) it will not offer, sell or resell in the United States or to a US person any Rights or New Shares:
 - (iii) as part of their distribution, at any time; or
 - (iv) otherwise, until after the expiry of 40 days after the date on which the New Shares are allocated (provided, however, that the foregoing does not prohibit any sale of New Shares in regular transactions on ASX if neither the seller nor any

person acting on its behalf knows, or has reason to know, that the sale has been prearranged with, or that the purchaser is, a person in the United States); and

- (d) if it is entitled to receive any fees or commissions in connection with any purchase of New Shares to which the Entitlement and Acceptance Form relates, it will not, directly or indirectly, pay or re-allow any portion of such fee or commission to any other person.

Until 40 days after the commencement of the offer, an offer or sale of the New Shares in the United States or to any US person by any dealer (whether or not participating in the Rights Issue) may violate the registration requirements of the US Securities Act.

7.6 Ineligible Shareholders

The Company is not extending the Rights Issue to Ineligible Shareholders having regard to:

- (a) the cost of complying with legal and regulatory requirements outside Australia and New Zealand;
- (b) the number of Ineligible Shareholders; and
- (c) the number and value of New Shares which could be offered to Ineligible Shareholders.

Where the Prospectus has been dispatched to Ineligible Shareholders, the Prospectus is provided for information purposes only.

In limited circumstances the Company may elect to treat as Eligible Shareholders certain Shareholders who would otherwise be Ineligible Shareholders, provided the Company is satisfied that it is not precluded from lawfully issuing New Shares to such Shareholders either unconditionally or after compliance with conditions which the Board in its sole discretion regards as acceptable and not unduly onerous.

7.7 Taxation consequences

The taxation consequences of any investment in New Shares will depend upon your particular circumstances.

Potential investors must make their own enquiries concerning the taxation consequences of an investment in the Company. Applicants should consult their tax adviser for advice applicable to their individual needs and circumstances.

7.8 How to participate

Before taking any action you should read this Prospectus in its entirety.

The number of New Shares to which Eligible Shareholders are entitled is shown on the Entitlement and Acceptance form. If you are an Eligible Shareholder you may:

Option	See section
Take up your Entitlement in full or in part	7.9
Apply for New Shares in excess of your Entitlement	7.10
Allow some or all of your Rights to lapse	7.13

7.9 If you wish to accept your Entitlement in full or in part

- (a) Complete the Entitlement and Acceptance Form for the number of Rights you wish to take up in accordance with the instructions on the form. Return your completed form, together with the Application Money to the Share Registry at the address set out in section 7.12. It must be received by no later than 5.00 pm (Sydney time) on 15 October 2018.

OR:

- (b) Make a payment of A\$0.08 for each New Share you wish to apply for by BPAY in accordance with the instructions on the Entitlement and Acceptance Form by no later than 5.00 pm (Sydney time) on 15 October 2018.

7.10 Additional New Shares

Eligible Shareholders who have taken up all their Entitlement may apply for New Shares in excess of their Entitlement (**Additional New Shares**). Please note that New Shares in excess of Entitlements will only be allocated to Eligible Shareholders if and to the extent that the Company determines to do so, in its absolute discretion having regard to circumstances as at the time of the close of the Entitlement Offer. Any Additional New Shares will be limited to the extent there are sufficient New Shares from Eligible Shareholders who do not take up their full Entitlements or from New Shares that would have been offered to Ineligible Shareholders if they had been entitled to participate in the Entitlement Offer.

The Company may scale-back any application for Additional New Shares in its absolute discretion, but will not scale back any Entitlement. In the event of oversubscription, the allocation of Additional New Shares will be at the absolute discretion of JustKapital and subject to scale back.

If you apply for Additional New Shares in excess of your Entitlement and you are not allocated all or some of the Additional New Shares applied for, the relevant Application Money received will be returned (without interest) in accordance with the Corporations Act.

7.11 Payment for New Shares

The issue price of A\$0.08 per New Share is payable in full on application.

All payments are to be made in Australian currency by cheque drawn on and payable at any Australian bank or by BPAY.

Cheques should be made payable to "JustKapital Limited Rights Issue Account" and crossed "Not Negotiable".

Applicants are asked not to forward cash. Receipts for payments will not be issued.

BPAY payments should be made in accordance with the instructions on the Entitlement and Acceptance Form using the BPAY Biller Code and unique Customer Reference Number shown on the form. You are not required to return the Entitlement and Acceptance Form if you use BPAY to pay the Application Money.

Application money will be held in trust in a subscription account until allotment. Any interest earned on Application Money will be for the benefit of the Company and will be retained by the Company irrespective of whether allotment takes place.

7.12 Address details and enquiries

Completed Entitlement and Acceptance Forms (including payment of Application Money) should be forwarded to the Company's Share Registry by mail or delivered to the following addresses:

By hand:		By mail:
Level 12, 680 George St, Sydney	or	Level 12, 680 George Street, Sydney NSW
NSW 2000		2000

For further information on your Entitlement or what your choices are in relation to it, please contact the Share Registry as follows: +61 1300 554 474 (toll free within Australia) or registrars@linkmarketservices.com.au.

If an Application Form is not completed correctly or if the accompanying payment is the wrong amount, the Company may, in its absolute discretion, still treat the Application Form to be valid. The Company's discretion to treat an Application as valid, or how to construe, amend or complete it, will be final.

7.13 If you do not wish to accept all or any part of your Entitlement

To the extent you do not accept all or part of your Entitlement, it will lapse. As the Rights Issue is non-renounceable, you cannot sell or transfer any part of your Entitlement.

7.14 Quotation of New JustKapital Shares

JustKapital will make an application to the ASX within 7 days after the date of this Prospectus to be admitted to the official list of the ASX and for the official quotation of New JustKapital Shares issued under this Prospectus. However, Applicants should be aware that ASX will not commence official quotation of any New JustKapital Shares until JustKapital has recompiled with Chapters 1 and 2 of the ASX Listing Rules and has received the approval of ASX to be re-admitted to the official list of the ASX (see section 2.3).

If the New JustKapital Shares are not admitted to official quotation by the ASX before the expiration of 3 months after the date of this Prospectus, or such period as varied by ASIC, or if ASX otherwise rejects JustKapital's application for re-admission to the official list of the ASX, JustKapital will not issue any New JustKapital Shares and will repay all Application Monies for the New JustKapital Shares within the time prescribed under the Corporations Act, without interest.

The fact that ASX may admit JustKapital to the official list of the ASX is not to be taken as an indication of the merits of JustKapital or the JustKapital Shares. The ASX and its Officers take no responsibility for the contents of this Prospectus

7.15 Clearing House Electronic Subregister System (CHESS) and Issuer Sponsorship

JustKapital participates in ASX's Clearing House Electronic Sub-register System (**CHESS**). ASX Settlement Pty Ltd, a wholly owned subsidiary of ASX, operates CHESS. Investors who do not wish to participate through CHESS will be issuer sponsored by JustKapital.

CHESS is an automated transfer and settlement system for transactions in securities quoted on ASX under which transfers are affected in a paperless form. Holdings in JustKapital will be registered in one of two subregisters, an electronic CHESS sub-register or an issuer sponsored sub-register. The New JustKapital Shares of a shareholder, who is a participant in CHESS or a person sponsored by a

participant in CHESS, will be registered on the CHESS sub-register. All other New JustKapital Shares will be registered on the issuer sponsored sub-register.

Following the issue of the New JustKapital Shares to successful Applicants, shareholders will be sent an initial statement of holding that sets out the number of New JustKapital Shares that have been allocated. This statement will also provide details of a shareholder's Holder Identification Number (if the holder is broker sponsored) or where applicable, the Securityholder Reference Number (if the holder is issuer sponsored). Shareholders will be required to quote their Holder Identification Number or Securityholder Reference Number, as applicable, in all dealings with a stockbroker or the Share Registry. Holding statements are expected to be dispatched on 23 October 2018. Certificates will not be issued to shareholders.

JustKapital Shareholders will receive subsequent statements during the first week of the following month if there has been a change to their holding on the JustKapital register of members and as otherwise required under the ASX Listing Rules and the Corporations Act. Additional statements may be requested at any other time either directly through the Shareholder's sponsoring broker, in the case of a holding on the CHESS sub-register, or through the Share Registry in the case of a holding on the issuer sponsored sub-register. The Company or the Share Registry may charge a fee for these additional issuer sponsored statements.

7.16 Commencement of Trading

It is the responsibility of each Applicant or bidder to confirm its holding before trading in New JustKapital Shares. Applicants or bidders who sell New JustKapital Shares before they receive an initial statement of holding do so at their own risk. JustKapital and the Share Registry disclaim all liability, whether in negligence or otherwise, to persons who sell New JustKapital Shares before receiving their initial statement of holding, whether on the basis of a confirmation of allocation provided by any of them, by the JustKapital offer information Line, by a broker or otherwise.

Shares are expected to commence trading on ASX on a normal settlement basis on or about 23 October 2018.

JustKapital may withdraw the Prospectus Offer at any time before the issue of New JustKapital Shares to successful Applicants. If the Prospectus Offer does not proceed, all relevant Application Monies will be refunded (without interest).

7.17 Discretion regarding the Prospectus Offer

JustKapital may withdraw the Prospectus Offer at any time before the issue of New JustKapital Shares to successful Applicants. If the Prospectus Offer does not proceed, all relevant Application Monies will be refunded (without interest).

7.18 Constitution and rights and liabilities attaching to the New JustKapital Shares

The New JustKapital Shares issued under the Prospectus Offer will be issued fully paid and will rank from the date of issue equally for dividends and other rights with existing JustKapital Shares.

This section contains a summary of the key rights and liabilities attaching to the JustKapital Shares.

This summary does not purport to be exhaustive or to constitute a definitive statement of the rights and liabilities of the JustKapital Shareholders, which can involve complex questions of law arising from the interaction of JustKapital's constitution and statutory, common law and ASX Listing Rules requirements.

Investors who wish to inspect JustKapital's constitution may do so on or before the Closing Date at the registered office of JustKapital during normal business hours.

Constitution of JustKapital

Under section 140(1) of the Corporations Act, the constitution of JustKapital has effect as a contract between JustKapital and each shareholder and between a shareholder, JustKapital and each other shareholder. Accordingly, if you apply for New JustKapital Shares under the Prospectus Offer you will, as a result, become liable to comply with the constitution of JustKapital. However, since the New JustKapital Shares issued under the Prospectus Offer will be issued as fully paid, no monetary liability attaches to them.

Meetings of shareholders

Subject to the provisions of the constitution of JustKapital, each JustKapital Shareholder is entitled to receive notice of, and to attend and vote at, general meetings of JustKapital and to receive all notices, accounts and other documents required to be furnished to JustKapital Shareholders under the constitution of JustKapital, the Corporations Act and the ASX Listing Rules.

A general meeting may be called by a resolution of the directors of JustKapital or at the request of JustKapital Shareholders with at least 5% of the votes that may be cast at the general meeting.

Voting rights

At a general meeting, subject to a number of specific exceptions, every JustKapital Shareholder present in person or by proxy or duly appointed representative has on a show of hands, one vote and upon a poll, one vote for every JustKapital Share held by that JustKapital Shareholder.

Dividends

The JustKapital Directors may pay any interim or final dividends that, in their judgment, appear to be justified by the profits of JustKapital. Dividends are payable equally on all JustKapital Shares. New JustKapital Shares issued under the Prospectus Offer will be entitled to dividends with a record date on or after the date of issue.

Variation or cancellation of class rights

The rights attached to any class of JustKapital Shares, unless otherwise provided for by the terms of issue of those shares, may only be varied or cancelled with the consent in writing of the holders of 75% of the issued shares in the relevant class, or with the sanction of a special resolution passed at a meeting of the holders of the shares in that class. At present, there is only one class of shares in JustKapital on issue.

In either case, JustKapital Shareholders with at least 10% of the votes in the class whose rights have been varied or cancelled may apply to a court of competent jurisdiction to exercise its discretion to have the variation or cancellation set aside.

Transfer of shares

Subject to JustKapital's constitution, the Corporations Act, the ASX Listing Rules and the ASX Settlement Operating Rules, JustKapital Shares are freely transferable. JustKapital Shares are transferable by:

- (a) an ASX Settlement Transfer or any other method of transferring or dealing in Shares introduced by ASX or operated in accordance with the ASX Settlement Operating Rules or Listing Rules and in any such case recognised under the Corporations Act; or
- (b) an instrument in writing in any usual or common form or in any other form that the Directors approve.

The JustKapital Directors may, subject to the requirements of the Corporations Act and the ASX Listing Rules, refuse to register any transfer of JustKapital Shares in the following circumstances:

- (a) the Listing Rules permit the Company to do so;
- (b) the Listing Rules require the Company to do so; or
- (c) the transfer is a transfer of Restricted Securities which is or might be in breach of the Listing Rules or any escrow agreement entered into by the Company in relation to such Restricted Securities pursuant to the Listing Rules.

Issue of further shares

The JustKapital Directors may, subject to the restrictions on the allotment of shares under the Corporations Act and the ASX Listing Rules, issue, grant or otherwise dispose of JustKapital Shares on the terms and conditions and for the consideration they think fit.

Without affecting any special rights conferred on the holders of any shares, any share in JustKapital may be issued with preferred, deferred or other special rights, obligations or restrictions, whether in regard to dividends, voting, return of share capital or otherwise, as the JustKapital Directors in their absolute discretion may determine.

Winding up

Subject to any special or preferential rights attaching to any class or classes of shares, in the event of a winding up, a liquidator may (with the sanction of a special resolution) divide among JustKapital Shareholders the whole or any part of the property of JustKapital.

Other key provisions of JustKapital's constitution

A summary of some of the key provisions of JustKapital's constitution (other than those discussed above in this section 17.18) is set out below. The summary is not exhaustive.

Number of directors

JustKapital's constitution provides that the number of directors of JustKapital must be not less than three nor more than nine (or such other number as the directors may resolve).

Indemnity

JustKapital indemnifies each director, principle executive officer or secretary of JustKapital and may, by deed, indemnify an officer (other than a director, principal executive officer or secretary) against a liability to another person, other than JustKapital or a related body corporate of JustKapital, provided that:

- (a) the provisions of the Corporations Act (including, but not limited to, Chapter 2E) are complied with in relation to the giving of the indemnity; and
- (b) the liability does not arise in respect of conduct involving a lack of good faith on the part of the officer.

Amending the constitution

The Corporations Act provides that the constitution of a company may be modified or repealed by a special resolution by at least 75% of the votes cast by members entitled to vote on the resolution. JustKapital's constitution does not provide for any further requirements to be complied with to effect a modification of, or to repeal, it.

8 ADDITIONAL INFORMATION

8.1 Material contracts

Except as otherwise disclosed in this Prospectus, JustKapital has entered into the following material contracts:

- (a) Management Securities Purchase Agreement;
- (b) Presidio Agreement;
- (c) Management Term Facility;
- (d) Secured Acquisition Facility;
- (e) Placement Underwriting Agreement;
- (f) Escrow Deed; and
- (g) Management Employment Agreements.

The key terms of each of these material contracts are set out in Appendix 2.

8.2 Financing contracts and facilities

JustKapital has a range of financing contracts in place in relation to both its disbursement funding businesses and its general and residual litigation funding businesses. Such contracts have been the subject of previous disclosures and full details of the financing arrangements are set out in notes 18 and 20 of JustKapital's latest Annual Report. NHF has similar financing arrangements in place in relation to its business. The table below sets out the summary details of JustKapital and NHF's financing facilities following the Transaction:

	Drawn (pro-forma) USD'000	Facility limit	Interest rate	Lender	FX	Expiry	Recourse
Existing borrowings - Asset Secure	18,844	A\$35m	8.95%	Asset Secure	A\$	30/09/2020	Fixed and floating charge over JustKapital Financing Pty Ltd. Guarantee from other Group entities
Existing borrowings - Lucerne	12,086	A\$16.952m	A\$13.952m: 16.75% A\$3m: 9.95%	Lucerne related entities	A\$	31/12/2019	Unsecured
Existing JustKapital convertible bond	3,696	n/a	11.50%	23 Bondholders	A\$	15/01/2019	Unsecured, Convertible into shares.
Syndicated acquisition loan	27,816	A\$42m	13%	WHSP & others	A\$	4 years	Fixed and floating charge over JustKapital Limited and other Group entities
Deferred Consideration (Vendor loan)	1,048	n/a	7.50%	Vendors	A\$	22/01/2019	Unsecured, convertible at \$0.14
Vendor loan	11,511	\$17.2m	13%	Founders	A\$	4 years	Unsecured
Founder promissory note	9,000	n/a	Nil	Founders	US\$	n/a	Unsecured, repayment subject to Atalaya and WHSP consent
Assumed borrowings of NHF - subordinated notes	1,000	n/a	12%		US\$	n/a	Subordinated, repayment subject to Atalaya and WHSP consent
Assumed borrowings of NHF - bridging loan	4,500	n/a	15%-19%	Lucerne related entities	US\$	12 months	Unsecured
Assumed borrowings of NHF - Atalaya	39,915	US\$80m	LIBOR+11.25%	Atalaya	US\$	Apr-22	Secured by receivables, personal guarantees from members

8.3 Insurance

The directors of JustKapital believe they have the necessary suite of insurance for public liability, workers compensation, Directors and Officers Insurance and Travel Insurance. Upon the completion of the acquisition of NHF under the Transaction, the JustKapital Board will seek quotes from providers of insurance for the Merged Group.

8.4 Interests and benefits of Directors and Proposed Directors

Other than as set out in this Prospectus, no JustKapital Director or Proposed Director holds, or has held within the 2 years preceding lodgement of this Prospectus with ASIC, any interests in:

- (a) the formation or promotion of JustKapital;
 - (b) any property acquired or proposed to be acquired by JustKapital in connection with:
 - (i) its formation or promotion; or
 - (ii) the Prospectus Offer; or
 - (c) the Prospectus Offer,
- and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to a JustKapital Director or Proposed Director:
- (d) as an inducement to become, or to qualify as, a Director; or
 - (e) for services provided in connection with:
 - (iii) the formation or promotion of JustKapital; or
 - (iv) the Prospectus Offer.

8.5 Interests of experts and advisers

Other than as set out below or elsewhere in this Prospectus, no:

- (a) person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus; or
- (b) promoter of JustKapital; or
- (c) underwriter (but not a sub-underwriter) to the Prospectus Offer or a financial services licensee named in this Prospectus as a financial services licensee involved in the Prospectus Offer,

holds, or has held within the 2 years preceding lodgement of this Prospectus with ASIC, any interest in:

- (a) the formation or promotion of JustKapital;
- (b) any property acquired or proposed to be acquired by JustKapital in connection with:
 - (v) its formation or promotion; or
 - (vi) the Prospectus Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of those persons for services provided in connection with:

- (d) the formation or promotion of JustKapital; or
- (e) the Prospectus Offer.

8.6 Legal proceedings

As at the date of this Prospectus, neither JustKapital nor NHF is involved in any material legal proceedings. The Proposed Director is not aware of any legal proceedings pending or threatened against NHF.

There have been various proceedings threatened against the Company by former executive chairman, Phillip Kapp, including the issue of requisitions to replace the board. None of the threatened proceedings have eventuated and the Company believes that it will be able to successfully defend any such proceedings were they to eventuate.

There has also been threatened litigation from Mr Michael Becker in relation to payments due to him under a sale and purchase agreement (for the purchase of 5 funded cases on 11 July 2016). The amounts Mr Becker states are due to him are disputed by JustKapital and JustKapital has obtained an opinion from Christopher Withers (of Banco Chambers), confirming JustKapital's calculations on the amounts due to Mr Becker. Mr Becker has agreed to participate in a mediation with JustKapital to resolve the dispute. Further details of the dispute are set out JustKapital's latest Annual Report (lodged with the ASX on 30 August 2018).

So far as the directors of JustKapital are aware (and other than the threatened litigation set out above), there are no other current, pending or threatened litigation, arbitration proceeding, administrative appeal, or criminal or governmental prosecution in which JustKapital or its subsidiaries is directly or indirectly concerned which is likely to have a material adverse effect on the business or financial position of JustKapital. The risk of litigation is a general risk of JustKapital's business.

8.7 Taxation considerations

General

This is a general description of the Australian income tax consequences for investors who acquire New JustKapital Shares under the Prospectus Offer.

The taxation summary seeks to provide an overview of the relevant Australian income tax considerations for Australian resident shareholders associated with the payment of dividends by the Company and the future disposal of their JustKapital Shares. The summary does not cover Australian income tax consideration for non-resident shareholders. Non-resident shareholders or resident shareholders who become non-residents following investment in the Company should seek their own taxation advice.

The Australian tax laws are complex. The summary is general in nature and is not intended to be an authoritative or complete statement of the applicable law. The individual circumstances of each investor may affect the taxation implications of the investment of that investor. Investors should seek appropriate independent professional advice that considers the taxation implications in respect of their own specific circumstances.

The Company disclaims all liability to any investor or other party for all costs, loss, damage and liability that the investor or other party may suffer or incur arising from or relating to or in any way connected with the contents of this summary or the provision of this summary to the investor or other party or the reliance on it by the investor or other party.

Unless otherwise indicated, the comments are based on the income tax law, established interpretations of that law and understanding of the practice of the tax authority in Australia as at the date of this Prospectus. Investors should also be aware that the Australian tax rules are continuing to undergo significant change.

Taxation of dividends

Generally, dividends are paid to JustKapital Shareholders from the accounting profits of the Company. JustKapital Shareholders will generally receive credits for any Australian corporate tax that has been paid by the Company on these profits. These credits are known as “franking credits” and they represent the extent to which a dividend is “franked” by the Company. It is possible for a dividend to be fully or partly franked or unfranked. Where a dividend is partly franked the franked portion is treated as fully franked and the remainder as being unfranked.

The definition of dividend for Australian income tax purposes is broad and can include certain capital returns and off-market share buy-backs.

The comments below on the taxation of dividends apply only to shareholders who are taxpaying i.e., where the dividends are not exempt from tax in their hands.

Accessibility of dividends

JustKapital Shareholders will need to include dividends in their assessable income in the year in which the dividends are paid. In addition, to the extent that the dividends are franked, then the franking credits attaching to the dividends must also be included in their assessable income (that is, the dividends are grossed-up). Shareholders are taxed at the tax rate applicable to them on the dividends received and the attached franking credits.

JustKapital Shareholders will be entitled to a “tax offset” equal to the amount of franking credits received, reducing overall tax payable. JustKapital Shareholders will:

- (a) receive a tax benefit if the franking credits attached to the dividend exceed their tax payable on the grossed up dividend.
- (b) need to pay additional tax if the tax payable as a result of receiving the dividend exceeds the franking credits attached to the dividend.

Denial of the benefit of franking credits

In certain circumstances, the benefit of franking credits can be denied in which case JustKapital Shareholders do not need to include an amount for the franking credits in their assessable income and are not entitled to a tax offset. These circumstances are where:

- (a) the shareholder is not a qualified person. Broadly, to be a qualified person, two tests must be satisfied, namely the “holding period rule” and the “related payments rule”. In broad terms, if JustKapital Shareholders have held the JustKapital Shares at risk for at least 45 days (excluding the dates of acquisition and disposal) they will pass the holding period rule and will not be disqualified from the benefit of franking credits. The related payment rule broadly applies to deny the benefit of franking credits where the taxpayer has made or will make a related payment in respect of the dividends and the taxpayer does not satisfy the holding period rule;
- (b) the Commissioner has made a determination that the dividends are paid as part of a scheme to enable a taxpayer to obtain an imputation benefit;
- (c) the Commissioner has made a determination that the dividends are paid as part of a dividend streaming arrangement; or
- (d) the dividends are paid as part of a dividend stripping operation.

Excess franking credits and refunds

Individuals and complying superannuation funds are entitled to claim a refund for any excess franking credits i.e., where the tax offset on franked dividends exceeds the tax otherwise payable on taxable income. For companies however, the franking credits received cannot give rise to a refund, but excess franking credits may in some circumstances be able to be converted into carry forward losses.

Treatment of franking credits by corporate shareholders

Australian resident corporate JustKapital Shareholders are also entitled to franking credits in their franking accounts equal to the franking credits attaching to the dividends paid to them. Australian resident corporate JustKapital Shareholders can in turn use the credits to make frankable distributions to their shareholders.

Taxation of Future Share Disposals

Shares held for trading or on revenue account

Australian shareholders who trade shares in the ordinary course of their business and/or hold their shares on revenue account must include any gains/(losses) made on the disposal of their shares in their taxable income.

Shares held on capital account

Australian resident shareholders who hold their shares on capital account must consider the impact of Australian capital gains tax rules on the disposal of their shares.

A shareholder derives a capital gain on the disposal of shares where the capital proceeds received on disposal exceed the capital gains tax cost base of those shares. The cost base of each shareholder should generally be equal to the issue price of the shares and, among other things, any incidental costs of acquisition.

A shareholder incurs a capital loss on the disposal of shares where the capital proceeds received on disposal is less than the reduced capital gains tax cost of the shares.

All capital gains and losses for the income year are added together to produce a net capital gain position for that income year. A net capital gain for an income year is included in the resident taxpayer's assessable income and is subject to taxation in Australia. A net capital loss is effectively quarantined and may generally be carried forward to future income years to be deducted against future capital gains.

Individual shareholders may be entitled to a concession on the amount of capital gains assessed. The concession is available to individuals who hold their shares for at least twelve months prior to disposal. The concession results in only 50% of any capital gain being assessable. Capital losses must be applied first to reduce capital gains before applying the discount capital gains tax provisions.

The capital gains tax treatment of Australian resident complying superannuation funds is, in general, the same as that set out for Australian resident individuals, except that the capital gains tax discount is one-third rather than 50%.

Capital gains made by companies are not eligible for a discount.

Tax File Number and Australian Business Number

You are not obliged to quote your tax file number (TFN), or where relevant, Australian Business Number (ABN), to the Company. However, if a TFN or ABN is not quoted and no exemption is applicable, tax is required to be deducted by the Company at the highest marginal rate (currently 45%) plus Medicare Levy (currently 1.5%) from certain distributions.

No withholding requirement applies in respect of fully franked dividends paid by the Company on the JustKapital Shares.

Stamp Duty

No stamp duty will be payable by you on the issue of New JustKapital Shares to you pursuant to the Prospectus Offer. Under current stamp duty legislation, no stamp duty would ordinarily be payable on any subsequent transfer of shares by you.

Goods and Services Tax

Under current Australian law, goods and services tax will not be payable in respect of any issue or transfer of shares.

8.8 Consents

Each director of JustKapital has given, and not withdrawn, at the date of this Prospectus, their consent to the lodgement of this Prospectus. The following persons or firms have each consented to be named in the Prospectus and to the inclusion of the following statements and statements identified in the Prospectus as being based on statements made by those persons, in the form and context in which they are included, and have not withdrawn their consent before lodgement of this Prospectus with ASIC:

- (a) Stantons International Audit and Consulting Pty Ltd – to be named as the auditors to JustKapital;

- (b) Corrs Chambers Westgarth – to be named as the legal adviser to JustKapital;
- (c) Lowenstein Sandler LLP – to be named as the legal adviser to JustKapital in respect of US law matters pertaining to the Transaction;
- (d) Stantons International Securities Pty Limited – to be named as Investigating Accountant;
- (e) Link Market Services Ltd– to be named as the share registry;
- (f) NHF – to be named in respect of information relating to NHF;
- (g) The Fairbairn Partnership – to be named as a financial adviser in respect of the Transaction;
- (h) CCZ Corporate Finance – to be named as a financial adviser in respect of the Transaction; and
- (i) David Wattel – to be named in respect of his proposed directorship of JustKapital following completion of the Transaction.

To the maximum extent permitted by law each of the persons referred to above expressly disclaims and takes no responsibility for any part of this Prospectus other than the statements referred to above and the statements identified within this Prospectus as being based on statements made by those persons.

8.9 Expenses of the Prospectus Offer

The total expenses of the cost of the Transaction (excluding GST) are estimated to be approximately A\$4,150,000 and are expected to be applied towards the items set out in the table below:

Item	Estimated fees/costs
Expert fees	A\$600,000
Legal fees	A\$1,400,000
Underwriting fees	A\$225,000
Success fees	A\$1,875,000
Share Registry, mail, print	A\$33,000
Other	A\$17,000
Total	A\$4,150,000

Pitt Capital (in relation to the success fees), The Fairbairn Partnership and CCZ Corporate Finance were advisors to the Transaction. In respect of fees in relation to these roles:

- Pitt Capital will receive an success fee of A\$650,000; and
- CCZ Corporate Finance and The Fairbairn Partnership will receive a fee of A\$1,438,000.

8.10 ASIC modifications and exemptions

JustKapital has not obtained any modifications of, or exemptions from, the Corporations Act in connection with the Prospectus Offer. However ASIC has published various “Class Order” instruments providing for modifications and exemptions that apply generally to all persons, including JustKapital, in relation to the operation of Chapter 6 of the Corporations Act. JustKapital may rely on this “Class Order” relief.

8.11 ASX modifications and exemptions

JustKapital has submitted an application to obtain a waiver from ASX Listing Rule 1.1 Condition 12 and ASX Listing Rule 2.1 Condition 2. Other than as described above, JustKapital has not obtained any modifications of, or exemptions from, the ASX Listing Rules in connection with the Transaction or Prospectus Offer.

8.12 Governing Law

This Prospectus and the contracts that arise from the acceptance of the Applications and bids under this Prospectus are governed by the laws applicable in New South Wales and each Applicant under this Prospectus submits to the exclusive jurisdiction of the courts of New South Wales.

9 DIRECTORS' AUTHORISATION

This Prospectus is issued by JustKapital and its issue has been authorised by a resolution of the JustKapital Directors.

In accordance with section 720 of the Corporations Act, each Director and Proposed Director has consented to the lodgement of this Prospectus with ASIC and, as at the date of this Prospectus, has not withdrawn that consent.

This Prospectus is signed for and on behalf of the Company by:

A handwritten signature in black ink, appearing to read 'Diane Jones', is written over a horizontal line.

Diane Jones

Chief Executive Director and Managing Director

Dated: 12 September 2018

GLOSSARY

In this Notice of Meeting, these terms have the following meanings:

AEST	Australian Eastern Standard Time as observed in Sydney, New South Wales.
Applicant	A person who makes an Application.
Application	An application to subscribe for New Shares under this Prospectus.
Application Form	An application form to subscribe for New Shares under this Prospectus.
Application Money	Money payable by Applicants in respect of Applications.
ASIC	The Australian Securities and Investments Commission.
Associate	Has the meaning given to it by the ASX Listing Rules.
ASX	ASX Limited ACN 008 624 691 or the financial market operated by it, as the context requires, of 20 Bridge Street, Sydney, NSW 2000.
ASX Listing Rules or Listing Rules	The official ASX Listing Rules of the ASX and any other rules of the ASX which are applicable while the Company is admitted to the official list of the ASX, as amended or replaced from time to time, except to the extent of any express written waiver by the ASX.
Board	The current board of Directors.
Chair	The person chairing the Extraordinary General Meeting.
Closing Date	15 October 2018.
Constitution	The constitution of the Company.
Corporations Act	The <i>Corporations Act 2001</i> (Cth) as amended or replaced from time to time.
Corporations Regulations	<i>Corporations Regulations 2001</i> (Cth) as amended or replaced from time to time.
Director	A current director of the Company.
Equity Offer	The Rights Issue and the Placement.
Eligible Shareholder	A Shareholder as at 7.00 pm (Sydney time) on the Record Date and who is not an Ineligible Shareholder
Entitlement	The entitlement to one New Share for every one Existing Share purchased before the Ex Date and held at 7.00pm (Sydney time) on the Record Date. The entitlement of each Eligible Shareholder is shown on the Entitlement and Acceptance Form.
Entitlement and Acceptance Form	The entitlement and acceptance form accompanying this Prospectus.
Ex. Date	28 September 2018.
Exchange Rate	A\$1 equivalent to US\$0.77
Existing Shares	Shares on issue at the Record Date.
Explanatory Memorandum	The explanatory memorandum accompanying the Notice of Meeting dispatched to Shareholders on 27 August 2018.
Extraordinary General Meeting or Meeting	Extraordinary General Meeting of the Company and, unless otherwise indicated, means the meeting of the Company's members convened by the Notice of Meeting dispatched to Shareholders on 27 August 2018.
Founders	Wattel and Siegel.
Group or the JustKapital Group	JustKapital and its subsidiaries.
Investigating Accountant	Stantons International Securities Pty Limited.
Ineligible Shareholder	A Shareholder with an address in the Register outside Australia and New Zealand, unless the Company is satisfied that it is not precluded from lawfully issuing New Shares to that

	Shareholder either unconditionally or after compliance with conditions which the Board, in its sole discretion, regards as acceptable and not unduly onerous
Issue Price	A\$0.08 per New Share.
JustKapital or the Company	JustKapital Limited ACN 088 749 008.
Merged Group	The group resulting from the combination of JustKapital and NHF, which will exist as a result of the Transaction, should the proposed acquisition proceed to completion.
New JustKapital Shares	147,933,598 new Shares issued under this Prospectus.
NHF	National Health Finance HoldCo, LLC, a Delaware limited liability company formed under the laws of the State of Delaware, United States, on 23 May 2016.
Notice of Meeting	The notice of Extraordinary General Meeting including the Explanatory Memorandum and Proxy Form dispatched to Shareholders on 27 August 2018.
Partner Providers	The medical practitioners and attorneys who have signed contracts with NHF to operate within the NHF network and provide NHF with funding opportunities.
Pitt Capital	Pitt Capital Partners Limited ACN 000 651 427, a wholly-owned subsidiary of WHSP.
Placement	The underwritten placement of new fully paid ordinary shares by JustKapital to institutional investors in Australia to raise A\$7.5 million at A\$0.08 per share.
Placement Underwriting Agreement	The agreement between Pitt Capital and JustKapital dated 18 July 2018, in terms of which Pitt Capital agree to underwrite A\$7,500,000 of the Placement as described Part 5 of Appendix 2.
Presidio	Presidio I and Presidio II.
Presidio I	Presidio Investors NHF, LP (a Delaware limited partnership) (an entity affiliated with Presidio II).
Presidio II	Presidio Investors NHF 2, LP (a Delaware limited partnership).
Prospectus	This prospectus in relation to the Rights Issue.
Prospectus Offer	Applications to participate in a 1:1 non-renounceable, pro-rata rights issue of up to 147,933,598 New JustKapital Shares
Proposed Director	Wattel.
Record Date	7.00pm (Sydney local time) on 1 October 2018.
Register	The register of Shareholders required to be kept under the Corporations Act
Recompliance	The recompliance by JustKapital with ASX Listing Rules Chapters 1 and 2 as a result of the completion of the Transaction.
Resolution	The resolutions set out in the Notice of Meeting dispatched to Shareholders on 27 August 2018.
Rights Issue	The non-underwritten, 1:1 non-renounceable, pro-rata rights issue to Shareholders to raise up to A\$11.8 million at A\$0.08 per share.
Share	A fully paid ordinary share in the capital of JustKapital.
Shareholder	A holder of Shares.
Share Registry	Link Market Services Ltd.
Shortfall Shares	The Shares required to be purchased by Pitt Capital under and subject to the terms of the Placement Underwriting Agreement.
Siegel	Dr Mark Siegel.
Syndicated Acquisition Facility	The facility provided by the Lenders as described in this Prospectus.

Syndicated Acquisition Lenders	WHSP and others (as original lenders).
Transaction	The acquisition of NHF by JustKapital, as described in the Prospectus.
Transaction Documents	The sale and purchase agreements entered into between JustKapital, Wattel, Siegel and Presidio, amongst other in relation to the Transaction, dated 18 July 2018 as described more fully in Appendix 2.
Unrecognised Day 1 Margin	Future profit which will be recognised on a systematic basis through the Profit and Loss Account over the expected term of the arrangement. This is based on the profile of cash collections and the subsequent weighted average calculation of these collections applied to the recognition of the day 1 margin.
US or United States	United States of America, its territories and possessions, any State of the United States of America and the District of Columbia.
US person	The meaning given in Regulation S under the US Securities Act.
US Securities Act	The United States Securities Act of 1933, as amended.
VWAP	Volume weighted average Share price.
Warrant	A warrant, the terms of which are summarised in Appendix 1.
Warrantholder	The registered holder of a Warrant.
Wattel	David Wattel.
WHSP	Washington H. Soul Pattinson and Company Limited ACN 000 002 728.

DIRECTORY

JustKapital Limited

ASX Code:JKL
Registered Office
Suite 1B, Level 16, 56 Pitt Street
Sydney NSW 2000
ABN 72 088 749 008

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Create Design & Marketing
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For investor enquiries:
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JustKapital Limited
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For queries in relation WHSP's investment
Dean Price, Executive Director
Pitt Capital Partners
Tel: +61 2 9210 7003
Email: dprice@pcap.com.au

Financial advisors

The Fairbairn Partnership
Level 26, One Bligh Street
Sydney NSW 2000
CCZ Corporate Finance
Level 24, 9 Castlereagh Street
Sydney NSW 2001

Legal Advisors

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8 Chifley, 8-12 Chifley Square
Sydney NSW 2000
Lowenstein Sandler LLP
1251 Avenue of the Americas
New York, New York 10020
DLA Piper
22/1 Martin Place
Sydney NSW 2000

Investigating Accountant

Stantons International Securities Pty Ltd
Level 2, 1 Walker Avenue West
Perth WA 6005

Share Registry

Link Market Services Ltd
Level 12, 680 George Street,
Sydney NSW 2000

APPENDIX 1 - WARRANT TERMS

SUMMARY OF TERMS OF WARRANTS

Entitlement

Each Warrant will entitle the holder to subscribe for one Share.

All Shares issued upon the exercise of the Warrants rank equally in all respects with the Company's then existing Shares.

Exercise Price

Each Warrant entitles the Warrantholder to acquire one fully paid ordinary share upon payment to the Company of A\$0.14 per Warrant (**Exercise Price**).

Notice of exercise

The Warrants may be exercised at any time prior to four years from their issue date (**Expiry Date**) in whole or in part and on any number of occasions, but in multiples of 100,000 (except if the Warrantholder holds less than 100,000 Warrants, in which case the Warrantholder must exercise all of the Warrants held by the Warrantholder at once).

The Warrants are exercised by completing and delivering a duly completed form of notice of exercise to the Company and the holding statement in respect of the Warrants. The Exercise Amount must be paid to the Company's account within 4 business days following the delivery of the notice of exercise.

The right to exercise a Warrant lapses if it is not exercised on or before the Expiry Date.

Issue of Shares

Immediately after receipt by the Company of a valid notice of exercise and no later than three business days thereafter, the Company must:

- issue the number of Shares to which the Warrantholder is entitled and enter the Warrantholder into the Company's share register; and
- deliver to the Warrantholder a holding statement showing the Warrantholder as the holder of the relevant number of Shares;

Quotation of Warrants and Shares on exercise

The Warrants will not be quoted on ASX.

The Company must apply for official quotation of the Shares issued upon exercise of Warrants as soon as practicable after receipt of the notice of exercise and take all necessary steps to ensure the Shares are freely transferable.

Transfer of Warrants

The Warrants are transferable. Where WHSP holds Warrants, the Warrants may be transferred only with the prior written consent of WHSP.

Participation rights or entitlements

There are no participating rights or entitlements inherent in the Warrants and Warrantholders are not entitled to participate in new issues of securities offered to shareholders during the currency of the Warrants.

However, the Company must give notice to the Warrantholders of any new issue at least 10 business days before the record date for determining entitlements to the issue in accordance with the Listing Rules so as to give Warrantholders the opportunity to exercise their Warrants before the date for determining entitlements to participate in any issue.

Voting and information rights

The Company must provide Warrantholders with all information and notices sent by it to its Shareholders at the same time those notices and information are provided to Shareholders. Warrantholders may attend general meetings of the Company but the Warrants do not carry a right to vote at general meetings, unless provided for by the Corporations Act.

If the Company wants to pay a dividend or make a distribution, the Company must ensure that the record date to participate in any such dividend or distribution is not a date earlier than 14 business days after the announcement by the Company of such dividend or distribution so as to give the Warrantholders sufficient time to ensure they are able to exercise their Warrants and be issued with Shares to be eligible to receive the proposed dividend or distribution.

Re-organisation of share capital

If there is a re-organisation (including reconstruction, consolidation, subdivision, reduction or return) of the issued capital of the Company, the Warrants will be re-organised to the extent necessary to comply with the Listing Rules applying to a re-organisation of capital at the time of the re-organisation.

Pro rata issues

If the Company makes a pro rata issue of Shares to Shareholders, the Exercise Price will be reduced in accordance with the formula set out in the ASX Listing Rules.

Bonus issues

If the Company makes a bonus issue to Shareholders, the number of Shares over which a Warrant is exercisable will be increased by the number of Shares which the Warrantholder would have received if the Warrants had been exercised before the record date for the bonus issue.

APPENDIX 2 – KEY TERMS OF THE TRANSACTION DOCUMENTS

Part 1 – Summary of key terms of Management Securities Purchase Agreement

Clause	Summary
The Securities Purchase Agreement between NHF, Wattel, Siegel and JustKapital (Management Agreement) governs the purchase of certain units by JustKapital from Siegel and Wattel (together the Management Sellers).	
Purchase and sale of units (section 1.1)	<ul style="list-style-type: none"> JustKapital is to purchase all common units in NHF. On the closing under the Management Agreement and the Presidio Agreement, JustKapital is to own 100% of NHF. The purchase price is US\$10.60 per unit. The aggregate purchase price payable to the Management Sellers is US\$26,500,000.
Closing payments (section 1.2)	<ul style="list-style-type: none"> JustKapital must issue to: <ul style="list-style-type: none"> Wattel, 107,548,701 JustKapital ordinary shares and a vendor loan in the amount of A\$8,600,000 for a term of four years and bearing an interest rate of 13% per annum; Siegel, 107,548,702 JustKapital ordinary shares and a vendor loan in the amount of A\$8,600,000 for a term of four years and bearing an interest rate of 13% per annum; and the Management Sellers, warrants to purchase an aggregate of 122,863,636 JustKapital ordinary shares. The Management Sellers must transfer to the Purchaser an aggregate of 2,500,002 common units in NHF. NHF must pay the Management Sellers' transaction expenses and the aggregate amount of indebtedness of the NHF group of companies (Group Members) as of the closing.
Closing deliverables (section 1.4)	<ul style="list-style-type: none"> At closing, NHF, or the Management Sellers, as applicable, must deliver to JustKapital: <ul style="list-style-type: none"> NHF's Limited Liability Agreement (LLC Agreement); the employment agreements between NHF and each of Wattel and Siegel; certified copies of non-interest bearing subordinated notes in the amount of US\$4,500,000 for each of Siegel and Wattel; and payment of US\$500,000 to each of Wattel and Siegel (subject to the consent of Atalaya Special Opportunities Fund VI LP (Atalaya)); a discharge and release by the Sellers of all obligations of NHF or any Group Member; a voluntary escrow deed governing ownership of the shares and warrants issued to the Management Sellers; and a certificate evidencing that credit agreement between an NHF affiliate, Midtown Madison Management LLC and Atalaya (Existing Credit Agreement) remains in full force and effect.
Warranties with respect to NHF (section 2)	<p>Subject to the disclosure schedule, the Management Sellers (jointly and severally) and NHF warrant to JustKapital that:</p> <ul style="list-style-type: none"> after giving effect to the debt conversion but prior to the equity conversion the capital of NHF consists of:

Clause	Summary
	<ul style="list-style-type: none"> ○ 1,500,000 Series A Units; ○ 210,526 Series B Units; and ○ 2,500,002 Common Units; • after giving effect to the equity conversion the capital of NHF will consist of: <ul style="list-style-type: none"> ○ 210,526 Series B Units; and ○ 4,000,002 Common Units; • there is no litigation pending or threatened against any Group Member; • each Group Member is, and has been, in compliance with all laws, including those laws applicable to medical services and health regulations; • there are no contracts between NHF (or its subsidiaries) with any Management Seller (or their affiliates); • no Group Member has experienced a change that will have a materially adverse effect on the business; and • NHF takes all reasonable measures to ensure it has title or a perfected security interest in all receivables it finances.
Warranties of the Management Sellers (section 3)	<ul style="list-style-type: none"> • Each Management Seller warrants, severally and not jointly, to JustKapital that: <ul style="list-style-type: none"> ○ it owns (full and clear of all liens) and has full authority to sell the agreed number of units in NHF and JustKapital will acquire valid and marketable title to all such units; and ○ any unrelated business of which Wattel and Siegel are involved with will not compete with the business of NHF or prevent Wattel and Siegel's ability to perform their duties to NHF. Wattel and Siegel must first offer any opportunities, including business activities whose primary purpose involves the business of NHF, to NHF before themselves exploiting such opportunity.
Non-Competition (section 5.6)	<ul style="list-style-type: none"> • Each Management Seller agrees not to directly or indirectly, without the prior written consent of JustKapital, for three years following the closing date: <ul style="list-style-type: none"> ○ become employed by, engage in business with or become a director, manager, member, stockholder, partner, owner, consultant or agent of any business that competes with NHF anywhere in the United States of America, Canada, Australia or Europe, where NHF does business; and ○ contact, communicate, solicit or transact any business with any client or prospective client of NHF or its affiliates.
Conditions Precedent (Preamble and section 6)	<ul style="list-style-type: none"> • JustKapital, its subsidiaries and NHF will enter into one or more loans in the aggregate principal amount of at least A\$42,000,000 (Credit Agreement). • Closing of the Management Agreement is subject to the following conditions: <ul style="list-style-type: none"> ○ obtaining all government approvals; and ○ no legal restraints or injunctions prevent the acquisition. • The obligation of JustKapital to pay for the units is subject to: <ul style="list-style-type: none"> ○ the warranties of NHF being true and correct as of the closing and NHF providing JustKapital with a certificate of no material adverse effect; ○ the warranties of each Management Seller being true and correct as of the closing and each Management Seller providing JustKapital with a certificate of no material adverse effect;

Clause	Summary
	<ul style="list-style-type: none"> ○ each Management Seller and NHF have performed all obligations required by the Management Agreement and have provided a certificate to that effect to JK Purchaser; ○ each transaction document NHF or any Management Seller is party to has been executed and delivered, the Presidio Agreement has been executed and delivered and the Presidio Agreement is to be consummated concurrently with the closing of the Management Agreement; ○ JustKapital has completed a due diligence review of the NHF business and is satisfied in its sole discretion with such review; ○ the Existing Credit Agreement remains in full force and effect and JustKapital has obtained both debt and equity financing that it deems necessary to complete the transactions contemplated by the Presidio Agreement and the Management Agreement and to fund the working capital requirements of NHF following closing; ○ JustKapital shareholder approval has been obtained for ASX Listing Rule 11.1.2; and ○ the holders of related party notes have exchanged notes for payment of US\$700,000 from JustKapital and a new subordinated promissory note in the amount of US\$1 million on terms acceptable to JustKapital. • The obligation of each Management Seller to sell the units is subject to: <ul style="list-style-type: none"> ○ the warranties of JustKapital being true and correct as of the closing date and JustKapital providing the Management Sellers with a certificate of no material adverse effect; ○ JustKapital has performed all obligations and provided a certificate to that effect to the Management Sellers; ○ each transaction agreement to which JustKapital is a party has been executed and delivered by JustKapital; and ○ the subordination of JustKapital or its subsidiaries' obligations to the Management Sellers to NHF's obligations under the Credit Agreement is on terms reasonably acceptable to the Management Sellers; • The transactions contemplated by the Presidio Agreement is consummated concurrently with the transactions contemplated by the Management Agreement.
Termination (section 7)	<p>The Management Agreement may be terminated:</p> <ul style="list-style-type: none"> • by mutual written consent of the Management Sellers and JustKapital; • by either the Management Sellers or JustKapital if: <ul style="list-style-type: none"> ○ closing does not occur on or prior to 30 September 2018; or ○ the transaction is restrained or prohibited by a non-appealable injunction or restraint; • by the Management Sellers or JustKapital if the other party breaches or fails to perform any of its covenants in the Management Agreement, that breach or failure would give rise to a failure of certain condition precedents and the breach or failure is not reasonably capable of being cured within 30 days after receiving written notice from the other party or by 30 September 2018.
Governing Law (section 9.2)	<ul style="list-style-type: none"> • The Management Agreement is governed by the laws of the State of Delaware.

Part 2 – Summary of key terms of the Presidio Agreement

Clause	Summary
The Purchase and Sale Agreement (Presidio Agreement) governs the purchase and sale of units between NHF, JustKapital NHF USA Holdings, LLC (JK Purchaser), Presidio Investors NHF, LP (Presidio I), Presidio Investors NHF 2, LP (Presidio II) (collectively, the Presidio Sellers and each a Presidio Seller).	
Purchase price (section 1.1)	<ul style="list-style-type: none"> • JK Purchaser is to purchase 1,500,000 common units in NHF • The purchase price payable by JK Purchaser to the Presidio Sellers is US\$17.6667 per common unit. The aggregate purchase price payable to the Presidio Sellers is US\$26,500,000.
Warranties of the Presidio Sellers (section 2)	<p>Each Presidio Seller warrants to JK Purchaser that</p> <ul style="list-style-type: none"> • at the date of the Presidio Agreement: <ul style="list-style-type: none"> ○ Presidio II owns 208,969 Series A Units, and immediately prior to closing Presidio II will own 208,969 Common Units; and ○ Presidio I is the owner of a secured convertible promissory note dated 3 June 2016, in aggregate principal amount equal to \$12,910,310. Immediately prior to closing, Presidio I will own 1,291,031 Common Units; • upon the sale of the Common Units, each Presidio Seller will no longer have any equity or debt ownership of or interest in NHF; and • there is no litigation pending or threatened that would affect or impair the legal right and ability of the Presidio Sellers to transfer the Presidio Common Units.
Warranties of JK Purchaser (section 3)	JK Purchaser warrants to each Presidio Seller that it is not obligated for the payment of any fees or expenses of any investment banker, broker, finder or similar party in connection with the origin, negotiation or execution of this Agreement or any transaction contemplated by it.
Warranties of NHF (section 4)	<ul style="list-style-type: none"> • NHF warrants to each Presidio Seller and JK Purchaser that the Series A Units owned by Presidio II were validly issued, fully paid and non-assessable and are free of restrictions on transfer other than pursuant the LLC Agreement and applicable state and federal securities laws. • NHF warrants to JK Purchaser only that all of its representations and warranties in Section 2 of the Management Agreement are accurate and complete, and will be incorporated in the Presidio Agreement as if repeated.
Tax matters (section 5.2)	<ul style="list-style-type: none"> • The Presidio Sellers agree to indemnify, the Group Members and the JK Purchaser against all damages resulting from: <ul style="list-style-type: none"> ○ any tax liability, whether accrued, assessed or currently due of any Group Member with respect to any pre-closing tax period (but not for periods before 3 June 2016) and post-closing tax period; ○ taxes of the Presidio Sellers including, without limitation, capital gains taxes; ○ certain taxes for any Group Member; and ○ taxes imposed by third parties with respect to which any Group Member has an obligation to indemnify that third party under a transaction on or prior to the closing date.
Presidio Sellers release (section 5.5)	<ul style="list-style-type: none"> • Effective upon Closing, each Presidio Seller releases NHF and each of its representatives, predecessors, successors, assigns, subsidiaries, parent companies, agents, affiliates, employees, insurers, sureties, directors, officers and attorneys from any claims the Presidio Seller may have against such parties.

Clause	Summary
NHF release (section 5.6)	<ul style="list-style-type: none"> Effective upon Closing, NHF releases each Presidio Seller and their representatives, predecessors, successors, assigns, subsidiaries, parent companies, agents, affiliates, employees, insurers, sureties, directors, officers and attorneys from any claims NHF may have against such parties.
Management and Presidio Sellers' mutual release (section 5.7)	<ul style="list-style-type: none"> The Presidio Sellers and Management Sellers will execute a settlement agreement and mutual release.
Conditions Precedent (section 6)	<ul style="list-style-type: none"> Closing of the Presidio Agreement is subject to the following conditions: <ul style="list-style-type: none"> obtaining all government approvals; and that there are no legal restraints or injunctions preventing the Transaction. The obligation of JK Purchaser to pay for the Common Units is subject to: <ul style="list-style-type: none"> the representations and warranties of NHF being true and correct as of the closing date and NHF providing JK Purchaser with a certificate of no material adverse effect; the representations and warranties of each Presidio Seller being true and correct as of the closing date and each Presidio Seller providing JK Purchaser with a certificate of no material adverse effect; each Presidio Seller and NHF have performed all obligations required by the Presidio Agreement and have provided a certificate to that effect to JK Purchaser; each transaction document NHF or any Presidio Seller is a party to has been executed and delivered, the Presidio Agreement has been executed and delivered and the Management Agreement is to be consummated concurrently with the closing of the Presidio Agreement; JK Purchaser has obtained both debt and equity financing that it deems necessary to complete the transactions contemplated by the Presidio Agreement, the Management Agreement and the other transaction agreements and to fund the working capital requirements of NHF and each Group Member; and JustKapital shareholder approval has been obtained for ASX Listing Rule 11.1.2. The obligation of each Presidio Seller to sell the Common Units is subject to: <ul style="list-style-type: none"> the representations and warranties of JK Purchaser being true and correct as of the closing date and JK Purchaser providing the Presidio Sellers with a certificate of no material adverse effect; JK Purchaser has performed all obligations and provided a certificate to that effect to the Presidio Sellers; and each transaction agreement that JK Purchaser is a party to has been executed and delivered by JK Purchaser.
Closing deliveries (section 7)	<ul style="list-style-type: none"> The following actions will be taken at the closing, each conditioned on completion of all the others and deemed to be simultaneously taken: <ul style="list-style-type: none"> JK Purchaser delivers the purchase price of US\$26,500,000; JK Purchaser obtains and delivers a fully paid directors' and officers' liability tail insurance policy for a period of six years following the closing;

Clause	Summary
	<ul style="list-style-type: none"> ○ NHF delivers to the Presidio Sellers all required consents and waivers under the LLC Agreement; ○ the Presidio Sellers deliver to NHF executed resignations of John Barber, Victor Masaya, Josef Auboeck, Karl Schade and Barry Rudolph; and ○ the Presidio Sellers deliver to JK Purchaser such forms of assignment as reasonably requested by JK Purchaser to evidence the transfer of the common units from the Presidio Sellers to JK Purchaser.
Termination (section 8.1)	<p>The Presidio Agreement may be terminated:</p> <ul style="list-style-type: none"> • by mutual written consent of the Presidio Sellers and JK Purchaser if: <ul style="list-style-type: none"> ○ closing does not occur on or prior to 30 September 2018; or ○ the transaction is restrained or prohibited by a non-appealable injunction or restraint; • by the Presidio Sellers: <ul style="list-style-type: none"> ○ if JK Purchaser breaches or fails to perform any of its covenants or agreements contained in the Presidio Agreement, the breach or failure would give rise to the failure of any condition precedent and the breach or failure is not reasonably capable of being cured within 30 days after receiving written notice from the other party; or ○ immediately if the Closing has not occurred on or before 30 September 2018; • by JK Purchaser: <ul style="list-style-type: none"> ○ if any Presidio Seller or NHF breaches or fails to perform any of its covenants or agreements contained in the Presidio Agreement, the breach or failure would give rise to the failure of certain condition precedents and the breach or failure is not reasonably capable of being cured within 30 days after receiving written notice from the other party; or ○ immediately, if the transaction agreements are not executed or JK Purchaser has not obtained the debt and equity financing it deems necessary to complete the transactions or if JK Purchaser does not obtain the requisite shareholder approval.
Governing Law (section 10.5)	<p>The Presidio Agreement is governed by the laws of the State of Delaware.</p>

Part 3 – Summary of key terms of Management Term Facility

Clause	Summary
JustKapital will enter into a Term Facility Agreement (Management Term Facility) with each of David Wattel and Mark Siegel (each, a Lender) on identical terms. Under the Management Term Facility, the Lender will make available to JustKapital an A\$8,600,000 term loan facility.	
Loan (section 3)	<ul style="list-style-type: none"> The Lender will make a loan available to JustKapital upon written request by JustKapital prior to or concurrent with the Closing Date (which is the date specified in the Management Agreement and Presidio Agreement), but subject to the closing of the acquisition of NHF in accordance with the terms of the Management Agreement and Presidio Agreement.
Repayment (section 4 and 5)	<ul style="list-style-type: none"> JustKapital must repay the Management Term Facility in full on the date that is four years from the Closing Date, together with accrued interest and all other amounts accrued or outstanding. JustKapital may, by giving to the Lender not less than 10 Business Days' prior notice, prepay the whole or any part of the Loan (if in part, by a minimum amount of A\$1,000,000). JustKapital may only prepay the whole or any part of the Loan prior to the date of the third anniversary of the Closing Date with the prior written consent of the Lender.
Interest (section 6)	<ul style="list-style-type: none"> Interest is payable at the rate of 13% per annum and JustKapital must pay accrued interest on the Loan on the last day of each Interest Period, which is the three months ending on an Interest Payment Date or such shorter period agreed between the Lender and JustKapital. If JustKapital fails to pay any amount payable by it on its due date, interest shall accrue on the overdue amount from the due date up to the date of actual payment (both before and after judgment) at a rate of 16%, which is the sum of 3% and the rate which would have been payable if the overdue amount had, during the period of non-payment, constituted a Loan for successive Interest Periods, each of a duration selected by the Lender (acting reasonably).
Indemnities (section 9)	<ul style="list-style-type: none"> JustKapital must, within 3 business days of demand, indemnify the Lender against any cost, expense, loss or liability (including legal fees) incurred by the Lender as a result of: <ul style="list-style-type: none"> the occurrence of any Event of Default; any information produced or approved by the Company under or in connection with the Finance Documents or the transactions they contemplate being or being alleged to be misleading or deceptive in any respect; any enquiry, investigation, subpoena (or similar order) or litigation with respect to the Company or with respect to the transactions contemplated or financed under this Agreement; a failure by the Company to pay any amount due under a Finance Document on its due date; or the Loan not being prepaid in accordance with a notice of prepayment given by the Company.
Costs and expenses (section 11)	<ul style="list-style-type: none"> JustKapital must, within three business days of demand, pay to each Lender the amount of all costs and expenses (including legal fees) incurred by the Lender in connection with the enforcement of, or preservation of any rights under any Finance Document.
JustKapital representations (section 12)	<p>JustKapital makes the following representations and warranties (among others):</p> <ul style="list-style-type: none"> no Event of Default is continuing and no other event or circumstance is outstanding which constitutes a default under any other agreement or instrument which is binding on it or any of its subsidiaries or to which its or its subsidiaries' assets are subject which might have a Material Adverse Effect; its payment obligations under the Finance Documents rank at least pari passu with the claims of all its other unsecured and unsubordinated creditors, except for obligations mandatorily preferred by law applying to companies generally;

Clause	Summary
	<ul style="list-style-type: none"> JustKapital has no material Financial Indebtedness outstanding other than Permitted Financial Indebtedness;
General Undertakings (section 14)	<p>JustKapital gives a number of general undertakings which remain in force from the date of the Management Term Facility for so long as any amount is outstanding under the Finance Documents.</p> <p>Among other things, JustKapital:</p> <ul style="list-style-type: none"> shall not enter into a transaction or series of transactions to sell, lease, transfer or otherwise dispose of any asset, except where that disposal is made in the ordinary course of trading, in exchange for assets comparable or superior as to type, of worn out or obsolete assets or where the higher of the market value or consideration receivable does not exceed A\$250,000 in any financial year; shall not acquire a company or any shares or securities or a business or undertaking or incorporate a company, except for a Permitted Acquisition which is: <ul style="list-style-type: none"> the acquisition of NHF; the incorporation of a company which on incorporation becomes a member of the Group, but only if that company is incorporated in Australia with limited liability; or an acquisition for cash consideration, of (A) the issued share capital of a limited liability company or (B) a business or undertaking carried on as a going concern, but only with the prior written consent of the Lender which must not to be unreasonably withheld; shall not enter into any amalgamation, demerger, merger or corporate reconstruction; must ensure prompt payment of all amounts payable to the relevant parties under the Management Agreement and Presidio Agreement as and when they become due; and must use all reasonable endeavours to replace or extend any material client service contracts in relation to the business of the NHF Group.
Set-off (clause 17)	<ul style="list-style-type: none"> If a Default is continuing the Lender may set off any matured obligation due from the Company under the Finance Documents (to the extent beneficially owned by the Lender) against any obligation owed by the Lender to that the Company, regardless of the place of payment, booking branch or currency of either obligation. If the Lender is also a Warrantholder under the Warrant Deed Poll exercises its Warrant Exercise Rights in accordance with the Warrant Deed Poll, the aggregate Warrant Exercise Price for the Shares being subscribed for may, at the option of such Warrantholder and upon written notice to the Company, first be settled by setting off an equivalent amount owed by the Company to such Lender in respect of outstanding principal and interest under the Finance Documents.
Governing Law (clause 25)	<ul style="list-style-type: none"> The Management Term Facility is governed by the law of New South Wales.

Part 4 – Summary of key terms of the Secured Acquisition Facility

Clause	Summary
	<p>The Secured Acquisition Facility (Facility) comprises facilities between JustKapital entities as the Guarantors, JustKapital and Washington H. Soul Pattinson and Company Limited and others as the Lenders, subsidiaries of Equity Trustees Limited (as facility agent and security trustee). Under the Facility, the Lenders will make available to JustKapital an Australian dollar term loan facility in an aggregate amount equal to A\$42 million.</p>
Purpose (section 3.1)	<ul style="list-style-type: none"> JustKapital must apply all amounts borrowed by it under the Facility towards the acquisition by JustKapital of NHF on terms acceptable to the Agent.
Utilisation (section 5)	<ul style="list-style-type: none"> JustKapital may utilise the Facility by delivery of a Utilisation Request to the Agent not later than 10am five business days prior to the proposed date of Utilisation. The amount of a proposed Loan must be a minimum of A\$1,000,000 or, if less, aggregate at that time of each Lender's available commitment.
Conditions of utilisation (section 4)	<ul style="list-style-type: none"> The first Utilisation Request cannot be delivered until the Agent has received, among other condition precedent material, certain company documents from JustKapital, or a Guarantor (each, an Original Obligor or Obligor), including a certificate confirming that borrowing or guaranteeing would not cause any borrowing, guaranteeing or similar limit binding on the Original Obligor to be exceeded. The Lender will only make a Loan available to JustKapital if: <ul style="list-style-type: none"> no Default or Review Event continuing or would result from the proposed Loan; and the representations to be made by each Obligor are correct and not misleading.
Repayment and pre-payment of Loans (section 6 and 7)	<ul style="list-style-type: none"> JustKapital must repay the Loan on the date that is four years after the date of first Utilisation together with accrued interest. JustKapital may, with prior notice to the Agent, cancel whole or any part of the Available Commitment under the Facility (by a minimum amount of A\$1,000,000). JustKapital may, by giving to the Agent not less than 10 Business Days' prior notice, prepay the whole or any part of the Loan (if in part, by a minimum amount of A\$1,000,000). JustKapital may only prepay the whole or any part of the Loan prior to the date of the third anniversary of first Utilisation with the prior written consent of the Majority Lenders.
Interest (section 8)	<ul style="list-style-type: none"> Interest at the rate of 13% per annum is payable on the last day of each Interest Period. If an Obligor fails to pay any amount payable by it on its due date, interest shall accrue on the overdue amount from the due date up to the date of actual payment at a rate which is the sum of 3 per cent and the rate which would have been payable if the overdue amount had, during the period of non-payment, constituted a Loan for successive Interest Periods, each of a duration selected by the Agent. Within three business days of a demand by the Agent, Security Trustee or a Lender (each, a Finance Party), JustKapital must pay to the relevant party the party's break costs attributable to all or part of a Loan or Unpaid Sum paid by JustKapital on a day other than the last day of an Interest Period for that Loan or Unpaid Sum. "Break costs" is (broadly) an amount payable in lieu of interest which would otherwise have been paid.
Fees	<ul style="list-style-type: none"> JustKapital must pay the Lender any agreed fees.

Clause	Summary
(section 10)	
Indemnities (sections 12 and 13)	<ul style="list-style-type: none"> Each Obligor indemnifies the each Finance Party for the currency conversion of a sum due by JustKapital under the Finance Documents; JustKapital agrees to indemnify each Finance Party and its affiliate for increased costs caused by the introduction of or any change in any law or regulation or compliance with same, incurred or suffered by a Finance Party or its affiliate to the extent it is attributable to entry into, or performing its obligations under the Finance Documents. JustKapital indemnifies each Finance Party against any cost, expense, loss or liability incurred by that Finance Party as a result of: <ul style="list-style-type: none"> an Event of Default; any information produced or approved by JustKapital under the Finance Documents is misleading or deceptive in any respect; any enquiry, investigation, subpoena (or similar order) or litigation with respect to any Obligor or with respect to the transactions contemplated or financed under the Facility; a failure by an Obligor to pay any amount due under a finance document on its due date; funding, or making arrangements to fund, a Loan requested by the Company in a Utilisation Request that is not made; a Utilisation (or part) not being prepaid in accordance with a notice of prepayment given by JustKapital; and any amount being paid or payable by a Finance Party to the Agent or security being provided by a Finance Party to the Agent. JustKapital indemnifies the Agent against any cost, liability or loss incurred by the Agent as a result of: <ul style="list-style-type: none"> investigating any event which it reasonably believes is a Default; acting or relying on any notice, request or instruction which it reasonably believes to be genuine, correct and appropriately authorised; or instructing lawyers, accountants, tax advisers, surveyors or other experts or professional advisers as permitted under the agreement. There are other indemnity obligations in the finance documents.
Guarantee and indemnity (section 16)	<ul style="list-style-type: none"> Each Guarantor irrevocably and unconditionally, jointly and severally: <ul style="list-style-type: none"> guarantees to each Finance Party punctual performance by each Obligor of all that Obligor's obligations under the finance documents; undertakes with each Finance Party that whenever an Obligor does not pay any amount when due under or in connection with any finance document, that Guarantor shall immediately on demand pay that amount as if it was the principal obligor; and if any obligation guaranteed by it is or becomes enforceable, invalid or illegal, indemnifies the Lender immediately on demand against any cost, loss or liability suffered by the Lender if any obligation guaranteed by it is or becomes unenforceable, invalid or illegal. The amount of the cost, loss or liability shall be equal to the amount which the Lender would otherwise have been entitled to recover.

Clause	Summary
	<ul style="list-style-type: none"> The guarantee, undertaking and indemnity is a continuing obligation and extends to the ultimate balance of sums payable by an Obligor under the finance documents, regardless of any intermediate payment or discharge in whole or part. Each Guarantor waives any right it may have of first requiring each Finance Party (or any trustee or agent on its behalf) to proceed against or enforce any other rights or security or claim payment from any person before claiming from that Guarantor.
Representations by the Obligor (section 17)	<ul style="list-style-type: none"> Each Obligor makes the following representations and warranties (among others) to the each Finance Party: <ul style="list-style-type: none"> its payment obligations under the finance documents rank at least pari passu with the claims of all its other unsecured and unsubordinated creditors, except for obligations mandatorily preferred by law applying to companies generally; no event of default is continuing or might reasonably be expected to result from the making of any Utilisation; and no Obligor has any Financial Indebtedness outstanding other than Permitted Financial Indebtedness. The representations made under this section are deemed to be made by each Obligor by reference to the facts and circumstances existing on: <ul style="list-style-type: none"> the date of each Utilisation Request and the first day of each Interest Period; and in the case of an additional Guarantor, the day on which the company becomes (or it is proposed that the company becomes) an additional Guarantor.
Consequences of an Event of Default (section 21.16)	<ul style="list-style-type: none"> On and at any time after the occurrence of an Event of Default which is continuing, the Agent may (and shall if so directed by the Majority Lenders), by notice to the Company: <ul style="list-style-type: none"> cancel the Total Commitments; declare that all or part of the Loans, together with accrued interest, and all other amounts accrued or outstanding under the finance documents be immediately due and payable; or declare that all or part of the Loans be payable on demand.
Assignment and Transfers by a Lender (section 22)	<ul style="list-style-type: none"> An existing Lender may assign any of its rights or transfer by novation any of its rights and obligations under the Finance Documents to another bank or financial institution or to a trust, fund or other entity which is regularly engaged in or established for the purpose of making, purchasing or investing in loans, securities or other financial assets.
Assignment and Transfers by an Obligor (section 23)	<ul style="list-style-type: none"> No Obligor may assign any of its rights or transferring any of its rights or obligations under the Finance Documents without the prior written consent of the Lender.
Set-off (section 28)	<ul style="list-style-type: none"> In the event of a continuing Default, a Finance Party may set off any matured obligation due from an Obligor under the finance documents against any obligation owed by the Finance Party to that Obligor. A Lender who is also a Warrantholder and exercises its exercise rights may, upon written notice to JustKapital, settle the exercise price by setting off an equivalent amount owed by JustKapital to such Lender in respect of outstanding principal and interest under the finance documents.

Clause	Summary
Governing Law (section 40)	<ul style="list-style-type: none"> The Facility is governed by the laws of New South Wales.
Security	<p>JustKapital's obligations under the Facility are secured by:</p> <ul style="list-style-type: none"> the general security deed between JustKapital, the Original Guarantors (except the US Obligors) and the Security Trustee; the pledge and security agreement to be granted by the US Obligors (except JK 1 LLC) in favour of the Security Trustee as Collateral Agent; any other agreement or deed pursuant to which an Obligor grants Security over any asset for the benefit of the Finance Parties; and any agreement or deed designated by the Company and the Security Trustee to be a Security Document for the purpose of the Facility.

Part 5 – Summary of key terms of the Placement Underwriting Agreement

Clause	Summary
Pursuant to the Placement Underwriting Agreement, Pitt Capital, a wholly-owned subsidiary of WHSP (the Underwriter) has agreed to act as underwriter in connection with the placement (Placement) by JustKapital of 93.75 million new fully paid ordinary shares in JustKapital (New Securities).	
Conditions precedent	<p>The terms and conditions of the Underwriter's offer to underwrite the Placement are conditional upon the following:</p> <ul style="list-style-type: none"> JustKapital delivering debt documents (including the Syndicated Facility Agreement), acquisition documents (including the Management Agreement and Presidio Agreement) and the warrant terms to the Underwriter (each in a form acceptable to the Underwriter), completion of due diligence and delivery of the due diligence questionnaire, opinions, sign-offs and reports to the Underwriter (in a form satisfactory to the Underwriter); satisfaction (or waiver) of all conditions precedent and conditions subsequent to the Syndicated Facility Agreement; satisfaction (or waiver) of all conditions precedent for the acquisition; shareholder resolutions validly passed by the requisite majorities; JustKapital taking all steps required by the Underwriter to ensure each offer for sale and each sale of New Securities will not require the offeror or seller to prepare and lodge a disclosure document; the Underwriter appointing one or more sub-underwriters to sub-underwrite subscriptions for all the New Securities; JustKapital obtaining all relevant approvals and consents to implement the Equity Offer, complete the acquisition and put in place the debt arrangements; and the ASX imposing a trading halt of not less than two days on the opening date and the ASX not indicating that it will not grant permission for the official quotation of the new shares on the opening date.
Conduct and Timetable (clause 1 and Attachment A - Timetable)	<ul style="list-style-type: none"> JustKapital must conduct the Placement, prepare the disclosure materials and allot and issue the New Securities in accordance with the Timetable set out in the Placement Underwriting Agreement. JustKapital must apply for the New Securities to be granted official quotation on ASX and use all reasonable endeavours to ensure that the New Securities are quoted on ASX no later than 10:00am on the Allotment Date and are able to be traded on ASX on a normal settlement basis in accordance with the Timetable.
Bookbuild (clauses 2 and 3)	<ul style="list-style-type: none"> JustKapital must use reasonable endeavours to procure subscriptions for all New Securities for \$0.08 per New Security from 9:30am on the Opening Date until 4:00pm on the Closing Date by way of a bookbuild offering process (Bookbuild). The Underwriter or its affiliates may bid into the Bookbuild and/or subscribe for New Securities under the Placement. To the extent the Placement is oversubscribed, JustKapital may, with the prior written consent of Pitt Capital, accept applications for more than 93.75 million New Securities.
Obligation to underwrite (clauses 4, 5 and 6)	<ul style="list-style-type: none"> The Underwriter (itself or through an affiliate) must subscribe for, or procure other investors/sub-investors to subscribe for the balance of New Securities not subscribed for at the Closing Time (Shortfall Securities).

Clause	Summary
	<ul style="list-style-type: none"> The Underwriter must pay, or procure payment of the offer price of Shortfall Securities and subscribe or procure subscriptions for the Shortfall Securities by 4:00pm on the Settlement Date. Once this occurs, the liability of the Underwriter under the agreement is extinguished. The Underwriter may, at any time, appoint one or more sub-underwriters or enter into sub-underwriting commitments with one or more third parties to sub-underwriter up to the total number of New Securities.
Set off (clause 6.8)	<ul style="list-style-type: none"> The Underwriter may set-off amounts payable to the Underwriter against any payment obligation owed by the Underwriter or its affiliates to JustKapital in relation to the subscription for New Securities.
Fees and expenses (clause 7)	<ul style="list-style-type: none"> JustKapital must pay an underwriting fee of 3% (exclusive of GST) of A\$7,500,000 on the Settlement Date. JustKapital must also reimburse the Underwriter for its reasonable expenses incurred in connection with the Placement, all stamp duty and taxes and all legal costs and disbursements incurred by the Underwriter.
Representations, warranties and agreements by JustKapital (clause 11)	<p>JustKapital represents and warrants to and agrees with the Underwriter that at the date of acceptance of the offer and at all times leading up to and including the Allotment Date (among other things):</p> <ul style="list-style-type: none"> no matter, fact or circumstance exists that would prevent JustKapital from issuing a prospectus; all information provided to the Underwriter, in any disclosure document or public announcement is true and correct; JustKapital is making the Placement for the purpose of partially funding the Acquisition; the issue of the New Securities and the Acquisition will comply with the Listing Rules and the provisions of the Corporations Act; the New Securities are 'continuously quoted securities' for the purposes of section 713(1)(a) of the Corporations Act; no determination has been made by ASIC under section 713(6) of the Corporations Act in relation to JustKapital; the New Securities will be fully paid and shall rank pari passu with the existing Securities for all dividends, distributions, rights and other benefits; since 30 June 2017, JustKapital's business has been carried on in the ordinary and usual course in all material respects and there has been no changes that could reasonably be expected to have a material adverse effect; the Due Diligence Investigations have been properly implemented and fully carried out; none of the Issuer's related parties (as that term is defined in the Listing Rules) or associates of those related parties will participate in the Placement other than as permitted by law or the Listing Rules; none of JustKapital, any of its affiliates or any person acting on any of their behalves has taken or will take, directly or indirectly, any action designed to, or that might reasonably be expected to, cause or result in the stabilisation or manipulation of the price of the Securities.
JustKapital obligations (clauses 10 and 11)	<p>JustKapital also agrees:</p> <ul style="list-style-type: none"> that it will apply for the quotation of the new securities on ASX by 10.00am on the Settlement Date and use reasonable endeavours to ensure that the New Securities are quoted on ASX by 9.30am on the

Clause	Summary
	<p>Allotment Date;</p> <ul style="list-style-type: none"> that it will lodge with ASIC a prospectus for the New Securities and the Warrants, at the Underwriter's discretion, either before the day on which the new securities are issued under the Placement or immediately after the issue of the new securities; that until the date that is 180 days after the Allotment Date, it must conduct its business and the business of the Group in the ordinary course and not, except as otherwise fully and fairly disclosed by JustKapital in its announcements to the ASX prior to the Placement Underwriting Agreement; to provide all information and data that the Underwriter, its officers and advisers reasonably request; and until the Allotment Date, to continue to conduct due diligence to ensure that the disclosure materials are not false or misleading.
<p>Warranties and undertakings by the Underwriter</p> <p>(clause 12)</p>	<p>The Underwriter represents and warrants to and agrees with JustKapital that at the date of acceptance of this offer and at all times up to and including the Allotment Date, the following is true and accurate and not misleading (among other things):</p> <ul style="list-style-type: none"> all approvals and authorities that may be required to permit it to enter into this Agreement and to perform its obligations under this Agreement have been obtained and remain valid and continuing; and none of it, any of its affiliates has taken or will take, directly or indirectly, any action designed to, or that might reasonably be expected to, cause or result in the stabilisation or manipulation of the price of the New Securities in violation of any applicable law.
<p>Termination</p> <p>(clause 13)</p>	<ul style="list-style-type: none"> The Underwriter may, by notice to JustKapital, terminate the Placement Underwriting Agreement without cost or liability at any time if any of the following events occur before the allotment of the New Securities (among other things): there is an outbreak of hostilities not existing, a general moratorium on commercial banking activities, suspension of securities trading, the introduction of a new or materially revised law or a change in the CEO or CFO of JustKapital occurs and in the opinion of the Underwriter, that event is likely to have a material adverse effect on the Placement or the Company; any debt or acquisition document or the warrant deed poll is terminated, is amended in a material respect or any party is in breach of those agreements; prior to 10:00pm on the Settlement Date, the S&P/ASX 200 Index is at a level that is 5% or more below its level as at the close of business on the Trading Day prior to the date of the Placement Underwriting Agreement; any event specified in the Timetable is delayed by the Issuer for 2 or more Business Days, without the prior written consent of the Underwriter; any certificate required to be furnished by JustKapital is not furnished; a condition precedent is not satisfied or waived by the Underwriter; JustKapital is in material breach of the Placement Underwriting Agreement; any representation or warranty is or becomes incorrect, untrue or misleading; the Due Diligence Committee Report or information supplied on behalf of JustKapital is false, misleading or deceptive; JustKapital withdraws the Placement; there is an application to a Government Agency (including the Takeovers Panel but excluding ASIC) for an order, declaration (including in relation to the Takeovers Panel, a declaration of unacceptable circumstances) or other remedy, or a Government Agency commences any investigation or hearing or

Clause	Summary
	<p>announces its intention to do so, in each case in connection with the Equity Offer or any agreement entered into in respect of the Equity Offer;</p> <ul style="list-style-type: none"> there is a material adverse change, or in Pitt Capital's reasonable opinion, a development involving a potential material adverse change, in the condition, assets, liabilities, financial or trading position or performance, profits, losses, management or prospects of JustKapital, NHF or any of their respective related bodies corporate (in so far as the position in relation to related bodies corporate affects the overall position of JustKapital or NHF, as applicable); in the reasonable opinion of Pitt Capital, a statement contained in the disclosure materials is or becomes misleading or deceptive (including by omission) or likely to mislead or deceive in a material respect, or any expression of opinion or intention in the disclosure materials is not fairly and properly supportable in a material respect or there are no reasonable grounds for the making of any material statement in the ASX materials relating to future matters; JustKapital alters its capital structure or constitution without the prior consent of the Underwriter; proceedings are commenced or there is a public announcement of an intention to commence proceedings before a court or tribunal of competent jurisdiction seeking an injunction or other order in relation to the Placement; ASX makes any official statement or indicates to JustKapital or Pitt Capital that (i) approval is not granted, withdrawn or qualified (other than subject to customary conditions) to the quotation of all the new securities on the ASX before 9.30am on the Allotment Date, (ii) securities will be suspended from quotation or (iii) JustKapital will be removed from the official list of the ASX; JustKapital contravenes the Corporations Act, its Constitution, any of the Listing Rules, any other applicable law or request made by ASIC, ASX or any Government Agency, (ii) any aspect of the Equity Offer does not comply with the Corporations Act or the Listing Rules or other applicable laws or (iii) JustKapital is prevented from allotting and issuing the new securities under the Listing Rules, or other applicable laws; or ASIC issues, or threatens to issue, proceedings in relation to the Placement, or gives notice of its intention to commence, any inquiry or investigation in relation to the Placement.
Indemnity (clause 14)	<ul style="list-style-type: none"> JustKapital agrees to indemnify and agrees to hold harmless the Underwriter and its affiliates from and against any and all claims, actions, losses, liabilities, costs, charges, damages, outgoings, payments and expenses (including legal expenses on a full indemnity basis) suffered or incurred as a result of, in relation to or in any way connected to, the Placement, any breach by JustKapital of the Placement Underwriting Agreement or any of the representations and warranties by JustKapital in the agreement not being true and correct, except where the loss is determined by a court to have resulted from: <ul style="list-style-type: none"> fraud or willful misconduct; gross negligence; any amount that would be illegal, void or unenforceable under any applicable law; or any criminal penalty or fine payable for breach of the Corporations Act.
Governing law (clause 20)	<ul style="list-style-type: none"> The Placement Underwriting Agreement is governed by the law of New South Wales.

Part 6 – Summary of key terms of Escrow Deed

Clause	Summary
Wattel and Siegel (each, a Holder) will enter into voluntary escrow deeds (Escrow Deed) with JustKapital to escrow the ordinary shares in JustKapital issued to them pursuant to the Management Agreement.	
Escrow period (Definitions)	<ul style="list-style-type: none"> The Escrow Period commences on the date of issue of the shares and ends on 31 December 2021.
Voting rights (clause 2)	<ul style="list-style-type: none"> During the Escrow Period, the Holder must not vote of, or agree to offer to exercise any voting rights attaching to his shares, except in respect of the following resolutions or proposed resolutions – resolutions to: <ul style="list-style-type: none"> approve the issue of shares at a price per share less than 70% of the market price at the date of the first public announcement of the terms of such issue; remove or appoint Wattel as a director; approve a merger by scheme of arrangement; approve a transaction under ASX Listing Rule 11.1 or 11.2; or approve an allotment or transfer of shares under item 7 of section 611 of the Corporations Act.
Disposal of Voluntary Escrow Rights (clause 2)	<ul style="list-style-type: none"> During the Escrow Period, the Holder must not dispose of his shares except to: <ul style="list-style-type: none"> enable the Holder to accept an offer under a takeover bid or enable the shares to be transferred or cancelled as part of a merger by scheme of arrangement; the extent required by law; encumber the shares to a bona fide third party financial institution as security for a loan, hedge or other financial accommodation; or an Affiliate or an Affiliated Fund of the Holder, provided such Affiliate or Affiliated Fund agrees to be bound by the terms of the escrow deed.
Breach (clause 6)	<ul style="list-style-type: none"> If it appears to JustKapital that the Holder may breach the escrow deed, JustKapital may take any steps necessary to prevent the breach or enforce the escrow deed as soon as it becomes aware of the potential breach; If the Holder breaches the Escrow Deed: <ul style="list-style-type: none"> JustKapital may: <ul style="list-style-type: none"> take the steps necessary to enforce the escrow deed or rectify the breach; refuse to acknowledge, deal with, accept or register any sale, assignment, transfer or conversion of any of the voluntary escrow shares; the Holder ceases to be entitled to any dividends or distributions while the breach continues; and the parties agree that the Company is entitled to seek and obtain an injunction or specific performance to enforce the Holder's obligations.
Governing Law (clause 9)	<ul style="list-style-type: none"> The Escrow Deed is governed by the laws of New South Wales.

Part 7 – Summary of key terms of the Management Employment Agreements

Clause	Summary										
	NHF will enter into separate Employment Agreements with Wattel and Siegel (each, an Executive). As between NHF and Wattel, the Employment Agreement will govern the terms of Wattel's employment as Chief Executive Officer of NHF. As between NHF and Siegel, the Employment Agreement will govern the terms of Siegel's employment as Medical Director of NHF.										
Term (Article 1.2)	<ul style="list-style-type: none"> The Employment Agreement is for a three year term (subject to termination in accordance with the Employment Agreement). If an Executive continues employment beyond the Term, the Executive's employment will continue on an at-will basis. 										
Compensation and benefits (Article 3)	<p>During the Term:</p> <ul style="list-style-type: none"> NHF will pay a base salary of US\$400,000 to Wattel and US\$250,000 to Siegel, subject to periodic increases deemed appropriate by the JustKapital Board or Compensation Committee. the Executive is entitled to a non-discretionary bonus of up to US\$4,150,000 in five quarterly payments of US\$830,000, with the first payment due on the last day of the first calendar quarter which commences after the satisfaction of the following conditions: <ul style="list-style-type: none"> at least US\$50,000,000 having been collected from the loan book as verified by JustKapital based on the KPMG actuarial analysis as at 31 December 2017; and the total level of net loan receivables as disclosed in the Company's monthly management accounts for the end of the relevant quarter is at least: <table border="1"> <tbody> <tr> <td>March 2020</td><td>175,000,000</td></tr> <tr> <td>June 2020</td><td>180,000,000</td></tr> <tr> <td>September 2020</td><td>190,000,000</td></tr> <tr> <td>December 2020</td><td>199,000,000</td></tr> <tr> <td>March 2021</td><td>209,000,000</td></tr> </tbody> </table> the US\$5,000,000 promissory notes issued to the Executive, have been repaid in full; and Atalaya and WHSP having consented to the payment in writing; the Executive may be entitled to an annual discretionary bonus under the JustKapital Group Management Incentive Plan, in such amount as may be determined by the JustKapital Board; the Executive shall be eligible to participate in the JustKapital Group Equity Incentive Plan, on terms and conditions, as determined by the JustKapital Board; and the Executive shall be entitled to participate in all employee benefit plans and programs generally made available by the Company to senior executives of NHF. <p>The Executive will also be entitled to:</p> <ul style="list-style-type: none"> paid vacation days in accordance with his past practice with NHF; only Siegel will be entitled to a Finder's Fee up to a maximum of US\$150,000 each calendar year, based upon adding at least one new viable Partner Provider each calendar quarter; reimbursement for all reasonable out-of-pocket business expenses; and 	March 2020	175,000,000	June 2020	180,000,000	September 2020	190,000,000	December 2020	199,000,000	March 2021	209,000,000
March 2020	175,000,000										
June 2020	180,000,000										
September 2020	190,000,000										
December 2020	199,000,000										
March 2021	209,000,000										

Clause	Summary
	<ul style="list-style-type: none"> tail coverage under NHF's directors and officers liability insurance policy for claims made against the Executive in his capacity as manager, officer and agent of the Company within six years of the effective date of the Employment Agreement.
Termination of employment (Article 4)	<p>NHF may terminate the Executive's employment:</p> <ul style="list-style-type: none"> for cause (including if the Executive is convicted of a felony or crime that brings NHF into disrepute or materially and adversely affects its, or its Affiliates' financial performance; gross negligence or willful misconduct; material violation of NHF policy; refusal to perform any lawful duty; material breach of any agreement not cured within 10 days' written notice; breach relating to confidentiality or noncompetition; illegal use of drugs; or fraud) at any time upon written notice to the Executive; or without cause, with 30 days prior written notice to the Executive; or by five days written notice as the result of any Disability suffered by the Executive. <p>The Executive may terminate his employment with NHF:</p> <ul style="list-style-type: none"> for good reason (including a material breach by NHF of the Employment Agreement, a material reduction in the Executive's Base Salary, a material diminution in the Executive's authority, duties or responsibilities; or a material change in the geographic location at which the Executive performs services for NHF), provided the Executive notifies NHF within 90 days of the occurrence of a "good reason" condition and provides NHF with at least thirty days to cure the condition; and without good reason upon 90 days prior written notice to NHF, provided that NHF reserves the right to accept the Executive's notice of resignation and accelerate the notice.
Restrictive Covenants (Article 5)	<ul style="list-style-type: none"> During the period of his employment by NHF and for the greater of <ul style="list-style-type: none"> two years after termination of the Executive's employment with NHF (for any reason or no reason); or the length of any other non-compete between Executive and NHF, <p>the Executive is prohibited from, without the prior written consent of NHF, directly or indirectly becoming employed by, engaging in business with or becoming a director, manager, member, stockholder, partner, owner, consultant or agent of any business that competes with NHF, or otherwise perform services for or permit his name to be used in connection with the activities of any business that competes with the Company anywhere in United States, Canada, Australia and Europe.</p> During the same restricted period, the Executive is prohibited from: <ul style="list-style-type: none"> contacting, communicating, soliciting or transacting any business with any clients of NHF or any Affiliate; soliciting, inducing or assisting any third party in soliciting or inducing any individual or entity who is then (or was at any time within 18 months prior to the solicitation or inducement) an employee, consultant, independent contractor, or agent of NHF or any Affiliate to leave the employment of NHF or cease performing services for NHF or any Affiliate; or hiring or engaging (or assisting any third party in hiring or engaging), any individual or entity that is or was (at any time within 18 months prior to the attempted hiring or engagement) an employee, consultant, independent contractor, broker, commissioned salesperson or agent of NHF or any Affiliate.

Clause	Summary
Governing Law (Section 6.5)	<ul style="list-style-type: none"> The Employment Agreement is governed by, and construed in accordance with, the laws of the State of Arizona.

APPENDIX 3 – INVESTIGATING ACCOUNTANT’S REPORT

10 September 2018

The Directors
JustKapital Limited
Level 16, 56 Pitt Street
SYDNEY NSW 2000

Dear Sirs/Madam

RE: INVESTIGATING ACCOUNTANT'S REPORT

1. Introduction

This report has been prepared at the request of the directors of JustKapital Limited (“**JKL**” or the “**Company**”) for inclusion in a prospectus (the “**Prospectus**”) to be lodged with the Australian Securities and Investments Commission, to be dated on or around 11 September 2018, relating to the proposed offer and issue by JKL of up to 147,933,598 new ordinary shares in JKL by way of a non-underwritten, non-renounceable one for one pro rata rights issue, to be issued at a price of \$0.08 each to raise up to a maximum gross amount of A\$11,834,688, (the “**Rights Issue**”).

It is noted that the Company, will inter-alia also issue 215,097,403 new ordinary shares in JKL, at a notional value of 8 cents each or approximately A\$17.2 million in total, to be issued to the vendors of National Health Finance HoldCo, LLC (that owns a group of limited liability subsidiary companies) (“**NHF**”). NHF is being acquired by JKL (or a subsidiary of JKL) in conjunction with the capital raising subject to this Prospectus.

The capital raising is being used for working capital to take advantage of potential growth opportunities in relation to the NHF acquisition transaction being conducted by JKL (the “**Transaction**”), which is outlined in the Notice of Meeting Explanatory Memorandum dated 24 August 2018. Shareholders are proposing to vote on various proposals on 26 September 2018 (that includes proposals to issue securities to acquire all of the shares in NHF). The components of the Transaction include the following:

- JKL will acquire a 100% equity interest in NHF, a medial lien financing business based in the United States (“**US**”), for an aggregated purchase price of approximately US\$53 million;
- JKL will issue 93,750,000 new shares via a fully underwritten placement at A\$0.08 each to raise A\$7,500,000 before transaction costs (the “**Placement**”);
- JKL will fully draw upon a new senior syndicated acquisition loan facility of A\$42.0 million (the “**SAF**”);
- An unsecured vendor loan of A\$17.2 million to David Wattel and Mark Siegel, the founders of NHL (the “**Founders**”), payable in 4 years and bearing interest at 13% per annum;
- The new SAF lenders and the Founders will be issued 452,743,636 options over new shares (the “**Warrants**”) (including 122,863,636 Warrants to the Founders). Each Warrant is exercisable into one share, has an exercise price of A\$0.14 each and are exercisable at any time up to 4 years after issue;
- JKL will assume, via the acquisition of NHF, a US\$10 million promissory note owed to the Founders, which will be paid down to US\$9 million as part of the transaction (US\$1 million will be repaid on financial close of the Transaction and US\$229,020 to be written off and extinguished);

- JKL will assume, via the acquisition of NHF, approximately US\$46.1 million in additional existing debt owed by NHF (US\$700,000 of the debt will be repaid out of the proceeds of the SAF or the Placement on financial close of the Transaction);
- JKL will pay US private equity firm Presidio Investors US\$26.5 million (equivalent to A\$34.4 million as at 31 December 2017 but approximately A\$35.85 million using an US/AUS\$ exchange rate at 30 June 2018) in cash as consideration for their entire stake in NHF; and
- JKL will enter into employment agreements with the Founders for a period of three years. As part of the employment contracts, the Founders will be entitled to non-discretionary bonuses of US\$8.3m (or approximately A\$11.2 million equivalent at the 30 June 2018 exchange rate) paid in equal instalments over five quarters, subject to certain performance hurdles, consent from financiers and other conditions precedent.

Further details, including summary details on the proposed acquisition of NHF, are more fully described below and in the Prospectus.

2. Basis of Preparation

This report has been prepared to provide investors with information on historical results, the consolidated condensed statement of financial position (balance sheet) of JKL and the pro-forma consolidated statement of financial position of JKL as noted in Appendix 2. The historical and pro-forma financial information is presented in an abbreviated form, insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial reports in accordance with the Corporations Act 2001. This report does not address the rights attaching to the securities to be issued in accordance with the Prospectus, nor the risks associated with the investment. Stantons International Securities Pty Ltd (trading as Stantons International Securities) has not been requested to consider the prospects for JKL (including its proposed subsidiaries), the securities on offer and related pricing issues, nor the merits and risks associated with becoming a shareholder and accordingly, has not done so, nor purports to do so.

Stantons International Securities Pty Ltd accordingly takes no responsibility for those matters or for any matter or omission in the Prospectus, other than responsibility for this report. Risk factors are set out in Sections 1.5 and 5 of the Prospectus and all investors should read the risks of investing in the Company.

3. Background

Formally a mineral exploration business, on 4 August 2014, JKL announced to the Australian Stock Exchange (“ASX”) it was entering the alternative litigation funding business through a reverse takeover of JustKapital Litigation Pty Limited.

Upon relisting, JKL initially focused on litigation funding, whereby the litigation funder assumes part or full responsibility for all litigation costs, in exchange for a reimbursement of all costs, plus a percentage (typically 20-40%) of the settlement or judgment, if the case is successful.

In January 2016, JKL acquired a litigation disbursement funding business, Macquarie Medico Legal and Radiology (“MML”). MML provides medical report funding for lawyers and their clients in litigation involving compensation for motor vehicle accidents, medical and third-party negligence claims.

The Company successfully secured debt financing for MML, which was used to expand the disbursement funding business. The Company used the MML business as a platform to diversify its product offering from funding medical reports into general disbursements funding for items such as other expert reports and court filing fees. MML has since been renamed JustKapital Finance following an internal restructure.

JustKapital Finance experienced significant growth in comparison to the litigation funding business and, as a result, in 2017 the Company decided to focus on the financing business and announced a proposed restructure and sale of the litigation funding business. On 17 July 2018, the Company announced an alternative transaction whereby the Company entered into a funding arrangement with FCCD (Australia) Pty Ltd (“**Fortress**”) for five cases in the portfolio. The Company also announced that no new cases will be funded, and that the litigation funding portfolio would therefore be “run-off”.

On 19 July 2018, JKL announced it had reached agreement to acquire NHF on the terms outlined in this Prospectus.

Founded by David Wattel (a personal injury attorney of 28 years’ experience) and Dr. Mark Siegel (a physician) in 1999, NHF provides financing solutions for personal injury victims throughout the US. NHF acquires a lien over the medical treatment invoices associated with personal injury cases (largely resulting from motor vehicle accidents) from medical providers and hospitals and realises a return on these invoices upon completion of the case. NHF provides a financing solution by providing quick liquidity and reducing the administrative burden of managing the payment of invoices.

JKL will acquire 100% of the shares of NHF for consideration totalling US\$53 million. JKL will also assume (via the acquisition of NHF), the existing debt structure of NHF, including approximately US\$53.6 million in existing net debt obligations of NHF (using 30 June 2018 figures). Accordingly, NHF is being acquired for approximately US\$106.6 million on an enterprise value basis. This amount is comprised as follows (using the 30 June 2018 US/AUS exchange rate of US\$0.7391=AUS\$1 and using 30 June 2018 balance sheet figures):

NHF Consideration	US\$m	A\$m	Currency ¹	Consideration form
Presidio consideration	26.5	35.9	US\$	Cash consideration to exiting shareholder
Founders consideration	26.5	34.4	n/a ²	Founder equity and vendor loan
Equity value	53.0	70.3		
Atalaya financing facility	39.9	54.0	US\$	Debt to remain with NHF
Founder promissory notes	10.0	13.5	A\$	Debt to remain with NHF (US\$1 million to repaid on financial close of Transaction)
Other loans	6.2	8.4	US\$	Debt to remain with NHF (US\$0.7 million to repaid on financial close of Transaction)
Gross debt	56.1	75.9		
Less: Cash	(2.5)	(3.4)		Cash to be assumed by JKL (includes restricted cash)
Net debt	53.6	72.6		
Enterprise value	106.6	142.8		

¹ Effective currency upon which the deal terms have been struck.

² For the Founder consideration the exchange rate is effectively locked at US\$0.77/\$A due to the consideration being contractually locked at US\$26.5m but payable in A\$ denominated shares and vendor loans

In order to fund the Transaction, JKL will be raising new cash funds through:

- the new A\$42 million SAF; and
- A\$7.5 million (gross) by way of the Placement, fully underwritten by Pitt Capital, a wholly owned subsidiary of Washington H. Soul Pattinson and Co. Limited (“**WHSP**”).

For the purpose of this report, JKL management have advised that it is expected that the Rights Issue will raise a gross total of A\$4.5 million from the issue of 56,250,000 new shares.

The expected sourcing of these new cash funds and the use of those funds (and using 30 June 2018 figures) is summarised below.

Sources	A\$m	Uses	A\$m
Rights issue (expected amount)	4.5	Presidio consideration	35.9
Placement	7.5	Repayment of founder promissory note	1.4
Acquisition debt	42.0	Repayment of third party notes	0.9
Cash acquired	3.4	Transaction costs	4.1
		Working capital	15.1
Total	57.4	Total	57.4

Further details on each component of the Transaction are outlined below.

The Transaction will result in the following changes to JKL's equity securities structure:

Sources	Shares (M)	Shares %	Value A\$m
Ordinary Shares			
Existing shares (@\$0.08 per share, being the Rights Issue price)	147.9	28.8%	11.8
Rights Issue (@\$0.08 per share)	56.3	11.0%	4.5
Placement (@\$0.08 per share)	93.8	18.3%	7.5
Share consideration paid to the Founders (@\$0.08 per share)	215.1	41.9%	17.2
Total Shares/Market Capitalisation	513.0		41.0
Warrants			
Founders	122.9		
Providers of Syndicated Acquisition Facility	329.9		
	452.7		

Refer note 18 for details of the potential issue of further ordinary shares.

Transaction Components

Acquisition of NHF

JKL will acquire 100% of the shares of NHF for total consideration of US\$53 million under various agreements (Share Purchase Agreement and a Securities Purchase Agreement). NHF is a Delaware incorporated limited liability company and is a holding company for several operating subsidiaries. Key conditions for completion of the acquisition include:

- Completion of the funding arrangements described above;
- Commitment of binding acquisition;
- No material adverse change in the business, operations, prospects, assets or condition of NHF;
- Purchaser due diligence review of the business, assets, operations, condition (financial and otherwise) and prospects of NHF; and
- Approval by shareholders at an Extraordinary General Meeting expected on 26 September 2018.

Rights Issue

JKL will raise up to a gross A\$11.8 million by offering investors the opportunity to subscribe for new JKL Shares at A\$0.08 under this Prospectus. The rights issue has no minimum subscription hurdle. For the purpose of this report, based on management assertions, it is expected that the Rights Issue will raise a gross total of A\$4.5 million from the issue of 56,250,000 new shares.

Placement

JKL will raise gross A\$7.5 million by offering institutional investors the opportunity to subscribe for new Shares at \$0.08. The placement is fully underwritten by Pitt Capital, a wholly owned subsidiary of WHSP.

Founder Consideration

The founders of NHF, David Wattel and Dr. Mark Siegel, will receive a combination of new JKL shares, Warrants and loans from JKL in exchange for their shares in NHF.

JKL will issue 215,097,403 new ordinary shares to the Founders at a notional price of A\$0.08 each, or approximately A\$17.2 million in total. The Founders will enter into escrow deeds to restrict the sale of the shares for a period to 31 December 2021.

The Founders will also receive A\$17.2 million as a vendor loan on the same terms as the SAF discussed below, including the issue of 122,863,636 Warrants, however the vendor loan will be unsecured.

In exchange for other pre-existing amounts owed by NHF to the Founders, the Founders will receive a promissory note of US\$10 million owed by NHF. Post the transaction the promissory note will have the following terms:

Amount owing	US\$10 million
Currency denomination	US\$
Interest Rate	Nil
Term	Subordinated, subject to senior lender consent
Amortisation	Subject to Atalaya and WHSP consent: On Financial Close: US\$1.0m Holder discretion: US\$1.5m 16 Jan 2019: US\$2.5m 16 July 2019: US\$2.5m 16 Jan 2020: US\$2.5m
Security	Unsecured

Syndicated Acquisition Facility

JKL has entered into a conditional agreement with WHSP and a number of other lenders to secure a new A\$42 million Senior Secured Credit Facility (the **SAF**). The key terms of the SAF are summarised below.

Facility Size:	A\$42 million
Currency denomination	A\$
Use of proceeds	Fund the Transaction
Interest Rate	13.0% per annum
Term	Four years
Establishment fee	315,600,000 Warrants
Security	Senior secured

Funds raised under the SAF are to be used to pay the Presidio consideration, for transaction costs and for working capital.

Warrants

Warrants (options over new shares in JKL) will be issued to the providers of the SAF and the Founders. The total number of Warrants to be issued are as follows:

Holder	Number of warrants
Syndicated Acquisition Lenders	329,880,000
Founders	122,863,636
Total	452,743,636

Key terms of the Warrants are as follows:

- Exercise price of A\$0.14
- Term of 4 years after issue

Other loans

JKL will also be assuming (via ownership of NHF) the following liabilities of NHF as part of the transaction:

- US\$39.9 million drawn under an US\$80 million receivables financing facility provided to NHF by Atalaya Special Opportunities fund VI LP (“**Atalaya**”) facility – please refer to note 20 for further details
- US\$4.5 million in notes payable (bridging loans) to funds related to Lucerne Finance Pty Ltd (“**Lucerne**”) pursuant to various Loan Facility Agreements signed in August, November and December 2017. The Loan Facility Agreements were consolidated with an interest rate of 1.25% per month for the first 6 months post financial close of the Transaction and a step interest rate to 1.58% per month thereafter payable until maturity which is 12 months following completion of the NHF acquisition Transaction;
- US\$1.4 million in subordinated notes with an interest rate of 12% payable quarterly and US\$0.3 million with an interest rate of 13% payable quarterly. However, it is intended that US\$400,000 of the US\$1.4 million and the US\$0.3 million will be repaid after the completion of the capital raisings, such that US\$1 million will be owing going forward (bearing interest at 12% payable quarterly).

New employee agreements

As a condition precedent to the Transaction, Messrs Wattel and Siegel of NHF will enter into employment agreements for three-year terms in which Messrs Wattel and Siegel must continue to manage the NHF business. The employment agreements will include usual restraint obligations following termination or expiration of the employment agreements.

As part of the employment contracts, the Founders will be entitled to non-discretionary bonuses of US\$8.3m (or A\$11.1m equivalent at the 30 June 2018 exchange rate) paid in equal instalments over five quarters, subject to certain performance hurdles, consent from financiers and other conditions precedent.

Financial Reporting Considerations

In conjunction with the Transaction, there are a number of accounting implications which we have considered as part of our report as follows:

- **GAAP and IFRS:** NHF's financials, previously reported under US based Generally Accepted Accounting Principles ("GAAP") have been restated to harmonise with International Financial Reporting Standards ("IFRS") used by the Australian based JKL. Adjustments made as a result include:
 - a. An adjustment to the fair value of estimated collectable case receivables, and corresponding adjustment to revenue, has been made with reference to an actuarial valuation of the NHF receivables book by KPMG. KPMG calculated a fair value and day one margin in their report "*NHF Valuation as at 30 June 2018*", dated 31 August 2018. We have used this report, as well as other information listed, to come up with our view of the fair value of the NHF receivables. These adjustments have been adopted to match JKL's adherence to *AASB 9: Financial Instruments*; and
 - b. As a group of limited liability companies in the US, NHF's taxable income or loss is allocated to members in accordance with their respective percentage of ownership. Therefore, no provision for income taxes has been included in NHF's reported consolidated financial statements. The adjusted statement of financial performance for NHF presented in Appendix 1 has been adjusted to recognise an income tax benefit or expense of 28% as if tax were applicable. These income tax adjustments have not been reflected in the proforma statement of financial position of NHF as disclosed in note 22.
- **Consolidation accounting:** it has been determined that in accordance with *AASB 3: Business Combinations* and *AASB 10: Consolidated Financial Statements*, that JKL is the acquiring entity from both a legal and accounting perspective and therefore JKL has used the acquisition method of accounting for the Transaction
- **Functional currency:** it has been determined that the function currency of JKL will remain the Australian dollar and that the functional currency of its NHF subsidiary will be US dollars
- **Presentation currency:** it has been determined that presentation currency of JKL will be in US dollars
- **Reporting period:** it has been determined that JKL will change its reporting period end date to 31 December of each year

Shareholder meeting resolutions

Shareholders' approval for the NHF acquisition and other ancillary resolutions is being sought at the Extraordinary General Meeting of Shareholders to be held on 26 September 2018 and this report assumes all resolutions (see below) are approved and acted upon. On 24 August 2018, the Company issued a Notice of Meeting and an explanatory statement attached to the Notice of Meeting that sought shareholder approval for the following:

- Resolution 1 – Change in Nature or Scale of Activities;
- Resolution 2 – Approval to Issue 107,548,701 Shares to Wattel;
- Resolution 3 – Approval to Issue 107,548,702 Shares to Siegel;
- Resolution 4 – Approval of the Company, WHSP, Wattel, Siegel and their Respective Associates Acquiring a Relevant Interest in Shares;
- Resolution 5 – Approval to issue 61,431,818 Shares to Wattel on Exercise of the Warrants;

- Resolution 6 – Approval to issue 61,431,818 Shares to Siegel on Exercise of the Warrants;
- Resolution 7 – Approval to issue 208,500,000 Warrants to Lenders (including WHSP);
- Resolution 8 – Approval to issue 302,250,000 Shares to WHSP,
- Resolution 9 – Approval to Grant Security to WHSP;
- Resolution 10 – Approval of the Placement of up to 93,750,000 Shares;
- Resolution 11 – Election of David Wattel as a director of JKL; and
- Resolution 12 – Change of Name to “LawFinance Limited”

Potential investors should read the Prospectus in full. We make no comments as to ownership or values of the current and proposed assets of the NHF Group. Further details on all material contracts entered into by the Company and NHF relevant to new and existing investors are referred to in Appendix 2 (Parts 1 to 7) of the Prospectus. Investors should read the Prospectus in full before deciding as to whether to invest in JKL.

4. Scope of Examination

You have requested Stantons International Securities Pty Ltd to prepare an Independent Accountant’s Report on:

- (a) the consolidated statement of financial performance (and cash flow statement) of JKL for the years ended 30 June 2016, 30 June 2017 and 30 June 2018;
- (b) the consolidated statement of financial performance of JKL for the two years ended 31 December 2016 and 31 December 2017;
- (c) the consolidated statements of financial performance (and cash flow statements) of NHF for the years ended 31 December 2016, 31 December 2017 and the six months to 30 June 2018;
- (d) the consolidated statements of financial position of JKL as at 30 June 2016, 30 June 2017 and 30 June 2018;
- (e) the consolidated statements of financial position of NHF as at 31 December 2016 and 2017 and as at 30 June 2018;
- (f) the consolidated pro-forma statement of financial position of JKL as at 30 June 2018 adjusted to include funds to be raised by the Prospectus and the completion of the Transaction referred to in note 2 of Appendix 3.

All of the financial information referred to above has been audited (except for the pro-forma consolidated statement of financial position as at 30 June 2018, JKL statement of financial performance to 31 December balance dates and NHF for the six months ended 30 June 2018 that have been audit reviewed). The consolidated financial accounts of JKL (in Australian dollars) have been audited for the years ended 30 June 2016, 2017 and 2018. The directors of JKL are responsible for the preparation and presentation of the historical and pro-forma financial information, including the determination of the pro-forma transactions. We have, however, examined the financial statements and other relevant information and made such enquiries, as we considered necessary for the purposes of this report.

The scope of our examination was substantially less than an audit examination conducted in accordance with Australian Auditing Standards and accordingly, we do not express such an opinion. We have conducted our engagement in accordance with Auditing Standard on Review Engagements ASAE 3450 – Assurance Engagements involving Corporate Fundraising and/or Prospective Financial Information and with Standard on Assurance Engagements ASRE 3420 – Assurance Engagements to Report on the Compilation of Pro Forma Historical Financial Information Included in a Prospectus or other Document.

Our examination included:

- Discussions with directors and other key management of JKL and NHF, and members of the due diligence committee;
- A review of publicly available information; and
- A review of work papers, accounting records and other documents.

5. Opinions

In our opinion, the pro-forma consolidated statement of financial position as set out in Appendix 2 presents fairly, the pro-forma consolidated statement of financial position of JKL as at 30 June 2018 in accordance with the accounting methodologies required by Australian Accounting Standards on the basis of assumptions and transactions set out in Appendix 3. It is our view that the historic financial information set out in Appendices 1, 2 and 3 (including the financial information on JKL as well as NHF) presents fairly and no adjustments on the historical results and statements of financial position, as shown in Appendices 1, 2 and 3 (including NHF financial information) (audited by Price Kong of Phoenix, Arizona) are required. We state that nothing has come to our attention which would require any further modification to the financial information relating to JKL and NHF, in order for it to present fairly, the consolidated statements of comprehensive income (for JKL for the years ended 30 June 2016, 30 June 2017 and 30 June 2018 and for NHF, the two years ended 31 December 2017 and the six months ended 30 June 2018) and the consolidated statements of financial position as at 30 June 2016, 30 June 2017 and 30 June 2017 for JKL and the consolidated statements of financial position of NHF as at 31 December 2016, 31 December 2017 and 30 June 2018.

To the best of our knowledge and belief, there have been no other material items, transactions or events subsequent to 30 June 2018 that have come to our attention during the course of our review which would cause the information included in this report to be misleading.

6. Other Matters

At the date of this report, Stantons International Securities Pty Ltd or Stantons International Audit and Consulting Pty Ltd (trading as Stantons International) do not have any interests in JKL and NHF either directly or indirectly, or in the outcome of the offer. Stantons International Securities Pty Ltd (and Stantons International Audit and Consulting Pty Ltd, the parent entity of Stantons International Securities Pty Ltd and who are the current auditors of JKL), were not involved in the preparation of any other part of the Prospectus, and accordingly, make no representations or warranties as to the completeness and accuracy of any information contained in any other part of the Prospectus. Stantons International Securities Pty Ltd consents to the inclusion of this report (including Appendices 1 to 3 in the Prospectus in the form and content in which it is included. At the date of this report, this consent has not been withdrawn.

Yours faithfully

STANTONS INTERNATIONAL SECURITIES PTY LTD



John Van Dieren - FCA
Director

INVESTIGATING ACCOUNTANT'S REPORT

APPENDIX 1 – CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL PERFORMANCE

The table below presents the audited consolidated statement of financial performance for JKL for the three financial years ending 30 June 2018 in Australian dollars.

	Audited 30 June 2016 A\$'000	Audited 30 June 2017 A\$'000	Audited 30 June 2018 A\$'000
Revenue			
Net income	(1,086)	3,424	5,192
Non-supplier related cost of sales	-	(211)	(225)
Gross margin	(1,086)	3,213	4,967
Other income	158	1,309	2,458
Expenses			
Employee benefits expense	(2,150)	(3,672)	(2,609)
General, administration and other expenses	(2,049)	(2,890)	(3,153)
Depreciation and amortisation	(10)	(79)	(99)
Business purchase expense	(1,269)	(843)	(3,624)
Finance costs	(1,031)	(3,733)	(5,189)
Loss before income tax benefit/(expense)	(7,437)	(6,695)	(7,249)
Income tax benefit/(expense)	4,640	1,021	603
Profit (Loss) after income tax benefit attributable to the owners	(2,797)	(5,674)	(6,646)
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive loss for the year attributable to the owners	(2,797)	(5,674)	(6,646)
Attributable to:			
Equity holders	(2,797)	(5,674)	(6,646)
Non-controlling interests	-	-	-

The table below presents the audited consolidated statement of financial performance for JKL for the three financial years ending 30 June 2018, converted to US dollars at the average AUD/USD dollar exchange rate during the relevant period. The following average AUD/USD dollar exchange rates have been used:

- 0.73 during the 12 months to 30 June 2016
- 0.75 during the 12 months to 30 June 2017
- 0.77 during the 12 months to 30 June 2018

	30 June 2016 US\$'000	30 June 2017 US\$'000	30 June 2018 US\$'000
Revenue			
Net income	(790)	2,582	4,017
Non-supplier related cost of sales	-	(159)	(174)
Gross margin	(790)	2,423	3,843
Other income	115	987	1,902
Expenses			
Employee benefits expense	(1,564)	(2,769)	(2,018)
General, administration and other expenses	(1,490)	(2,180)	(2,439)
Depreciation and amortisation	(7)	(60)	(77)
Business purchase expense	(923)	(636)	(2,804)
Finance costs	(750)	(2,815)	(4,014)
Loss before income tax benefit/(expense)	(5,408)	(5,050)	(5,608)
Income tax benefit/(expense)	3,374	770	467
Profit (Loss) after income tax benefit attributable to the owners	(2,034)	(4,279)	(5,142)
Other comprehensive income for the year, net of tax	43	85	(230)
Total comprehensive loss for the year attributable to the owners	(1,991)	(4,194)	(5,371)
Attributable to:			
Equity holders	(1,991)	(4,194)	(5,371)
Non-controlling interests	-	-	-

The table below presents the audited consolidated statement of financial performance for NHF for the two years ending 31 December 2017 and the audit reviewed consolidated statement of financial performance of NHF for the six months ending 30 June 2018 in US dollars.

	Audited		Audited		Audit Reviewed	
	GAAP	Adjusted	GAAP	Adjusted	GAAP	Adjusted
	31-Dec-16	31-Dec-16	31-Dec-17	31-Dec-17	30-Jun-18	30-Jun-18
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Revenue						
Net income	-	19,479	-	9,007	-	(2,056)
Gross revenue	114,561	-	38,186	-	10,145	-
Discounts, other write downs and financing component unwind	(45,468)	-	(52,364)	-	1,759	-
Net income from disbursement funding	69,093	19,479	(14,178)	9,007	11,904	(2,056)
Non-supplier related cost of sales	(33,326)	-	(12,623)	-	(3,317)	-
Gross margin	35,767	19,479	(26,801)	9,007	8,587	(2,056)
Other income	-	-	29	29	86	86
Expenses						
Employee benefits expense*	-	-	-	-	-	-
General, administration and other expenses	(5,260)	(5,260)	(5,176)	(5,176)	(6,429)	(6,429)
Depreciation and amortisation	(180)	(180)	(176)	(176)	(164)	(164)
Finance costs	(3,897)	(3,897)	(5,963)	(5,963)	(3,959)	(3,959)
Loss before income tax benefit/(expense)	26,430	10,142	(38,087)	(2,279)	(1,879)	(12,521)
Income tax benefit/(expense)	-	(2,840)	-	638	-	3,506
Loss after income tax benefit attributable to the owners	26,430	7,302	(38,087)	(1,641)	(1,879)	(9,015)
Other comprehensive income for the year, net of tax	-	-	-	-	-	-
Total comprehensive loss for the year attributable to the owners	26,430	7,302	(38,087)	(1,641)	(1,879)	(9,015)
Attributable to:						
Equity holders	26,430	7,302	(38,087)	(1,641)	(1,879)	(9,015)
Non-controlling interests	-	-	-	-	-	-

* Employee benefits expense reported under general, administration and other expense

As a group of limited liability companies in the US, NHF's taxable income or loss is allocated to members in accordance with their respective percentage of ownership. Therefore, no provision for income taxes has been included in NHF's reported consolidated financial statements. The adjusted statement of financial performance for NHF presented in Appendix 1 has been adjusted to recognise an income tax benefit or expense of 28% as if tax were applicable. These income tax adjustments have not been reflected in the proforma statement of financial position of NHF as disclosed in note 22.

**APPENDIX 2 – AUDITED AND AUDIT REVIEWED CONDENSED CONSOLIDATED
STATEMENTS OF FINANCIAL POSITION**

	Note	JKL 30 June 18 A\$'000	JKL 30 June 18 US\$'000	Pro-forma 30 June 18 US\$'000
Assets				
Current Assets				
Cash and cash equivalents	6	1,264	934	11,147
Restricted cash	7	-	-	921
Trade and other receivables	8	12,124	8,961	29,350
Prepayments		111	82	82
Total current assets		13,499	9,977	41,500
Non-Current Assets				
Trade and other receivables	8	17,109	12,645	70,832
Notes and interest receivable	9	-	-	374
Allowance for uncollectible notes and interest receivable	9	-	-	(298)
Notes and interest receivable from related parties	9	-	-	158
Investment held in joint operation		1,652	1,221	1,221
Property plant and equipment, net of accumulated depreciation	10	141	104	125
Other assets	11	-	-	71
Goodwill and other intangibles	12	20,826	15,392	17,633
Goodwill arising on acquisition of NHF	12	-	-	29,628
Deferred tax	13	6,264	4,630	4,630
Total non-current assets		45,992	33,993	124,376
Total Assets		59,491	43,970	165,876
Liabilities				
Current Liabilities				
Trade and other payables	14	4,322	3,195	7,243
Employee benefits and other liabilities	15	131	97	682
Borrowings	16	6,418	4,744	15,744
Deferred consideration	17	500	369	369
Total current liabilities		11,371	8,405	24,038
Non-Current Liabilities				
Note payable to related parties - subordinated	16	-	-	2,500
Loan facilities	16	25,496	18,844	18,844
Other borrowings	16	16,352	12,086	92,328
Total non-current liabilities		41,848	30,930	113,672
Total Liabilities		53,219	39,335	137,710
Net Assets		6,272	4,635	28,166
Equity				
Issued capital	18	23,961	17,709	38,749
Reserves	19	2,261	1,671	6,099
Accumulated losses	20	(19,950)	(14,745)	(17,270)
Non-controlling interest		-	-	588
Total Equity		6,272	4,635	28,166

Condensed notes to and forming part of the above condensed consolidated statements of financial position are attached.

INVESTIGATING ACCOUNTANT'S REPORT

APPENDIX 3

CONDENSED NOTES TO THE AUDITED AND AUDIT REVIEWED STATEMENT OF COMPREHENSIVE INCOME AND AUDITED REVIEWED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

1. General information

The financial statements cover JustKapital Limited (formerly known as JustKapital Litigation Partners Limited) as a Group consisting of JustKapital Limited ('Company' or 'parent entity') and the entities it controlled ('the Group') at the end of, or during, the year. The financial statements are presented in Australian dollars, which is the functional and presentation currency of JustKapital Limited. However, it is proposed that the presentation currency of JustKapital post the acquisition of NHF will be in US dollars.

2. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

a. New or amended Accounting Standards and Interpretations adopted

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group.

Except for AASB 9 'Financial Instruments' and AASB 15 'Revenue from Contracts with Customers', any new or amended Accounting Standards or Interpretations that are issued, but not yet effective, have not been early adopted.

Initial adoption of AASB 15 'Revenue from Contracts with Customers'

AASB 15 was issued in May 2014, and amended in April 2016, and establishes a five-step model to account for revenue arising from contracts with customers. The standard moves away from the previous focus on identifying whether the seller has transferred to the buyer the significant risks and rewards of ownership. The core principle of the new standard is to focus on control of the good or service and that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The Group has elected to early adopt AASB 15 'Revenue from Contracts with Customers' which would otherwise be mandatorily effective for annual reporting periods beginning on or after 1 January 2018. The initial application date for the Group is 1 July 2017.

The Group has elected to apply the standard on a full retrospective basis as permitted by AASB 15 whereby the Group applied AASB 15 as if it had been applied since the inception of all its contracts with customers that are presented in the financial statements. The cumulative effect of retrospective application is recognised as an adjustment to the opening accumulated losses or other relevant components of equity for the earliest comparative period presented. Therefore, the comparative results included in the financial statements for the period ended 30 June 2017 have been restated with an adjustment to equity as at 1 July 2016.

From time to time, the Group enters into contracts with law firms to pay, on the law firms' behalf, legal disbursements in relation to their clients' legal matters, such as medical report produced by doctors.

Under AASB 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard defines a customer as 'a party that has contracted with an entity to obtain goods or services that are an output of the entity's ordinary activities in exchange for consideration'. Management has undertaken an exercise to assess the Group's contractual arrangements within its disbursement funding business as part of its implementation of AASB 15. The primary factor considered in making this assessment is most notably whether the Group is contractually engaged to provide or deliver a good or service to the law firm.

As a result of this assessment, the Group has determined that it does not take primary responsibility and does not have any obligation for the supply or accuracy of the underlying expert reports funded by the Group. The Group solely enters into a contract with the law firm to provide financing for legal disbursements in relation to their clients' legal matters. Considering the nature of the disbursement funding arrangements whereby it does not involve the provision of any good or service to the law firm, the Group has concluded that the arrangement does not meet the definition of a contract with a customer under AASB 15. As the arrangement gives rise to a contractual right to receive cash from the law firm, the Group has concluded that the financing arrangement meets the definition of a financial instrument. Income arising from changes in the fair value of financial instruments is within the scope of AASB 9 'Financial Instruments'. In applying AASB 9, given the final financial outcome of the provision of the financing arrangement is variable, that is the final amount to be received by the Group is conditional upon the decisions of either the relevant Court or the Insurer to the counterparty for whom the financial arrangement has been sought, the financial arrangement has been treated on a fair value through profit or loss basis.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Loan receivables at fair value through profit or loss

Initial recognition and measurement

The Group's financial assets at fair value through profit or loss is solely relating to the loan receivables arising from its disbursement funding business. The Group's loan receivables from its disbursement funding business are classified, at initial recognition, as financial assets at fair value through profit or loss. The determination is made at initial recognition based on the Group's business model for managing its financial instruments and the non-contractual cash flow characteristics of its instruments.

The Group's financial asset at fair value through profit or loss is recognised initially at fair value. The best evidence of fair value of a financial instrument at initial recognition is normally the transaction price (i.e. the fair value of the consideration given or received). In the case of a legal disbursement funding arrangement, the fair value of the loan receivable at initial recognition may differ from the transaction price.

The fair value of the financial asset represents the invoice amount (where the final amount to be received by the Group is subject to change and conditional upon the outcome of decisions made by the relevant Court or the Insurer), adjusted for such factors as time value of money, discounts and write offs, and credit risk. The transaction price of the financial asset is the amount of cash paid to fund the legal disbursement costs.

No active market exists for these loans. The difference between the fair value and the transaction price (also known as day 1 margin) is deferred and the Group recognises the deferred difference as a gain or loss only to the extent that it arises from a change in a factor (including time) that market participants would take into account when pricing the asset.

Subsequent measurement

Loan receivables are carried in the statement of financial position at fair value, with changes in fair value presented in the statement of profit or loss as net gains or losses on loan receivables at fair value. The net gains or losses are calculated based on actuarial assumptions including information on changes to actual and expected write offs, discounts and collections of loan receivables, as well as interest margin, taking into account the time value of money, credit risk, and the amortisation of day 1 margins.

The deferred day 1 margin is recognised in the profit or loss on a systematic basis over the term of the arrangement using actuarial methodologies. It is based on the profile of cash collections and the subsequent weighted average calculation of these collections applied to the recognition of the day 1 margin.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when the contractual rights to receive cash flows from the loan receivables have expired.

b. Basis of preparation

These general purpose financial statements have been prepared in accordance with AASB and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention

The financial statements have been prepared under the historical cost convention, modified where appropriate, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities including derivative financial instruments.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

c. Going concern

As at 30 June 2018, the Group (excluding NHF) had net current assets of A\$2,128,000. The Directors' have evaluated the Group's principle operations and expected events and conditions and concluded that the Group should be able to continue as a going concern. The Group does not hold significant cash reserves. However, the Directors' assessment of the significant judgments made by management, including expected case completions from the litigation funding portfolio, as part of the Group's financial planning processes, has formed part of this assessment.

d. Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the Group only.

e. Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of JustKapital Limited as at 30 June 2018 and the results of all subsidiaries for the year then ended.

Subsidiaries are all those entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the

ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the Group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

f. Operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

g. Foreign currency translation

The financial statements are presented in Australian dollars, which is JustKapital Limited's functional and presentation currency. However, post the acquisition of the NHF Group, the presentation currency of the expanded JKL Group will be in USD dollars.

Foreign currency transactions

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

h. Revenue recognition

Revenue

Revenue is measured at the fair value of the gross consideration received or receivable. The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Group and specific criteria have been met for each of Group's activities. The amount of revenue is not considered to be reliably measurable until all material contingencies relating to the sale have been resolved. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

The Group's revenue recognition policy for the disbursement funding business takes into consideration the inherent finance component embedded in that revenue.

The Group's revenue recognition policy for the short-term loan product is to recognise the interest component attaching to the loan as it is earned under the short-term loan contract.

The Group's revenue recognition policy for the Insurance broking division recognises revenue upon the acceptance of the insurance policy by the customer.

For revenue recognition of litigation contracts, refer to 'intangible assets' accounting policy below.

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

i. Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

j. Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the

reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

k. Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

l. Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments are considered indicators that the trade receivable may be impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

Other receivables are initially recognised at fair value and subsequently measured at amortised cost, less any provision for impairment.

m. Joint operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

When a group entity undertakes its activities under joint operations, the Group as a joint operator recognises in relation to its interest in a joint operation:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its revenue from the sale of its share of the output arising from the joint operation;
- its share of the revenue from the sale of the output by the joint operation; and
- its expenses, including its share of any expenses incurred jointly.

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the relevant Accounting Standard applicable to the particular assets, liabilities, revenues and expenses.

n. Property, plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment over their expected useful lives as follows:

Plant and equipment 3-7 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Group. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

o. Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to the ownership of leased assets, and operating leases, under which the lessor effectively retains substantially all such risks and benefits.

Operating lease payments, net of any incentives received from the lessor, are charged to profit or loss on a straight-line basis over the term of the lease.

p. Intangible assets

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Goodwill

Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

Website

Significant costs associated with the development of the revenue generating aspects of the website, including the capacity of placing orders, are deferred and amortised on a straight-line basis over the period of their expected benefit, being their useful life of 3 years.

Litigation contracts in progress

Litigation contracts in progress represent future economic benefits controlled by the Group. As litigation contracts in progress may be exchanged or sold, the Group is able to control the expected future economic benefit flowing from the litigation contracts in progress. Accordingly, litigation contracts in progress meet

the definition of intangible assets. The carrying value of litigation contracts in progress includes the capitalisation of external costs of funding the litigation, such as solicitors' fees, counsels' fees and experts' fees, the capitalisation of certain directly attributable internal costs of managing the litigation, such as certain wages and other out of pocket expenses. Litigation contracts in progress are not amortised as the assets are not available-for-use until the determination of a successful judgement or settlement, at which point the assets are realised, and revenue is recognised.

The following specific asset recognition rules have been applied to litigation contracts in progress:

Actions still outstanding: When litigation is outstanding and pending a determination, litigation contracts in progress are carried at cost. Subsequent expenditure is capitalised when it meets all of the following criteria:

- Demonstration of ability of the Group to complete the litigation so that the asset will be available-for-use and the benefits embodied in the asset will be realised;
- Demonstration that the asset will generate future economic benefits;
- Demonstration that the Group intends to complete the litigation;
- Demonstration of the availability of adequate technical, financial and other resources to complete the litigation; and
- Ability to measure reliably the expenditure attributable to the asset during the Litigation contract in progress.

Successful judgments: Where the litigation has been determined in favour of the Group or a positive settlement has been agreed, this constitutes a derecognition of the intangible asset and accordingly a gain or loss is recognised in profit or loss. Any future costs relating to the defence of an appeal by the defendant are expensed as incurred.

Unsuccessful judgments: Where the litigation is unsuccessful at trial, this is a trigger for impairment of the intangible asset and the asset is written down to its recoverable amount. If the claimant, having been unsuccessful at trial appeals against the judgment, then future costs incurred by the Group on appeal are expensed as incurred.

q. Impairment of non-financial assets

Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

r. Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. Due to their short-term nature, they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

s. Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Where there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, the loans or borrowings are classified as non-current.

Convertible bonds are redeemable at the discretion of the Group are classified as a liability in the statement of financial position due to the operability of the convertible bond's anti-dilution clauses. As the convertible bonds include a conversion feature the convertible bonds are considered to represent a liability with an equity conversion option derivative. The conversion feature has been fair valued separately and on initial recognition and deducted from the value of the convertible bonds. The derivative is subsequently measured at fair value at each reporting date and any movement in fair value is accounted for in profit or loss. The convertible bonds liability is recorded at amortised cost and is accreted to the face value of the convertible bonds over the term of the convertible bond.

t. Finance costs

All other finance costs are expensed in the period in which they are incurred.

u. Employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Share-based payments

Equity-settled share-based compensation benefits are provided to employees and directors.

Equity-settled transactions are awards of shares, or options over shares, or performance rights that convert into shares that are provided to employees and directors in exchange for the rendering of services.

The cost of equity-settled transactions is measured at fair value on grant date. Fair value is independently determined using the Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the Group receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The costs of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

Market conditions are taken into consideration in determining fair value. Therefore, any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the Group or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the Group or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

v. Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified, into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

Fair value hierarchy

AASB 13 requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1 - Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 2 - Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 - Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

The Group would change the categorisation within the fair value hierarchy only in the following circumstances:

- (i) if a market that was previously considered active (Level 1) became inactive (Level 2 or Level 3) or vice versa; or
- (ii) if significant inputs that were previously unobservable (Level 3) became observable (Level 2) or vice versa.

When a change in the categorisation occurs, the Group recognises transfers between levels of the fair value hierarchy (i.e. transfers into and out of each level of the fair value hierarchy) on the date the event or change in circumstances occurred.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

w. Issued capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

x. Business combinations

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the Group assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Group's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the Group remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

y. Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of JustKapital Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

z. Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position. Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority

aa. Rounding of amounts

The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

bb. Comparatives

Comparatives have been realigned where necessary, to agree with current year presentation.

cc. New Accounting Standards and Interpretations not yet mandatory or early adopted

Except for AASB 9 'Financial Instruments' and AASB 15 'Revenue from Contracts with Customers', Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2018. The Group's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Group, are set out below.

AASB 16 Leases

This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured at the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results will be improved as the operating expense is replaced by interest expense and depreciation in profit or loss under AASB 16. For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) component. For lessor accounting, the standard does not substantially change how a lessor accounts for leases. The Group will adopt this standard from 1 July 2019, there will be an impact, but management are yet to quantify the impact of its adoption on the Group.

IASB revised Conceptual Framework for Financial Reporting

The revised Conceptual Framework has been issued by the International Accounting Standards Board ('IASB'), but the Australian equivalent has yet to be published. The revised framework is applicable for annual reporting periods beginning on or after 1 January 2020 and the application of the new definition and recognition criteria may result in future amendments to several accounting standards. Furthermore, entities who rely on the conceptual framework in determining their accounting policies for transactions, events or conditions that are not otherwise dealt with under Australian Accounting Standards may need to revisit such policies. The Group will apply the revised conceptual framework from 1 July 2020 and is yet to assess its impact.

Other amending accounting standards

Other amending accounting standards issued are not considered to have a significant impact on the financial statements of the company as their amendments provide either clarification of existing accounting treatment or editorial amendments.

3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Fair value measurement and carrying value measurement of loan receivables

When the fair values of loan receivables recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using actuarial valuation techniques that take into account discount rates, credit risk and analysis of discounts and write offs. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values and the deferred day 1 margin. Changes in assumptions relating to these factors could affect the reported fair value and carrying value of loan receivables and its fair value movement through profit or loss.

Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using the Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity. Performance rights are marked to market at the time of their issuance to determine the value of the rights.

Provision for impairment of receivables

The Group assesses the trade receivables of the disbursement funding for impairment regularly. The credit provisions raised (specific and collective) represent management's best estimate of the losses incurred on the receivables portfolio at reporting date based on their experienced judgement.

The collective provision is estimated on the basis of historical loss experience for assets with similar credit characteristics. The historical loss experience is adjusted based on the current observable data and events. The use of such judgements and reasonable estimates is considered appropriate.

Goodwill

The Group tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 2. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows (refer to note 12)

Impairment of non-financial assets other than goodwill

The Group assesses impairment of non-financial assets other than goodwill at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment. This includes an assessment of each individual Litigation contract in progress as to whether it is likely to be successful, the cost and timing of future expected cash flows to completion and the ability of the defendant(s) to pay upon successful completion. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions (refer to note 12).

Provision for adverse costs

In the event that litigation funded by the Group is unsuccessful, the Group raises a provision which is based upon the Group's best estimate of the amount of the adverse costs it will have to remit following consultation with external advisors.

Income tax

The Group is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on the Group's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences only if the Group considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

4. Operating segments

Identification of reportable operating segments

The Group is organised into two operating segments: (i) disbursement funding and short-term funding (collectively referred to as 'JustKapital Finance') and (ii) litigation funding, insurance and head office.

These operating segments are based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources.

Segment assets

Where an asset is used across multiple segments, the asset is allocated to the segment that receives the majority of economic value from the asset. In the majority of instances, segment assets are clearly identifiable on the basis of their nature and physical location.

Segment liabilities

Liabilities are allocated to segments where there is a direct nexus between the incurrence of the liability and the operations of the segment.

5. Actual and Proposed Transactions to Arrive at the Pro-Forma Audit Reviewed Consolidated Statement of Financial Position

Actual and proposed transactions adjusting the 30 June 2018 audited consolidated condensed Statement of Financial Position of JKL in the pro-forma consolidated Statement of Financial Position of JKL are as follows:

- The expected issue of 56,250,000 new ordinary shares in JKL by way of a rights issue, to be issued at a price of A\$0.08 each to raise a gross A\$4,500,000 (equivalent to US\$3.326 million)
- The issue of 215,097,403 new ordinary shares in JKL at a deemed issue price of A\$0.08 (A\$17,200,000) (approximately US\$12.713 million) to be issued to the vendors of NHF, a business which is being acquired by JKL contemporaneously with the capital raising subject to this Prospectus;
- JKL acquiring 100% of the shares of NHF for the equivalent of US\$53 million;
- JKL issuing 93,750,000 new shares via the Placement at A\$0.08 each to raise A\$7,500,000 before transaction costs (equivalent to US\$5.543 million);
- JKL securing a new senior syndicated loan facility of A\$42.0 million (equivalent to US\$31.042 million);
- JKL issuing unsecured vendor loans of A\$17.2 million from the Founders (equivalent to US\$12.713 million (including the value of the attached Warrants of US\$1.202 million);
- The new syndicated loan facility lenders and Founders being issued 452,743,636 Warrants (including 122,863,636 Warrants to the Founders). Each warrant is exercisable into one share, has an exercise price of A\$0.14 and is exercisable at any time up to four years after issue. The estimated value of such Warrants approximates A\$5.991 million (US\$4.428 million of which US\$3.226 million does not relate to an embedded derivative – US\$1.202 million in the vendor loan as noted above);
- The assumption of a US\$10 million promissory notes owed to the Founders (after US\$0.229 million written off);
- The assumption of US\$46.1 million in existing debt owed by NHF;
- JKL paying US private equity firm Presidio Investors US\$26.5 million in cash as consideration (equivalent to approximately \$35.854 million); and
- Estimated capital raising and transaction costs of A\$4,150 million (equivalent to US\$3.067 million) of which US\$0.542 million is treated as capital raising costs and US\$2.525 million expensed;
- The repayment of US\$1 million of Founders Promissory Notes (to reduce Promissory Notes to US\$9 million); and
- The repayment of other debt of US\$0.7 million (to reduce subordinated notes payable to US\$1 million).

	Audited Consolidated JKL 30 June 2018 US\$'000	Consolidated JKL Pro-forma 30 June 2018 US\$'000
6. Cash Assets		
Audited 30 June 2018	934	934
Estimated movement since 30 June 2018		
Acquired cash held by NHF	-	1,569
New loan funds raised - syndicated acquisition facility	-	31,042
Acquisition consideration- Presidio	-	(26,500)
Repayment of Founder notes	-	(1,000)
Repayment of other debt	-	(700)
Acquisition costs	-	(2,525)
Capital raising - Placement	-	5,543
Capital raising - Rights issue (see below)	-	3,326
Capital raising costs	-	(542)
	934	11,147

In the event that the maximum Rights Issue is taken up, this will result in the issue up to 147,933,598 new ordinary shares in JKL to raise a gross amount of AUS \$11,834,688 (approximately US\$8.747 million), a gross increase of AUS\$7,334,688 (approximately US\$5.421 million).

	Audited Consolidated JKL 30 June 2018 US\$'000	Consolidated JKL Pro-forma 30 June 2018 US\$'000
7. Restricted Cash		
Restricted cash - NHF	-	921
	-	921

8. Receivables

Current receivables

JKL

Loan receivables disbursement funding (gross)	10,922	10,922
Fair value movement	(2,281)	(2,281)
Unrecognised day 1 margin	(1,306)	(1,306)
	7,335	7,335

Other trade receivables	373	373
Short term loans	888	888
Other receivables	365	365
Sub-total - JKL	8,961	8,961

NHF

Trade and other receivables	-	46,824
Allowance for uncollectable cases in process	-	(22,207)
Fair value adjustment	-	(4,228)
Sub-total - NHF	-	20,389
	8,961	29,350

	Audited Consolidated JKL 30 June 2018 US\$'000	Consolidated JKL Pro-forma 30 June 2018 US\$'000
Non-current receivables		
JKL		
Loan receivables disbursement funding (gross)	18,646	18,646
Fair value movement	(3,894)	(3,894)
Unrecognised day 1 margin	(2,107)	(2,107)
	<u>12,645</u>	<u>12,645</u>
NHF		
Trade and other receivables	-	133,629
Allowance for uncollectable cases in process	-	(63,375)
Fair value adjustment	-	(12,067)
Sub-total - NHF	<u>-</u>	<u>58,187</u>
	<u>12,645</u>	<u>70,832</u>
9. Notes and Interest Receivable		
Notes and interest receivable - NHF	-	374
Notes and interest receivable from related parties – NHF	-	(298)
Allowance for uncollectable notes and interest receivable	-	158
	<u>-</u>	<u>235</u>
10. Property, Plant and Equipment		
Net of accumulated depreciation - JKL	104	104
Net of accumulated depreciation - NHF		21
	<u>104</u>	<u>125</u>
11. Other Assets		
Other assets -NHF	-	71
	<u>-</u>	<u>71</u>
12. Goodwill and Other Intangibles		
Existing goodwill -JKL	4,392	4,392
Website (net of accumulated amortisation) -JKL	6	6
Litigation contracts in place - capitalised external costs - JKL	10,237	10,237
Litigation contracts in place - capitalised internal costs - JKL	757	757
Capitalised borrowing costs - NHF	-	2,240
Goodwill arising on NHF acquisition	-	29,628
	<u>15,392</u>	<u>47,261</u>

Existing goodwill

Existing goodwill arose from the acquisition of the Macquarie Medico Legal business in 2016 and is allocated to the disbursement and short-term funding business division ('DSF'). JKL performed its annual impairment test at the 30 June 2018 reporting date.

The Group considers the relationship between its market value, among other factors when assessing impairment. The recoverable amount of JustKapital Financing has been determined based upon a value-in-use calculation using cash flow projections from financial budgets approved by management covering a five year period. The pre-tax discount rate applied to the cash flow projections was 14% (2017: 16%) and cash flows beyond the five-year period are extrapolated using a 1% (2017: 1%) growth rate. It was concluded that the recoverable amount did not exceed its value-in-use.

Key assumptions used in value-in-use calculations and sensitivity to changes in assumptions

The calculation of value-in-use for the JustKapital Financing is most sensitive to the following assumptions:

- Discount rates; and
- Growth rate estimates.

Discount rates

Discount rates represent the current market assessment of the risks specific to the DSF, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its operating segments and is derived from its weighted average cost of capital ('WACC'). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on the interest bearing borrowings the Group is obliged to service. Segment-specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data. Adjustments to the discount rate are made to factor in the specific amount and timing of the future tax flows in order to reflect a pre-tax discount rate. A rise in the pre-tax discount rate to 20% (2017: 23%) would result in goodwill being impaired.

Growth rate estimates

Rates are based on management's estimates. Management recognises that the possibility of new entrants can have a significant impact on growth rate assumptions, however, given this is a relatively new industry, the effect of new entrants is not expected to have an adverse impact on the forecasts. A reduction to negative 2% (2017: negative 2%) in the long-term growth rate would result in goodwill being impaired.

Goodwill arising on NHF acquisition

Refer to note 28 for the calculation of goodwill arising on the NHF acquisition. JKL will perform an impairment test at its next annual reporting period being 31 December 2018 (due to the change in JKL's reporting period). Recoverability is dependent on the commercial success of the NHF Business and of sufficient amount after discounting future cash flows from the NHF Business to support the calculated goodwill on consolidation. Impairments may be incurred in the future and may be of a material nature. Any impairment will adversely affect the results of the expanded JKL Group that incorporates the NHF Group.

	Audited Consolidated JKL 30 June 2018 US\$'000	Consolidated JKL Pro-forma 30 June 2018 US\$'000
13. Deferred tax		
Audited 30 June 2018	4,630	4,630
NHF	-	-
	4,630	4,630
14. Trade and other payables		
Audited 30 June 2018	3,195	3,195
Payables of NHF	-	4,048
	3,195	7,243
15. Employee benefits		
Audited 30 June 2018	97	97
NHF	-	585
	97	682
16. Loans and Borrowings		
Current Loans and Borrowings		
Existing convertible note (JKL)	3,696	3,696
Founder promissory notes (NHF)	-	6,500
Notes payable to Lucerne (NHF)	-	4,500
Deferred consideration (JKL)	1,048	1,048
	4,744	15,744
Non-Current Loans and Borrowings		
Existing borrowings – Asset Secure (JKL)	18,844	18,844
Existing borrowings – Lucerne (JKL)	12,086	12,086
Syndicated acquisition loan	-	27,816
Vendor loan	-	11,511
Founder promissory notes (NHF)	-	2,500
Borrowings – Atalaya (NHF)	-	39,915
Other debt (NHF)	-	1,000
	30,930	113,672

The vendor loan of US\$11.511 million is the US dollar equivalent of A\$17.2 million and reduced by A\$1.626 million (US\$1.202 million) to reflect the embedded derivative in relation to the 122,863,636 Warrants issued to the Founders (excluding SAF). The vendor loan embedded derivative value will be unwound over a 4-year period, so that at the end of 4 years, the vendor loan will total A\$17.2 million (equivalent of US\$12.713 million using 30 June 2018 AUS/US exchange rate).

The syndicated acquisition loan of US\$27.816 million is the US dollar equivalent of A\$42.0 million and reduced by A\$4.365 million (US\$3.226 million) to reflect the embedded derivative in relation to the 329,880,000 warrants issued to the SAF lenders. The syndicated acquisition loan embedded derivative will be unwound over a 4-year period, so that at the end of 4 years, the syndicated acquisition loan will total A\$42.0 million (equivalent of US\$31.042 million using 30 June 2018 AUS/US exchange rate).

Atalaya facility

NHF entered into a loan and security agreement (“**Loan**”) in April 2018 that replaced the previous line of credit agreement and bridge loans. The Loan provides for maximum available borrowings of \$80,000,000. The loan matures in April of 2022, at which point the outstanding balance is due and payable in full. Borrowings under the Loan bear interest per annum at LIBOR rate plus 11.25%. The rate was approximately 13.34% as of June 30, 2018.

The amount outstanding on the loan totalled \$39,915,302 at June 30, 2018. The loan is secured by receivables, a term life insurance policy on one of the members, and personal guarantees of the majority members.

Advances under the loan are subject to certain covenants and restrictions on indebtedness and distribution payments. As of June 30, 2018, the Company is not in violation of any of these covenants or restrictions.

Further summary details on the financing facilities following the Transaction are below.

	Drawn (pro-forma) USD'000	Facility limit	Interest rate	Lender	FX	Expiry	Recourse
Existing borrowings - Asset Secure	18,844	A\$35m	8.95%	Asset Secure	A\$	30/09/2020	Fixed and floating charge over JustKapital Financing Pty Ltd. Guarantee from parent
Existing borrowings - Lucerne	12,086	A\$16.952m	A\$13.952m: 16.75% A\$3m: 9.95%	Lucerne related entities	A\$	31/12/2019	Unsecured
Existing JKL convertible bond	3,696	n/a	11.50%	23 Bondholders	A\$	15/01/2019	Convertible
Syndicated acquisition loan	27,816	A\$42m	13%	WHSP & others	A\$	4 years	Fixed and floating charge over JustKapital Limited. Guarantee from subsidiaries
Deferred Consideration (Vendor loan)	1,048	n/a	7.50%	Vendors	A\$	22/01/2019	Unsecured, convertible at \$0.14
Vendor loan	11,511	\$17.2m	13%	Founders	A\$	4 years	Unsecured
Founder promissory note	9,000	n/a	Nil	Founders	US\$	n/a	Unsecured, repayment subject to Atalaya and WHSP consent
Assumed borrowings of NHF - subordinated notes	1,000	n/a	12%		US\$	n/a	Subordinated, repayment subject to Atalaya consent
Assumed borrowings of NHF - bridging loan	4,500	n/a	15%-19%	Lucerne related entities	US\$	12 months	Unsecured
Assumed borrowings of NHF - Atalaya	39,915	US\$80m	LIBOR+11.25%	Atalaya	US\$	Apr-22	Secured by receivables, personal guarantees from members

	Audited Consolidated JKL 30 June 2018 US\$'000	Consolidated JKL Pro-forma 30 June 2018 US\$'000
17. Deferred Consideration		
Deferred consideration	<u>369</u>	<u>369</u>

Deferred consideration relates to the acquisition of the litigation funding portfolio and is payable on the successful resolution of one of the cases within the portfolio.

18. Issued Capital

Ordinary Shares

147,933,598 existing shares on issue	17,709	17,709
93,750,000 Placement shares	-	5,543
56,250,000 Rights Issue	-	3,326
215,097,403 Vendor shares	-	12,713
	<u>17,709</u>	<u>39,291</u>
Less: estimated capital raising costs	-	(542)
Pro-forma	<u>17,709</u>	<u>38,749</u>

The number of ordinary shares on issue after the Transaction is completed will be 513,031,001 based on the estimated Rights Issue of 56,250,000 or 604,714,599 if the maximum amount of the Right Issue is taken up. An additional AUS\$7,334,687 (approximately US\$5,421,067) would be received if the full Rights Issue was taken up.

There are 1,264,569 performance shares that have met the performance milestone hurdle and are thus eligible to be converted to ordinary shares. The ordinary shares have yet to be issued at the date of this report.

19. Reserves

Share based payments reserve	1,671	1,671
Value of warrants attached to SAF	-	3,226
Value of warrants attached to vendor loan	-	1,202
	<u>1,671</u>	<u>6,099</u>

The number of share options, /warrants on issue after completion of the capital raising and the acquisition of NHF (assuming no options exercised to ordinary shares before completion of the Capital Raisings) will total:

- 1,500,000 unlisted options exercisable at A\$0.25 per option, expiring 22 January 2019;
- 122,863,636 Founder Warrants (options over new shares) exercisable at A\$0.14 per option, expiring 4 years from the date of issue; and
- 329,880,000 Vendor Warrants (options over new shares) exercisable at A\$0.14 per option, expiring 4 years from date of issue. Issued to the syndicated facility providers.

	Audited Consolidated JKL 30 June 2018 US\$'000	Consolidated JKL Pro-forma 30 June 2018 US\$'000
20. Accumulated Losses (Profits)		
Balance as at 30 June 2018	14,745	14,745
Acquisition costs	-	2,525
Adjusted accumulated losses (profits)	<u>14,745</u>	<u>17,270</u>

21. Contingent Assets, Liabilities and Commitments

The Company has the following contingent liabilities and commitments that have not been accounted for in the pro-forma consolidated statement of financial position as at 30 June 2018

- As part of the employment contracts, the Founders will be entitled to non-discretionary bonuses of US\$8.3m (or A\$11.1m equivalent at the deal structure exchange rate) paid in equal instalments over five quarters, subject to certain performance hurdles, consent from financiers and other conditions precedent.

Furthermore, a company forming part of the NHF Group is subject to a law suit initiated by medical specialists of Tampa Bay in the USA. Advice received from legal specialists in the USA indicated that the US\$662,153 claim is frivolous and should be dismissed. No accrual has been made for the claim amount.

Operating Leases

Non-cancellable operating lease rentals (JKL) payable as follows:

	30 June 2018
<i>In AUS dollars</i>	
Less than one year	374
Between one and five years	-
More than five years	-
	<u>374</u>

JKL and NHF leases a number of properties, motor vehicles and office equipment under operating leases. The leases can run for more than five years with options to renew the leases after the date. The NHF rental lease commitments total US\$471,224 as at 30 June 2018 of which US\$182,903 is due within 12 months, US\$262,768 due between one and five years and US\$25,553 due more than 5 years.

Unrecognised Deferred Tax Assets and Liabilities

Deferred tax assets relating to JKL have not been recognised in respect of the following items:

	30 June 2018
<i>In AUS dollars (000's)</i>	
Revenue tax losses and temporary differences	10,795
Less Deferred tax liability	<u>(4,531)</u>
	<u>6,264</u>

While tax losses and temporary differences do not expire under current tax legislation, deferred tax assets have not been recognised in respect of these items, as the Company has experienced a number of years without taxable income.

The potential benefit of the deferred tax asset in respect of tax losses carried forwards will only be obtained if:

- (i) the Group derives future assessable income of a nature and an amount sufficient to enable the benefit to be realised;
- (ii) the Group continues to comply with the conditions for deductibility imposed by the law;
- (iii) no changes in tax legislation adversely affect the Group in realising the asset; and
- (iv) the Group passes the continuity of ownership test, or the same business test as outlined by the Australian Taxation Office.

The proposed new directors' collective director fees and remuneration, including statutory superannuation is set out in Section 6.3 of the Prospectus.

Based on discussions with the Directors and legal advisors, to our knowledge, the Company has no other material commitment or contingent liabilities not otherwise disclosed in this Investigating Accountant's Report and in the Prospectus.

Investors should read the Prospectus for further possible contingencies and commitments. For details on proposed commitments pertaining to the expanded JKL Group, refer to the "Sources and Use of Funds" Section 4.9 of the Prospectus.

22. Summary of NHF from the Audited Statements of Financial Position as at 31 December 2016, 31 December 2017 and Audit Reviewed Statement of Financial Position as at 30 June 2018 – GAAP reporting

	NHF GAAP 31-Dec-16 US\$'000	NHF GAAP 31-Dec-17 US\$'000	NHF GAAP 30-Jun-18 US\$'000
Assets			
Current assets			
Cash and cash equivalents	214	1,463	1,569
Restricted cash	1,000	6,223	921
Trade and other receivables	196,095	195,291	180,453
Allowance for uncollectible cases in process	(66,672)	(101,551)	(85,582)
Total current assets	130,637	101,426	97,361
Non-current assets			
Notes and interest receivable	298	319	374
Allowance for uncollectible notes and interest receivable	(298)	(298)	(298)
Notes and interest receivable from related parties	18	198	158
Property plant and equipment, net of accumulated dep	-	20	21
Goodwill and other intangibles	821	586	2,240
Other assets	90	167	71
Total non-current assets	928	992	2,567
Total Assets	131,565	102,418	99,929
Liabilities			
Current Liabilities			
Trade and other payables	2,205	1,786	4,048
Employee benefits and other liabilities	962	136	585
Total current liabilities	3,167	1,921	4,633
Non-Current Liabilities			
Notes payable	-	4,500	4,500
Convertible note payable	12,910	12,910	12,910
Note payable to related parties - subordinated	10,229	10,229	10,229
Other borrowings	38,581	44,920	41,615
Total non-current liabilities	61,720	72,559	69,255
Total Liabilities	64,887	74,481	73,888
Net Assets	66,678	27,937	26,041
Members Equity			
NHF members equity	63,780	27,033	24,470
Non-controlling interest	2,898	904	1,571
Total equity	66,678	27,937	26,041

23. Summary of NHF from the Audited Statements of Financial Position as at 31 December 2016, 31 December 2017 and Audit Reviewed Statement of Financial Position as at 30 June 2018 – Adjusted to JKL Accounting Policies

	NHF Adjusted 31-Dec-16 US\$'000	NHF Adjusted 31-Dec-17 US\$'000	NHF Adjusted 30-Jun-18 US\$'000
Assets			
Current assets			
Cash and cash equivalents	214	1,463	1,569
Restricted cash	1,000	6,223	921
Trade and other receivables	160,533	191,578	164,158
Allowance for uncollectible cases in process	(66,672)	(101,551)	(85,582)
Total current assets	95,075	97,714	81,066
Non-current assets			
Notes and interest receivable	298	319	374
Allowance for uncollectible notes and interest receivable	(298)	(298)	(298)
Notes and interest receivable from related parties	18	198	158
Property plant and equipment, net of accumulated depreciation		20	21
Goodwill and other intangibles	821	586	2,240
Other assets	90	167	71
Total non-current assets	928	992	2,567
Total Assets	96,003	98,705	83,633
Liabilities			
Current Liabilities			
Trade and other payables	2,205	1,786	4,048
Employee benefits and other liabilities	962	136	585
Total current liabilities	3,167	1,921	4,633
Non-Current Liabilities			
Notes payable	-	4,500	4,500
Convertible note payable	12,910	12,910	12,910
Note payable to related parties - subordinated	10,229	10,229	10,229
Other borrowings	38,581	44,920	41,615
Total non-current liabilities	61,720	72,559	69,255
Total Liabilities	64,887	74,481	73,888
Net Assets	31,116	24,224	9,745
Members Equity			
NHF members equity	29,764	23,442	9,158
Non-controlling interest	1,352	783	587
Total equity	31,116	24,224	9,745

24. JKL - Audited Statutory Consolidated Statement of Financial Position as at 30 June 2016 and 30 June 2017

	JKL 30 June 16 AS'000	JKL 30 June 16 US\$'000	JKL 30 June 17 AS'000	JKL 30 June 17 US\$'000
Assets				
Current assets				
Cash and cash equivalents	5,568	4,135	7,627	5,867
Trade and other receivables	3,712	2,757	9,469	7,283
Prepayments	100	74	209	161
Total current assets	9,380	6,965	17,305	13,311
Non-current assets				
Trade and other receivables	8,454	6,278	15,039	11,568
Property plant and equipment, net of accumulated depreciation	124	92	228	175
Goodwill and other intangibles	7,599	5,643	16,297	12,536
Deferred tax	4,640	3,446	5,661	4,355
Total non-current assets	20,816	15,458	37,226	28,634
Total Assets	30,196	22,424	54,531	41,945
Liabilities				
Current Liabilities				
Trade and other payables	1,740	1,292	2,433	1,871
Employee benefits and other liabilities	263	195	335	258
Deferred consideration	5,400	4,010	-	-
Borrowings	-	-	9,400	7,230
Liabilities associated with intangible assets	-	-	1,788	1,375
Total current liabilities	7,403	5,497	13,955	10,734
Non-Current Liabilities				
Loan facilities	10,399	7,722	20,384	15,680
Other borrowings	-	-	10,000	7,692
Total non-current liabilities	10,399	7,722	30,384	23,372
Total Liabilities	17,802	13,220	44,339	34,106
Net Assets	12,394	9,204	10,192	7,839
Equity				
Issued capital	18,723	13,904	21,523	16,556
Reserves	1,301	966	1,973	1,518
Accumulated losses	(7,630)	(5,666)	(13,304)	(10,234)
Total equity	12,394	9,204	10,192	7,839

25. JKL - Audited Reviewed Statutory Consolidated Statement of Financial Performance for the two calendar years to 31 December 2017

	JKL 31-Dec-16 A\$'000	JKL 31-Dec-16 US\$'000	JKL 31-Dec-17 A\$'000	JKL 31-Dec-17 US\$'000
Revenue				
Net income	327	243	4,572	3,516
Non-supplier related cost of sales	(18)	(13)	(329)	(253)
Gross margin	309	230	4,243	3,263
Other income	158	117	1,479	1,138
Expenses				
Employee benefits expense	(2,737)	(2,035)	(4,003)	(3,079)
General, administration and other expenses	(2,036)	(1,514)	(2,830)	(2,177)
Depreciation and amortisation	(8)	(6)	(79)	(61)
Business purchase expense	(1,157)	(860)	(2,575)	(1,981)
Finance costs	(2,256)	(1,677)	(5,039)	(3,876)
Loss before income tax benefit/(expense)	(7,727)	(5,744)	(8,804)	(6,772)
Income tax benefit/(expense)	4,438	3,299	1,951	1,501
Profit (Loss) after income tax benefit attributable to the owners	(3,289)	(2,445)	(6,853)	(5,271)
Other comprehensive income for the year, net of tax	-	(65)	-	6
Total comprehensive loss for the year attributable to the owners	(3,289)	(2,510)	(6,853)	(5,265)
Attributable to:				
Equity holders	(3,289)	(2,510)	(6,853)	(5,265)
Non-controlling interests' post-acquisition	-	-	-	-

**26. JKL Summary of statutory consolidated cash flows for the 3 years ended 30 June 2018
(Audited)**

	Statutory 30-Jun-16 A\$'000	Statutory 30-Jun-16 US\$'000	Statutory 30-Jun-17 A\$'000	Statutory 30-Jun-17 US\$'000	Statutory 30-Jun-18 A\$'000	Statutory 30-Jun-18 US\$'000
Cash flows from operating activities						
Loss after income tax benefit for the year	(2,797)	(2,034)	(5,674)	(4,279)	(6,646)	(5,142)
Adjustments for:						
Depreciation and amortisation	10	7	79	60	99	77
Share-based payments	29	21	672	507	288	223
Employee leave provision (accruals)	30	22	15	11	34	26
Interest	-	-	(414)	(312)	(189)	(146)
Commissions payable	-	-	150	113	212	164
Change in operating assets and liabilities:						
Decrease/(increase) in trade and other receivables	3,917	2,849	(12,342)	(9,308)	(4,725)	(3,655)
Increase in deferred tax assets	(4,640)	(3,374)	(1,021)	(770)	(603)	(467)
Decrease/(increase) in prepayments	-	-	(109)	(82)	98	76
Increase/(decrease) in trade and other payables	495	360	2,033	1,533	(1,426)	(1,103)
Increase/(decrease) in provisions (employee benefits)	82	60	20	15	(471)	(364)
Net cash used in operating activities	(2,874)	(2,090)	(16,591)	(12,513)	(13,329)	(10,312)
Cash flows from investing activities						
Payments for new joint venture capital invested	(201)	(146)	(1,333)	(1,005)	(36)	(28)
Payments for property, plant and equipment	(142)	(103)	(197)	(149)	(29)	(23)
Payment for other intangibles	(124)	(90)	(4,605)	(3,473)	(6,800)	(5,261)
Payment for acquisition of Macquarie Medico Legal	(12,785)	(9,298)	(2,200)	(1,659)	-	-
Payments for litigation funding and employee costs	-	-	-	-	2,911	2,252
Net cash outflow from investing activities	(13,252)	(9,637)	(8,335)	(6,286)	(3,954)	(3,059)
Cash flows from financing activities						
Proceeds from issue of shares, net of share issue transaction costs	-	-	-	-	2,642	2,044
Proceeds from borrowings – disbursement funding division	10,399	7,562	17,660	13,319	14,750	11,411
Proceeds from borrowings – corporate	-	-	12,000	9,051	4,400	3,404
Proceeds from issue of convertible notes	-	-	5,000	3,771	(204)	(158)
Proceeds from borrowings	-	-	-	-	(48)	(37)
Repayment of borrowings	-	-	(7,675)	(5,789)	(10,620)	(8,216)
Net cash inflow from financing activities	10,399	7,562	26,985	20,352	10,920	8,448
Net increase/(decrease) in cash and cash equivalents	(5,727)	(4,165)	2,059	1,553	(6,363)	(4,923)
Cash and cash equivalents at the beginning of the period	11,295	8,300	5,568	4,135	7,627	5,867
FX on cash opening balance	-	-	-	179	-	(10)
Cash and cash equivalents at the end of the period	5,568	4,135	7,627	5,867	1,264	934

JKL's statement of cash flows above has been re-formatted from the presentation format in the audited accounts in order to align with NHF's presentation of cash flows.

27. NHF Summary of statutory consolidated cash flows for the 2 years ended 31 December 2017 (Audited) and six months ended 30 June 2018 (Audit Reviewed)

	NHF Statutory Historical Cashflow 31-Dec-16 US\$'000	NHF Statutory Historical Cashflow 31-Dec-17 US\$'000	NHF Statutory Historical Cashflow 30-Jun-18 US\$'000
Cash flows from operating activities			
Loss after income tax benefit for the year	26,430	(38,087)	(1,879)
Adjustments for:			
Depreciation and amortisation	179	177	164
Litigation contracts in progress - written down	(46,017)	35,666	(1,037)
Interest	521	(79)	65
Change in operating assets and liabilities:			
Decrease/(increase) in trade and other receivables	1,217	(1,187)	2,590
Net cash used in operating activities	(17,670)	(3,511)	(96)
Cash flows from investing activities			
Payments for property, plant and equipment	-	(21)	(3)
Interest on related party notes	101	(181)	40
Net cash outflow from investing activities	101	(202)	37
Cash flows from financing activities			
Proceeds from borrowings	64,828	49,372	2,852
Repayment of borrowings	(38,410)	(38,533)	(7,972)
Net movement in restricted cash	-	(5,223)	5,302
Net movement on distributions	(8,655)	(654)	(17)
Net cash inflow from financing activities	17,762	4,962	165
Net increase/(decrease) in cash and cash equivalents	194	1,249	106
Cash and cash equivalents at the beginning of the period	20	214	1,463
Cash and cash equivalents at the end of the period	214	1,463	1,569

28. Consolidation Disclosure using 30 June 2018 NHF figures

	US\$ million
<i>Net Assets of NHF as per note 22</i>	26.041
Add/Less: Debt forgiven on subordinated debt (related)	0.229
Convertible loan payable converted to equity	12.910
Fair value adjustments to receivables	(16.295)
Adjusted NHF Group net assets at Completion (may alter)	22.885
Less: Consideration Payments	
Cash payment to Presidio	26.500
Consideration equity	12.713
Consideration loan	11.510
Value of embedded derivative	1.202
	51.925
Excess	29.040
Minority interest as adjusted	0.588
Goodwill on consolidation (Refer Note 12)	29.628

The final adjustments may vary on Completion. The Company may also need to assess as to whether there are any assets, including intangibles that are not a fair value. The pro-forma balance sheet assumes all assets, including intangibles, are at fair values.

29. Events after the reporting period

Litigation Funding Business

On 1 June 2018, two class actions funded by the Company were settled in principle. These settlements were subsequently approved by the Court on 26 July 2018. These cases were co-funded with Longford Capital LLC, as announced on 12 January 2017. These cases were part of the litigation portfolio acquired by JKL on 11 July 2016. Under the acquisition arrangements the seller is entitled to participate in a share of the “free carry” generated by the portfolio. There is presently a dispute with the seller as to this participation entitlement. It is estimated that JKL will receive approximately \$6,500,000 from the settlements and generate a total profit after capitalised overheads of between \$2,400,000 and \$4,600,000 depending on the outcome of the dispute.

On 7 August 2018, a further class action funded by the Company was settled in principle, subject to the approval of the Court. It is expected the Court will hear the settlement approval application at the beginning of October 2018. This case was also co-funded with Longford Capital LLC, as announced on 12 January 2017. Further, this case was part of the litigation portfolio acquired by JKL on 11 July 2016. Under the acquisition arrangements, the seller is entitled to participate in a share of the “free carry” generated by the portfolio. There is presently a dispute with the seller as to this participation entitlement. If the Court approves the settlement, it is estimated that the Company will receive approximately \$3,450,000 from the settlement and generate a total profit after capitalised overheads of between \$500,000 and \$1,300,000 depending on the outcome of the dispute.

