



ASX Announcement (ASX: LAW)

7 December 2020

LawFinance Completes Milestone Refinance

The Board of LawFinance Limited (“Company” or the “Group”) is pleased to announce that it has successfully completed the refinancing of the remaining receivables that formed part of the US “backbook” receivables of National Health Finance DM, LLC (NHF) that were acquired in September 2018. The refinance includes the “Michigan Sidecar receivables”, which were previously financed through a temporary financing vehicle provided by Paradise Diversified Holdings Limited Partnership.

This refinance represents another significant milestone in the Company’s restructure plan to transform the Group’s financing arrangements into more cost effective and flexible facilities that will enable the Company to execute its growth plan.

The total cost of this refinancing is broadly in line with the existing facilities for the backlog. It will also unlock approximately US\$0.4m of cash (after fees). More importantly, the structure of the refinance facility will immediately improve the Company’s cashflow, as the profit component of the New Book collections now will be available to the Group, rather than the amortisation of debt.

“We are delighted to complete this milestone transaction especially as it was able to be executed across multiple geographic jurisdictions throughout one of the most challenging periods globally reinforcing the embedded value in this portfolio” said Tim Storey, Non-Executive Chairman.

The refinance was arranged through Geneva-based group, Efficient Frontier Investing (EFI).

Key terms of the EFI facility

Amount of facility:	US\$25,550,000
Interest rate and fees:	12.5%
Term:	Principal and interest paid over 3 years (ending in November 2023)

NHF will earn a collection fee of 10% on all receivable collection proceeds. Once the outstanding principal and interest is repaid in full, NHF will earn a success fee on the residual collections equating to 40% of cashflows.

The Company can also report it has advanced discussions with a number of parties on refinancing the balance of its US Senior Finance facility (New Book) and will update the market once this is completed.

“I commend Diane Jones and the management team for all their efforts and the Company looks forward to working with an investment partner who recognises the value and effective return of the NHF portfolio,” Mr. Storey concluded.

“Efficient Frontier Investing is a financial engineering firm that looks to find significant risk adjusted returns for its investors. We are pleased to be able to conclude this deal with LawFinance to both help the current business and to support its growth into the future.” Toby Main, Managing Partner, EFI (www.efrontier.ch/).

Authorised by:

The Board of Directors