

BASPER LIMITED

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ACQUISITION OF DIRECTMONEY TO ENTER RAPIDLY GROWING MARKETPLACE LENDING INDUSTRY

Basper Limited (ASX: BER) (Basper) is pleased to announce its intention to enter the rapidly growing Marketplace Lending¹ industry with the proposed acquisition of DirectMoney Pty Ltd (**DirectMoney**).

DirectMoney is a pioneer in the Marketplace Lending industry in Australia. DirectMoney provides a simple and fast online application process targeted at prime retail borrowers. Since commencing lending in October 2014, DirectMoney has rapidly grown its presence and has now lent to over 350 borrowers, with a total loan book value of more than \$6 million.

The proposed acquisition is the culmination of the previously announced program by the Board of Basper to identify an asset with a compelling investment case to support the re-capitalisation of the Company and re-commence trading on ASX.

Basper has entered into a conditional Share Sale Agreement under which it would acquire 100% of the issued share capital of DirectMoney.

Highlights

- **DirectMoney will be the first Marketplace Lending company listed on the ASX**
- **Marketplace Lending is a rapidly growing industry in Australia and globally**
- **DirectMoney has a well-established lending platform**
- **Basper board and management to be replaced by DirectMoney's experienced team**

Marketplace Lending industry

The Australian Bureau of Statistics reports that around \$4 billion in personal loans are approved each month in Australia.

¹ 'Marketplace Lending' for the purposes of this announcement is the new financial services model operated by intermediary companies (such as DirectMoney) which originate consumer loans funded by in-house retail funds and third party institutions ("Loan Investors"). The intermediary company does not borrow to lend and instead acts as a fund manager earning a fixed management fee for servicing the loans on behalf of the Loan Investors. Credit risk is assumed by the Loan Investors and the redemption profile of the Loan Investors is matched exactly to the loan book. Loan Investors earn high rates of return compared to bank deposits because of the low capital requirements and cost-efficient technology used by intermediary companies.

The personal loan market is highly profitable for banks and the Company believes it offers a significant opportunity for new Marketplace Lenders to offer margins between bank deposit rates and personal loan rates, and take market share from the banks.

Marketplace Lending is disrupting the banking industry by using technology to provide superior value to lenders and borrowers.

Overview of DirectMoney

Since commencing lending in October 2014, DirectMoney has rapidly grown its presence and has now lent to over 350 borrowers, with a total loan book value of more than \$6 million.

Average loan size is \$15,000 with a 3 to 5 year term. Loans are targeted at prime retail borrowers. DirectMoney does not target sub-prime or 'payday' borrowers.

DirectMoney holds an Australian Financial Services Licence and an Australian Credit Licence.

DirectMoney has invested significant capital over the initial stages of the business to establish and refine the intellectual property, systems and licenses for its Marketplace Lending platform.

DirectMoney CEO David Doust, said: "Marketplace Lending is a rapidly growing industry globally. DirectMoney is a pioneer in the Australian market and is well placed to capitalise on this opportunity.

Marketplace Lending disrupts the traditional bank lending model by undercutting personal loan rates and connecting borrowers and savers directly. Our model is designed to provide better value for borrowers and investors alike.

We are very excited by the opportunity to drive the growth in our business with our proposed listing on ASX. The capital raising will help us further grow our business with the aim of becoming the leading Marketplace Lender in Australia."

Basper Chairman Winton Willesee said: "The Basper board has been actively seeking potential acquisitions to realise further value for Basper shareholders. The acquisition of DirectMoney presents an attractive opportunity to re-capitalise the Company and re-commence trading on ASX. The Independent Directors of Basper unanimously recommend that shareholders vote in favour of the transaction when it is put to shareholders for approval in May."

Transaction overview

Share Sale Agreement

Basper has entered into a binding Share Sale Agreement under which it would acquire 100% of the issued share capital of DirectMoney.

The acquisition is subject to the following conditions precedent:

- Basper shareholders approving at a general meeting:
 - o the issue of shares in Basper in consideration for the acquisition of 100% of the issued share capital in DirectMoney;
 - o the issue of shares in relation to the capital raising;
 - o the change in the nature and scale of Basper's activities;

- o all other resolutions required to give effect to the transaction;
- Basper successfully completing the capital raising of a minimum of \$5 million and up to \$10 million;
- Basper obtaining conditional approval of ASX for re-instatement of Basper shares to quotation (and meeting the relevant ASX re-listing requirements). For this purpose, DirectMoney shareholders have agreed to comply with any escrow restrictions imposed by ASX on their shareholdings in Basper;
- completion of mutual due diligence by Basper and DirectMoney on each other;
- no material adverse change occurring in relation to DirectMoney;
- DirectMoney being satisfied that the Basper 2014 financial accounts lodged with ASX on 12 March 2015 show a financial position and trading status which is consistent with a non-operating entity; and
- Basper and DirectMoney obtaining all other relevant third party and regulatory consents for the transaction.

The Share Sale Agreement also contains other usual terms and conditions, including representations and warranties from each party. Claims on the representations and warranties are subject to certain financial, time and other limits which have been negotiated by the parties and are considered appropriate for a transaction of this nature.

Change of nature and scale of activities

The proposed change in Basper's nature and scale of activities requires shareholder approval under Chapter 11 of the ASX Listing Rules as well as re-compliance with Chapters 1 and 2 of the ASX Listing Rules. Basper will despatch a notice of meeting to shareholders seeking approval to undertake this process. The notice of meeting will contain an independent expert's report and detailed information on the proposed acquisition of DirectMoney and associated capital raising.

Change of name

In connection with the transaction, Basper will seek shareholder approval to change the name of the company to "DirectMoney Limited".

Change of Board

On completion of the transaction, and subject to shareholder approval, the Board is currently expected to comprise:

Stephen Porges (Executive Chairman)

Stephen is the Executive Chairman of DirectMoney Pty Ltd. Prior to joining DirectMoney, he was Chief Executive Officer of SAI Global. Prior to that, he was CEO of Aussie Home Loans from 2008 to 2013 where they were awarded Mortgage Broker of The Year for each year of his tenure. From 2007 until he joined Aussie, Stephen was CEO of Newcastle Permanent Building Society, Australia's largest Building Society. During his tenure the Society was recognised with two Building Society of the Year awards by Money Magazine. From 2004 till 2007, he was CEO of ASX listed biotechnology company Proteome Systems (PXL). From 2002 to 2007 Stephen was Chairman and then Executive Chairman of BMC Media Ltd. In 2002, Stephen was a founding partner in Cabonne Partners which specialised in advising on re-capitalisations and strategic turnarounds of public companies. Having

spent the previous 20 years in international banking, stockbroking and investment banking, Stephen has experience in most significant global capital markets.

David Doust (Chief Executive Officer)

David is the Chief Executive Officer and founder of DirectMoney. David led the team that designed and registered an earlier version of the DirectMoney retail personal loan fund in September 2008. The company relocated to the US where he designed several innovative fund concepts based on residential property equity and designed the HomeStake US house price forecasting index. From 1996 to 2001 David was CEO and founder of SoftwareMarkets, a Silicon Valley start-up that pioneered the concept of the app store. From 2001 to 2003 he was Chief Technology Officer at Moveit, an internet based data exchange for the Australian transport industry. David is a former Citibank Assistant Controller and KPMG accountant and auditor. He holds an economics degree with accounting major from the University of Sydney.

Campbell McComb (Executive Director)

Campbell is the Chief Investment Officer of Adcock Group, a family office and investor in DirectMoney. Prior to that he was the founding CEO of publicly listed investment manager, Easton Investments. Campbell has 15 years' experience in fund and asset management. He is a director of AAM Advisory, a Singapore based wealth advisor, and was formerly the Managing Director of Armytage Private Ltd and an investment manager with Greig Middleton funds management in the UK. Campbell is a director of both Basper and DirectMoney.

Craig Swanger (Non-Executive Director)

Craig Swanger has 20 years' experience in financial services. He was Executive Director of Macquarie Global Investments, responsible for managing around \$10bn in client funds across Asia, North America and Australia. Craig has direct experience in structuring and raising funds from retail investors, including through managed funds, structured products and listed vehicles in several jurisdictions. He has extensive board experience, including Macquarie Bank's major funds management entity, Macquarie Investment Management Limited and a total of 15 internal and external boards since 2003. He was Chairman of 5 of the largest debt LICs in Australia and New Zealand issued over the past decade, and more recently worked with Australia's largest corporate bond and securitization distribution specialists, FIIG Securities.

A process to appoint an additional independent Non-Executive Director is also expected to commence following completion of the transaction.

Capital raising

In connection with the acquisition, Basper proposes to undertake a capital raising of between \$5 million and \$10 million (with the ability to accept over-subscriptions) via the issue of between 25 million and 50 million shares at an issue price of \$0.20 per share to provide the funds to achieve the business objectives of DirectMoney and satisfy the ASX requirements for re-quotation.

Further details will be contained in a prospectus to be lodged with ASIC in due course. Basper will provide details on how to obtain a copy of the prospectus at around that time. Any investors wishing to participate in the capital raising will need to consider the prospectus and complete the application form accompanying it.

Change to Capital Structure

The following table shows the anticipated capital structure of Basper on completion of the transaction.

As the precise number of shares on issue will depend on the number of shares issued under the capital raising, the anticipated capital structure of Basper for both the “minimum raising” and “maximum raising” scenarios of the capital raising are set out in the table below:

	MINIMUM RAISING ¹		MAXIMUM RAISING ²	
	NO.	%	NO.	%
Existing shares in Basper	10,000,443	4.34	10,000,443	3.92
Maximum number of shares issued to the DirectMoney shareholders for the acquisition ³	195,800,000	84.83	195,800,000	76.54
Basper shares issued under the capital raising	25,000,000	10.83	50,000,000	19.54
Total number	230,800,443	100%	255,800,443	100%

1. “Minimum raising” assumes that Basper issues 25,000,000 shares at \$0.20 per share raising gross proceeds of \$5,000,000 under the capital raising.
2. “Maximum raising” assumes that Basper issues 50,000,000 shares at \$0.20 per share raising gross proceeds of \$10,000,000 under the capital raising.
3. The issue of shares by Basper to the DirectMoney shareholders on the basis of existing Basper shares being valued at \$0.20 per share and the number of shares to be issued to DirectMoney being calculated on a fully diluted valuation of \$39,160,000.

The table above does not include certain performance rights and securities to be issued to certain directors and advisers in lieu of professional services provided.

Following completion of the transaction and assuming a \$10 million capital raising, Basper will have an implied pro-forma market capitalisation (at \$0.20 per share) of \$51.1 million, with approximately \$14 million cash and short-term assets on-hand (excluding the expenses associated with the transaction).

Indicative Timetable

An indicative timetable for the transaction is set out below. The timetable may be subject to change.

<u>Event</u>	<u>Date</u>
Lodge Notice of Meeting with ASIC	By 14 April 2015
Lodge Prospectus with ASIC	By 17 April 2015
Despatch Notice of Meeting to Basper shareholders	By 28 April 2015
Prospectus offer closes	By 22 May 2015
General meeting of shareholders to approve transaction	By 27 May 2015
Re-quotation of Basper shares, completion of acquisition and despatch of holding statements	By 29 May 2015

-ENDS-

For further information, please contact:

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