



28 August 2013

Collection House successfully raises \$13 million and announces SPP

Key Points

- **Successful placement completed raising \$13 million at \$1.65 per share**
- **Share Purchase Plan (SPP) to raise up to a further \$6 million at \$1.65 per share**
- **Funds raised under the Placement and SPP will be used to strengthen the balance sheet and fund the acquisition of debt ledgers**
- **SPP opens on 5 September 2013 and closes on 19 September 2013**
- **The SPP is underwritten up to \$5 million**

Capital Raising

The Directors of Collection House Limited (Company) are pleased to announce that the Company:

- (a) has successfully completed a private placement to institutional and sophisticated investors at \$1.65 per share to raise \$13 million (**Placement**); and
- (b) will undertake a share purchase plan (**SPP**) to raise up to an additional \$6 million and to give eligible shareholders the opportunity to subscribe for shares at the same issue price of \$1.65 per share.

Placement Oversubscribed

The Placement was strongly supported by both existing and new institutional investors.

The issue price under the Placement was priced at a 6% discount to the volume weighted average of the closing price over the 5 trading days ending 23 August 2013 of \$1.75. The issue price for the SPP will be also attractively priced at \$1.65 per share.

Funds raised from the Placement and SPP (in conjunction with the Company's debt facilities and existing cash) will be used, to strengthen the balance sheet of the Company and to take advantage of future investment opportunities, including the acquisition of debt ledgers.

In connection with the capital raising, Collection House Chairman, David Liddy said: "The Company appreciated the support of our existing major institutional shareholders and was delighted to welcome a number of new investors and institutions to the Company Share Register. The high level of interest in our business shows that institutional funds see the potential value of the Company's strong revenue from its Purchased Debt Ledger (PDL) pipeline and other business segments.

"The Company has delivered consistent results and improved performance across all key metrics including Earnings and Dividends per Share, Return on Shareholders' Equity and reduced gearing in FY13."

Managing Director and CEO, Matthew Thomas said: "This capital raising will enable the Company to maintain its lower gearing levels achieved in FY13 whilst also expanding its PDL acquisition program at a time where we are successfully identifying several attractive opportunities in the market through our extensive relationships with banks and other credit providers."

The Placement and SPP are jointly managed and underwritten by RBS Morgans Corporate Limited and Wilson HTM Corporate Finance Ltd.

The issue of shares under the Placement is expected to occur on 3 September 2013.

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Details of Share Purchase Plan

The issue price under the SPP will be the same as under the Placement (\$1.65) and, funds raised through the Placement and SPP, in conjunction with the Company's debt facilities and existing cash, will be used to strengthen the balance sheet of the Company and to take advantage of future investment opportunities, including the acquisition of debt ledgers.

The SPP is underwritten by RBS Morgans Corporate Limited and Wilson HTM Corporate Finance Ltd up to \$5 million, and will be capped at \$6 million.

The SPP will be open to all eligible shareholders of the Company who have a registered address in Australia or New Zealand as at 7.00pm Brisbane time on Tuesday 27 August 2013, being the Record Date. Shareholders, at their discretion, will be able to purchase up to a maximum of \$15,000 worth of fully-paid ordinary shares in lots of either \$1,000, \$2,500, \$5,000, \$10,000 or \$15,000. If the SPP is oversubscribed, the Board reserves the right to scale back applications at its discretion.

The proposed timetable for completion of the SPP is as follows:

Event	Date
Record Date of the SPP (7.00pm Brisbane time)	27 August 2013
Opening Date of the SPP	5 September 2013
Closing Date of the SPP	19 September 2013
Issue and Allotment of new shares under the SPP	1 October 2013
Quotation of new shares under the SPP	1 October 2013

The above timetable is indicative only and the Company reserves the right to vary any of the key dates above, including the Closing Date and the Issue Date, without further notice.

The SPP is non-renounceable, therefore the right to purchase shares under the SPP cannot be transferred to another party.

The full terms of the SPP, including the application form and instructions for making an application under the SPP, will be despatched to shareholders on 5 September 2013. Eligible shareholders who are qualified custodians and want to participate on behalf of any beneficiaries will be able to obtain a custodian certification form upon request to the Company's share registry.

More details relating to the Placement and the SPP are contained in the attached Overview document.

About Collection House

Collection House Limited is Australia's leading receivables manager. With almost 700 staff, our core business is providing receivables management, debt collection, debt ledger purchasing and legal services to support collection activities. We are listed on the Australian Securities Exchange and operate throughout Australia and New Zealand.

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This section of the presentation relates to the proposed conduct by Collection House Limited (**CLH**) of:

(a) a placement to be undertaken under section 708 of the Corporations Act 2001(Cth) (**Corporations Act**); and

(b) a share purchase plan to be undertaken under ASIC Class Order [CO 09/425],

(together the **Offer**),

in relation to the issue of new shares in CLH (**New Shares**).

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Applications for New Shares can only be made using an application form and in accordance with the instructions contained either:

- (a) a placement document to be prepared and issued to eligible investors; or
- (b) the share purchase plan document which will be distributed to eligible shareholders of CLH following its lodgement with ASX.

The placement will only be available to sophisticated, experienced or professional investors who qualify under section 708 of the Corporations Act.

The share purchase plan will only be available to shareholders of CLH as at the relevant record date who have a registered address in Australia or New Zealand.

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CAPITAL RAISING DETAILS



Offer size and structure	<p>Capital raising of up to approximately \$19m by way of:</p> <ul style="list-style-type: none">• Fully underwritten Placement of approximately 7,878,000 new ordinary shares to be issued to Institutional and Sophisticated Investors to raise approximately \$13m• Share Purchase Plan (SPP), underwritten to \$5m, will be capped at \$6m (approximately 3,636,000 shares) which will provide eligible shareholders as at the Record Date with the opportunity to purchase up to \$15,000 worth of new ordinary shares <p>Capital raising shares will be entitled to the FY13 full year dividend of 3.6 cents per share</p>
Offer Price	<p>The Offer price for the Placement and SPP of \$1.65 per new ordinary share which represents:</p> <ul style="list-style-type: none">• 6% discount to the 5 day VWAP of \$1.75
Use of Proceeds	<p>Funds raised from the Placement and SPP (in conjunction with the Company's debt facilities and existing cash) will be used to strengthen the balance sheet and to take advantage of future investment opportunities, including the acquisition of select debt ledgers/portfolios, as they arise, to improve shareholder value</p>
Syndicate Structure	<p>RBS Morgans Corporate Limited and Wilson HTM Corporate Finance Limited are Joint Lead Managers and Underwriters to the Placement and SPP</p>

KEY RISKS



Macroeconomic Environment	Changes in macroeconomic factors such as an increase in interest rates and cost of living may impact debt recoverability levels.
Regulatory environment and adverse publicity	Collection House must ensure that there are no material breaches of the relevant existing legislation in relation to its debt collection practices (eg Competition and Consumer Act, Privacy Act etc). If a material breach occurs, it could have an adverse effect on the reputation of the Company and the ability to retain existing business and attract new business.
Reliance on key personnel and staff	The success of companies in the collection industry is heavily dependent on their ability to hire and train collection personnel. Collection House needs to retain its existing trained workforce and attract new personnel as it grows. While the Company has initiatives in place to mitigate the risk of its key staff leaving, the loss of such staff may have a negative impact on Collection House.
Loss of key clients	Meeting the needs of clients is critical and a loss of key clients or margin pressure may have a negative impact on Collection House. The Australian market for Purchased Debt Ledgers (PDLs) is limited and is heavily weighted toward the four major Australian banks. The Company ensures it minimises the risks of loss of a key client by, in general, no one client representing a significant proportion of the Company's revenue and a comprehensive process of pro-active and superior professional service to clients to meet their needs.
Ability to accurately determine the price of debt ledgers	The price paid for a debt is critical to being able to make a profit on any debt purchase and Collection House has invested significant resources in being able to accurately price debts prior to submitting a bid to purchase and has the appropriate highly skilled and trained personnel to make the accurate assessments of the correct price to be paid for debts.

KEY RISKS (continued)



Ability to value an existing purchased debt portfolio

Collection House must have the information systems and employee skills (which enables the Company to accurately price debts) to manage the purchased debt portfolio on an ongoing basis and take appropriate action (eg sell, trade portfolios), if required.

Reduced returns on PDLs

Lower than forecast returns from PDLs could result in lower than anticipated profits and write downs in the value of Collection House's debt ledgers.

Ongoing access to capital

Collection House requires continuing access to debt and equity capital to achieve sustainable growth. A downturn in equity markets or a restriction on debt capital availability could restrict the Company's ability to access the capital required to continue its growth.

Competition

Increased competition from both domestic and international competitors could impact Collection House's ability to purchase PDLs in the future.

General risks

An investment in Collection House is also subject to general risks including those related to the share market (such as volatility and liquidity risks), general economic conditions, accounting standards, taxation, Government actions and relevant legislation.

OFFER TIMETABLE*



Event	Date
Trading Halt Commences	Monday, 26 August 2013
Analyst Conference Call	Monday, 26 August 2013
SPP Record Date	Tuesday, 27 August 2013
Outcome of Placement Announced and Trading Resumes	Wednesday, 28 August 2013
Settlement of Placement (T+3)	Monday, 2 September 2013
SPP Open Date: Anticipated Despatch of SPP Offer Document	Thursday, 5 September 2013
Despatch Date for Placement Holdings Statements	Thursday, 5 September 2013
New Shares Issued Under the Placement Commence Trading on a Normal Basis	Thursday, 5 September 2013
SPP Close Date (5pm AEST)	Thursday, 19 September 2013
SPP Shortfall Notification Date (By 12pm AEST)	Wednesday, 25 September 2013
SPP Settlement Date	Monday, 30 September 2013
Issue Date of New Shares Under the SPP	Tuesday, 1 October 2013
New Shares Issued Under the SPP Commence Trading on a Normal Basis	Tuesday, 1 October 2013
Despatch Date for SPP Holding Statements	Wednesday, 2 October 2013
Collection House Shares Trade Ex-Dividend	Wednesday, 2 October 2013

**Timetable is indicative and subject to change*