

ASX ANNOUNCEMENT

1 November 2019

CLH PORTFOLIO ENHANCEMENT PROGRAMME – THIRD BALBEC TRANSACTION

Collection House (CLH:ASX) has now completed the third transaction under its partnership with global private investment firm Balbec Capital LP and its local related entity, InSolve Capital Australia Pty Ltd (collectively “Balbec”).

This year’s Balbec transaction under the CLH Portfolio Enhance Programme (“PEP”) will result in the Company receiving \$10 million up front unencumbered cash in exchange for the assignment of five years’ cash flows from a segment of the Company’s Arrangement book with a face value of \$24.8 million. Collection House and Balbec have again entered into a put/call option agreement to repurchase the residual cash flows at the end of the term of the agreement, at a market price determined by the performance of the accounts. The value of the put/call option is linked to CLH’s collection performance on those accounts. If cash collections from the sold arrangements are in line with projections, the year 5 put/call price will be minimal.

Collection House will continue to manage the portfolio on behalf of Balbec and will receive a monthly servicing fee through its Collection Services division. The Arrangements under the FY18 and FY 19 PEP transactions with Balbec are performing in line with original cash projections.

The transaction is recognised as a disposal for accounting purposes and is expected to result in an accounting profit in this reporting period of \$4.1m after tax.

About Balbec Capital LP

Balbec Capital LP is a global private investment firm with expertise in sourcing alternative credit investments, with a focus on obligors or assets in bankruptcy proceedings, restructuring, or some other form of distress. Founded in 2010, Balbec has invested over \$4.6 billion in 18 countries. The senior management team has worked together since the early to mid-2000’s, many with industry-related experience spanning over two decades. The company’s strategies typically include (i) investments in distressed opportunities where debtors or assets are subject to bankruptcy, insolvency or other restructuring processes, (ii) provision of capital in insolvency-based situations and (iii) investments and joint-ventures in alternative credit opportunities. Additional information can be found at www.balbec.com.

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