

AN EMERGING LEADER
IN LITIGATION FUNDING



JUSTKAPITAL

Litigation Partners Limited

INVESTOR
PRESENTATION

MARCH 2015

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LITIGATION FUNDING AS AN ASSET CLASS

Litigation Funding is a new and exciting asset class, treating litigation claims as assets that can be financed.

It is a unique asset class because returns on investment are not related to the amount invested, rather returns are driven by the settlement amount or damages awarded by a Court.

Successful investment depends ultimately on selecting meritorious claims.



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CAPITAL STRUCTURE

ASX code	JKL
Shares on issue	51.7m
Options on issue	12.5m
Exercisable at:	
A\$0.25 before 31 Dec 2016	3.7m
A\$0.20 before 10 Mar 2018	1.6m
A\$0.25 before 10 Mar 2018	6.7m
Cash (@ 31 December 2014)	\$4m

SHAREHOLDERS

Board and Management	25.81%
Top 20 Shareholders	62.12%

BOARD AND MANAGEMENT¹ % HELD

Philip Kapp, Executive Chairman	10.96%
Tim Storey, Executive Director	4.67%
Mike Hill, Executive Director	3.71%
Hugh Warner, Executive Director	6.07%
Chris Hilbrands, CFO	0.39%
Jonathan Allatt, COO	-

1. Excludes performance options

FOUNDED AND MANAGED BY TWO OF AUSTRALASIA'S MOST EXPERIENCED CORPORATE LAWYERS

Phillip Kapp Executive Chairman

Co-founder of JustKapital Litigation Partners. Previously senior partner of Corrs Chambers Westgarth Lawyers and widely regarded as one of Australia's leading corporate lawyers. More than 25 years' legal experience in M&A, capital restructuring and private equity. Director of Energy Developments Ltd, INT Corporation Ltd and Modun Resources Ltd. Prior to joining Corrs Chambers Westgarth, was a Senior Partner with Clayton Utz, Chairman of Minter Ellison and Founder and Managing Partner of Andersen Legal. Extensive networks in the Australian legal and financial community.

Tim Storey Executive Director

Co-founder of JustKapital Litigation Partners. Over twenty five years experience as a commercial lawyer and company director, practicing in Australia and NZ. Previously a partner at Bell Gully, one of New Zealand's premier law firms. Director of a number of public and private companies including Chairman of NZ listed DNZ Property Fund Ltd and a director of Nasdaq listed Reading International. Currently a principal of Prolex Advisory, a private company providing commercial advisory services to clients. Member of NZ Law Society, Institute of Directors and Financial Services Institute of Australasia.

Jonathan Allatt Chief Operating Officer

Over 14 years' experience in private equity operational improvement, business planning and mergers and acquisitions. Formerly at Palatine Private Equity (UK) and as well as roles at NVM Private Equity and KPMG. Chartered Accountant.

Chris Hilbrands Chief Financial Officer

Formerly Chief Financial Officer of Equatorial Palm Oil plc and Prospect Resources Ltd, and previously Financial Controller for AIM and ASX listed companies. A Chartered Accountant, also previously worked at Grant Thornton in its assurance and advisory division.

Mike Hill Executive Director

Former partner of Ernst & Young, Sydney and has more than 10 years experience as a partner of a large private equity fund. Experience across numerous industries and has served on company boards in retail, healthcare, media, waste services and tourism. Currently Non Executive Chairman of Recreational Tourism Group, Chairman of Rhipe Ltd, Chairman of INT Corporation Ltd, HJB Corporation Ltd and Modun Resources Ltd. Chartered Accountant.

Paul Evans Advisory Committee

Currently Chief Operating Officer and Founding Partner of leading Australian private equity fund Ironbridge Capital. Over 21 years of private equity experience with 3i in the UK and with AMP, Gresham and Ironbridge in Australia. In 2003 became one of the founding partners of Ironbridge. Has represented the Ironbridge funds on the Boards of Mrs Crocket's Kitchen, Barbeques Galore, iNova Pharmaceuticals and Recreational Tourism Group. Former Treasurer and Council Member of AVCAL (Australian Private Equity and Venture Capital Association).

Hugh Warner Executive Director

Broad experience as a public company director in the mining, oil and gas, biotechnology and service industries. Currently Director of Modun Resources Ltd and Chairman Prospect Resources Ltd.



Source: Productivity Commission Report dated April 2014

JustKapital is an emerging litigation funding business which aims to position itself as a major litigation funder in Australia and New Zealand.

Highly experienced team which can assess litigation cases and provide a view on the probability of success.

Business model:

- Grow a portfolio of cases organically and via acquisition,
 - Build significant capital reserves,
 - Use cash reserves to fund litigation,
 - Achieve successful outcomes for claimants.
-

JustKapital's competitive advantage lies in its case review and selection process and taking a private equity approach to funding.

Types of claims to be pursued

- Class actions
- Breaches of contract
- Breaches of company and securities law
- IP infringement
- Liquidators' claims & other general commercial claims, and
- Business to business claims

JUSTKAPITAL OFFERS LITIGATION FUNDING TO PLAINTIFFS (CORPORATE AND INDIVIDUALS) WITH A **MERITORIOUS** CLAIM AGAINST DEFENDANTS WHO HAVE THE **FINANCIAL CAPACITY** TO SATISFY AN ADVERSE JUDGMENT

Focus on document-driven litigation to establish merits of claims. Documents clearly evidence the claim has merit. Prefer not to rely on oral evidence so case outcome is more certain.

JustKapital reviews cases in detail before deciding whether to provide funding based on;

- Claim size
 - Likelihood of success, and
 - Defendant's assessed capacity to pay
-

JustKapital earns ~25-50% of claim value by way of judgment or settlement, in addition to recovery of the funded costs.

In return JustKapital funds the case, manages the case, and indemnifies clients against adverse legal costs.

An active and disciplined "investment returns" driven approach is taken to funded cases.

If a claim is unsuccessful no amount is received by JustKapital and it bears the cost of the litigation and any adverse cost orders.

JustKapital: The Story So Far

JustKapital Executive Chairman Philip Kapp and Executive Director Tim Storey collectively have >55 years experience at top tier law firms and corporate sector including:

Philip Kapp

- Former Senior Partner Corrs Chambers Westgarth
- Former Senior Partner Clayton Utz
- Former Chairman Minter Ellison
- Former Managing Partner Andersen Legal

Tim Storey

- Former Partner Bell Gully, NZ
- Chairman DNZ Property Fund (NZX: DNZ)
- Director Reading International (NASDAQ: RDI)

JustKapital signs HoA to be acquired by ASX-listed African Chrome Fields.
Capital raise of up to \$3m announced - closed over subscribed.

JustKapital Litigation Partners Ltd commences trading on ASX under code JKL. (imminent)

First tranches of capital raise completed: \$752k.

Significant new case taken on: Shareholder class action against ASX200 company.

JustKapital established to offer new litigation funding source to litigants in Aust and NZ.

Share Sale Agreement between JustKapital and African Chrome Fields executed.

1980 - 2014

April 2014

May 2014

June 2014

July 2014

Aug 2014

Sept 2014

Oct 2014

Nov 2014

Dec 2014

Jan 2015

Feb 2015

March 2015

Research and assessment of litigation funding business opportunities in Aust-NZ region.
Potential acquisition opportunities pursued.
Met with investors interested in litigation space.

Assess potential litigation funding case opportunities and build JustKapital new business pipeline.

Shareholder approval received for acquisition.
Company name formally changed to JustKapital Litigation Partners Ltd

AUSTRALIAN LITIGATION FUNDING MARKET & COMPETITORS

Australia is one of the most active jurisdictions for class actions globally, and NZ is also becoming a significant player in the litigation funding market.

Globally, there are significant funds invested in litigation funding, and based on the amount of claims being assessed by legal firms the opportunity for JustKapital is substantial.



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After the US, Australia is the most active jurisdiction for class actions in the world.

In the US lawyers charge contingency fees on litigation and as a result legal firms dominate class actions.

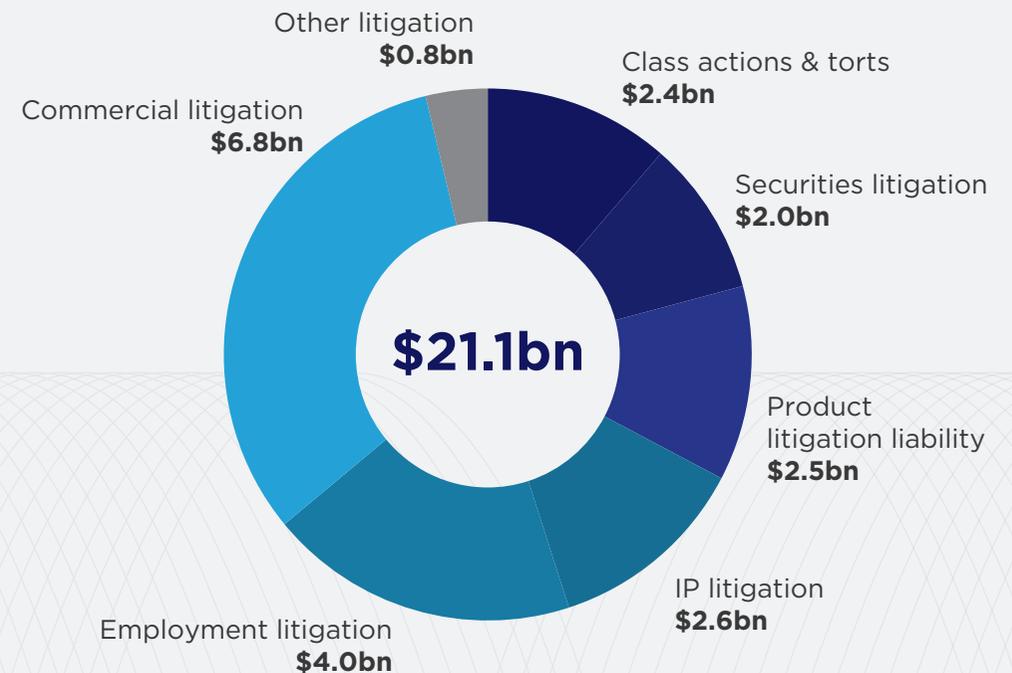
In Australia legal firms can't charge contingency fees which provides opportunity for third party litigation funders.

Specialist litigation firms such as Maurice Blackburn, Shine Lawyers, ACA Lawyers and Slater & Gordon have expertise working on such cases.

The opportunity for JustKapital is substantial based on the amount of claims being assessed by legal firms.

In Australia in 2014 more than \$1bn in class actions were settled.

AUSTRALIAN LITIGATION MARKET SIZE



Source: Baillieu Holst IMF Research Report, February 2013.

Litigation Funding Model

Australian lawyers are prohibited from charging contingency fees or damages based fees due to ethical concerns that it creates perverse incentives for lawyers

Litigation funders have filled the gap, charging damages based fees and providing plaintiffs with the financial resources to bring a claim

The legality of third party funding agreements was upheld in the High Court of Australia in *Campbells Cash and Carry v Fostif* (2006)



Notes

a Disbursements not depicted.

b PP: party-party or adverse costs, assuming costs follow the event.

Source: Australian Government Productivity Commission, Access to Justice Arrangements Inquiry Report, Volume 2, Chapter 8, December 2014.

Litigation Funding Market in Australia

JUSTKAPITAL OPPORTUNITY

ASX listed Bentham IMF Ltd (ASX: IMF) is dominant player in Australian litigation funding space - Mark Cap: ~ \$365m.

Some offshore funders active in Australasian market.

Remainder of market is fragmented with a number of small players.

Market opportunity for JustKapital to become significant litigation funder.



Note: Graph is for illustration purposes only and is not to scale.

VALUE OF CLAIMS

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Current cases, process & outlook



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Philip Kapp and Tim Storey are closely connected with the major law firms in Australia and New Zealand along with the top specialist litigation law firms and barristers

Philip and Tim have been Senior Partners at:

- Clayton Utz
- Corrs Chambers Westgarth
- Minter Ellison
- Bell Gully
- Andersen Legal

Close relationships with liquidators and administrators

Through these relationships and their own deep networks in the legal, liquidator and financial community they receive a number of new cases per month for Initial Merits Assessment

BRINGING A PRIVATE EQUITY OR FUNDS MANAGEMENT APPROACH TO LITIGATION FUNDING

1. **Case Referral** via extensive network of professionals

2. If case is Australian or NZ with damages >A\$5m **Philip Kapp and Tim Storey make Initial Merits Assessment**

3. Claim assessed on prospects, nature and quantum, defendant's ability to pay, number of parties, jurisdiction and other factors

JKL PICKS CASES WITH HIGHEST CHANCE OF SUCCESS

6. If independent merit assessment is positive, **COO recommends it to the Board** along with proposed funding agreement

5. **Case is sent to 1-2 independent legal firms** and litigation specialists who review case's merits

4. **Case is sent to Advisory Committee and Board for further review.** Board sets budget for due diligence and nominates litigation experts to independently review claim

... AND APPLIES A DISCIPLINED EXPENDITURE REGIME

7. **If Board decides to proceed**, formal offer is made to claim owner and funding agreement is finalised

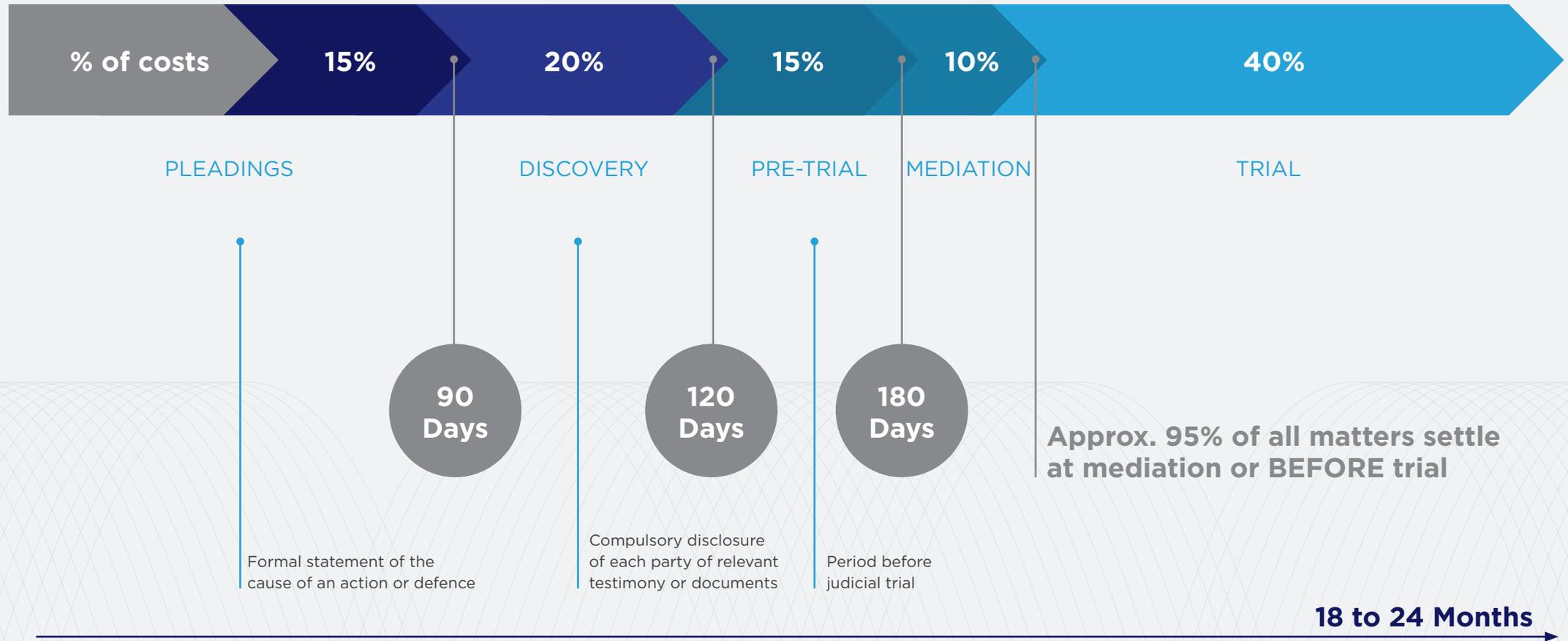
8. **JKL manages the case**, attending all relevant meetings and settlement negotiations

9. **JKL tracks progression of funded cases closely**, consistently reviewing profitability. JKL can cancel the funding agreement with notice at any time¹

... CONSTANTLY REVIEWING WIN/LOSS POSITION

1. Reflects standard Funding Agreement terms. Individual Funding Agreement terms may vary.

Case Stages and Cost Distribution



JUSTKAPITAL STAYS ACTIVELY INVOLVED IN MANAGING THE CLAIM AND CAN CANCEL ITS FUNDING AGREEMENT WITH NOTICE AT ANY TIME¹

¹ Reflects standard Funding Agreement terms. Individual Funding Agreement terms may vary.

Current Cases & New Business Pipeline

TYPE OF CLAIM	DEFENDANT	ESTIMATED QUANTUM ¹	COMMENTS
Current Cases			
Shareholder Class Action	Top 200 ASX listed company	\$318m	Funding agreement signed with 41 institutional investors
New Business Pipeline			
Liquidator Action	Private Company - Director D&O insurance	\$50m	Under review
'Failure to Fund'	Big 4 Bank	\$24m	Under review
Breach of fiduciary duty by Corporate Trustee	ASX listed trustee company	\$68m	Under review
Claim in tort - breach of duty of care	Local Authority - State Government	Upwards of \$100m	Under review
Wrongful expropriation	State Government	\$24m	Under review
Misleading and deceptive conduct in public takeover	Company directors and UK PE fund	\$20m-\$120m	Under review

1. Gross expected settlement amount. Represents total proceeds if all potential claimants join the claim and are successful in winning the maximum in damages. JustKapital would receive ~25-50% of these proceeds

Organic Growth

- Continue to progress current case load to successful conclusion
- Expedite cases in development through appraisal process
- Work with industry bodies including insolvency legal firms and others to build JustKapital market presence
- Legal disbursement funding

Acquisitive Growth

- Acquisition of small firms or specific case matters
 - Partner with international firms to expand network
 - Co-invest with existing funders to accelerate settlement conclusion
-

Financial Objectives

- Build Investment Portfolio to \$500m (“steady state”) via a disciplined approach
 - At an average qualified case size and expected duration of \$30m and 2.5 years respectively, JKL would need to take on 6-7 cases per annum which is around 3% of current enquiry rates
 - Win rates targeting ~33% of Investment Portfolio claims and JKL participation at ~30% of successful claims
 - Establish strong capital reserve and cash positions to underpin growth in case investment
 - Net Annual Revenue of ~\$20m and NPBT in excess of \$10m
-

STRATEGY IS TO OWN AND MANAGE A SUBSTANTIAL, MATURE AND BALANCED CASE PORTFOLIO, TAKING A DISCIPLINED INVESTMENT RETURNS DRIVEN APPROACH

CONTACT

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