

ASX ANNOUNCEMENT

20 June 2019

CLH PORTFOLIO ENHANCEMENT PROGRAMME – SECOND BALBEC TRANSACTION

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

As previously advised at the half year results, this year’s Balbec transaction under the CLH Portfolio Enhance Programme (“PEP”) will result in the Company receiving \$25 million up front unencumbered cash (FY18: \$19.5m) in exchange for the assignment of five years’ cash flows from a \$59.0 million segment of the Arrangement book (FY18: \$39.5m). Collection House and Balbec have again entered into a put and 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.

Collection House will continue to manage the portfolio on behalf of Balbec and will receive a monthly servicing fee through the Collection Services division.

The Arrangements under the FY18 PEP transaction with Balbec are performing in line with original cash projections.

The transaction is recognised as a disposal for accounting purposes and will result in a profit in FY19 estimated at \$5.1m (FY18: \$4.9m) after tax, deal costs and other adjustments required as a result of the transaction.

Operationally, the Company continues to perform to expectations and is tracking to previous normalised EPS guidance of 15.5cps excluding PEP and 19.2-19.5cps including the contribution from this transaction.

Commenting on the deal and CLH's current performance, CLH CEO Anthony Rivas said, “We are well placed to acquire PDLs and have the skills in-house to assist consumers to find a pathway to financial rehabilitation by entering into repayment arrangements. Having done so, we are continuing to move to a less capital-intensive and innovative business model, where these stable cash flows are moved off balance sheet by entering into deals such as this second Balbec transaction and recycled into new portfolios where we can further apply our skills, and lift returns on shareholder funds.”

CLH Chairman Leigh Berkley said “We are very pleased to have completed our second transaction with Balbec, which is a testament to our growing relationship with their team and the performance of the portfolio under the original transaction. We now look forward to putting the capital to work on higher return portfolios over the coming months.”

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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 \$3.5 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.

ENDS

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