

JOHNS LYNG GROUP LIMITED (ASX:JLG)

ASX Statement

February 3, 2020

JOHNS LYNG ACQUIRES 85% CONTROLLING INTEREST IN CAPITOL STRATA

Johns Lyng Group (ASX:JLG) subsidiary Bright & Duggan has acquired an 85% controlling equity interest in Queensland-based Capitol Strata Management (Holdings) Pty Ltd.

Founded in 1995 and headquartered in Brisbane, Capitol Strata is a leading strata and property management business, with a portfolio of 1,250 strata schemes, which include **16,000 properties and associated common areas**.

Bright & Duggan paid \$7 million cash for an 85% equity interest in Capitol Strata in a debt free transaction. Residual equity will be retained by incumbent Managing Director Mr Ian D'Arcy, and other founding shareholders.

The deal is expected to be earnings accretive in FY20.

Capitol Strata generates recurring, annuity style revenue through a well-established and diversified client base, with strong cashflow and a capital-light business model well aligned with both Bright & Duggan and Johns Lyng Group.

Johns Lyng Chief Executive Scott Didier AM said the acquisition would open up new and recurring revenue streams through cross selling opportunities with the Group's other businesses.

"The strata market is strategically important for us, as we see up to five potential cross-sell opportunities for Johns Lyng's core capabilities in each strata title. These include emergency and scheduled repairs, general maintenance and building works;" Mr Didier said.

"With the addition of Capitol Strata to Bright & Duggan's portfolio, we now have access to over 70,000 strata titled properties, so this is a compelling growth prospect."

He added that the new acquisition highlighted the value in the Group's partnership with Bright & Duggan.

"We said that partnering with Bright & Duggan was a game-changer for the Group, not only in terms of organic growth opportunities but also through consolidation of the highly fragmented strata market itself," Mr Didier said.

"It's encouraging to see that consolidation begin to come to fruition. Expanding and diversifying our service offering continues to be at the centre of our growth strategy."

Bright & Duggan Executive Chairman Trevor Bright said Capitol Strata's strong track record and established client base would add significant value.

"Capitol Strata has developed a sound reputation and demonstrable track record with significant brand equity over a 25-year period," Mr Bright said.

"Retaining long-standing management in Mr Ian D'Arcy, and Capitol's c.70 staff will also add value for our brand proposition."

"A strategic focus for us is national expansion and expanding our footprint through acquisitions like this is important as we look to capture a greater share of the market."

The acquisition has been funded by Bright & Duggan's existing debt facilities with ANZ.

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This announcement was authorised by the Board of Directors.

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About Johns Lyng Group Limited

Johns Lyng Group Limited (JLG) is an integrated building services group delivering building and restoration services across Australia. JLG's core business is built on its ability to rebuild and restore a variety of properties and contents after damage by insured events including impact, weather and fire events. Beginning in 1953, JLG has grown into a national business with over 800 employees servicing a diversified client base comprising major insurance companies, commercial enterprises, local and state governments, body corporates/owners corporations and retail customers. JLG defines itself by delivering exceptional customer service outcomes every time.

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