

Fairpoint Group plc

Completion of acquisition of Simpson Millar LLP legal services business

Fairpoint Group plc ("Fairpoint" or the "Group"), one of the UK's leading providers of solutions to financially stressed consumers, is pleased to announce that, following approval from the Solicitors Regulation Authority, it has completed the acquisition of Simpson Millar LLP Solicitors, together with associated companies (collectively "Simpson Millar"), a consumer legal services business (the "Acquisition").

As stated at the time of announcement of the Acquisition on 9 April 2014, this transaction is in line with Fairpoint's stated strategy of diversifying its income streams in adjacent markets such as legal services, where the Group can deploy its core skill of applying process to professional services. This strategy builds upon the success already achieved through delivering products and services designed to help consumers make their money go further.

Terms of the Acquisition

Consideration for the Acquisition has been satisfied by the initial payment of £7 million in cash and the issue of 1,415,529 new ordinary shares in the Company ("Completion Shares") to the selling shareholders of Simpson Millar (the "Vendors") at an effective price of 141p per share at completion, based on the average closing price of Fairpoint's ordinary shares for the seven days ending 3 April 2014 (giving a total initial share consideration of approximately £2 million). Application has been made for the Completion Shares to be admitted to AIM and dealings are expected to commence on 20 June 2014. Following the issue of the Completion Shares, the enlarged issued share capital, excluding 1,194,167 shares held by Fairpoint in treasury, will be 43,830,708. This number may be used by shareholders as the denominator for the calculations by which they will determine if they are required to notify their interest, or a change to their interest, in Fairpoint Group plc.

The initial payment of £7 million in cash has been financed by a new, enlarged £20 million banking facility with AIB Group (UK) plc, as recently announced.

Further consideration of up to £6 million will be payable by Fairpoint based on the financial performance of Simpson Millar for two 12 month periods ending June 2015 and June 2016 (a maximum of £3 million will be payable in each 12 month period). Any additional consideration payable in the two 12 month periods will be satisfied as to 50% by cash and as to 50% by shares ("Earn-out Shares"). Earn-out Shares will be issued at a fixed price of 141p per share.

The Vendors will be restricted from dealing in the Completion Shares and the Earn-out Shares issued in respect of the financial performance of Simpson Millar for the 12 month period ending June 2015, until after 30 June 2016. The Vendors will be restricted from dealing in the Earn-out Shares issued in respect of the financial performance of Simpson Millar for the 12 month period ending June 2016, until after 30 June 2017.

The Acquisition is expected to incur £0.7million of legal and professional costs in the first half of 2014.

Chris Moat, Chief Executive Officer, said:

"We are delighted to have completed the acquisition of Simpson Millar, which represents an important step in diversifying our income streams into legal services, in line with our stated strategy. Simpson Millar has already made significant progress in developing a powerful consumer offering, through the combination of strong legal skills with the innovative application of technology and legal processes. From this solid platform, we look forward to working together to further develop the Group's enlarged consumer-focused legal services business, accelerating the growth of the Group in this market and delivering enhanced earnings."

Enquiries please contact:

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Notes to editors:

Fairpoint Group plc is an AIM quoted consumer financial services business focused on serving financially stressed consumers. Our business is structured into the following primary business lines in order to serve the needs of this consumer group:

1. Individual Voluntary Arrangements (IVAs)
2. Debt Management Plans (DMPs)
3. Claims Management

www.fairpoint.co.uk

Simpson Millar LLP successfully represents the rights of individuals and their families via a network of 11 regional UK offices and through their long-standing association with membership organisations such as trade unions. Simpson Millar was the first ever UK law firm to obtain Lexcel Accreditation from the Law Society and, more recently, the first to obtain the Diversity in Business Accreditation.

www.simpsonmillar.co.uk