



Business Plan

17 November 2020

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2015 – 2020 Business Plan

1 July 2015

30 June 2020

	1 July 2015	30 June 2020
Increased jurisdictional coverage	Australia, USA, UK	Australia, USA, Canada, Asia, UK, EMEA
Increased investments	41	304*
Increased EPV	\$2.0 billion	\$15.8 billion
Increased team	35	~160
Funds management	-	7 Funds (~\$2.2 billion)

* Includes Investment Committee Approved and Conditionally Funded investments

- Investment into infrastructure over past five years to develop platform for future of business
- Concentration risks were apparent in our geographic footprint and investments, exposing group to risks associated with competition, regulatory intervention, key person risk, and investment shock
- Diversification of risk was a critical strategic priority reflected in investment type, size, source and service provider and in capital mix
- Achieved all of the goals set for group in initial business plan, culminating in merger with Omni Bridgeway in 2019

Market analysis

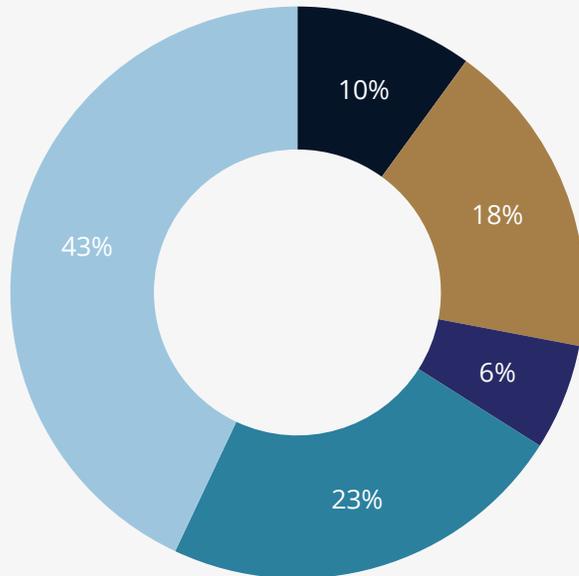
Market defined by:

- Geography
- Offering

Strategic implications:

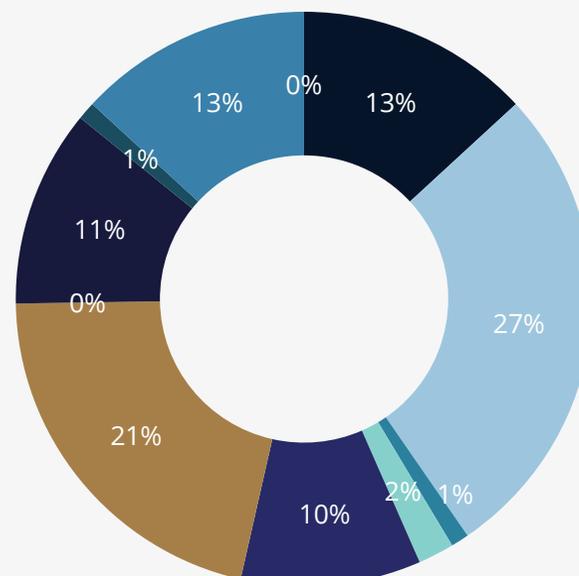
- Investment opportunities in short term
- Competition
- Profitability of geography
- Regulatory intervention risks

EPV by Geography



- Asia
- Australia
- Canada
- UK & EMEA
- United States

EPV by Investment Type



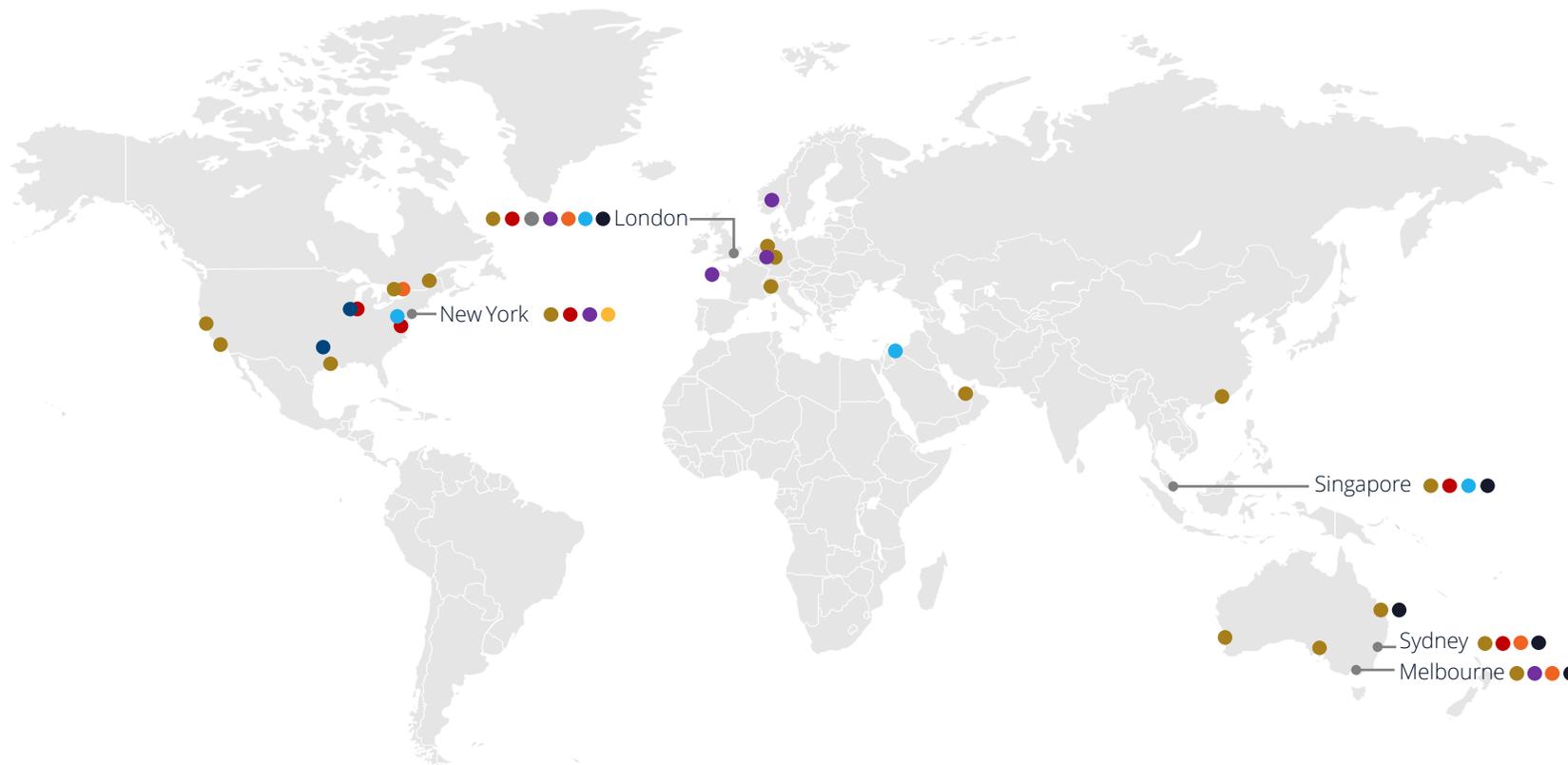
- Appeal
- Arbitration
- Commercial
- Corporate Funding
- Insolvency
- Law Firm
- Multi Party
- Other IP
- Patent
- Whistleblower
- Inclusion of OBE Group

- Portfolio diversification has been prioritized over the past several years by investment type and geography to mitigate risks of competition and adverse regulatory intervention
- Multi-party investments comprise matters in Australia, Canada and Europe, and includes the PFAS and Wivenhoe investments
- Geographic split is weighted on non-US and doesn't include legacy Omni Bridgeway EMEA investments (as we do not yet calculate EPV on those)
- Expect that we will see growth in US as a proportion of total book, and multi-party investments will decrease as a proportion of type

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Competition

- Omni Bridgeway ●
- Burford Capital ●
- Therium Capital Management ●
- Harbour Litigation Funding ●
- Longford Capital ●
- Parabellum Capital ●
- Augusta ●
- Woodsford Litigation Funding ●
- Litigation Capital Management ●



	Omni Bridgeway	Augusta	Burford	Harbour	Litigation Capital Management	Longford	Parabellum	Therium	Woodsford
Fund size (US\$m)	\$1,500	\$298	\$2,900	\$1,100	\$150	\$557	\$450	\$1,100	\$100 – \$300
Offices	18	4	6	1	5	2	1	6	4
Team	160+	85	125+	30+	18	12	18	35+	20+
Founded	1986	2013	2009	2007	1998	2011	2012	2009	2010

Sources: Company websites, LinkedIn company pages and Westfleet Advisors Litigation Finance Buyer's Guide 2019

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Competitor analysis

Omni Bridgeway is the largest funder by headcount and footprint

USP

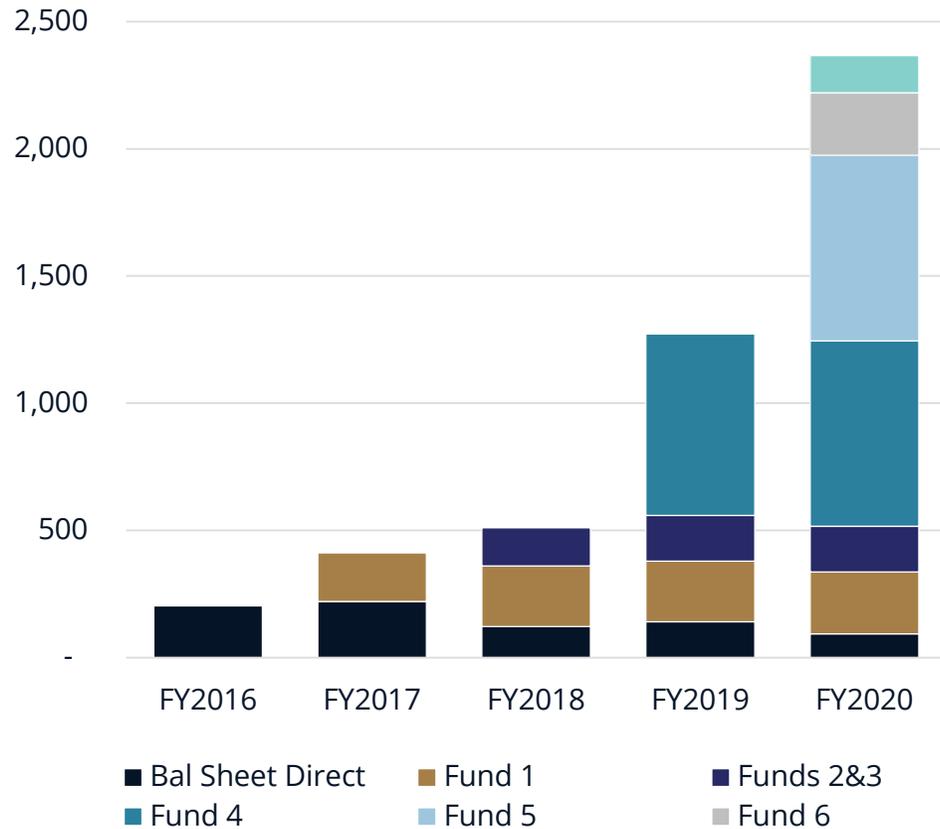
- Track record
- Access to non-discretionary capital and control over decision-making
- Geographic footprint and boots on the ground
- Transparency, culture, trust and integrity
- Professionalism, legal know-how and strategy insights for PIM
- Brand strength and likability
- Enforcement and asset tracing skills
- Cultural diversity

Competition Risks

- Failure of major competitor
- Consolidation of smaller competitors
- Rise of a second-tier competitor
- Hedge fund establishing platform

Financial capital

Funds Under Management (AUD million)



Continued use of fund structures in preference to balance sheet investing:

- Optimise structures by reducing capital commitments and increasing fee structures, but will depend on market conditions

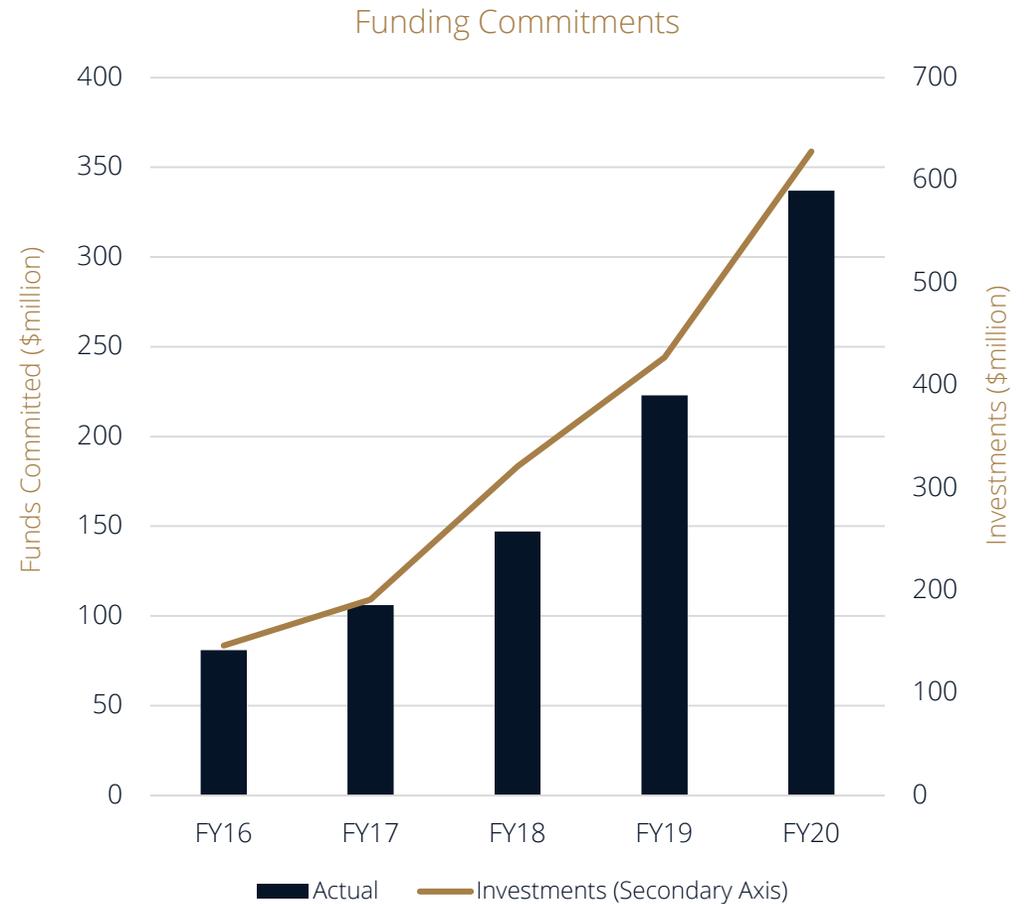
Consideration for refinancing debt in 2023 when Bonds mature and with acceleration of OTC Notes

- Consideration of refinancing all debt with new revolving facility
- Given potential cash position over next 5 years may retire all debt

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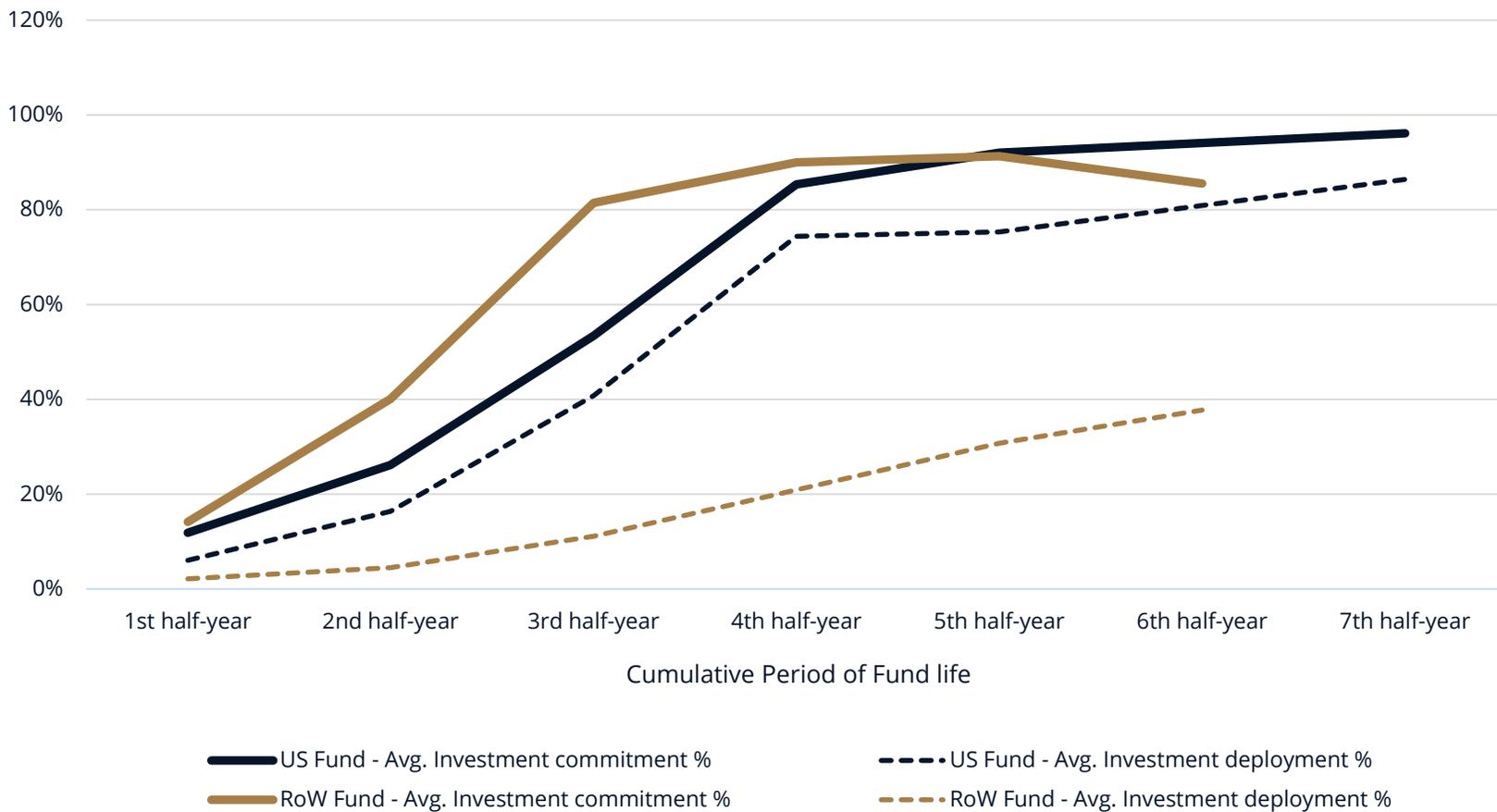
Financial targets

- Historically we have focussed on capital commitments as a proxy for growing the portfolio of investments
- The target for FY21 is to commit A\$440 million in new commitments
- As our business has transformed with the merger and with the growth of our active investment strategy we will transform our goal setting to be focussed on both capital and return on capital to be a revenue target per IM/AIM



Committed funding amounts from FY17 include conditionally funded investments and investments approved for funding by the Investment Committee but not yet funded. From FY18, upward budget revisions have been included.

Historical commitment v deployment rates



*The US Fund figures reflect the transfer of the economic interest in the company's former US balance sheet portfolio into Fund 1 during its 3rd half year of that Funds operation.

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Regulatory landscape

- The litigation finance industry has been the subject of criticism from defendants, the defendant bar and their advocates since inception of the industry
- Our position has been, and continues to be, that regulation of the industry is appropriate
- In Australia we have seen this manifest in the form of Federal Government regulation requiring litigation funders of class actions to maintain an AFSL and conduct class actions as MIS. We have supported this initiative. There is a risk that further regulation may be proposed which is less appropriate for the industry
- We have not seen any material changes to regulatory framework in other jurisdictions to date, other than at some State levels in the USA. We intend to monitor these developments to ensure that only appropriate regulation is implemented
- As part of our strategy to respond to regulatory developments, we have participated in forming the International Litigation Finance Association based in Washington, DC

Our mission, vision and culture

Mission

To provide innovative solutions for funding and managing legal risks that clients prefer, stakeholders are proud of, and that investors seek for long-term returns

Vision

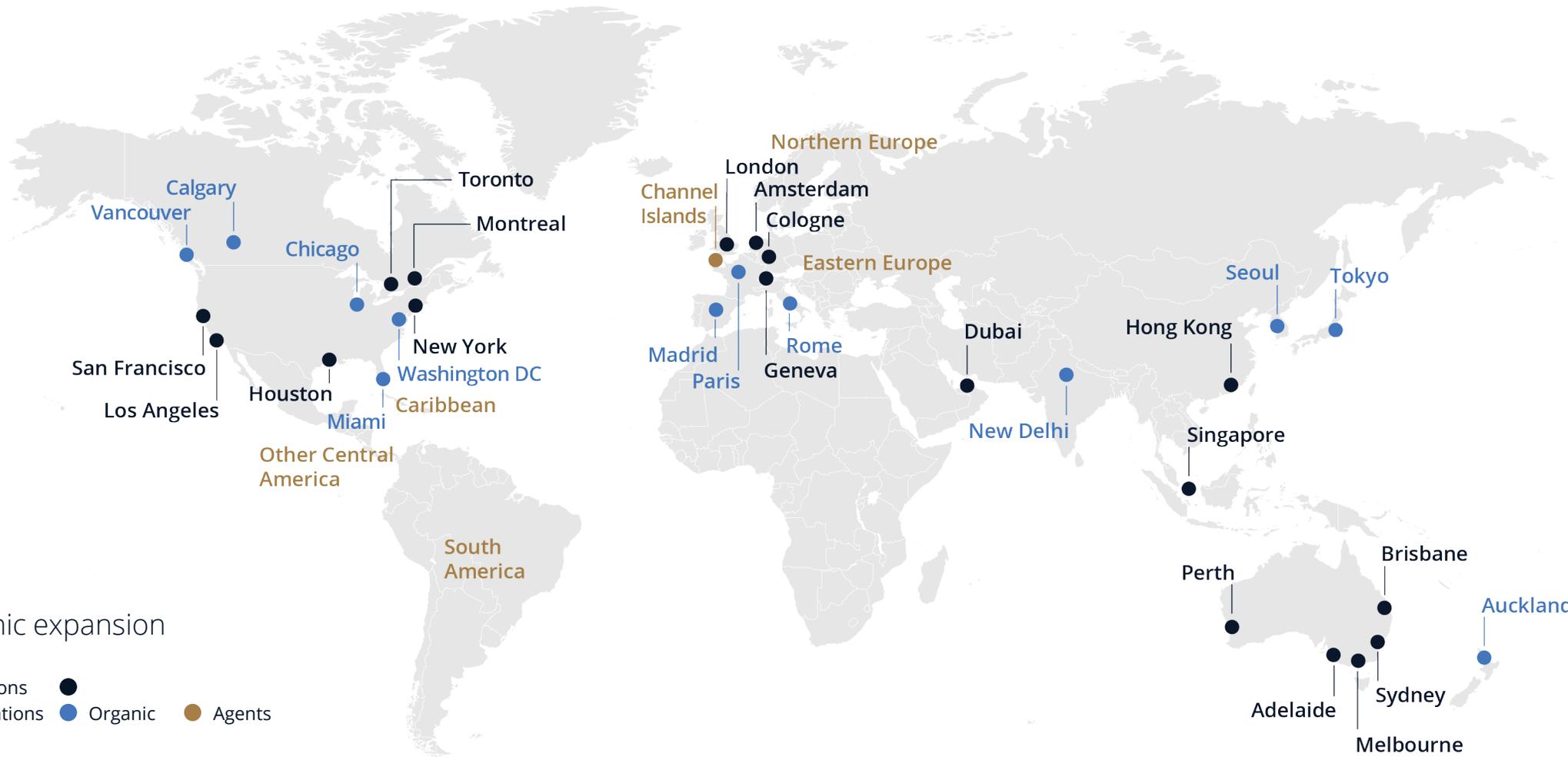
To be recognised as the global leader in financing and managing legal risk



Our strategic priorities

- Omni Bridgeway is now the largest litigation funder in the world by headcount and geographic footprint
- The key strategic priorities for the next business plan period are to expand:
 - Geographically into new and within existing markets. New markets include New Zealand, Latin America, Asia (South Korea, Japan and India) and Africa. Existing market expansion includes Canada and US
 - Offerings to include a transition from agent to principal, acquiring interests in claims, judgments or awards, moving down the return chain to fund law firm receivables with recyclable capital and exploring downside risk management opportunities
 - Our team to facilitate the growth in our markets and to facilitate the specialised nature of our new offerings. However, growth in headcount is only one lever in fulfilling our goals, which will be combined with leveraging our existing team to improve efficiencies
- The outcome from these strategic priorities is the growth in our funds under management with new and existing funds as commitment and deployment targets are met
- Continue to refine operational excellence to strengthen and protect position

Omni Bridgeway present and future



Geographic expansion

- Current locations ●
- Proposed locations ●
- Organic ●
- Agents ●

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Our offerings

Current

- Merits funding
- Post-judgment enforcement
- Appeal Funding
- Portfolio funding
- DARP

Future

- Claims monetization
- Downside risk management
- Defence-side funding
- Establish OBL law firm

Our future offerings

- **Claims monetization**

- Acquire claims, judgments or awards
- Deploy more capital to investments that meet our criteria
- Exercise greater control over direction of claim management
- Enhance returns
- Explore subrogated rights acquisition

- **Downside risk management**

- Leverage legal risk management skills and contraction in ATE market
- Provide indemnity cover or access to ATE policy to create synthetic leverage in our funds
- Provide high IRR due to small capital outlay

- **Defence side funding**

- Surmount difficulties in defining success, but employs similar skills as plaintiff side merits claims
- Consider application in context of portfolio funding
- Consider debt or equity in consideration for risk

- **OBL Law Firm**

- Consider opportunities as required in Victoria to respond to contingency fees and Arizona & Utah for alternative ownership structures

Indicative Investment Example – Claims Monetization

Comparison of OBL's normal historic merits funding approach and purchase of claim

Claim size	\$1,000.00	Normal historic OBL funding outcome (2nd Generation Fund)		OBL Purchase claim outcome (2nd Generation Fund)	
WIN = Proceeds	\$500.00	DEAL IRR	57%	DEAL IRR	41%
Purchase price [say]	10%	DEAL ROIC	150%	DEAL ROIC	400%
Litigation capital cost	\$100.00	Management fee	\$3.25	Management fee	\$9.25
Litigation life	3.00	Performance fee	\$30.00	Performance fee	\$60.00
% Funder return of win [say]	30%	OBL LP share	\$44.00	OBL LP share	\$88.00
Funder gain	\$150.00	TOTAL OBL	\$77.25	TOTAL OBL	\$157.25
Fund management fee	2%	OBL ROIC	286%	OBL ROIC	293%
		OBL IRR	90%	OBL IRR	65%

Indicative Investment Example – Defence Funding

Defence merits funding

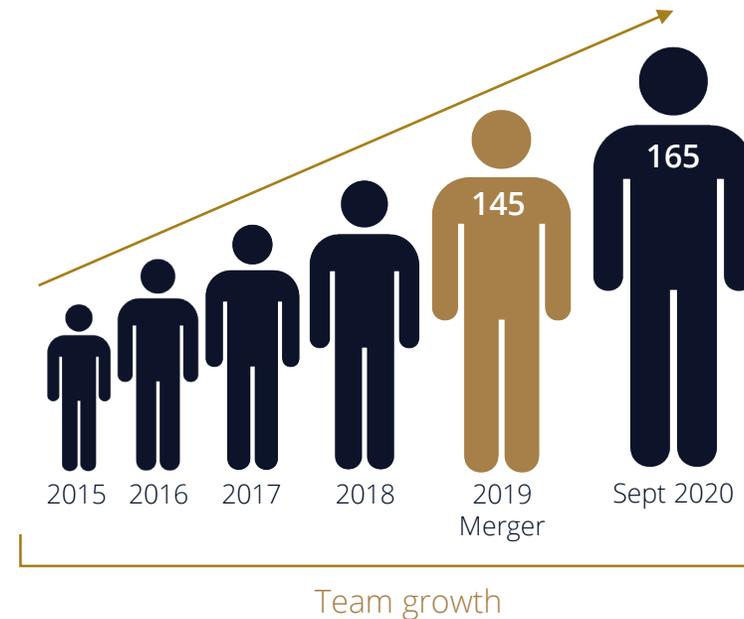
Claim size	\$1,000.00
WIN = Defendant pays Less than [say]	\$500.00
Gross value of "win" to defendant	\$500.00
Litigation capital cost	\$100.00
Life	3.00
% Funder return of win [say]	30%
Funder gain	\$150.00
Fund management fee	2%

OBL funding outcome (2nd Generation Fund)	
DEAL IRR	57%
DEAL ROIC	150%
Management fee	\$3.25
Performance fee	\$30.00
OBL LP share	\$44.00
TOTAL OBL	\$77.25

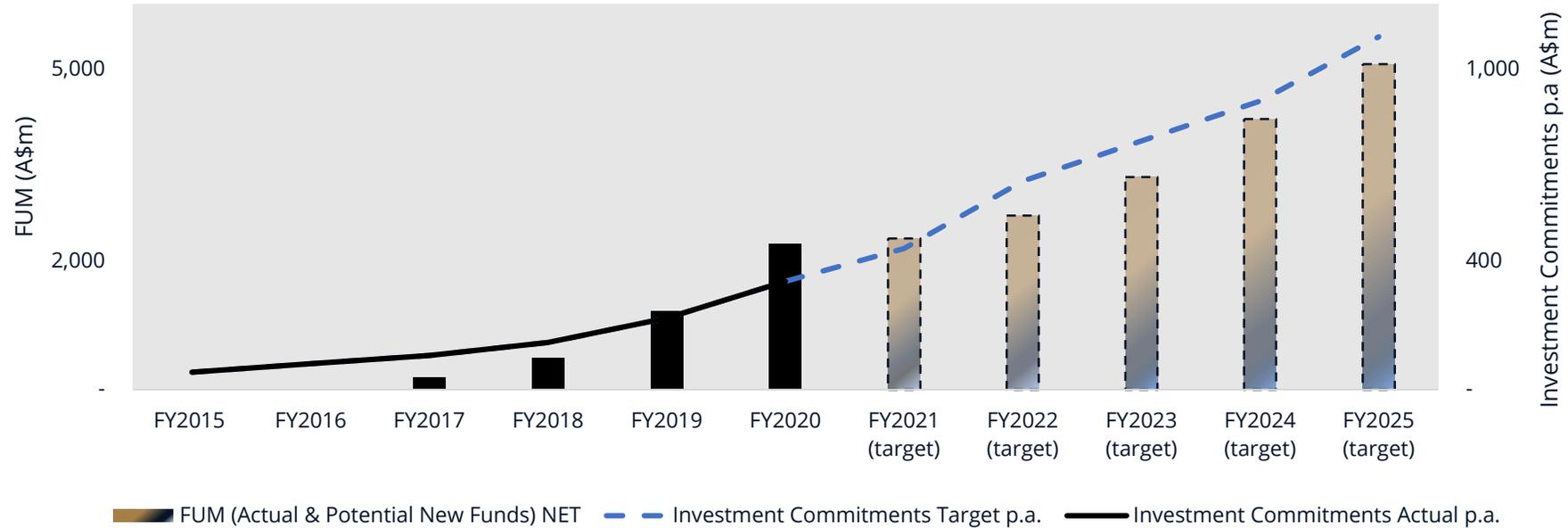
OBL ROIC	286%
OBL IRR	90%

Our team for the future

- To address our future needs both for geographic expansion and new offerings:
 - Geographic expansion to be undertaken by combination of agents, FIFO and organic growth (and acquisition)
 - New offerings will require additional skills for enforcement in markets outside of EMEA, claims acquisition
 - Claims acquisition requires both legal and financial skills
 - Pursue cross-selling opportunities
 - Additional IC members
- Leveraging off existing resources by increasing targets for commitments for IMs to improve efficiency ratios:
 - Maximise revenue per IM
 - Manage employee expenses as % of overhead



FUM and Commitments



	2015	2016	2017	2018	2019	2020	2021 (target)	2022 (target)	2023 (target)	2024 (target)	2025 (target)
Investment staff	12	16	28	32	40	84	100	110	110	115	120
Support and back office staff	30	40	35	41	61	77	85	85	90	90	90
Total staff #	42	56	63	73	101	161	185	195	200	205	210

The targeted growth in FUM and Investment Commitments over the 5 year period of the business plan are aspirational statements of how Omni Bridgeway aims to achieve the overall business targets it has set itself. They are not a forecast.

By end of this 5 year business plan period Omni Bridgeway aspires to have close to AUD5bn FUM and to be committing c.AUD1bn. to investments annually.

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Glossary of Terms and Notes

ESTIMATED PORTFOLIO VALUE (EPV)	<p>EPV for an investment where the funding entity earns:</p> <ul style="list-style-type: none"> (i) a percentage of the resolution proceeds as a funding commission, is the current estimate of the investment's recoverable amount after considering the perceived capacity of the defendant to meet the claim and any other pertinent factors. Such amount is not necessarily the amount being claimed by the claimants, nor is it an estimate of the return to the group if the investment is successful, (ii) a funding commission calculated as a multiple of capital invested, is arrived at by taking the estimated potential income return from the investment and grossing this up to an EPV using the Long-Term Conversion Rate, and (iii) a funding commission calculated on a combination of the above bases or on an alternative basis, may utilise one of the above methodologies, or a hybrid construct, or an alternative methodology depending upon the components of the funding commission. <p>OBE Group's EPV has been estimated on a conceptually consistent basis; enforcement case investments may have a multi-layered approach from a timing and value perspective. Where OBE Group have not yet been able to ascertain an EPV consistent with the disclosed methodology an EPV of zero has been used.</p> <p>However calculated, an EPV is an estimate and is subject to change over time for a number of reasons, including, but not limited to, changes in circumstances and knowledge relating to an investment or the defendant(s) perceived capacity to meet the claim, partial recovery and, where applicable, fluctuations in exchange rates between the applicable local currency and the Australian dollar. Possible EPV's are reviewed and updated where necessary.</p> <p>The portfolio's value is the aggregation of individual investments' EPVs as determined above.</p>
IFRS	International Financial Reporting Standards
IRR	Internal Rate of Return
OBE GROUP	Omni Bridgeway Holding B.V. (ie 'Omni Bridgeway Europe'), Omni Bridgeway AG (formerly ROLAND ProzessFinanz), and a joint venture with IFC (part of the World Bank Group).
PAST PERFORMANCE	<p>Past performance is <u>not necessarily an indication</u> of future performance. Past performance indicates that Omni Bridgeway's litigation funding investments (excluding Omni Bridgeway Europe's investments) have generated average gross income of approximately 15% of the EPV of an investment at the time it is completed (Long-Term Conversion Rate). The Long-Term Conversion Rate, ROIC and IRR from completed investments may vary materially over time. By providing this information, Omni Bridgeway has not been and is not now, in any way, providing earnings guidance for future periods.</p>
POSSIBLE COMPLETION PERIODS	<p>The possible completion period is Omni Bridgeway's current estimate of the period in which an investment may be finalised. It is <u>not</u> a projection or forecast. An investment may finalise earlier or later than the identified period for various reasons. Completion for these purposes means finalisation of the litigation by either settlement, judgement or arbitrator determination, for or against the funded claimant, notwithstanding that such finalisation may be conditional upon certain matters such as court approval in the context of a class action. It may not follow that the financial result will be accounted for in the year of finalisation. Possible completion period estimates are reviewed and updated where necessary.</p>
ROIC	Return on Invested Capital - gain or loss on derecognition of investments (including or excluding overheads) divided by the total spent on investments (including or excluding overheads)

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