

Investment Updates (including Brisbane Floods)

Summary

- Brisbane Floods**
- Judgment delivered on the Wivenhoe damages claims of two sample group members, excluding claims for cleaning costs which will be heard on 11 December 2020
 - Important findings on quantum with cross application to the broader class of group members
 - Upgrade to estimated potential future income
- Funds 2 & 3 loss**
- Loss in commercial arbitration case in Funds 2 & 3, anticipated aggregate asset write off and provision for adverse costs of A\$15.2 million (including capitalised overheads)
- Fund 4 win**
- Early completion of a Fund 4 investment generating profit of US\$1.2 million

Brisbane Floods

Omni Bridgeway Limited (**Omni Bridgeway**) refers to its most recent announcement dated 30 October 2020 regarding the Brisbane Floods Class Action.

By way of background, following judgment in favour of funded class members in November 2019 on key issues common to the claims of all group members, appeals are due to be heard in May 2021. A hearing took place in the New South Wales Supreme Court (**Court**) starting on 26 October 2020 and considered, amongst other aspects, the damages assessment for five sample group members. The parties agreed on the quantum of damages for one sample group member and judgment has now been delivered on the damages claims of two other sample group members, in amounts representing 93% and 89% respectively of the totals claimed excluding cleaning costs and interest.

In addition, the Court made findings in relation to the extent to which certain charitable payments made to flood victims reduce the damages claimable by group members, determining that in some instances no deduction is required. The damages assessment of the remaining two sample group members and claims in relation to cleaning costs will be dealt with in a hearing commencing 11 December 2020.

A further Court ordered mediation is due to be held on 8 December 2020.

In light of further work done on seeking to quantify the total estimated loss of the group members, Omni Bridgeway revises upwards its estimated income on success in this case, from a range of A\$120 million to A\$150 million to a range of A\$130 million to A\$170 million. Absent a Court decision quantifying the loss of each of the group members or agreement from the respondents, this estimate is necessarily based on a number of assumptions. Whilst we consider these assumptions to be reasonable, this remains an estimate and the final income amount received may fall outside this range.

Fund 2 & 3 Loss

Omni Bridgeway notes that a claim funded by Funds 2 & 3 (a confidential commercial arbitration, seated in Singapore under SIAC Rules) has been dismissed with costs awarded against the funded client. Whilst the decision is currently being assessed, it is highly probable that the associated investment asset of A\$6.4 million (A\$7.2 million including capitalised overheads) will be written off in full and a provision of approximately A\$7.9 million will be made for the associated adverse cost liability estimate.

Omni Bridgeway also notes that payment of these adverse costs will be made by Fund 2 & 3, and will fully extinguish the deductible under the Funds' wrapper ATE policy. Any future adverse costs, up to A\$30 million, will be paid by the insurers under the ATE policy.

Fund 4 Win

Omni Bridgeway confirms the successful resolution of an investment funded in the United States through Fund 4. The investment was made in June 2020 and represents a second early success in this fund. Omni Bridgeway will collect its performance fee per the Fund waterfall and subject to tax withholding and similar requirements the balance of proceeds will be recycled into further investments.

Omni Bridgeway expects to recognise income from completion of this investment resulting in the following metrics:

	Cash Basis (U\$m)	P&L Basis after capitalized overheads (U\$m)	Cash Basis (A\$m)	P&L Basis after capitalized overheads (A\$m)
Gross income (excluding GST)	1.9	1.9	2.5	2.5
Profit	1.2	1.2	1.6	1.6
ROIC	1.93x	1.82x	1.81x	1.72x
IRR%	1405%	1258%	1252%	1132%

Authorised by the Disclosure Committee

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