

Investment Portfolio Report at 30 June 2023

Omni Bridgeway Limited (ASX: OBL) (**Omni Bridgeway, OBL, Group**) announces its investment performance for the three months ended 30 June 2023 (**4Q23, Quarter**) and for the 2023 financial year (**FY23**).

Andrew Saker, Managing Director and CEO, commented "I am pleased to report a strong finish to the year, supported by momentum in the United States, and reflecting the effectiveness of Omni Bridgeway's long term diversified funds management strategy.

"We achieved our FY23 commitment target and improved the diversification and resilience of our portfolio. Annual commitments grew 17% to a record high of \$544 million and estimated portfolio value (after completions) increased 12% to \$30.5 billion. The implied embedded value of our portfolio is now \$3.9 billion. The compound annual growth rate over the last four years, for all three metrics, is more than 25%.

"During the year, we achieved a new record with approximately \$340 million gross income derived from investment completions and secondary market transactions, including income yet to be recognised from conditionally completed investments. This excludes \$87 million third-party income from the sale of an investment vehicle in December 2022.

"We continued to unlock opportunities in the secondary market completing transactions covering 15 assets, diversified income sources and generated gross cash proceeds of approximately \$76 million from those transactions. In May 2023, the sale of a participation in Fund 1 assets represented an important strategic milestone as we recycle capital, de-risk the portfolio and accelerate returns.

"We have a diversified and resilient platform with unrivalled expertise to create value through sourcing and underwriting quality investments. We believe this will generate strong cash returns for shareholders as the market continues to mature. Further, we are returning to a stabilised operating environment following the COVID-19 pandemic which is demonstrated by momentum experienced in the Quarter.

"Capital raising for Fund 8 and the upsizing of Funds 4 and 5 is progressing well. We anticipate the capital will be raised for Fund 8 in 1Q24, and we anticipate a first close of the upsizing of Funds 4 and 5 in the first half of FY24.

"Notwithstanding the recent completion of a previously impaired investment in Fund 4 negatively impacting performance metrics, investor appetite indicates confidence in the embedded value of the remaining investments and the potential for improved returns that we believe will be sufficient to generate performance fees.

"A significant investment pipeline, secondary market opportunities, operating discipline and completion momentum provide confidence in the underlying business model. Omni Bridgeway is well positioned for continued future growth," added Mr Saker.

Key metrics, highlights, and developments

- Generated investment income in FY23 of \$338.6 million (from income recognised, income yet to be recognised (**IYTB**R) and secondary market transactions), with \$119.8 million provisionally attributable to OBL.
- Recognised \$182.4 million income from diversified sources in 4Q23, representing approximately 65% of annual income recognised.
- Achieved FY23 commitments target with a commitment to fund \$544.2 million to investments, representing \$11 billion of new EPV (from matters that were newly funded, conditionally approved or had increased investment opportunities).
- Estimated portfolio value (**EPV**) of \$30.5 billion, up 12% in FY23 after completions, reductions from impaired investments and the Fund 1 deconsolidation. Implied embedded value (**IEV**) is \$3.9 billion at 30 June 2023.
- EPV conversion rate for FY23 was 14% reflecting adjusted litigation proceeds. Without these adjustments, the rate was 5%.

Secondary market sales

During the year, we continued to unlock opportunities in the secondary market while diversifying income streams, recycling capital, and accelerating returns to our investors.

Secondary market transactions relating to Fund 1 during FY23 generated gross cash proceeds of \$75.7 million, excluding \$86.6 million from a third-party sale of an investment vehicle in December 2022, comprising:

- \$28.0 million from an investment disposal in December 2022.
- \$47.7 million from the sale of a participation in Fund 1 assets which completed on 31 May 2023.

This risk management strategy allows us to reduce duration and completion risks, while enhancing liquidity and preserving internal rates of return.

We expect this market will continue to evolve and we anticipate that it will provide a meaningful contribution to future sources of income.

Subject to achieving appropriate return metrics, we have identified investments (spread across all our funds) as potential candidates, either in whole or in part, for secondary market transactions.

Cash reporting and financial position

The Group's balance sheet cash and receivables at 30 June 2023 was \$129.2 million.

A cash receipt of \$13.7 million relating to the final distribution of the Wivenhoe balance sheet investment is anticipated to be collected in August 2023 and is reflected in the balance sheet receivable balance below.

The reimbursement to OBL of Fund 8's \$9.4 million (€6.1 million) principal protection insurance premium, which is not included in the balance sheet receivable balance below, is anticipated to occur upon finalisation of the fund in 1Q24.

AUD million	Cash	Receivables	Total
OBL balance sheet (excluding Funds)	92.6	36.6	129.2
Funds 2-4, 6 (consolidated) ¹	24.4	108.2	132.6
Fund 5 (unconsolidated) ^{1,2}	25.3	73.3	98.6
Total at 30-Jun-23	142.3	218.1	360.4

1. Includes 100% of respective Fund's holding including amount attributable to both OBL and external investors.
2. Fund 5 is not consolidated within the Group Consolidated Financial Statements.

Income

The Group generated investment income of \$338.6 million in FY23 across the portfolio, excluding \$86.6 million third-party income from the sale of an investment vehicle in December 2022, with \$119.8 million provisionally attributable to OBL, comprising:

- \$283.4 million income recognised (\$92.3 million in 1H23, \$191.1 million in 2H23), with \$113.6 million provisionally attributable to OBL, from 33 completed investments with an EPV of \$3.2 billion and \$47.7 million cash proceeds from sale of participation in Fund 1.
- \$55.2 million IYTBR, with \$6.2 million provisionally attributable to OBL, from 4 investments with an EPV of \$382 million, relates to substantially completed investments with conditional settlements or judgments on appeal which may ultimately be recognised in the next quarter or future periods.

Investment income recognised in 4Q23 of \$182.4 million, which accounted for approximately 65% of our annual income recognised, comprises:

- \$89.7 million income recognised from 12 completed investments which had an EPV of \$2.2 billion.
- \$28.8 million recognised from partial completions of ongoing investments.
- \$16.2 million of additional income from completions in previous periods.
- \$47.7 million cash proceeds from the sale of a participation in Fund 1.

Included above is \$16.0 million income recognised in June 2023 from the Wivenhoe balance sheet investment. This reflects the finalisation of the loss assessment by external counsel and the income from this investment is now fully recognised. The Wivenhoe investment was disclosed as IYTBR as a binding conditional settlement of \$9.5 million in the 3Q23 Investment Portfolio Report dated 1 May 2023. Receipt of the final cash distribution of \$13.7 million is anticipated in August 2023.

Income recognition

AUD million	Balance sheet	Fund							Total
		1	2&3	4	5	6	7	8	
Income recognised in 1H23	4.1	34.5	4.4	20.3	22.8	6.2	-	-	92.3
Income recognised in 3Q23	0.4	(0.2)	0.2	2.5	3.6	2.2	-	-	8.7
Investments completed in 4Q23	21.5	-	17.0	-	35.1	16.1	-	-	89.7
Investments completed in prior periods	15.4	-	0.7	-	-	0.1	-	-	16.2
Cash proceeds from sale of Fund 1 participation	47.7	-	-	-	-	-	-	-	47.7
Ongoing investments	-	-	2.2	20.2	3.2	3.2	-	-	28.8
Income recognised in 4Q23	84.6	-	19.9	20.2	38.3	19.4	-	-	182.4
Income recognised in FY23	89.1	34.3	24.5	43.0	64.7	27.8	-	-	283.4
- binding conditional settlements	-	-	-	-	-	-	-	-	-
- successful judgments	-	-	-	6.8	-	24.2	-	-	31.0
- executed settlements	-	-	-	-	-	-	-	-	-
- agreed in-principle settlements	-	-	-	24.2	-	-	-	-	24.2
Income yet to be recognised at 30-Jun-23	-	-	-	31.0	-	24.2	-	-	55.2
Total income recognised in FY23 and yet to be recognised at 30-Jun-23	89.1	34.3	24.5	74.0	64.7	52.0	-	-	338.6

Provisional distribution of income recognised and yet to be recognised¹

AUD million	Balance sheet	Fund							Total
		1	2&3	4	5	6	7	8	
Provisional distribution attributable to OBL shareholders	89.1	-	-	14.8	12.9	3.0	-	-	119.8
Provisional distribution attributable to NCI	-	34.3	24.5	59.2	51.8	49.0	-	-	218.8
Distribution waterfall of income recognised in FY23 and yet to be recognised at 30-Jun-23	89.1	34.3	24.5	74.0	64.7	52.0	-	-	338.6

1. Represents indicative cashflows (excluding performance fees) anticipated to flow out of the Funds due to the income generation included in the table above. It represents the aggregate estimate of the cash distributed and yet to be distributed under the various distribution waterfalls of the Funds assuming the income is equivalent to gross cash proceeds. The Fund's capital status and waterfalls operate on a cash collection and distribution basis and do not align with the accounting treatment. Accordingly, the NCI attribution disclosed in the Group Consolidated Financial Statements will not necessarily match this.

EPV conversion to income

The EPV conversion rate for FY23 was 14% reflecting adjusted¹ litigation proceeds. Without these adjustments, the rate was 5%.

Investments categorised as income yet to be recognised (subject to achieving the estimated income) have an EPV conversion rate of 14%.

AUD million	Balance sheet	Fund							Total
		1	2&3	4	5	6	7	8	
4Q23									
EPV of investments completed	99	-	140	1,603	276	65	-	-	2,183
Life to date income of fully completed investments	38	-	17	2	36	18	-	-	111
EPV conversion rate	38%	-	12%	0%	13%	28%	-	-	5%
FY23									
EPV of investments completed	101	497	156	1,604	822	66	-	-	3,246
Life to date income of fully completed investments	42	32	17	2	49	18	-	-	160
EPV conversion rate	42%	6%	11%	0%	6%	27%	-	-	5%
Investments categorised as IYTBR									
EPV of investments	-	-	-	256	-	126	-	-	382
Life to date income (estimate)	-	-	-	31	-	24	-	-	55
EPV conversion rate (estimate)	-	-	-	12%	-	19%	-	-	14%

1. Adjustments to litigation proceeds relate to material matters including the impaired Fund 4 matter and the accelerated Fund 5 matter.

Fund summary

Following the sale of a participation in Fund 1 assets which completed on 31 May 2023, the residual interest in Fund 1 is recognised as an investment in associate within the Group Consolidated Financial Statements. As such, Fund 1 metrics from 31 May 2023 are not disclosed in this report.

Funds 2&3 are fully committed and are in harvest mode.

Fund 4 is 86% committed and Fund 5 is 85% committed. Funds 4 and 5, in aggregate, have approximately US\$245 million in available capacity including recycling of capital. We plan on executing a first close of the series II upsizing in 1H24 of around US\$400 million to US\$600 million with existing investors. A second close is planned with other new investors to follow.

Fund 6 is in harvest mode. Merits investment opportunities are being undertaken by Fund 5 and enforcement investment opportunities will flow to Fund 8 once closed.

As part of establishing the first series of the €300 million Fund 8, we are in advanced stages to close a limited recourse debt facility of up to €135 million with stand by equity to be provided by OBL of up to €15 million. The debt will be secured against an already acquired principal protection insurance policy as well as the Fund 8 investments.

We expect that final documentation will be signed shortly, after which details of the facility will be announced. The enforcement investments that are being warehoused on the Group balance sheet will transfer to Fund 8 upon completion, which is anticipated in 1Q24. The insurance policy has an option to extend the indemnity to €270 million, which provides an option for a second series of Fund 8.

Fund breakdown

Portfolio	Committed	Fund size	Fund breakdown				
			Recycled profits	Capital deployed	Capital committed – undeployed	Capital uncommitted	Other costs
Funds 2&3 ¹	100%	\$189m	-	\$134m	\$44m	(\$4m)	\$15m
Fund 4	86%	US\$500m	-	US\$225m	US\$190m	US\$72m	US\$13m
Fund 5 ²	85%	US\$500m	-	US\$134m	US\$262m	US\$74m	US\$30m
Fund 6 ^{3,4}	100%	€188m	(€50m)	€94m	€112m	(€18m)	€50m
Fund 7 ²	4%	US\$100m	-	US\$4m	-	US\$96m	-
Fund 8 ^{5,6}	4%	€150m	-	<€1m	€6m	€144m	-

1. Fund 2&3 capital uncommitted represents the over commitment allowance.
2. Fund 5 and Fund 7 are not consolidated within the Group Consolidated Financial Statements, here they are presented at 100%.
3. Data for Fund 6 is current at 31 March 2023.
4. Fund size is €150m plus an over commitment allowance of 25%.
5. Investments warehoused on OBL balance sheet, fund size subject to completion of the debt facility.
6. The principal protection insurance extends the indemnity to €270 million which facilitates a second series or an upside of series I.

Fund distribution profiles

Portfolio	Total capital called	Total distributions (capital and returns)	Outstanding amounts yet to be attributable to NCI		Outstanding amounts yet to be attributable to OBL	
			Capital (A\$)	Returns (A\$)	Capital (A\$)	Fees (A\$)
Funds 2&3	\$163m	(\$67m)	\$64m	\$56m ¹	\$33m	\$8m
Fund 4	US\$236m	(US\$74m)	\$196m	-	\$49m	-
Fund 5	US\$168m	(US\$19m)	\$179m	-	\$45m	-
Fund 6 ²	€91m	-	\$142m	-	\$7m	-
Fund 7	US\$4m	-	\$5m	-	<\$1m	-
Fund 8	-	-	-	-	-	-
Total			\$586m	\$56m	\$134m	\$8m

1. Includes accumulated preferred returns and special distributions.
2. Data for Fund 6 is current at 31 March 2023.

Completed investment duration and outcome

The data included in the table below reflects investment completions in Funds 1 to 6 and on balance sheet since their inception. Fund 1 includes metrics up to 31 May 2023, the date of its deconsolidation.

Portfolio	#	Average duration	EPV	EPV conversion rate	Financial outcome \$ weighted average	ROIC ¹	IRR ^{1,2}
Fund 1	35	3.5 yrs	\$2,023m	11%	69%	38%	12%
Funds 2&3 ³	18	1.9 yrs	\$609m	16%	43%	91%	89%
Fund 4	11	1.3 yrs	\$2,425m	4%	51%	(16%)	(18%)
Fund 5	13	1.7 yrs	\$1,137m	7%	76%	105%	54%
Fund 6	230	3.2 yrs	n/a	n/a	80%	307%	177%
Fund 7	-	-	-	-	-	-	-
Fund 8	-	-	-	-	-	-	-
Balance sheet	196	3.0 yrs	\$5,455m	20%	78%	164%	80%

1. Return on invested capital (ROIC) and internal rate of return (IRR) is measured before capitalised overheads and operating overheads.
2. IRR information prior to FY12 is not available due to the difficulty in extracting it from legacy systems.
3. Excludes the partial investment completion of the secondary market sales.

Estimated portfolio value analysis

Total EPV of \$30.5 billion (including conditionally funded and IC approved investments) increased by 12.0% in FY23.

The appeal petition to the US Supreme Court in relation to the fully impaired Fund 4 investment was denied in April 2023. As there are no further avenues for appeal, the investment was removed from our portfolio during the Quarter. The EPV of this investment was \$1.6 billion with an estimated completion date of FY24.

Funded EPV profile

Future completions	#	Average duration	Possible completion of EPV ¹					
			AUD million					
			FY24	FY25	FY26	FY27+	Total	IEV
Balance sheet	5	8.3 yrs	22	0	4	5	31	5
Funds 2&3	23	4.4 yrs	1,084	1,257	74	803	3,218	483
Fund 4	40	1.4 yrs	1,240	2,356	2,679	2,876	9,151	1,373
Fund 5	57	1.6 yrs	2,185	2,512	1,086	4,091	9,874	1,481
Fund 6	146	7.4 yrs	415	827	647	1,798	3,687	553
Fund 8 ³	3	0.4 yrs	8	7	11	27	53	8
Total	274	5.0 yrs	4,954	6,959	4,501	9,600	26,014	3,903
Change ² from 31-Mar-23 incl. fx			(8.6%)	9.9%	11.4%	28.8%	(5.9%)	
Change ² from 31-Mar-23 excl. fx			(10.0%)	8.8%	10.0%	27.4%	(7.0%)	
Past completions	#	FY23	FY24	FY25	FY26	FY27+	Total	
Completed EPV in 1H23	13	(168)	(324)	-	(531)	-	(1,023)	
Completed EPV in 3Q23	8	(1)	(38)	(1)	-	-	(40)	
Completed EPV in 4Q23	12	(256)	(1,697)	(230)	-	-	(2,183)	
Completed EPV in FY23	33	(425)	(2,059)	(231)	(531)	-	(3,246)	

1. Includes current unconditional investments, excludes conditional and Investment Committee approved investments. It includes the investments that are substantially completed and those that are related to income yet to be recognised in the Income Recognition table.
2. The change is calculated after allowing for completions in the period and excluding Fund 1.
3. Investments warehoused on OBL balance sheet, fund size subject to completion of the debt facility.

Investment and EPV movement

Quarterly movement

4Q23 AUD million	EPV									#
	Balance sheet	Fund							Total	
		1	2&3	4	5	6	7	8		
Opening 31-Mar-23	161	1,349	3,320	10,302	8,639	3,899	-	15	27,685	292
New investments	-	-	-	520	1,344	-	-	37	1,901	8
Completions	(99)	-	(140)	(1,603)	(276)	(65)	-	-	(2,183)	(12)
Updates	(1)	-	(4)	(184)	170	(185)	-	1	(203)	-
Withdrawn / terminated	-	-	-	-	(109)	-	-	-	(109)	(1)
Impairment	(30)	-	-	-	-	-	-	-	(30)	-
FX adjustment	-	-	42	116	106	38	-	-	302	-
Fund 1 deconsolidation	-	(1,349)	-	-	-	-	-	-	(1,349)	(13)
Closing 30-Jun-23	31	-	3,218	9,151	9,874	3,687	-	53	26,014	274
Conditionally funded investments									2,127	13
IC approved investments									2,334	14
Total at 30-Jun-23									30,475	301

Annual movement

FY23 AUD million	EPV									#
	Balance sheet	Fund							Total	
		1	2&3	4	5	6	7	8		
Opening 30-Jun-22	521	1,917	3,390	7,093	7,284	3,655	-	-	23,860	283
New investments	13	-	-	3,592	3,451	80	-	52	7,188	39
Completions	(101)	(497)	(156)	(1,604)	(822)	(66)	-	-	(3,246)	(33)
Updates	(154)	(44)	(104)	(244)	(199)	(266)	-	1	(1,010)	-
Withdrawn / terminated	-	-	-	(3)	(109)	-	-	-	(112)	(2)
Impairment	(250)	(85)	-	-	-	(21)	-	-	(356)	-
FX adjustment	2	58	88	317	269	305	-	-	1,039	-
Fund 1 deconsolidation	-	(1,349)	-	-	-	-	-	-	(1,349)	(13)
Closing 30-Jun-23	31	-	3,218	9,151	9,874	3,687	-	53	26,014	274
Conditionally funded investments									2,127	13
IC approved investments									2,334	14
Total at 30-Jun-23									30,475	301

Funded EPV quarterly movement by year

AUD million	FY23	FY24	FY25	FY26+	Total
New investments in the Quarter	-	-	47	1,854	1,901
Completions in the Quarter	(256)	(1,697)	(230)	-	(2,183)
EPV updates	(122)	(354)	125	148	(203)
Withdrawn / terminated	-	-	(109)	-	(109)
Impairment	-	(30)	-	-	(30)
Estimated completion date changes from FY23	(780)	729	51	-	-
Estimated completion date changes from FY24	-	(1,032)	653	379	-
Estimated completion date changes from FY25	-	142	(209)	67	-
FX adjustment	-	76	69	157	302
Fund 1 deconsolidation	(447)	(507)	(327)	(68)	(1,349)
Total movement in the Quarter	(1,605)	(2,673)	70	2,537	(1,671)

Further information

Following the release of its results for the 12 months to 30 June 2023, OBL will host a market briefing at 10:00am AEST on Wednesday 23 August 2023.

To access this event, please register at https://webcast.openbriefing.com/obl_fyr_2023/

Further information on terms used in this announcement is available in our Glossary and Notes:

<https://omnibridgeway.com/investors/omni-bridgeway-glossary> (**Glossary**)

<https://omnibridgeway.com/docs/default-source/investors/general/notes-to-qpr.pdf> (**Notes**)

The Glossary and Notes contain important information, including definitions of key concepts, and should be read in conjunction with this announcement.

Fund 1, Fund 5, and Fund 7 are not consolidated within the Group Consolidated Financial Statements; the residual interest in Fund 1 is recognised as an investment in associate and Fund 5 is brought in at the Group's attributable 20% share of income, assets, and liabilities with no associated non-controlling interests (**NCI**).

Throughout this document, Fund 5 and Fund 7 are presented at 100% values with the respective external investor's interests reflected as NCI. Fund 1 was deconsolidated on 31 May 2023; its metrics, effective from this date, are not disclosed in this document.

Commitments and EPV include conditional, and Investment Committee approved investments, whereas IEV excludes them.

This announcement is authorised for release to the market by the Disclosure Committee.

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About Omni Bridgeway

Omni Bridgeway is the global leader in legal finance and risk management, including dispute and litigation finance from case inception to post-judgment enforcement and recovery.

Listed on the ASX, Omni Bridgeway (ASX:OBL) operates from 26 international locations.