

LCM

EXPERIENCE COUNTS

Leading international alternative asset manager
specialising in disputes financing

Market Update

July 2021

Litigation Capital Management Limited
ACN 608 667 509

Alternative asset manager specialising in disputes financing



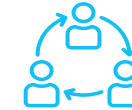
Industry pioneer

One of the pioneers of the litigation funding industry with 23 years of experience



237 completed investments

237 separate case investments completed since inception with only 11 resulting in a loss



Experienced team

LCM's Executives and Investment Managers are some of the most experienced in the industry globally



Geographic footprint

Offices spanning Sydney, Singapore, London, Melbourne and Brisbane



Unparalleled track record

Financial performance of entire portfolio over the past 10 years generated IRR of 78% & ROIC of 153%, inclusive of losses



Growing Asset Management

LCM's first funds management pool of US\$150m largely committed and second fund well advanced

Building scale

Growth in opportunity



Increased investment



Sustained growth



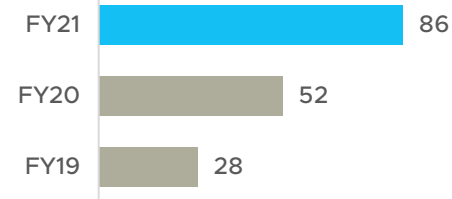
Applications



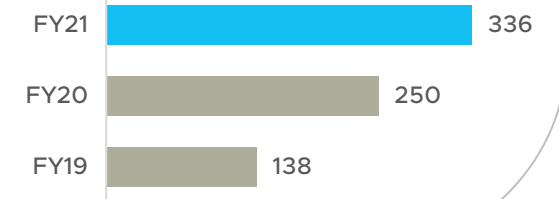
Capital committed



Capital invested



AUM



¹ Capital committed in year represents new commitments signed up

² Capital invested into litigation projects during the year inclusive of third party funds. The 30 June 2021 position reflects the best preliminary estimate and is not final

Maintaining performance through disciplined investment

- LCM has overall maintained its high investment return metrics whilst building scale
- Increased the return on invested capital
- Maintained internal rate of return over 10 years
- Continues the discipline in undertaking due diligence and risk management of applications
- Ten years performance metrics includes all investments, including losses



10-year cumulative portfolio ROIC of

153%¹

9-year ROIC 134%



10-year cumulative portfolio IRR of

78%¹

9-year IRR 78%



Conversion of applications to investments

3%

FY20 3.5%

Current portfolio of direct investments

Balances as at
30 June 2021
(A\$ millions)

\$105 million

Direct 100% investment²
portfolio

\$76 million³

LCM direct co-investment⁴

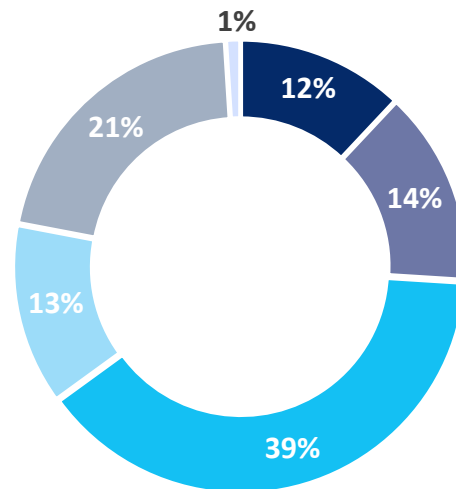
\$98 million⁵

Funded

\$83 million⁵

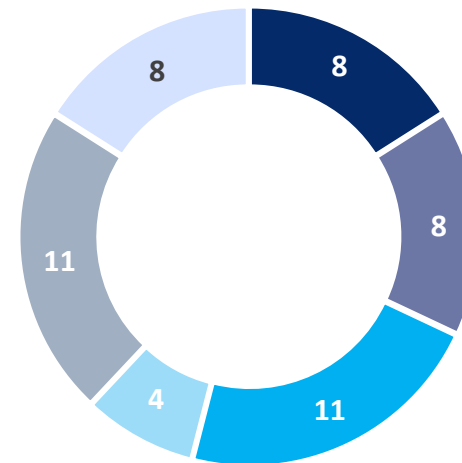
to be invested

Portfolio by industry sector
(estimated A\$ capital commitment)¹



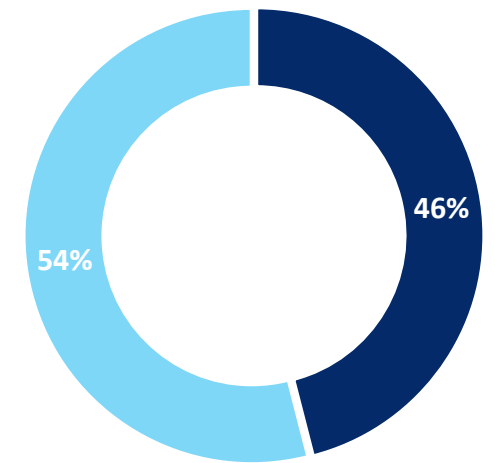
- Commercial Disputes - \$21m
- Insolvency - \$25m
- Class Action - \$71m
- Portfolio - \$23m
- Arbitration - \$39m
- Acquisition of claims - \$2m

Portfolio by industry sector
(number of projects)



- Commercial Disputes - 16%
- Insolvency - 16%
- Class Action - 22%
- Portfolio - 8%
- Arbitration - 22%
- Acquisition of claims - 16%

Portfolio by region
(estimated A\$ capital commitment)¹



- APAC - \$84m
- EMEA - \$97m

¹ Capital commitment denotes the total estimated budget of the portfolio of investments as at 30 June 2021 converted to AUD as at the date of litigation funding agreement

² Direct investment denotes the Group's investments made 100% on-balance sheet

³ US\$54 million

⁴ Co-investment denotes the Group's direct investment into the matters funded together with the LCM Global Alternative Returns Fund, exclusive of any investments concluded and written off

⁵ The 30 June 2021 position reflects the best preliminary estimate and is not final

LCM Global Alternative Returns Fund

Balances as at
30 June 2021
(A\$ millions)

76%
Committed²

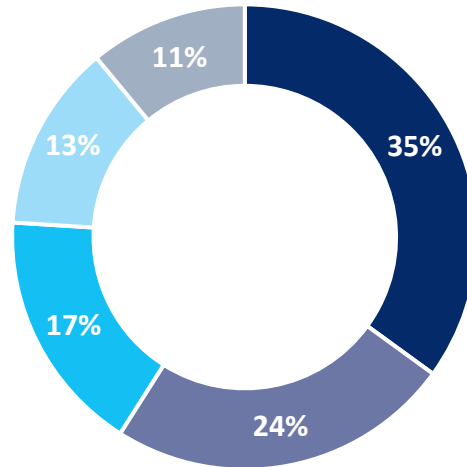
\$18 million

Investments approved by LCM &
subject to final due diligence
before allocating fund capacity

86%

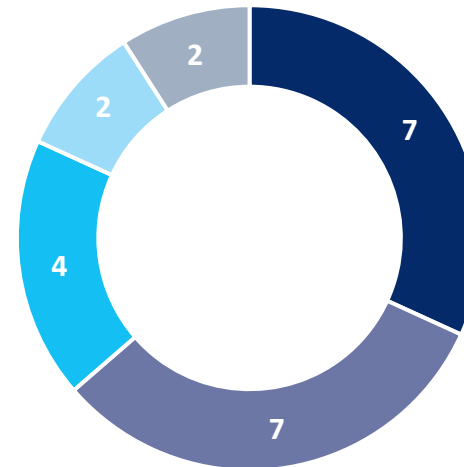
Commitment level of Fund if
conditional investments pass
final due diligence²

Portfolio by industry sector
(estimated A\$ capital commitment)¹



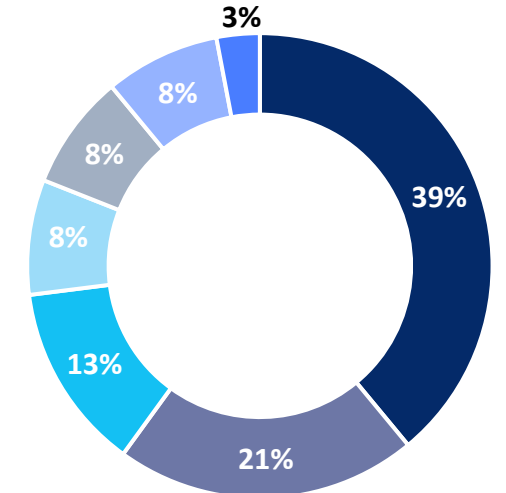
- Class Action - \$57m
- Arbitration - \$38m
- Insolvency - \$27m
- Portfolio - \$21m
- Commercial disputes - \$17m

Portfolio by industry sector
(number of investments)



- Class Action - 32%
- Arbitration - 32%
- Insolvency - 18%
- Portfolio - 9%
- Commercial disputes - 9%

Portfolio by geography
(estimated A\$ capital commitment)¹



- UK - \$63m
- Australia - \$34m
- UAE - \$20m
- USA - \$13m
- EU - \$13m
- Asia - \$12m
- Africa - \$5m

CASE STUDY

LCM's most recent investment resolution

Investment: Proceedings in New Zealand and European jurisdictions regarding the recovery of assets, following a long running partnership dispute

Investment criteria: Due diligence involved detailed consideration against our five key pillars for investment selection. Additionally, investment managers identified the appropriate strategy to achieving a successful recovery, considered timing and, assessment of the process and impact of COVID 19 with relation to the sale of a premium hospitality asset

Resolution: Sale proceeds were paid into court in January 2021 and following a further hearing in March 2021, a preliminary judgment was received on 17 June 2021 with payment to LCM by 30 June 2021

Investment performance

ROIC
313%

IRR
121%

Time to completion
30 months

Asset Management Business Update



LCM's first managed pool of third party capital of US\$150m closed in March 2020



First fund now committed at over **75%** and advanced pipeline should see fund fully committed in the coming months



LCM has commenced its capital raising for a second and new **US\$300m** fund



The capital raising is well advanced



Currently considering timing on a potential first close

Origination

Applications

- 163 live applications
- 58 in EMEA and 105 in APAC
- Total applications received in FY21 are up 10% on the prior year at 572 which compares with 522 in FY20

Pipeline

- Qualified pipeline of 31 claims with an estimated aggregate budget of approximately \$365m
- 15 claims in this pipeline have been generated in APAC with an estimated aggregate capital commitment¹ of approximately \$93m
- 16 claims in this pipeline have been generated in EMEA with an estimated aggregate capital commitment¹ of approximately \$272M

Favourable market dynamics



Uncorrelated returns

- Each and every investment whether the subject of a direct investment or as part of the fund portfolio is uncorrelated to each other



Countercyclical business

- Global financial markets are experiencing high volatility. Historically dispute levels rise during period of instability. The levels of insolvency events increases. Finally corporates tend to look for alternatives to disputes spending



Low market penetration

- Despite demand for litigation finance steadily increasing, the levels of market penetration in the various markets in which LCM operates is very low



Demand expanding rapidly

- The demand for litigation finance is steadily growing from year to year



Growing industry globally

- Not only is there a steady increase in established markets but also new geographies and jurisdictions are opening to litigation finance



Shifting legal market dynamics

- The expectations of corporates are changing. Clients increasingly expect law firms to be flexible and offer alternate solutions to disputes fees, creating an opportunity for LCM

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