



EXPERIENCE COUNTS

UPDATE TO MARKET

30 JUNE 2020

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Delivering clear growth

Strategic goals:



Corporate portfolios – In FY20 four resolutions achieved in the building and construction portfolio. Four case resolutions in aviation portfolio



Third-Party fund - immediate scale with first close of US\$150 million



Strategic alliance - performance of existing global law firm alliance. Entered into second alliance in Australia



Smoothing of earnings - larger capital base allowing more investments and larger portfolios, combined with shorter life assigned claims will have the effect of smoothing LCM revenue line over time

9-year portfolio
ROIC

134%

9-year cumulative
portfolio IRR

78%

522 applications
received of which

3.5% passed due
diligence

Current portfolio of direct investments

Current Portfolio
as at 30 June 2020
(A\$ millions)

\$95 million

Direct investment²
portfolio

\$48 million³

LCM co-investment⁴

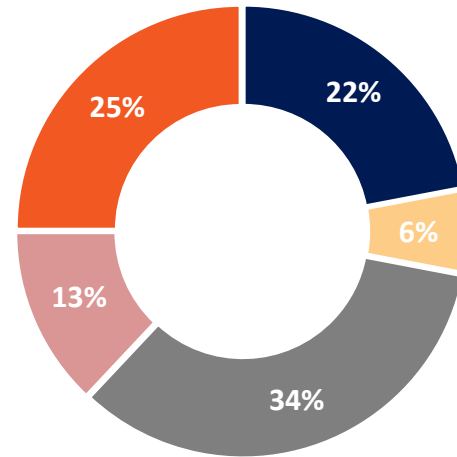
\$57 million⁵

Funded

\$86 million⁵

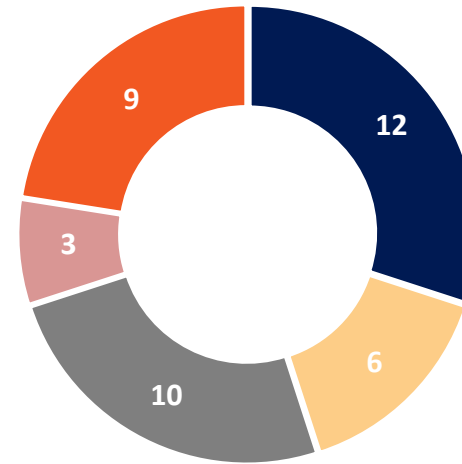
to be deployed

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



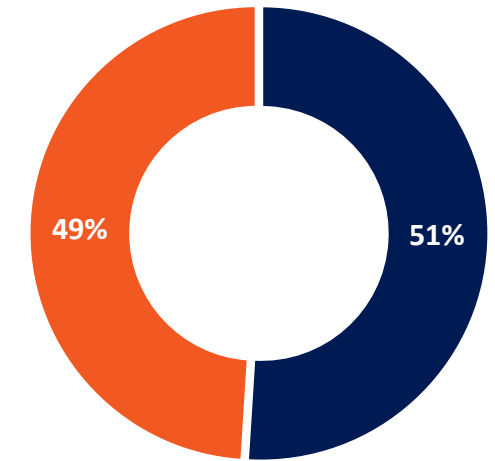
- Commercial Disputes - \$32m
- Insolvency - \$9m
- Class Action - \$48m
- Portfolio - \$18m
- Arbitration - \$36m

Portfolio by industry sector
(number of projects)



- Commercial Disputes - 30%
- Insolvency - 8%
- Class Action - 25%
- Portfolio - 15%
- Arbitration - 23%

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



- APAC - \$73m
- EMEA - \$70m

¹Capital commitment denotes the total estimated budget of the portfolio of projects

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

³US\$32 million

⁴Co-investment denotes the Group's direct investment into the matters funded together with the LCM Global Alternative Returns Fund

⁵As at 8 July 2020, the 30 June 2020 position reflects the best preliminary estimate and is not finalised. The final figures will be disclosed in the FY20 Annual Report and may increase

LCM Global Alternative Returns Fund

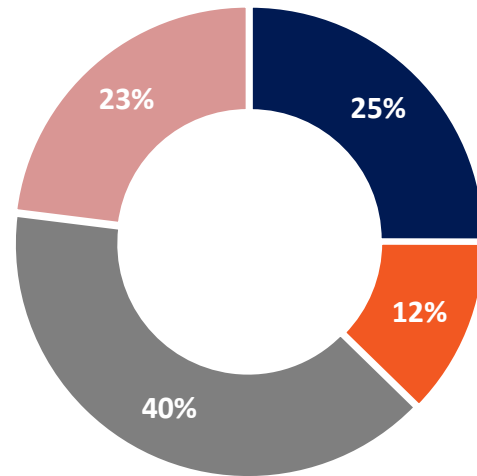
Balances as at first close on 30 June 2020
(A\$ millions)

47%
Committed

\$106 million²
Fund capital commitment¹

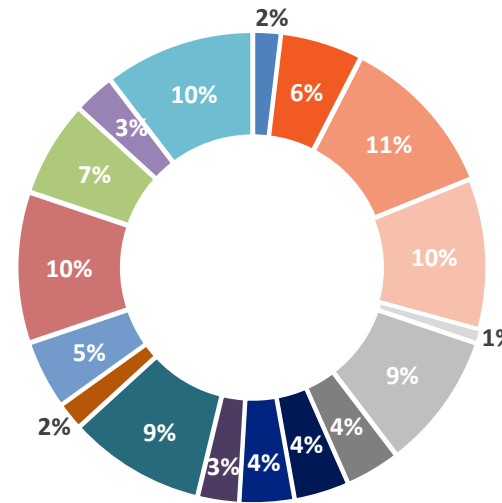
\$119 million³
Available fund capital

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



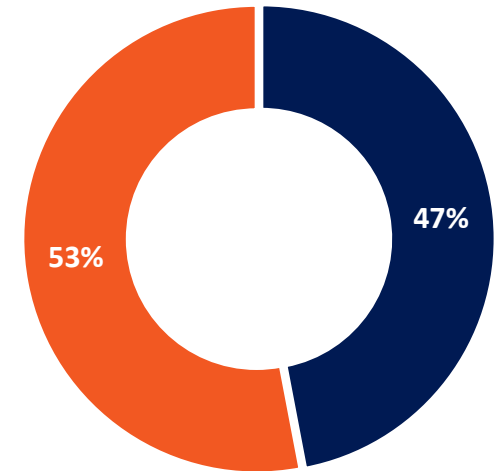
- Commercial Disputes - \$27m
- Insolvency - \$13m
- Class Action - \$42m
- Arbitration - \$24m

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



- Project 1 - \$2m
- Project 2 - \$6m
- Project 3 - \$12m
- Project 4 - \$11m
- Project 5 - \$1m
- Project 6 - \$10m
- Project 7 - \$4m
- Project 8 - \$4m
- Project 9 - \$4m
- Project 10 - \$3m
- Project 11 - \$10m
- Project 12 - \$2m
- Project 13 - \$5m
- Project 14 - \$11m
- Project 15 - \$7m
- Project 16 - \$3m
- Project 17 - \$11m

Third party fund commitments
(estimated A\$ capital commitment)¹



- Committed to projects - \$106m
- Available capital - \$119m

¹Capital commitment denotes the total estimated budget of the portfolio of projects as at 30 June 2020

²US\$71 million

³US\$79 million

Developments during the quarter ending 30 June 2020



Increased demand

LCM has observed an increase in demand for its disputes financing solutions as global economies experience instability



Counter-cyclical impact

Demand reflects the counter-cyclical nature of the litigation finance industry



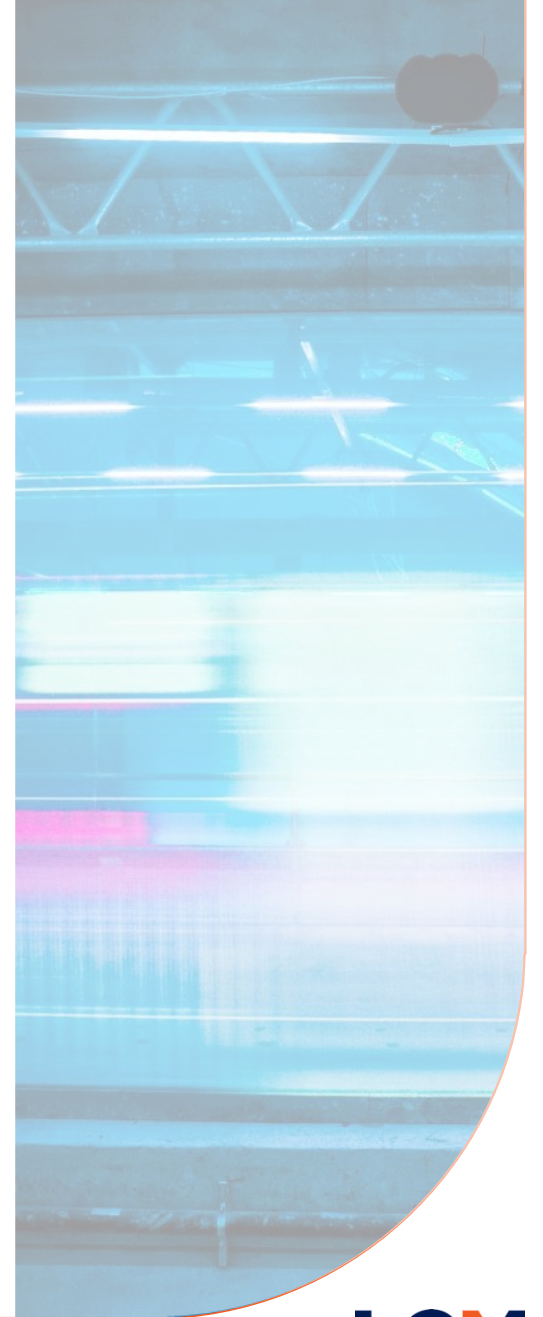
Increased commitment

As a demonstration of that increased demand, LCM has:

- Committed **\$84m** during the last quarter
- Committed LCM Global Alternatives Return Fund to **47%** of its capacity since the first close in March 2020

COVID-19: operational impact

- The impact of COVID-19 across LCM's operations has had limited effect
- LCM moved quickly and comfortably to remote operations using its cloud-based digital networks across jurisdictions
- In many respects, LCM has operated as effectively and efficiently during this period as pre COVID-19
- LCM is observing, and expects to observe, continued positive effects upon its three investment strategies



Update: Single-case investments

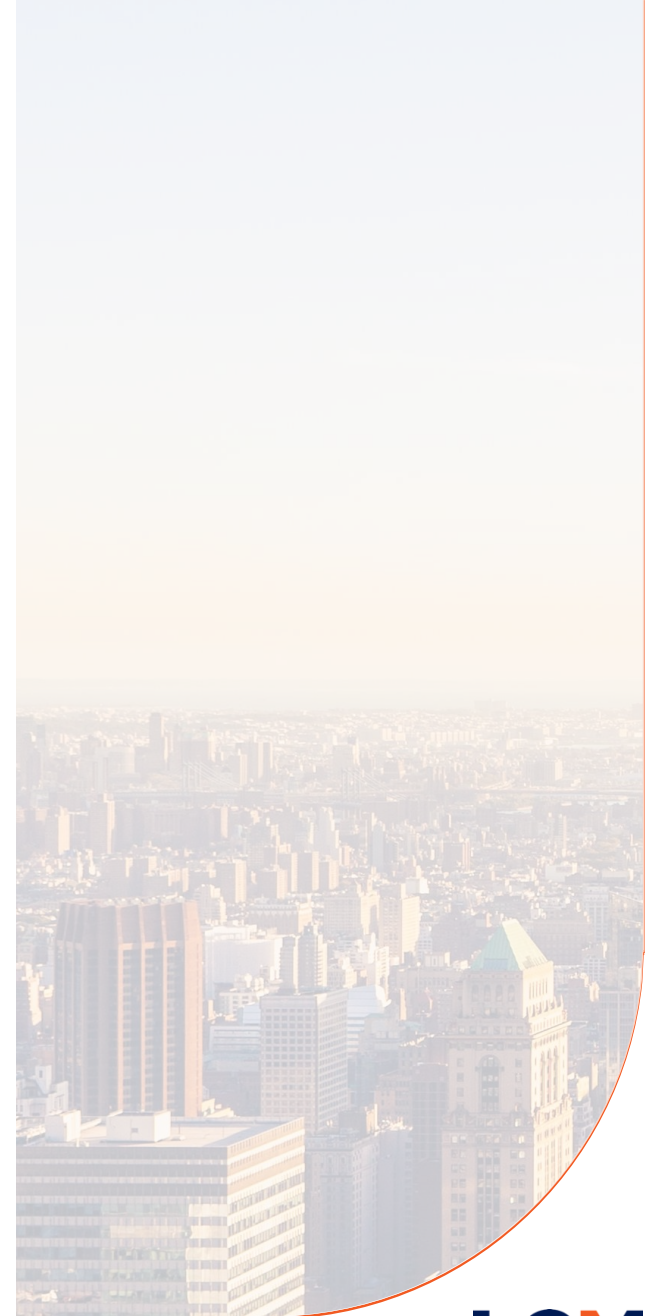
- We are already observing a change in sentiment from the corporate users of litigation finance products by:
 - preserving their own capital for core business
 - looking for alternative methods of meeting disputes spend
- This translates into increased demand for both single-case investments and LCM's corporate portfolio solutions



Update: Corporate portfolios

Having operated through both the final years of the Asian credit crisis and the Global Financial Crisis in 2008, LCM has observed that during periods of economic instability there is a general increase in the number of disputes. As such:

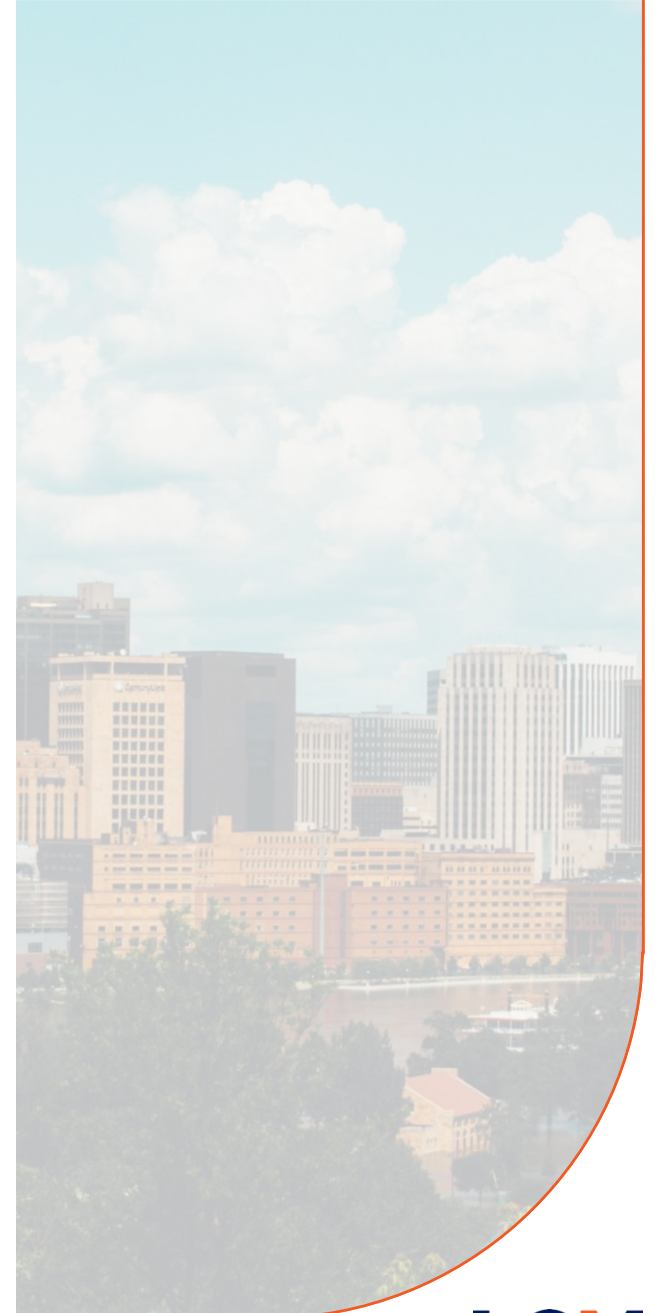
- Corporates tend to preserve balance sheet cash for core operations and are far less likely to utilise their own capital towards the financing of disputes
- LCM's disputes financing solutions are a key solution for those corporates involved in or contemplating disputes finance to preserve their capital



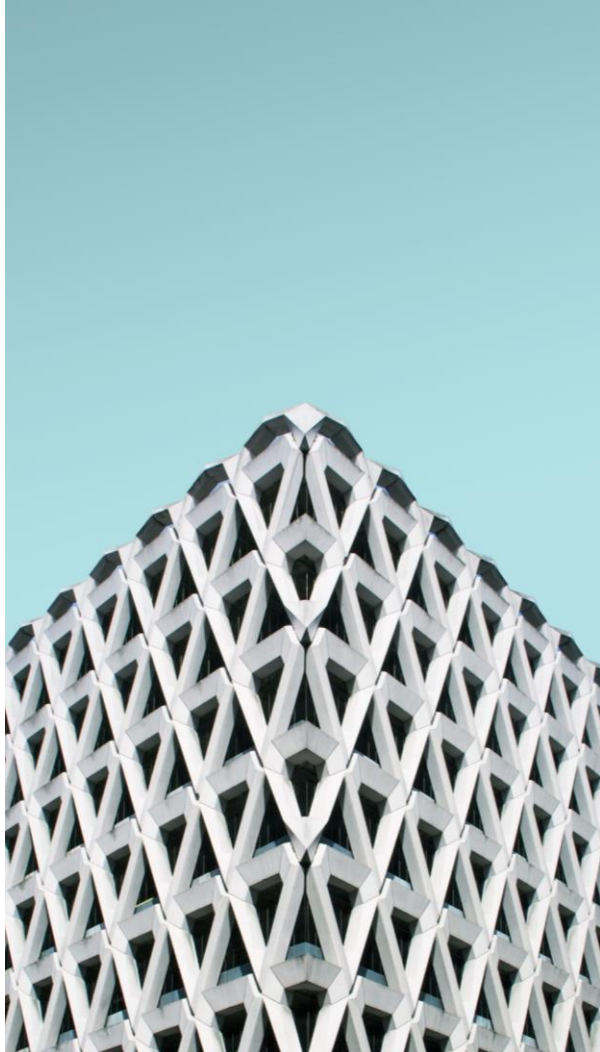
Update: Acquisition of claims

Insolvency and restructuring

- Global economic conditions and industry forecasts suggest that there will be a significant increase in insolvency events
- Examples have already occurred including Virgin Australia Airlines, Hertz, JC Penney, Neiman Marcus, Debenhams, TM Lewin, Victoria's Secret UK and Antler
- LCM has a long history and deep experience in funding insolvencies globally from large disputes through to smaller disputes and the acquisition of claims
- We anticipate a significant increase in applications from those sectors in the near future which will extend for a number of years thereafter
- LCM has longstanding and deep referral relationships in the jurisdictions in which it operates to benefit from those opportunities



Update: Portfolio maturation



- The immediate effect of COVID-19 on existing investments has been predominantly felt in the jurisdiction of Australia because:
 - LCM's oldest and most advanced investments are in the Australian jurisdiction
 - In relation to disputes which are approaching a final adjudication, the courts have struggled with seamless implementation of digital hearings
 - Whilst the legal system moved quickly, the hearings have taken longer than expected as the courts and practitioners grappled with new technology
 - This has caused the resolution of a small number of our Australian investments to be pushed into the next financial period
 - That does not result in any lost revenue, but rather the shifting of revenue from one financial reporting period to the next
- The effect of delays in the court system are unlikely to continue as courts become more familiar with digital hearings which are now largely a permanent part of the judicial system
- LCM fully expects those shifted revenues to be picked up in the following financial period