



Investor Presentation
Updated April 2023

**FENCHURCH
LEGAL**

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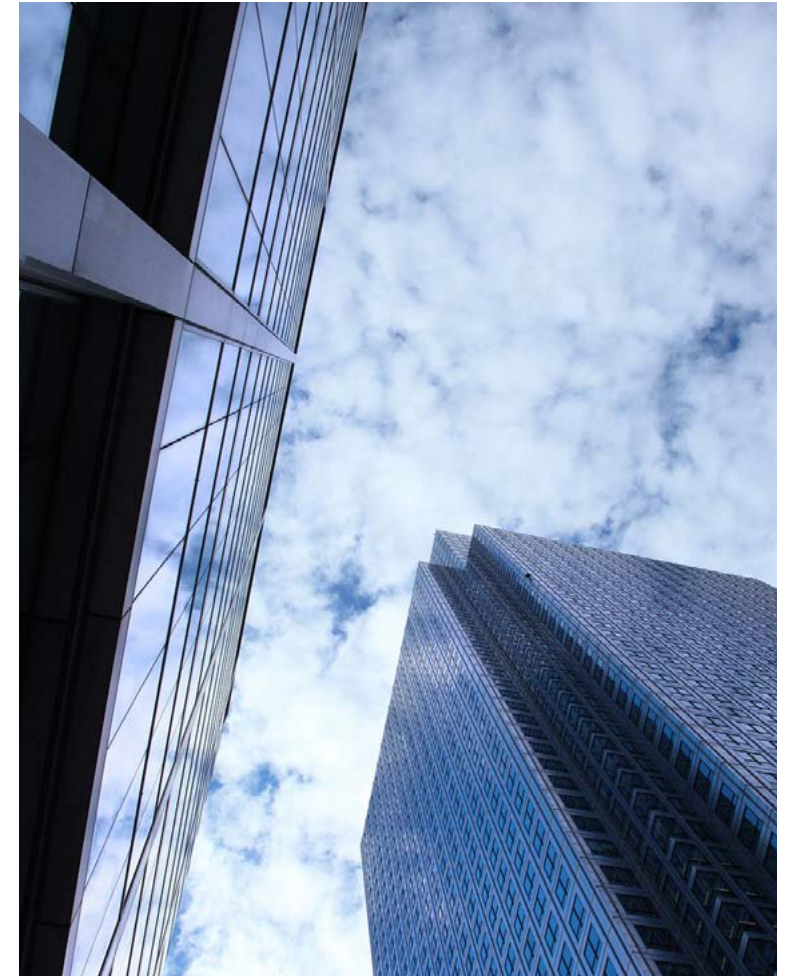
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Executive Summary

Fenchurch Legal is a specialist litigation financier, based in the UK. Providing simple and flexible litigation funding solutions to UK law firms regulated by the Solicitors Regulatory Authority.

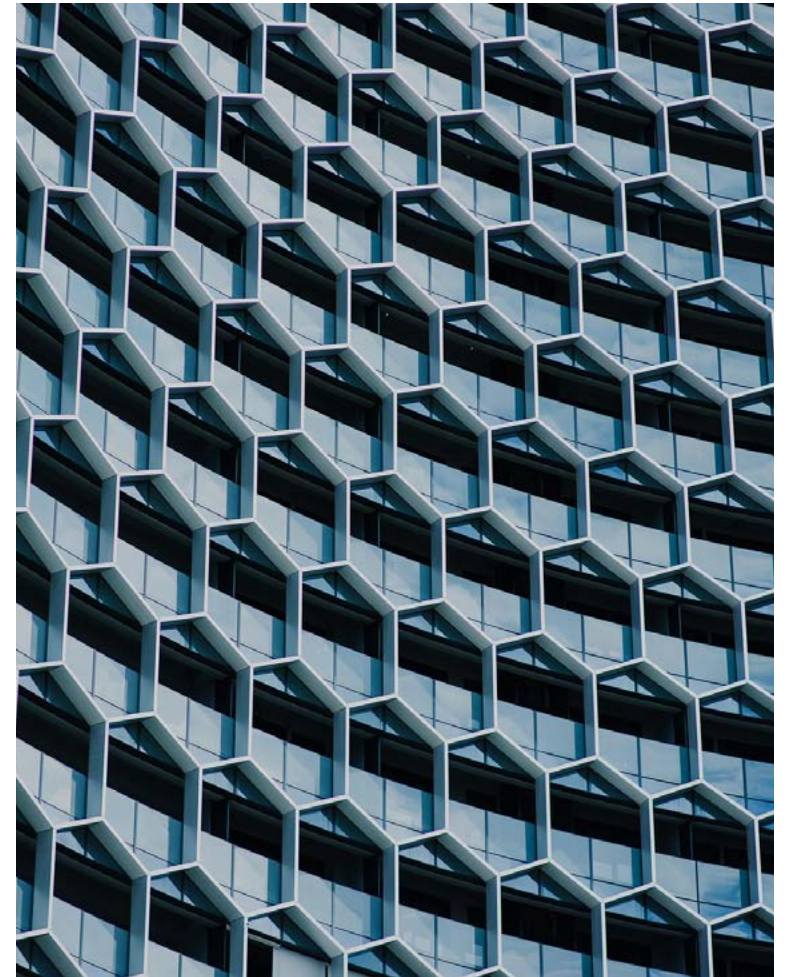
- The financing funds small ticket ATE (“After the Event”) claims and their disbursements, which are insured by an ATE insurance policy.
- Fenchurch Legal has created a high level of diversification by funding a large volume of smaller ticket ATE litigation cases.
- Since its founding in early 2020, Fenchurch Legal has established key relationships with both law firms and ATE insurance brokers to expand its clientele and loan book.
- Our niche market is the many small to medium-sized law firms that currently have the infrastructure, personnel and expertise to take on a large number of claims but lack the upfront funding to do so.
- To date €34.4m of loans have been originated across 10,170 cases, with €9.3m of cases already settled, and demand remains strong in this growing market.



Our Story

Fenchurch Legal launched in early 2020 after identifying a gap in the market.

- Fenchurch Legal's founders have extensive experience within the wider corporate lending market, specifically areas of direct lending underserved by banks.
- Their experience in the wider lending market enabled the company to identify a growing demand in the UK market for smaller ATE claims litigation financing.
- Recognised that the competition was offering a poor service and this presented an opportunity to create an offering that delivered a first-class service with simple & straightforward pricing and draw-down models.
- Fenchurch Legal was created as a new company to fulfil the needs of small law firms looking for small ATE claims litigation financing.
- Despite a global pandemic, Fenchurch Legal began originating loans in 2020. The company has seen consistent demand since trading to fund a high volume of cases.



What we do

The litigation financing market is diverse, ranging from large class action cases to smaller personal injury claims. Fenchurch Legal only funds small ticket ATE claims.

By only funding small ticket ATE litigation cases, a high level of diversification is created as a large volume of smaller cases can be funded. This diversification **minimises the risk** to investors.

- Loan capital is provided to law firms to fund cases and associated disbursements which are fully insured by an ATE policy during the lifetime of the loan.
- The funding provided comprises of short-term tailored loans of up to 12 months to UK law firms with interest front-loaded and capital returned at maturity.
- The initial fixed rate of interest on each loan is charged upfront.
- Interest is deducted from the total loan amount before funds are advanced.
- In the event that the claim succeeds, the loan is fully repaid from the proceeds.
- In the event of an unsuccessful case, the ATE insurance policy repays the loan back directly to Fenchurch Legal.
- The four types of cases that Fenchurch Legal focuses on are Housing Disrepair, Plevin, Financial Mis-selling and PCP claims.
- Fenchurch Legal's niche market is the small to medium- sized UK law firms that currently have the infrastructure, personnel and expertise to take on a large volume of claims but lack the upfront funding to do so.

Litigation Financing

Litigation Finance

Litigation Financing is the process whereby an unrelated party such as a specialist litigation funder provides finance to a law firm to cover costly fees incurred during legal disputes.

Loan capital is provided to the law firms to fund the case and associated disbursements and work in progress, which are fully ATE insured before the case is funded.

Third party funding is not formally regulated in the UK. However, the use of funding is becoming increasingly mainstream in a number of jurisdictions with courts in England particularly open to funding.

After The Event Insurance

After The Event "ATE" Insurance is an insurance policy that covers the legal costs and expenses incurred in litigation cases.

In the event that a law firm loses a case, they are able to claim on the ATE insurance policy to recover their legal expenses and costs whilst running the case.

The ATE claims market is a separate market to traditional litigation finance which has levels of associated risk in the event of an unsuccessful case. Whereas the security feature from ATE cases make funding ATE claims significantly more attractive to a litigation funder.

Why Litigation Financing

Litigation can be an expensive and lengthy process for legal firms and traditional bank funding routes are generally not available.

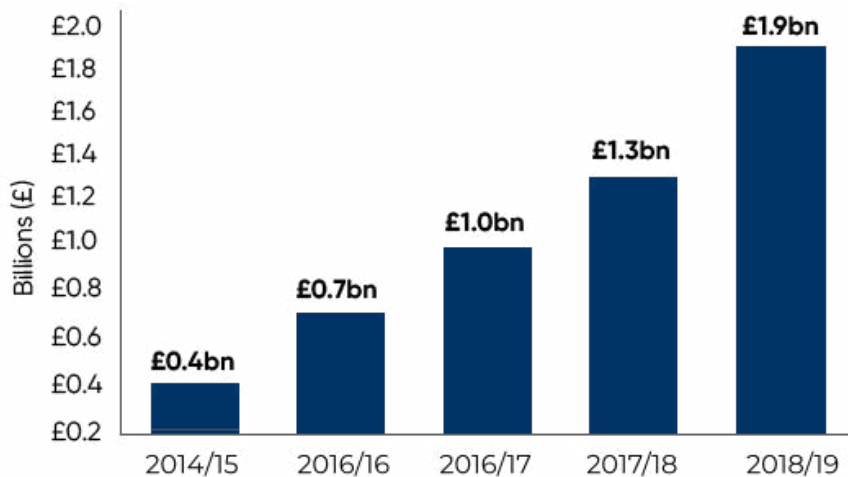
Law firms cannot always pursue good cases made available to them due to lack of funding or cash flow needed to fund work in progress, costs and disbursements.

- Litigation funding was originally designed to support companies that did not have the means to pursue claims.
- The use of litigation finance is becoming an increasingly important part of the litigation landscape in several jurisdictions.
- Litigation finance is used by both small and large companies to manage risk on their balance sheets and de-risk litigation expenses and adverse costs exposure.
- It frees up capital to use to develop their business, rather than being tied up in litigation cases.
- Law firms are able to take on a greater amount of cases.
- Most banks do not lend to law firms for litigation cases as they are unfamiliar with the market.
- Traditional bank finance is not an option as law firms require greater flexibility or a faster turn-around which the banks cannot offer.

Market Overview

Since the early 2000s, litigation funding in the UK has emerged as the single biggest market for litigation funding in Europe.

Total assets at UK litigation funders reached a record £1.9bn in 2019¹



¹ <https://www.cityam.com/uk-litigation-funders-boost-assets-to-1-9bn/>

² <https://www.lawgazette.co.uk/news/litigation-funder-amasses-585-million-warchest/5108690.article>

³ <https://www.researchnester.com/reports/litigation-funding-investment-market/2800>

⁴ www.gov.uk

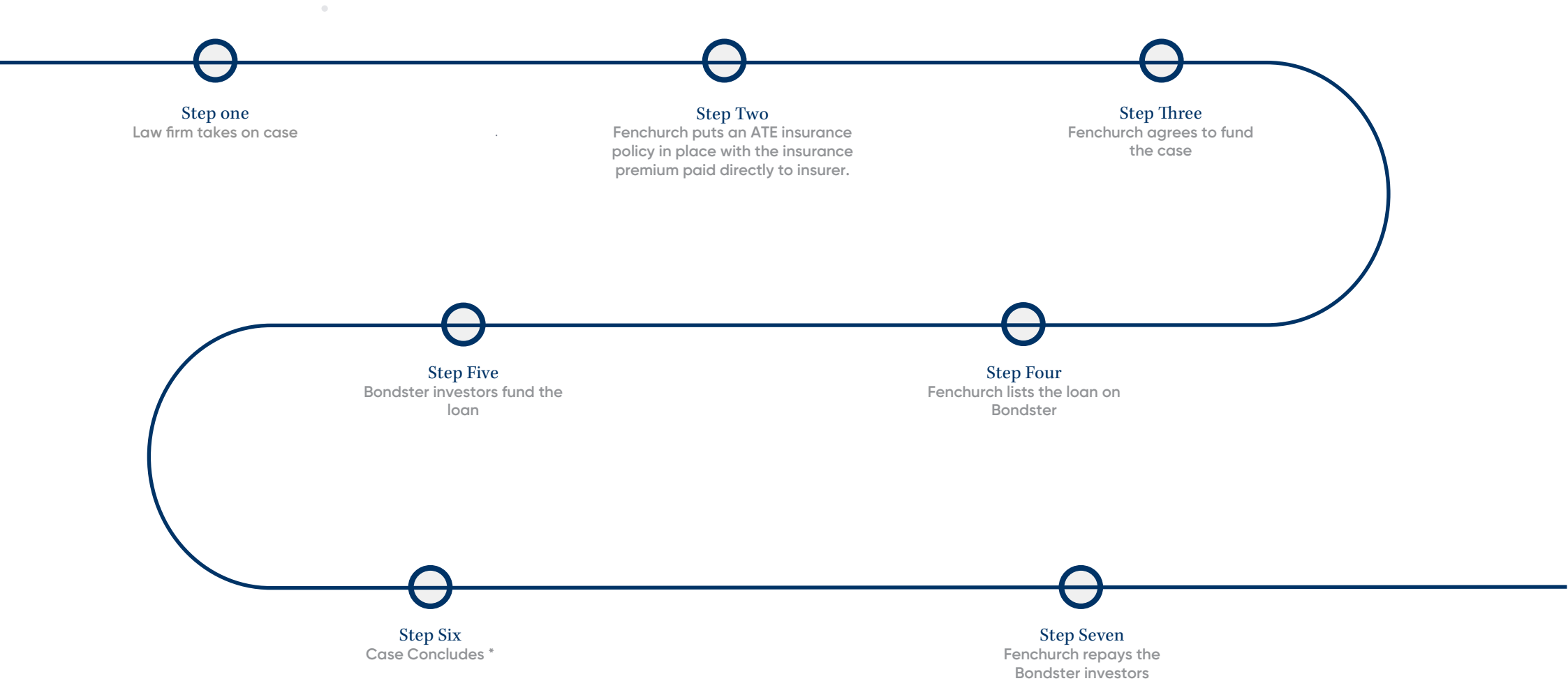
Litigation Finance Market

- To date, the UK has been one of the most active jurisdictions for funders. The industry is well-developed and flourishing.
- Market analysts expect a global surge in litigation following the pandemic, both from pent-up demand & from new matters arising from disruption to business over the past 18 months.²
- The global litigation funding investment market is expected to grow at a CAGR of 8.3% from 2019 to 2027.³
- A 2020 survey by Burford reported 70% of lawyers say that they are likely to use finance to offset recession impacts.

Claims Market⁴

- There were a total of 1,730,143 claims lodged in the UK in 2019;
- Of these, 508,732 cases fell into the £1k-£5k bracket;
- The total market in 2019 of claims between <£1k - £50k was worth £3.5bn in compensation;
- The current 'heartland' of £1-£5k for Fenchurch Legal accounts for £1.2bn of the market, indicating there is substantial room to grow in this segment.

The Loan Process



- 1. Successful Case: Law firm pays
- 2. Unsuccessful Case: ATE Insurance pays
- 3. Maturity of loan: Law firm pays

Case Study

Type of Case

Housing disrepair claim for damages

Claimant

Social housing tenants

Defendant

Local Council

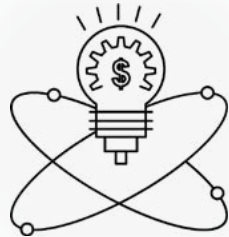
Law firms take on cases on a no win – no fee basis, to try and recover damages on behalf of claimants for poor housing conditions that the council have neglected.

These are protocol based and process driven claims, that the law firms do in bulk, following strict vetting processes which lead to a high success rate.

Costs related to this claim include, expert reports to confirm damages, insurance policy premiums to cover costs in the event the claim does not succeed and court hearing fees should the claim actually go to court (many settle outside court).

Fenchurch Legal funds these costs, to enable the law firms to take on these claims on behalf of claimants. If the claim is successful, the defendant arranges for all necessary repairs and pays out damages to the claimant

Why Fenchurch Legal



Specialist litigation financier

Specialising only in litigation financing, which ensures focus and first-rate service.



Small ticket, high volumes

Our specialism is funding small ticket ATE claims (average loan of £3,000) at high volumes.



Security

Fixed charge and assignment over all cases and the insurance proceeds.

Due Diligence

Robust due diligence processes at Fenchurch Legal are paramount.

Due diligence is not just completed when onboarding but includes the ongoing monitoring of each law firm to whom Fenchurch Legal offers a loan facility.

Onboarding

- Strict lending decisions are made based on company history, financial strength, security and claim history.
- Initial onboarding includes completion of Fenchurch Legal's DD Questionnaire and provision of all the requested information therein.
- Several communications thereafter, including site visits, to assess their ability to generate profits from the funds they apply for.

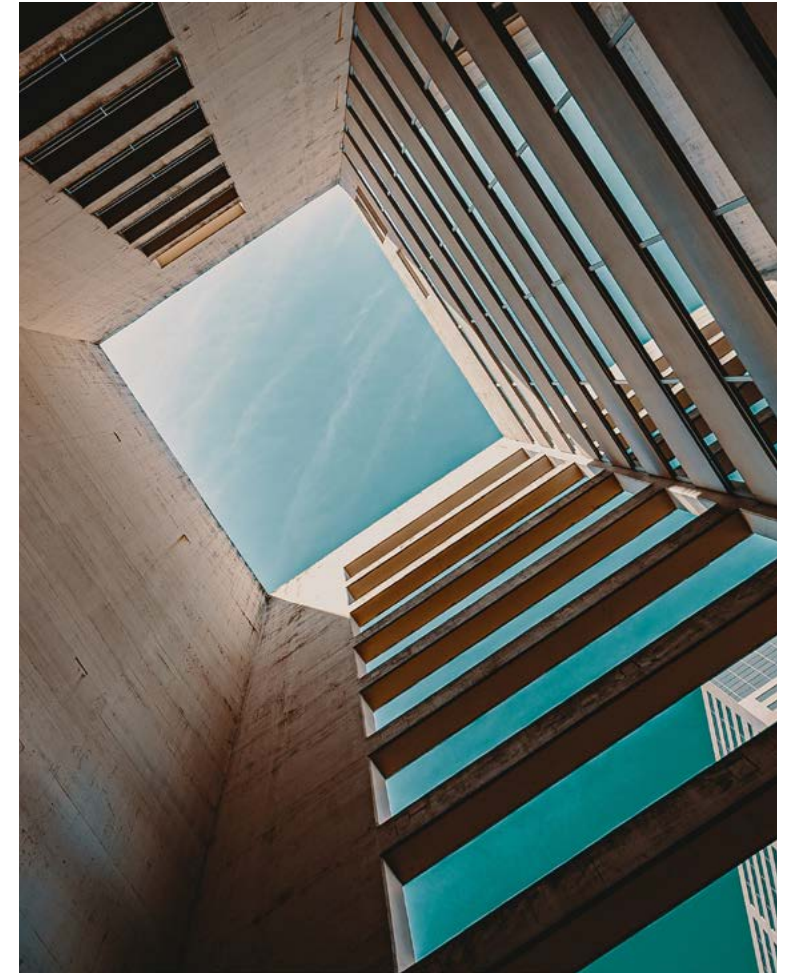
Monitoring

- It is pre-agreed within the loan agreement, that law firms are required to provide regular progress updates.
- On all cases, monthly management accounts and any other information requested is requested.
- The bespoke loan management software enables Fenchurch Legal to monitor loan progress, easily calculate expected interest and repayments due as well as loan defaults and default interest.

Software

Enhanced business operations with bespoke loan management software

- In 2022 Fenchurch Legal built a new software platform to manage its loan repayments, monitoring and onboarding.
- The litigation industry is evolving and Fenchurch Legal needed a fully customised loan management product that could match the needs of the business.
- The secure system is a solution to house all loan information with improved functionality and automation with the added benefit of any configuration changes that can now be completed faster.
- The new system ensures a better experience for borrowers and offers complete transparency as they can log in and have full oversight of their loans with Fenchurch.
- The decision to create a fully bespoke system is in line with the business's growth plans and provides a solution that fits Fenchurch's unique needs.



Our Highlights

10,170

Number of loans issued

2,581

Total loans repaid

€10.5_m

Interest received

€34.4_m

Total gross loans originated

€9.3_m

Total gross principal repaid

€25_m

Outstanding gross loan book

* Figures and Exchange Rate correct as of 12 April 2023 Exchange rate from GBP to EUR 1.1365

Security Features & Protection

The unique security features and protection from these specialised ATE cases, present an attractive opportunity to investors.



Interest

The initial fixed rate of interest on each loan is charged upfront.



Security

Security secured by way of a debenture over the borrower.



Insurance

All claims are insurance-backed to cover unsuccessful claims.



Charge

Fixed legal charge granted by the law firm over all case and insurance proceeds.

Contact

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