



MEMO: Nera UK Litigation Funding Portfolios Update
TO: Bondster Communications Team
FROM: Nera Capital
DATE: 18th September 2026

Nera Capital is providing the following update on the UK litigation funding portfolios funded through the Bondster platform.

Overview

The UK litigation funding portfolios include lending to two law firms with significant exposure to the UK motor finance claims sector.

Those claims represent a large portion — though not all — of the law firms' current activity, cash-flow forecasts and expected settlement receipts.

The sector has experienced widespread unexpected delays in settlements due to legal and Financial Conduct Authority (FCA) activities concerning how compensation should be assessed and paid to affected consumers.

The settlement delays have therefore affected firms' liquidity planning, including working-capital needs, overhead costs and cash-retention decisions, even as their wider legal practices continue to perform.

These developments have affected the motor finance claims market as a whole. Reaching a final framework has taken much longer than originally expected and could not have been reasonably factored into the original investment timelines.

For investors, the key point is that these delays primarily affect timing. They do not mean the underlying claims are no longer valid or that the expected compensation process has stopped. However, the expected duration of the Bondster-funded portfolios has extended beyond the original timetable.

Law Firm Activities

The two UK law firm borrowers in the Bondster portfolios that have been affected by the extended motor finance claims process are not idly waiting for the FCA to complete its process.

They are among the more active participants in the UK motor finance claims market and continue to pursue claims actively and progress cases through the courts wherever possible, in their clients' interests.

They are also advancing litigation, developing legal arguments and pursuing outcomes that could help unlock further progress for affected consumers and funders across the sector.

Recently, the firms achieved significant results that established important case law for the motor finance claims market. The judgment is expected to help clarify the legal position and support further claims.

Additional Regulatory Activity

The financial impact of extended litigation timetables has been compounded by a concurrent regulatory review led by the Solicitors Regulation Authority (SRA) across the legal sector. The review covers operational oversight, financial stability and client care, and law firms have increased their actual and expected operating expenses considering it.

Restructuring

As a result of these factors, Nera Capital, Bondster and other relevant counterparties are working toward a consensual restructuring or refinancing of certain lending arrangements.

The objective is to provide time and stability for the firms to operate their wider legal practices, meet overhead commitments and progress the underlying claims through the courts and compensation process.

The restructuring is also designed to support repayment of principal and interest due to investors and relevant parties. It remains subject to final agreement and any required regulatory or other approvals.

Potential Refinancing

At the same time, Nera Capital is actively exploring a potential refinancing of the Bondster-funded portfolio.

Nera Capital is currently in discussions with four potential institutional investors, with two discussions having progressed to term sheet stage.

One potential outcome is refinancing the full Bondster-funded portfolio and applying the proceeds toward amounts due to investors.

These discussions remain subject to due diligence, final terms, documentation and agreement by the relevant parties. No refinancing should be regarded as certain until those steps are complete.

Nera Capital's Financial Position

Nera Capital acts as asset manager to the portfolios. It does not control the timetable of the UK courts, regulatory processes or the wider motor finance compensation framework.

Its responsibility is to manage and oversee the underlying assets during this extended period and work with relevant parties to protect their value.

Under the applicable asset management arrangements, Nera Capital remains at the bottom of the payment waterfall and is not entitled to payment ahead of investor capital repayment.

Nera Capital continues to perform all its asset management responsibilities, and the wider Nera Capital business continues to operate and grow internationally, supported by an institutional investor base and new funding commitments across its portfolios.

Next Steps

With regard to the UK litigation funding portfolios on the Bondster platform, Nera Capital's immediate priorities are to:

1. progress the proposed restructuring with Bondster and the relevant law firms;
2. support the law firms as they continue operating and pursuing claims through the courts;
3. monitor cash-flow requirements, overhead commitments and expected motor finance settlement receipts;
4. preserve the value of the underlying claims while the compensation process progresses;
5. advance discussions with potential institutional refinancing partners; and
6. seek repayment of investor principal and interest as efficiently as circumstances allow.

Further updates will be provided to Bondster's communications team as soon as material developments are sufficiently certain to report.