

Investment Portfolio at 31 March 2022

Omni Bridgeway Limited (ASX:OBL) (**Omni Bridgeway, OBL, Group**) announces its investment performance for the three months ended 31 March 2022 (**3Q22, Quarter**) and for the 2022 financial year (**FY22**) to date (**FYTD**).

Managing Director & CEO and Chief Strategy Officer– US, Andrew Saker, said:

“We are working towards achieving our FY22 new commitments target which will result in continued growth in estimated portfolio value (**EPV**), and we are making significant progress in the achievement of several strategic goals including securing our debt refinancing which we expect to update the market on accordingly.”

Key metrics

- \$192.1 million income (recognised and yet to be recognised) for FYTD, with \$77.7 million provisionally attributable to OBL and including \$62.2 million in income yet to be recognised.
- EPV of \$24.5 billion up 5.7% for the Quarter and up 21.8% since 30 June 2021, comprises \$20.0 billion from unconditional investments and \$4.5 billion from conditionally funded and Investment Committee (**IC**) approved investments.
- Implied embedded value (**IEV**) of \$3 billion for unconditional investments.
- External funds under management remains unchanged however we have an ongoing focus on upsizing Funds 4 and 5 and achieving the Fund 8 capital raise.
- Strong financial position maintained with cash and receivables of \$180.3 million on OBL balance sheet, sufficient to support corporate initiatives.
- \$284.6 million new commitments have been made during FYTD (representing \$8.1 billion of EPV) which is approximately 55% of our FY22 commitment target, noting there are additionally 25 exclusive term sheets with clients, representing approximately \$170 million more of new investment opportunities, which if converted into funded investments is a further 33% of our FY22 commitments target.

Subsequent events

- The appeal in respect of Westgem was held between 4 to 8 April 2022. We are awaiting the decision of the appeal court; hence the investment remains impaired and the EPV of \$250 million is included in the portfolio assumptions at 31 March 2022 with possible completion period in FY23.
- On 12 April 2022 the High Court of Australia (**High Court**) rejected the application for leave to appeal the decision of the Supreme Court of New South Wales Court of Appeal in the Brisbane Floods class action (**Wivenhoe**). This related to the Seqwater portion of the Wivenhoe investment which represented a \$253 million EPV, a FY23 possible completion period and an IEV of \$38 million. Given the High Court's decision was a subsequent event following Quarter end, these metrics are included in the portfolio EPV assumptions at 31 March 2022 and will be excluded from the 30 June 2022 assumptions.

The High Court's decision has no material cash nor accounting impact to OBL. The Seqwater related portion of the investment was previously impaired and the adverse costs, payable to Seqwater, will be met from the settlement proceeds.

From a total investment perspective, subject to the finalisation of the settlement distribution scheme, pursuant to which individual losses are being assessed and the calculation of OBL's ultimate commission

is dependent upon, the Wivenhoe investment will generate a ROIC of up to 3.3x (1.8x allowing for capitalised overheads) and an IRR of 29% (21% allowing for capitalised overheads).

- The appeal in respect to the Fund 4 impaired investment took place on 19 January 2022. We are awaiting the decision of the appeal court, hence the investment remains impaired and the undisclosed EPV continues to be held with possible completion period in FY24.

Income¹

Investment income of \$14.4 million was recognised in 3Q22 across the portfolio and comprises:

- \$2.6 million recognised from 17 fully completed investments which had an EPV of \$740 million, of which \$706 million related to the Novo Nordisk investment finalisation in January 2022 (refer to 2Q22 Investment Portfolio Report dated 1 February 2022).
- \$11.1 million recognised from partial completions of ongoing investments and \$0.7 million from completions in previous periods.

The income for this Quarter reflects the non-linear nature of our business which makes it difficult to predict with precision when investments will complete.

A further \$62.2 million of income yet to be recognised relates to substantially completed investments with conditional settlements or judgments on appeal which may ultimately be recognised in the next quarter or future periods. The corresponding EPV of these investments is \$436 million.

The portfolio income conversion rate was less than 1% for 3Q22 and 6% for FYTD as a consequence of the completion of the Novo Nordisk investment. Excluding this settlement, the conversion rate for 3Q22 was 8% and 10% for FYTD. We expect the Group's long term conversion rate (LTCR) to remain at around 15%.

Income recognition

AUD million	Balance sheet	Fund						Total
		1	2&3	4	5 ¹	6	7	
Income recognised in 1H22	9.7	35.4	10.9	40.1	(0.6)	20.0	-	115.5
Income recognised in 3Q22	-	0.4	0.4	2.1	6.1	5.4	-	14.4
- investments completed in 3Q22	-	-	-	2.1	-	0.5	-	2.6
- investments completed in prior periods	-	-	0.4	-	-	0.3	-	0.7
- ongoing investments	-	0.4	-	-	6.1	4.6	-	11.1
Income recognised FYTD	9.7	35.8	11.3	42.2	5.5	25.4	-	129.9
Income yet to be recognised at 31-Mar-22	18.0	23.3	5.9	14.9	0.1	-	-	62.2
- binding conditional settlements	18.0	-	3.0	14.9	-	-	-	35.9
- successful judgments	-	23.3	2.9	-	0.1	-	-	26.3
- executed settlements	-	-	-	-	-	-	-	-
- agreed in-principle settlements	-	-	-	-	-	-	-	-
Income recognised FYTD and yet to be recognised at 31-Mar-22	27.7	59.1	17.2	57.1	5.6	25.4	-	192.1
- provisionally attributable to OBL shareholders	27.7	23.1	-	11.4	1.4	14.1	-	77.7
- provisionally attributable to NCI	-	36.0	17.2	45.7	4.2	11.3	-	114.4
EPV of investments completed in 3Q22	<1	<1	706	9	22	3	-	740
Income conversion rate for 3Q22	-	-	-	23%	-	28%	n/a	<1%
EPV of investments completed FYTD to 31-Mar-22	58	225	747	524	82	36	-	1,672
Income conversion rate FYTD to 31-Mar-22	14%	14%	1%	7%	-	35%	n/a	6%

1. Fund 5 is not consolidated within the Group financial statements. In this table and throughout this document, consistent with all funds, Fund 5 has been presented at 100% income values, with the outside investor portion being shown in Non-Controlling Interests (NCI). Within OBL's Consolidated Financial Statements, Fund 5 is brought in at the Group's attributable share of income, assets and liabilities with no associated NCI.

Cash reporting and financial position

The cash and receivables position continues to support the liquidity requirements and corporate initiatives of the Group.

AUD million	Cash	Receivables	Total
OBL balance sheet (excluding Funds)	106.9	73.4	180.3
Funds 1–4, 6 (consolidated) ¹	30.0	42.3	72.3
Fund 5 ¹	10.7	0.4	11.1
Fund 7 ¹	–	–	–
Total	147.6	116.1	263.7

1. Includes 100% of respective Fund's holding including amount attributable to both OBL and external investors.

Fund summary

Fund breakdown

Fund 1 is fully committed, and Funds 2&3 (previously 100% committed) are now 91% committed due to the finalisation of the Novo Nordisk investment releasing approximately \$19 million capacity back into the fund. Both funds are in harvest mode. Given the respective structures of these funds, the non-controlling interests (**NCI**) continue to have priority entitlement to distribution of capital and preferred returns, with recourse only to the investments within the respective fund.

Funds 4 and 5 are over 50% committed. The investment periods complete four years from commencement, with a run-off harvest period that follows. Discussions with existing investors relating to the upsizing of Fund 4 and Fund 5 have commenced with Fund 4 anticipated to occur before the end of the financial year and Fund 5 in 1H23.

Fund 6 is in run off through to 30 June 2022, in relation to the investment opportunities previously undertaken by this fund:

- we expect the first Fund 5 EMEA investments to be made in 4Q22.
- the raise of Fund 8 is continuing and is still expected to occur before 30 June 2022.
- no investments that otherwise would have been undertaken by Fund 6 have yet been made by Fund 5 nor warehoused by OBL.

Portfolio	Committed	Fund size	Fund breakdown				
			Recycled profits	Capital deployed	Capital committed-undeployed	Capital uncommitted	Other costs
Fund 1	100%	US\$172m	–	US\$153m	US\$11m	US\$0m	US\$8m
Funds 2&3	91%	\$189m	–	\$105m	\$51m	\$17m	\$16m
Fund 4 ¹	53%	US\$500m	–	US\$139m	US\$113m	US\$236m	US\$12m
Fund 5 ^{1,2}	50%	US\$500m	–	US\$73m	US\$154m	US\$248m	US\$24m
Fund 6 ³	100%	€150m	€(44)m	€70m	€119m	€(1)m	€43m
Fund 7	4%	US\$100m	–	US\$4m	–	US\$96m	–

1. Updated for unwinding of capital recycling.
 2. Fund 5 is not consolidated within the Group financial statements, here Fund 5 has been presented at 100%.
 3. Data for Fund 6 is current at 31 December 2021.

Fund distribution profiles

As noted in the income recognition table above there is a further \$23 million of income yet to be recognised for Fund 1. Upon receipt and distribution of these proceeds the balance of the Fund 1 investor return will reduce to approximately \$13 million. Additionally, there remains a cash balance of approximately \$8 million which could also be used to reduce the Fund 1 investor return.

Similarly, for Funds 2&3, there is income yet to be received of \$6 million which once received will pay down a portion of the Funds 2&3 investor capital and returns.

Portfolio	Total capital called	Total distributions (capital and returns)	Outstanding amounts yet to be attributable to external investors (A\$)		Outstanding amounts yet to be attributable to OBL (A\$)	
			Capital	Returns	Capital	Fees
Fund 1	US\$167m	US\$(150)m	-	\$36m ¹	\$55m	\$7m
Funds 2&3	\$139m	\$(42)m	\$69m	\$38m ¹	\$28m	\$5m
Fund 4 ²	US\$169m	US\$(46)m	\$131m	-	\$33m	-
Fund 5 ^{2,3}	US\$101m	US\$(12)m	\$95m	-	\$24m	-
Fund 6 ⁴	€70m	-	\$99m	-	\$5m	-
Fund 7	US\$4m	-	\$5m	-	<\$1m	-
Fund total			\$399m	\$74m	\$145m	\$12m

4. Includes accumulated preferred returns and special distributions.

5. Updated for unwinding of capital recycling.

6. Fund 5 is not consolidated within the Group financial statements, here Fund 5 has been presented at 100%.

7. Data for Fund 6 is current at 31 December 2021.

Completed investment duration and outcome

The data included in the table below is for all funds since their inception and balance sheet completions since 1 July 2011.

Portfolio	#	Average duration	EPV	EPV conversion rate	Success rate		ROIC ¹	IRR ¹
					Legal outcome # investments	Financial outcome \$ weighted average		
Fund 1	31	3.2 yrs	\$1,526m	13%	84%	72%	56%	22%
Funds 2&3	16	1.4 yrs	\$1,144m	6%	81%	36%	39%	102%
Fund 4	6	0.7 yrs	\$722m	9%	100%	100%	38%	149%
Fund 5 ²	5	1.1 yrs	\$154m	17%	60%	80%	7%	0%
Fund 6	202	2.9 yrs	n/a	n/a	n/a	76%	336%	160%
Fund 7	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Balance sheet	95	3.1 yrs	\$3,629m	21%	84%	76%	146%	83%

1. Return on invested capital (ROIC) and internal rate of return (IRR) is measured before capitalised overheads and operating overheads.

2. Fund 5 is not consolidated within the Group financial statements, here Fund 5 has been presented at 100%.

Estimated portfolio value analysis

Total EPV of \$24.5 billion (including conditionally funded and IC approved investments) increased by 5.7% during the Quarter and by 21.8% FYTD. Whereas the EPV of unconditional investments increased by 7.8% during FYTD to \$20.0 billion.

After adjusting for FYTD completions, the EPV for the remaining three months of FY22 has reduced by \$0.5 billion due to the shift in the completion of eight investments to FY23. Whilst we disclose an anticipated possible completion period of EPV, we do not and never will control the timing of completions. There is a myriad of factors outside the funder's sphere of influence which profoundly impact the duration of a dispute finance investment.

The Funds 2&3 Novo Nordisk investment completed in the Quarter, with the associated 1H22 impairment crystallising. The investment's EPV of \$706 million has been excluded from the portfolio EPV at 31 March 2022 (refer to Q222 Investment Portfolio Report dated 1 February 2022).

The portion of the Wivenhoe investment relating to Seqwater (on balance sheet) with a \$253 million EPV, a FY23 possible completion period and an IEV of \$38 million is included in the table below given that the High Court's decision not to grant special leave to appeal occurred post Quarter end.

Investment and EPV quarterly movement

AUD million	EPV								#
	Balance sheet	Fund						Total	
		1	2&3	4	5 ¹	6	7		
Opening	788	1,821	4,188	5,282	5,033	3,370	-	20,482	297
New investments	-	-	-	912	13	102	-	1,027	10
Completions	<(1)	<(1)	(706)	(9)	(22)	(3)	-	(740)	(17)
Updates	<1	(21)	(74)	(234)	98	47	-	(184)	-
Withdrawn / terminated	-	-	-	-	-	(1)	-	(1)	(1)
Impairment	-	-	-	-	-	-	-	-	-
FX adjustment	(3)	(45)	(57)	(167)	(98)	(199)	-	(569)	-
Closing	786	1,755	3,351	5,783	5,024	3,316	-	20,015	289
Conditionally funded investments								1,462	11
IC approved investments								2,984	19
Total at Quarter end								24,461	319

1. Fund 5 is not consolidated within the Group financial statements, here Fund 5 has been presented at 100%.

EPV profile

Portfolio	Possible completion of funded EPV ¹							
	#	Average duration at 31-Mar-22	AUD million					IEV
			3 months to 30-Jun-22	FY23	FY24	FY25+	Total	
Balance sheet	10	9.8 yrs	-	591	44	151	786	118
Fund 1	17	5.3 yrs	37	945	573	200	1,755	263
Funds 2&3	26	3.1 yrs	23	1,652	949	727	3,351	503
Fund 4	26	1.0 yrs	99	496	2,696	2,492	5,783	867
Fund 5 ²	40	1.2 yrs	224	1,381	1,566	1,853	5,024	754
Fund 6	170	6.1 yrs	43	742	755	1,776	3,316	497
Total	289	4.8 yrs	426	5,807	6,583	7,199	20,015	3,002
Completed EPV in 1H22	31		(696)	(231)	-	(4)	(932)	
Completed EPV in 3Q22	17		(33)	(707)	-	-	(740)	
Completed EPV in FYTD	48		(729)	(938)	-	(4)	(1,672)	
Change³ from 31-Dec-21 incl. fx			(54.2)%	(5.4)%	2.5%	15.2%	1.4%	
Change³ from 31-Dec-21 excl. fx			(52.5)%	(3.3)%	5.6%	19.5%	4.5%	

1. Includes current unconditional investments and excludes conditional investments 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. Fund 5 is not consolidated within the Group financial statements, here Fund 5 has been presented at 100%.

3. Excludes the EPV of completed investments for FYTD.

Further information on terms used in this announcement is available at <https://omnibridgeway.com/investors/omni-bridgeway-glossary> ("Notes" and "Glossary").

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

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

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