BALANCE
LEGAL CAPITAL

How to apply for legal funding

Your handy guide

balancelegalcapital.com +61 2 9238 1916 info@balancelegalcapital.com

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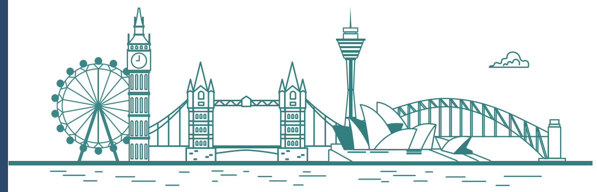

About Balance Legal Capital

- We are an independent litigation funder HQ'd in London, with a Sydney office.
- Founded in 2015, we are FCA-regulated, managing over £300M in UK-based funds allocated to us by reputable financial institutions, university endowments, family offices and pension funds.
- We provide capital to businesses, groups of individuals, law firms, and insolvency professionals on a non-recourse basis to meet costs of legal proceedings that we believe have merit. If the case wins or settles, we take a return from the proceeds.
- If the case loses, adverse costs are covered by ATE insurance policies we fund as part of the case investment. We have access to preferred pricing.
- **INDEPENDENCE** – unlike some of our competitors, we have full authority to make investment decisions.
- **SPEED & EXPERTISE** – we are experienced ex-litigators, so we do most case diligence in-house. Our Investment Committee meets every 2 weeks, so we can make decisions quickly.

Our investment focus

- We fund cases in the UK, Australia, Hong Kong, Singapore, Offshore and other common law jurisdictions.
- We fund commercial cases and class actions.
- We do NOT fund cases in the USA, continental Europe, non-English language or non-common law cases.
- We do NOT fund investment treaty claims, clinical negligence/personal injury cases, family or patent disputes.
- Cases must have:
  - If a single case, recoverable damages of at least $40M/ if a class action, recoverable damages of at least $200M.
  - a funding requirement of at least $4M (a funding-to-damages-ratio of at least 1:10)

Our funding process

1 **Call us for an initial confidential chat**

If the case appears suitable for funding we will send you an NDA that covers confidentiality and privilege for the due diligence process.

2 **Initial review**

We review the materials provided (see our **Wish List** overleaf), assess whether our investment criteria are met, and seek further information if required.

3 **First Investment Committee**

If the case meets our investment criteria, we present it, along with indicative funding terms, at our next Investment Committee meeting.

4 **Indicative Terms & Exclusivity**

Terms will include: (a) the total capital we will commit to the case; (b) our return upon a successful recovery; and (c) a period of exclusivity.

5 **Full Due Diligence**

We speak with the legal team, the claimant and key experts. We may obtain external opinions on legal issues or points of expert evidence.

6 **Final Investment Committee and Decision**

Our Investment Committee meets to consider findings following full due diligence and makes a final investment decision.

7 **Deal Close**

The parties execute the agreements.

The Agreements

1. Litigation Funding Agreement

Sets out terms of funding and rights and obligations of the parties.

2. Priorities Agreement

Sets out the order of priority in which payments will be made to the claimant and other stakeholders from any proceeds.

3. Auxiliary agreements

As required (e.g. retainers, ATE insurance policies, security).

AALF

ILFA

Balance is a Funder Member of the Association of Litigation Funders, the International Legal Finance Association, and the Australian Association of Litigation Funders.

Balance is regulated and authorised by the Financial Conduct Authority.

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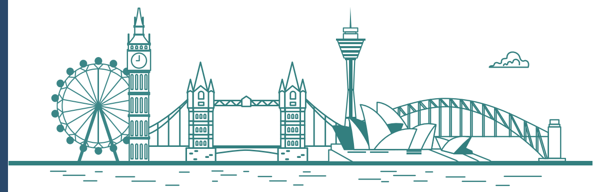

Our Wish List

Here's the key material we like to see when considering a funding request. We appreciate that not all of it will be applicable or available yet, but you should still get in touch for that initial chat.

1. A Case Overview - see panel to the right →
2. Any advice provided (by solicitors or counsel) on merits, quantum or enforcement risk/strategy
3. A costs budget (in Excel) by phase through to recovery (with underlying assumptions), and an estimate of opponent's costs
4. Legal team retainers / fee proposals
5. ATE policy (if any)
6. Expert reports (analysis of quantum, or other expert advice)
7. Any defendant asset reports (particularly for cases with enforcement risk)
8. Key court / tribunal orders
9. Statements of claim & key inter-party correspondence
10. Key evidence - witness statements, expert reports, contracts

Case Overview

A Case Overview note prepared by the solicitors helps us to quickly understand the key issues and strategy and to assess the legal team we are being asked to support. An effective Case Overview should cover:

Claim

- The parties, places of incorporation
- Governing law, forum
- Chronology / factual background
- Key claims and likely defences, and strengths/weaknesses of each
- Key evidence required to prove claims
- Key concerns (e.g. limitation, jurisdiction, evidence, causation, quantum, counterclaims, procedural issues) and how these will be addressed
- Prospects of success at trial and ultimate recovery
- Current status of claim and estimated timetable to hearing and recovery

Compensation (Quantum)

- Breakdown of quantum, and prospects of recovery for each category of loss
- Expert evidence required (if already obtained, include summary of findings)
- Strengths and weaknesses of defendant's likely position on quantum

Client

- Place of incorporation. Key people (central witnesses, decision-makers) and their objectives
- Case team – solicitors, counsel, experts
- Strategy / Objectives
- Reasons for seeking third-party funding, involvement of other funders if any

Defendant(s) / Opponent(s)

- Place of incorporation, location of assets and any enforcement strategy
- Legal team
- Likely defence strategy
- Settlement levers / opportunities, detail on any "WP" offers or discussions

Costs & Funding Requirement

- Case budget and assumptions
- Detail on legal team fee arrangements, including on any risk-share on fees
- Funding requirement
- Estimate of opponent's costs
- Security for costs or ATE requirements (including quotes obtained, if any)

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Your strategic and financial ally in litigation.