

Secondary market transaction in relation to Fund 1 entitlements

Omni Bridgeway Limited (**Omni Bridgeway, Company, OBL**) (ASX: OBL) announces that it has entered into a term sheet to sell a participation in Fund 1 (**Fund**) to Gerchen Capital Partners (**GCP**) for an initial payment of US\$38.0 million (**Initial Payment**) and a deferred fair value of OBL's retained residual interest in the Fund, recorded on its financial statements, at US\$35.7 million. The transaction is subject to documentation and is expected to close prior to the end of this financial year.

The Initial Payment will be paid on closing and will be used to pay down the remainder of the priority entitlement preferred return of the Fund investor (**Investor**) of US\$6.9 million, and transaction costs of US\$1.1 million, leaving a net balance of cash proceeds of US\$30.0 million to be immediately distributed to the Company on closing and available to use for general purposes.

The transaction will result in an estimated net gain to the Company on closing of approximately US\$20.3 million and the deconsolidation of the Fund by OBL.

Transaction details	US\$ million
Cash paid on closing	38.0
<i>less</i> net preferred entitlement	(6.9)
<i>less</i> transaction costs	(1.1)
Net cash payment on closing distributed to OBL	30.0
<i>add</i> fair value of the retained residual interest held by OBL¹	35.7
<i>less</i> derecognition of associated net assets and capitalised overheads ¹	(45.0)
Gross gain ¹	20.7
<i>less</i> net other expenses	(0.4)
Net gain on deconsolidation of Fund 1 ¹	20.3

1. Amounts are estimated and subject to finalisation of costs and audit of balances.

The fair value of the retained residual interest held by OBL represents the present value of the risk-adjusted future potential cashflows to be received by OBL. The carrying value of this instrument will be adjusted for positive and negative developments in the underlying Fund investments and distributions received until all matters complete.

The Fund's estimated portfolio value (**EPV**) is neither risk adjusted nor a present value concept and as such is higher than the fair value of these assets. If the investments perform as expected, the EPV conversion rate for the Fund is estimated to be 14%, produce a multiple on invested capital (MOIC) of 2.3x and an internal rate of return (IRR) of 11.6% for the Company. OBL will continue to manage the Fund on behalf of GCP, the Investor, and the Company, subject to certain removal rights.

Andrew Saker, Managing Director and CEO, commented "This is one of our first generation funds, which had been adversely affected by the delays associated with Court closures in the US during the COVID pandemic.

"There are a number of significant investments in the Fund's residual portfolio that may be exposed to the risk of further duration extensions, and as such, it was prudent capital management to undertake this transaction enabling us to redeploy the capital into more productive investment opportunities, such as new litigation finance investments, while retaining an interest in the back-end profits of the Fund.

"These types of secondary market transactions confirm the uncorrelated nature of the asset class and our ability to generate income even where investment durations extend, and as such, are likely to become a more common feature of our revenue generation in the future," said Mr Saker.

Adam Gerchen, Chief Executive Officer of GCP commented "This transaction speaks to the continued growth and development of the secondaries market. We've evaluated several billion in potential transaction volume since 2021, and we continue to be impressed by the quality of assets and thoroughness of quantitatively driven analysis produced by the Omni Bridgeway team. We look forward to the opportunity to evaluate more secondaries transactions as this market continues to expand," said Mr Gerchen.

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

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