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Sandfield Capital

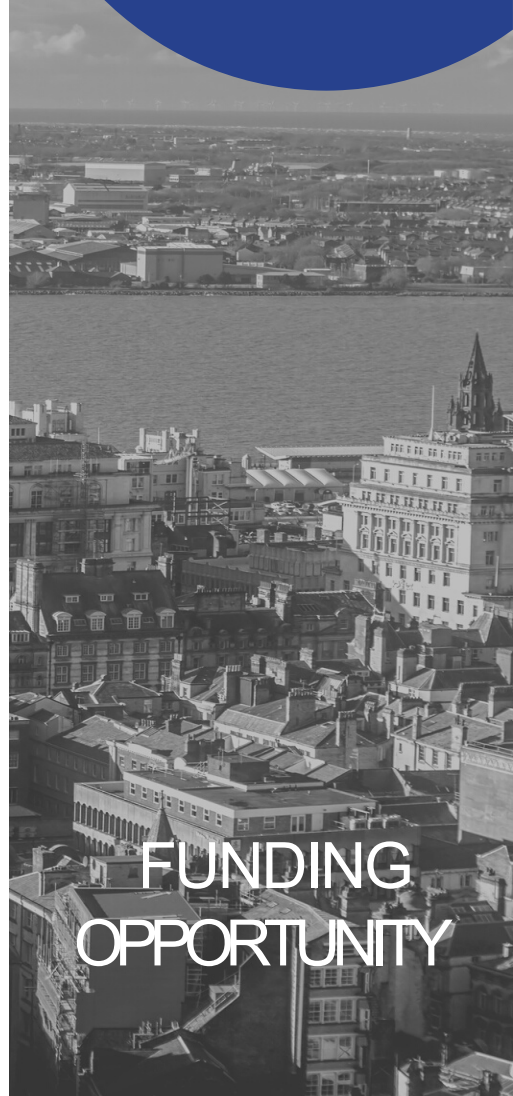
Forward
Thinking
Legal
Solutions



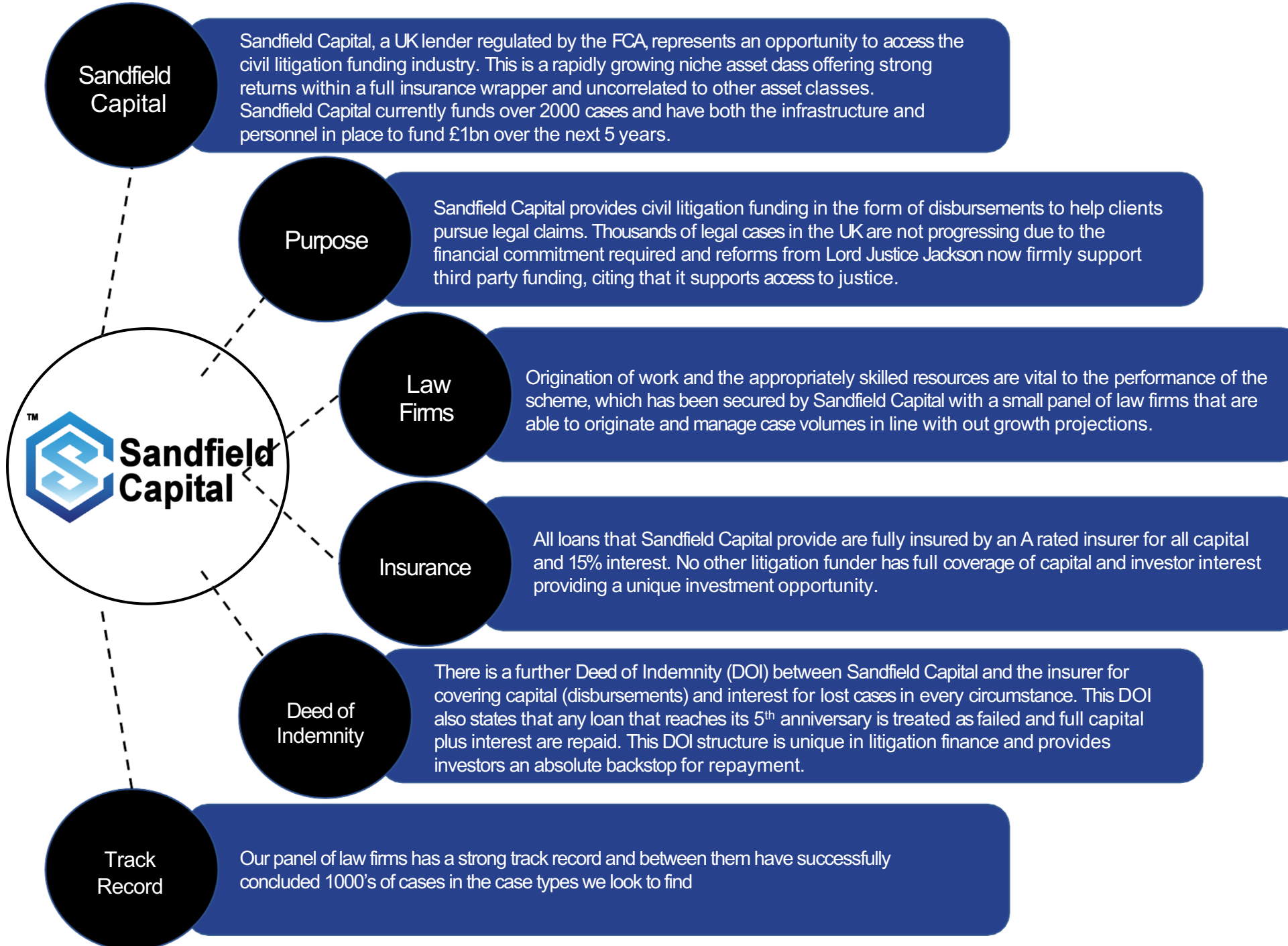
FUNDING OPPORTUNITIES

2024





FUNDING
OPPORTUNITY



Sandfield Capital, a UK lender regulated by the FCA, represents an opportunity to access the civil litigation funding industry. This is a rapidly growing niche asset class offering strong returns within a full insurance wrapper and uncorrelated to other asset classes. Sandfield Capital currently funds over 2000 cases and have both the infrastructure and personnel in place to fund £1bn over the next 5 years.

Sandfield Capital provides civil litigation funding in the form of disbursements to help clients pursue legal claims. Thousands of legal cases in the UK are not progressing due to the financial commitment required and reforms from Lord Justice Jackson now firmly support third party funding, citing that it supports access to justice.

Origination of work and the appropriately skilled resources are vital to the performance of the scheme, which has been secured by Sandfield Capital with a small panel of law firms that are able to originate and manage case volumes in line with our growth projections.

All loans that Sandfield Capital provide are fully insured by an A rated insurer for all capital and 15% interest. No other litigation funder has full coverage of capital and investor interest providing a unique investment opportunity.

There is a further Deed of Indemnity (DOI) between Sandfield Capital and the insurer for covering capital (disbursements) and interest for lost cases in every circumstance. This DOI also states that any loan that reaches its 5th anniversary is treated as failed and full capital plus interest are repaid. This DOI structure is unique in litigation finance and provides investors an absolute backstop for repayment.

Our panel of law firms has a strong track record and between them have successfully concluded 1000's of cases in the case types we look to fund

Direct to Law Firm Funding Opportunity

Case Types

Sandfield Capital will focus on GDPR Data Breach, Housing Disrepair, Tenancy Deposit, Military Noise and PCP claim types. There is a deep market of high quality claims within these sectors representing an actionable opportunity that Sandfield can capitalise on.

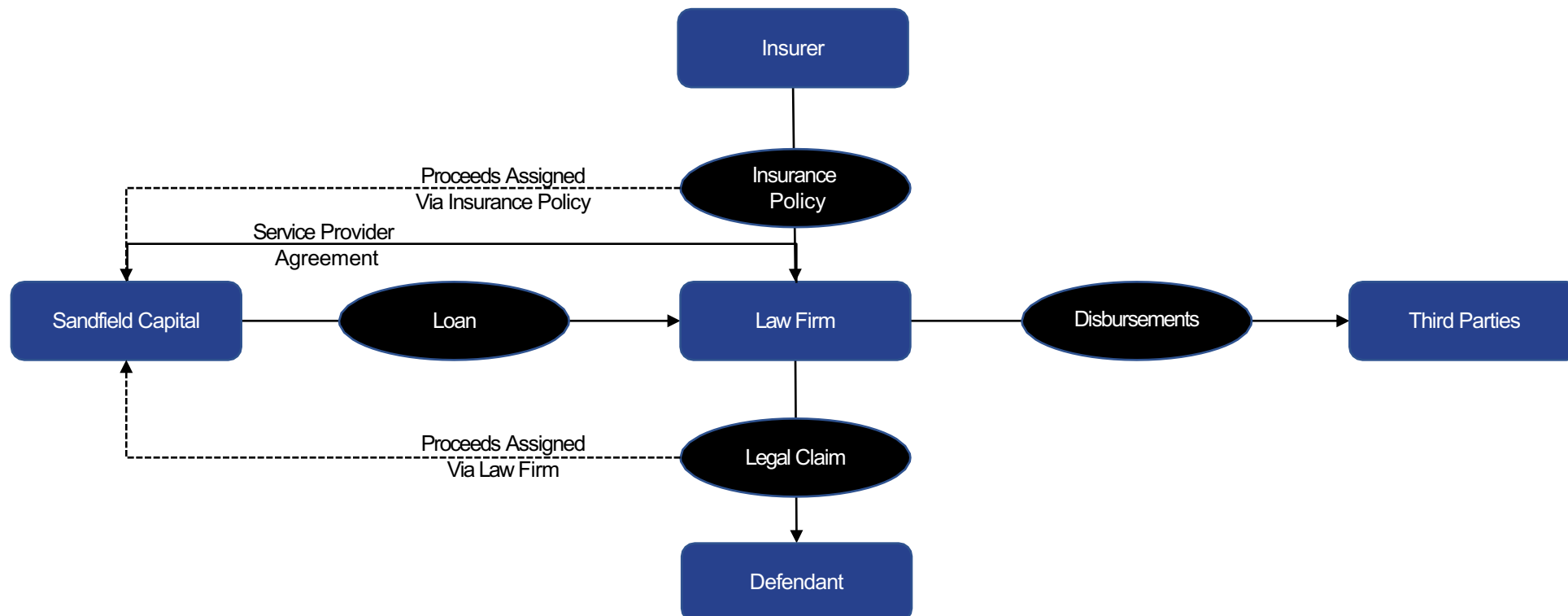
Product Structure

This is a direct to law firm lending model from Sandfield Capital. The funds can only be used for case disbursements. Any funds used to pay these disbursements are fully insured by our A rated insurers as shown below.

Product Return

Strong margin with insured risk.

Please contact for further information.



**DIRECT TO LAW
FIRM FUNDING
STRUCTURE**

Approved Case Types for Funding

GDPR Claims

- Claims against organisations whose data has been breached resulting in the release of special category personal data
- Typical GDPR claims have the following characteristics
 - Defendant is public body such as Local Authorities, NHS Trust bodies or Police forces; or a solvent private company with indemnity insurance;
 - Defendant has been investigated and/or fined by ICO;
 - Clear proof of breach; and
 - Quantum > £5,000

Expected Case Volumes
c. 2,000

Expected Disbursement Volumes
c.£15m

Housing Disrepair (HDR)

- Housing disrepair claims are claims against Housing associations and councils for not carrying out their duties as landlords maintain or repair properties rented by their tenants
 - Examples of disrepair include water leaks, water ingress, damp, mould, dry rot, structural issues or faults with your roof, guttering, windows and doors
- Claimants may seek remedy of general damages for inconvenience, special damages for any monetary loss incurred and specific performance of repairing the property
- Claims are typically lower value, ranging from £2,000 - £20,000
- Defendants of housing disrepair cases are Councils and Housing Associations

Expected Case Volumes :
C10,000

Expected Disbursement Volumes:
c: £50m

Undisclosed Commission (UDC)

- UDC claims are claims against mortgage brokers and lenders relating to the payment of undisclosed commission by a lender to a broker in respect to the procurement of a secured loan entered into by the borrower
 - These claims assert that non-disclosure of the commission paid by the lender constitutes a 'bribe' and is a blatant breach of the broker's fiduciary duty
 - These claims can give borrowers the right to avoid the contract entirely as well as recovery of the amount of the secret commission

Expected Case Volumes: **c.5,000**

Expected Disbursement Volumes:
c.£50m



APPROVED CASE
TYPES FOR
FUNDING

Approved Case Types for Funding

Tenancy Deposit

If a Tenant rents a house on an assured shorthold tenancy “AST” after 6th April 2007 then the landlord **must** place the deposit in a Government approved tenancy deposit scheme and serve “prescribed information” on the tenant(s) within 30 days of receipt. The approved scheme allows for safe keeping of the deposit and free adjudication between the parties on any deposit disputes at conclusion. In the event that the deposit is not protected or not protected correctly then a statutory penalty applies and the tenant can make an application for an award.

Expected Case Volumes
c. 2,000

Expected Disbursement Volumes
c.£9M

PCP

A recent Financial Conduct Authority (FCA) investigation discovered widespread evidence of mis-selling on all types of UK car finance agreements. Mis-selling occurs when the person buying the car has not been presented with all the information necessary to decide whether the contract represented value for money or was financially viable. The Defendants in these cases are major banks and lenders, a full redress scheme is expected to be launched in September 2024, making claim settlement quicker and easier.

Expected Case Volumes
c. 1m Cases

Expected Disbursement Volumes
c.£150M

Military Noise

Military Veterans may have been exposed to harmful noise during military service in combat, training, and general job duties. Noise can come from gunfire, explosives, rockets, heavy weapons, jets and aircraft, and machinery. Defendant is the Ministry of Defence back by. The UK Government.

Expected Case Volumes
c. 4,000

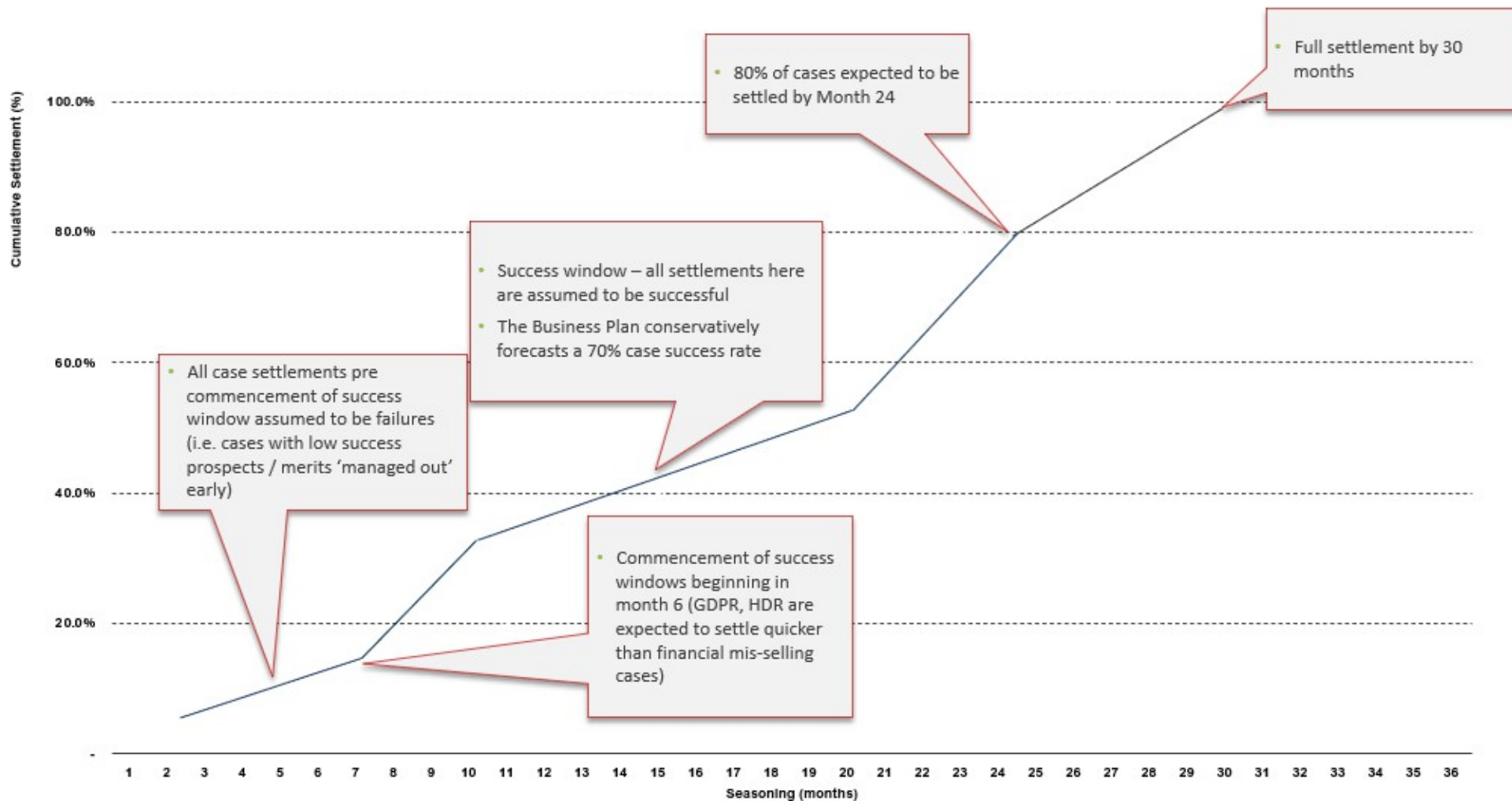
Expected Disbursement Volumes
c.£60M



APPROVED CASE
TYPES FOR
FUNDING

Average Case Portfolio Settlement Profiles

Once steady state is achieved, we expect cases to settle as per the profile below. 50% of cases in any given period are expected to settle by month 20, with full settlement expected by month 30.

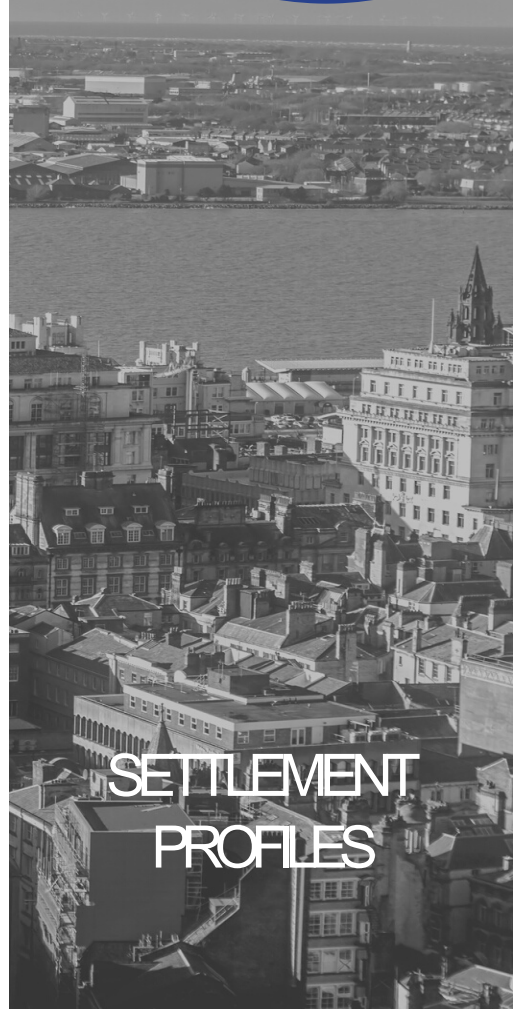


Growing Track Record

Sandfield Capital Law firm panel continues to conclude cases on a monthly basis with consistency.

Total value of returns to investors on funded cases currently stands at £1,660,227.

This figure is increasing each month as more and more cases conclude and the book matures.



SETTLEMENT
PROFILES

Claim Process Overview

1. Panel Law firms: generate qualified leads, via websites and social media marketing.

2. Vetting: On an individual basis against the product type's criteria to ensure qualification. If the claim successfully qualifies, discuss funding and insurance options with the client and proceed to sign the client up to a CFA agreement.

3. Expert Report: The panel law firms obtain an external expert report acting as a broker. The expert report deals with liability, causation and quantum, demonstrating the rules / legislation/ principles which have been breached, how, and establishing a causal link to the damage and loss sustained by the client.

4. Disbursement Funding: Case is sent to Sandfield Capital, who conduct their own KYC and validation process of each case. Once passed, Sandfield will issue a Consumer Credit Agreement to be signed by the client, to give them access to disbursements funding for their claim. Agreements are fixed amount agreements, with set pre- approved limits imposed for disbursements and paid direct to the provider.

5. Insurance: Sophro – a managing general agent – is underwriting an ATE insurance on behalf of a panel of A- rated insurance companies which the client is required to sign in order to progress the funding and the continuation of the case.

6. Legal: Panel law firms take control of the case and are responsible for progressing the claim to ensure the best possible outcome for each individual client

7. Cost Recovery: Throughout the life cycle, specialists costs consultants deal with all aspects of cost recovery. This includes assisting with advocating and settling cost budgets at case management stage, drafting the bill on successful conclusion of the claim, negotiating settlement of the costs, and advocating a detailed assessment before the court should an agreement not be able to be reached.



CLAIM PROCESS
OVERVIEW

Sandfield Capital

Sandfield Capital

- Main purpose is to provide litigation funding loans in England and Wales, through an established disbursement funding scheme, working with CMCs, Solicitors, Legal Cost Firms and Insurers
- Fully FCA regulated since 2020
- Customers are sourced exclusively via panel law firms
- Service consumers through non face to face channels, including email, letter, phone and e-sign in order to provide convenience and geographic coverage
- Remunerated from two income streams:
- Administration fees: Administration fees of £142.50 will be levied on each of the first two instalments paid from the loan facility. No other administration charges are applied
- Loan interest : Fixed interest rate payable at maturity

Sandfield Capital's role in this transaction

- Sandfield funds the civil litigation third party disbursement costs that are associated with the legal cases originated by panel law firms
- The investor will be entering into a forward flow contract with Sandfield Capital for the acquisition of these loans, although other funding structures are possible



Panel Law Firms

Panel Law Firms

- The panel law firms were brought together to provide a unique, innovative and collaborative solution to the civil litigation legal sector
- The firms provides a seamless “end to end” service ranging from marketing, robust claims vetting, claims handling, technical report facilitation, funding, insurance, litigation, technology to costs recovery
- Reject 68% of all cases received based on superior data and analytics underpinned by 30k plus historical cases

Panel law firm's role in this transaction

- Panel law firms originate the legal cases that are then funded by Sandfield Capital
- Panel law firms have an intense vetting criteria for each of the products and takes the case from start to finish in an attempt to get as close as possible to a “perfect” case
- Panel law firms have their own case management systems in place that have specific triggers and collect data on the certain stages that each case passes through. This information is fed to Sophro and Sandfield so that both are updated at every stage through to settlement
- Panel law firms only take on cases with ATE Insurance so even if the customer breaches the insurance terms and conditions, the firm has a deed of indemnity in place with the insurance companies. This makes it possible for Sandfield to offer a non-recourse product to the customer.



Sophro

Sophro

- MGA that runs the ATE scheme on behalf of the insurers
- A managing general agent (MGA) is a specialised type of insurance agent or broker that has been granted underwriting authority by an insurer and can administer programs and negotiate contracts for an insurer i.e. get delegated authority to select risk, price risk and manage the claims process
- Set-up and started trading in 2019. Based in London
- Phil Hodgkinson 51% shareholder; the CEO Rupert Alabaster is a minority shareholder; have incentive program for key staff. O'Connors Legal Services is the other major shareholder
- All insurance companies have same pricing. Random allocation of cases
- Get paid by insurers based on commission and profit share

Sophro's role in this transaction

- Sophro acts as Managing General Agent (MGA) and has 3 fronting insurers and 8 or 9 reinsurers with billions of balance sheet collectively
- The loans provided by Sandfield are secured by the proceeds of an ATE insurance policy provided by one of the insurers that Sophro has placed a deed of indemnity provided by the insurer
- The insurance aspect turns the legal risk of the loan into credit risk

