



Woodville Consultants Limited
Litigation Funding Experts

24th August 2021

KNG International Advisors,
Av. Acanceh, SM 11, MZ 2, Lote 2, Piso 3-B,
Cancun, Quintana Roo,
Mexico. CP 77580

Dear Mr Emberson,

We would firstly like to thank you for your continued support of the Woodville Consultants ATE Loan Note.

We have summarised the key points of the investment product for you in 10 bullet points as per below:

1. What is Litigation Funding
2. Size of the Market
3. The Loan Note Programme
4. ATE Insurance
5. Types of claim covered
6. Funding Criteria
7. Investor Security
8. Audited accounts
9. Coupon and Capital Payment conformation
10. Additional Security from Talisman

What is Litigation Funding?

Litigation funding is a mechanism whereby a qualifying investor funds all the costs of a piece of litigation, including adverse costs, in return for a share of the proceeds.

Any case which has a potential damages or money outcome is a potentially good case for funding. The funder is only paid on success and the merits of a claim, as well as the opponent's ability to pay, are consequently very important in determining whether the case is suitable for this type of funding.

Woodville's offering is unique as it benefits from the Loan being secured on an ATE (After The Event) insurance policy.

After the Event ("ATE") is an insurance policy taken out after a dispute has arisen to protect against the risk of having to pay your opponent's legal costs and expenses if you lose a case.


Therefore, the event that a claim is lost or discontinued; the loan is repaid to Woodville from the insurance policy proceeds.

Size of the market

In the UK, the litigation funding market has quadrupled in size since 2013 with over £1.9bn of capital estimated as currently available to litigation finance in the UK (<https://www.globallegalpost.com/news/uk-litigation-funding-market-doubles-in-three-years-as-pipeline-of-cases-builds-up-66349060>)

Assets held by litigation funders in the UK have increased 400 per cent over five years from £378m in 2014-15. (<https://www.cityam.com/uk-litigation-funders-boost-assets-to-1-9bn/>)



The UK Law Society estimates that the UK Litigation market is a £30bn industry. (<https://www.theguardian.com/law/2016/mar/22/uk-legal-sector-now-worth-26bn-a-year>)



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Litigation Finance Industry Landscape

<p>INSTITUTIONAL INVESTORS</p>	<p>HEDGE FUNDS INVESTMENT BANKS INSURANCE COMPANIES</p>	<ul style="list-style-type: none"> Large one-off litigation related investment opportunity Attracted given lack of correlation to capital markets Typically lack in-house litigation finance focus & underwriting capabilities 	<p>↑ LARGE COMMERCIAL CASES \ PORTFOLIOS</p> <p>↓ SMALL TORT CASES</p>
<p>DEDICATED LITIGATION FINANCE FUNDS</p>		<ul style="list-style-type: none"> Commercial litigation at all stages Typically cases with >\$5 million financing requirement Investments include law firm loans, case portfolios and complex structures 	
 <p>Woodville Consultants Limited Litigation Funding Experts</p>	<ul style="list-style-type: none"> Fixed short term loans of 6-9 months Funding only provided once ATE is in place Interest front-loaded, profit retained on day one Case values of £650-£3000 Full assignment rights taken over each case 		

Litigation funders typically finance legal cases in return for a defined share of the proceeds (costs and damages).

The litigant obtains all or part of the financing to cover its legal costs from a private commercial litigation funder, who has no direct interest in the proceedings. In return, if the case is won, the funder receives an agreed share of the proceeds of the claim. If the case is unsuccessful, the funder loses its money and nothing is owed by the litigant.

Because the litigation funder's return is tied to the success of the case, funders look to fund cases with good prospects of success.

Woodville has identified a significant gap in the market whereby Solicitors practices cannot fund the cases available to them, nor their disbursements. Woodville are focused on the consumer finance and personal injury sector, which is mostly ignored by other funders as it is deemed too small for them to evaluate and monetise.

Woodville will ONLY enter the claim process at the point ATE insurance is granted, attached to each case and where blame has been apportioned and liability confirmed. To further protect Woodville, assignment over each case is taken.

Upon case settlement the loan is fully repaid prior to client receipt and sent directly to Woodville from the Solicitor.

To compare market rates, Burford Capital, one of the largest litigation funds in the UK, have a 5 year bond which offers a 5% per annum coupon.

A SHORT STORY



Big industry:
£37bn in the UK,
\$845bn in the US



Fierce competition



'Busier than ever'



The Loan Note Programme

Woodville Consultants have issued a loan note programme to provide short term secured loans.

See here explainer video <https://vimeo.com/426927560/fe7551fd07>

All proceeds from monies received by Woodville through their loan note programme are used to provide short term secured loans to a carefully vetted panel of SRA regulated Law firms in the UK (<https://www.sra.org.uk/consumers/who-we-are/what-sra-about/>).

The SRA regulate all solicitors and most law firms in England and Wales.

They protect and help the public by making sure:

- Solicitors and law firms meet their high standards.
- Take action against solicitors who don't follow their rules - for instance, by taking someone's money or acting dishonestly.
- People can get their documents and money back, if, for example, a law firm shuts down suddenly.



When things go wrong, the SRA can help in the following ways.

Taking action in cases of serious misconduct - The SRA can prosecute solicitors and firms at the independent Solicitors Disciplinary Tribunal (SDT). It can issue fines and suspend or even strike off solicitors.

Interventions- The SRA can close down firms where there is a serious risk to their clients and the public.

SRA fines-They can fine solicitors and firms and set limits on what work they can do.

Compensation fund- A discretionary fund is managed by the SRA that can help return money to people who have lost it due to a dishonest solicitor.

See animation from the SRA website to explain their role- <https://youtu.be/jUkYamoAHqc>

The law firms operate on a “no-win, no-fee” basis and the funding Woodville provide to the lawyers allows them to pursue claims that they could not otherwise afford to make.

ATE Insurance

To protect Woodville, the Loan is secured on an ATE (After The Event) insurance policy. In the event that a claim is lost or discontinued, the loan is repaid to Woodville from the insurance policy proceeds.

This means that all funds raised to date are fully insured from the point of entry for Woodville.



PROGRAMME AGREEMENT BETWEEN TALISMAN CASUALTY INSURANCE COMPANY, LLC AND WOODVILLE CONSULTANTS NO.2 LIMITED ("WOODVILLE")

April 10, 2020

**Talisman Casualty Insurance Company,
LLC 7881 W. Charleston Blvd, Suite 210
Las Vegas, NV 89117**

“Surety”,
And

**Woodville Consultants No. 2, LTD (Woodville)
Llanover Arms Offices
20 Bridge Street,
Pontypridd, Wales CF37 4PE**
“Obligee”.

Whereas, Woodville wishes to issue individual RTAC and HDRC Loans to Bond Principal/ Approved Solicitors under CFA Policy Facility Agreements and;

Whereas, the Surety has agreed to issue certain Bonds to the Bond Principal/Approved Solicitors, insuring 100% of the liability of the Principal/Approved Solicitors, in regards to such Loans.


NOW, THEREFORE, Surety and Woodville, in consideration of the mutual promises herein contained and for other good and valuable consideration, agree as follows:

The Surety and Woodville agree to enter into this agreement under the following terms and conditions.

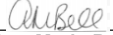
1. PROGRAMME AGREEMENT between Talisman Casualty Insurance Co., LLC and Woodville Consultants No. 2, LTD as attached hereto as Exhibit A

**AGREEMENT BETWEEN Talisman Casualty Insurance Co, LLC,
SURETY, and Woodville Consultants No. 2, LTD, OBLIGEE**

SIGNED AND ATTESTED TO THIS 10th DAY OF April, 2020:


Joseph Marcantel, Director of Surety
Talisman Casualty Insurance Co, LLC, SURETY

DATE SIGNED: 04/10/2020


Ann Marie Bell

Woodville Consultants No. 2, LTD, OBLIGEE

DATE SIGNED: 14/04/2020

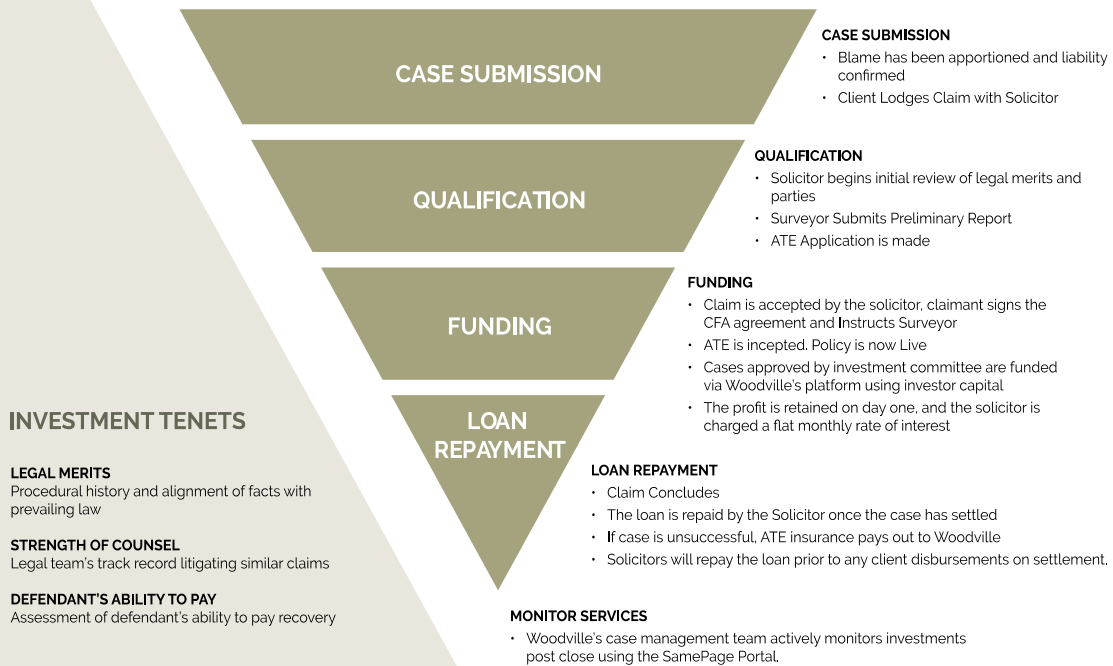
Woodville charge the borrowing law firms interest on a simple, not compound, basis at a cost of 5% per month.

The Woodville model is especially attractive as it operates only in the more liquid short term maturity space (6 to 9 months typically) lending on small cases that the big corporate litigation funders largely ignore.

Typically, this will be personal injury, housing disrepair and mis-selling claims for example.



Woodville Consultants Ltd Investment Process & Methodology



Types of Claims covered

Woodville currently fund 3 different claim types:

- **Road Traffic Accident (RTA) claims**

There are around 160,000 slight injuries, 30,000 serious injuries, and 30,000 fatalities caused by car accidents annually in the UK.

Road traffic accident claims can be made for both direct and personal injuries such as;

- Whiplash Injury
- Airbag injury
- Seat belt injury
- Child restraints injury

- **Housing Disrepair (HDR) claims**

If you are a tenant, living in rented property which has fallen into disrepair, you may have a disrepair claim against your landlord.

Housing disrepair can include damp, mould, condensation, leaks, repointing of brickwork, missing or loose tiles, structural cracks, insect and vermin infestation, poor ventilation, boiler issues, no running or hot water or heating.


- **Plevin claim**

Plevin is a claim for the commissions charged on the PPI premiums that many people took out. **PPI is the largest consumer redress exercise in the UK's history with over 32 million people claiming compensation.** We expect Plevin claims to be applied by 2/3 of the same people.

Woodville's current loan book is valued at **£19,751,150**.

They have funded 18,737 legal claims since July 2019, **with zero defaults**.

See below Loan Book up to 31st July 2021. This is updated monthly.



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Loan Book update 31st July 2021

- **Road Traffic Accident Loans**
- Total Number of Active Loans - 346
- Total Value of Active Loans - £346,000
- **Housing Disrepair Loans**
- Total Number of Active Loans - 1,651
- Total Value of Active Loans - £4,953,000
- **Plevin Loans**
- Total Number of Loans - 9,967
- Total Value of Loans - £14,452,150
- **Grand Total Value of Active Loans - £19,751,150**

ATE Repayment Track Record

- Default rate since inception - Loan Capital: 0%
- Default rate since inception - Loan Interest: 0%
- Total Loans Written Since Inception: 18,737
- Average Loan duration: 6 months
- Number of Defaults - 0

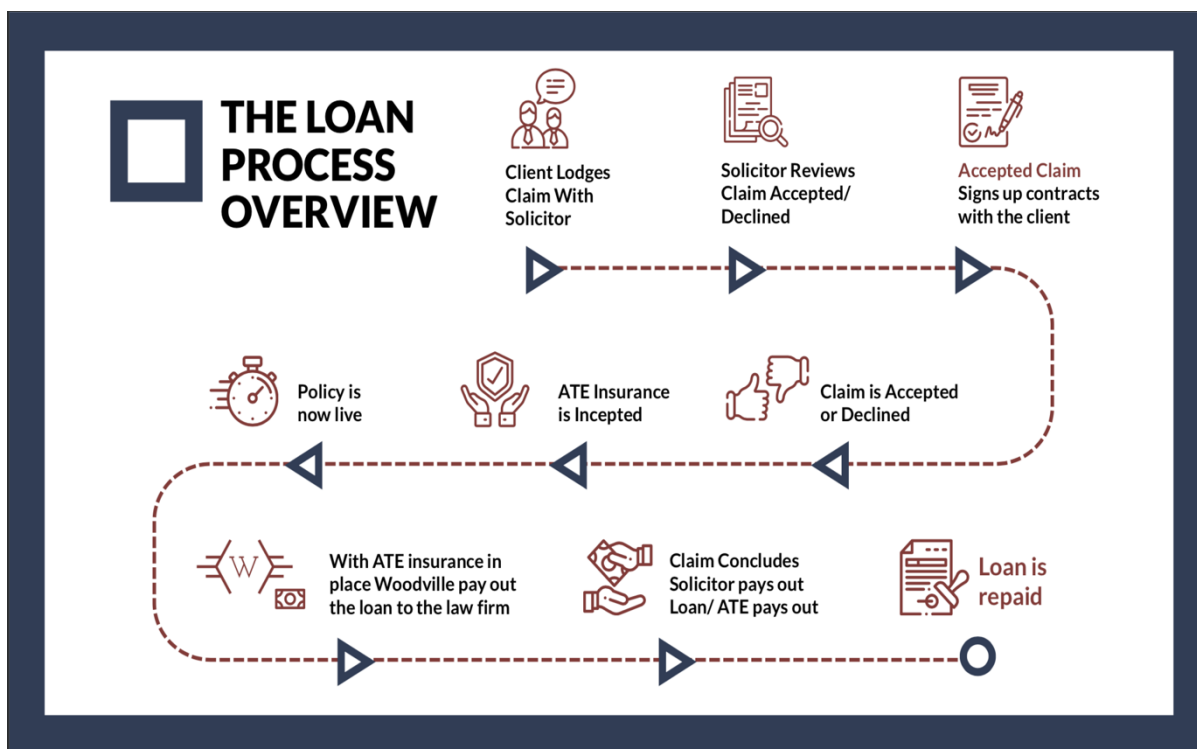


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Address: Suite F, Llanover House, Llanover Road, Pontypridd, CF37 4DY
Company number: 08093201 | **Directors:** Ann Marie Bell, Peter Legge

Funding Criteria

- Strict and detailed underwriting is carried out on each Solicitor through whom we offer the loan facility. Equally strict lending decisions are made based on Company history, turnover claim history etc. Where Woodville loans are made available, the Solicitor is then able to proceed with the case.
- Loans to Law firms are fixed and short term (6-9 months) where liability has already been established
- Funding is only provided once ATE Insurance is in place in the event that a claim is lost or discontinued, the loan is repaid to Woodville from the insurance policy proceeds.
- **Interest is front-loaded, risk of default on the interest is zero. For example, in a Road traffic accident claim, the Loan value is £1,000. £770 is paid out and £230 is retained for interest.**
- Woodville charge interest on a simple, not compound, basis at a cost of 5% per month. Woodville's annual margin of 60% means there are sufficient funds to pay investors a secured rate of 10-12%.
- Targeting smaller value Cases of £650-£3000 carries much less risk, and few other litigation funders are able to process these cases on the required scale.
- Assignment rights are granted over each case and held by Woodville to protect in the event of a Solicitor going into liquidation.



Investor Security

1. Loans are front loaded with interest

See below examples of how each claim type is funded.

Road Traffic Accident (RTA)

The Loan value is £1,000. £770 is paid out and £230 is retained for interest.

Housing Disrepair (HDR)

The Loan value is £3,000. £2000 is paid out and £1000 is retained for interest.

Plevin

The Loan value is £1,450. £1000 is paid out and £450 is retained for interest.

2. Woodville's Loan is secured on an ATE (After The Event) insurance policy.

In the event that a claim is lost or discontinued, the loan is repaid to Woodville from the insurance policy proceeds

3. Assignment rights over each case is held by Woodville to protect in the event of a Solicitor going into liquidation.

4. Woodville take a charge over the borrowing law firm, with personal guarantees sought where possible

5. Capital Protection Insurance

The loan, including your capital, is insured by an A rated insurer. This means that if the law firm, or Woodville, fails to repay your capital, the insurer will repay your capital.

Audited Accounts

The company is pleased to announce an operating profit of £662,142.57 in its' first year of trading (1 July 2019 to 28 June 2020). Total current assets are £14,330,874.97 for this period, demonstrating significant growth of Woodville's Loan Book.

The accounts are audited by Carston Chartered Accountants, so the figures published are totally impartial
<https://www.carstonaccountants.co.uk>

Financial controls are in place such as dual signatory required on all transactions however large or small thereby protecting all funds sat with Woodville.

Other than capital repayments, there are no other significant outgoings, which mean it is unlikely that human error would case a liquidity issue, especially given the dual signatory requirements (unlikely two people would make the same mistake).

In terms of cash-flow controls, due to the very low overheads of the business, Woodville will retain a minimum of 2-3 months of outgoings and liabilities (including coupons and redemptions) in cash to help manage the business.

Coupon and Capital Payment conformation

To date, there have been **zero** defaults, or missed payments to noteholders on any series issued by Woodville Consultants Limited.

Please see below letter to confirm this.



Woodville Consultants Limited

(incorporated in England and Wales with registration number **08093201**)

Suite F Llanover House Llanover Road Pontypridd CF37 4DY.

(the "Issuer")

Woodville Consultants Limited - Coupon Announcement

30th July 2021

Woodville Consultants Limited 11.00% GBP NTS (ISIN:GB00BMBRWZ23) Due 08/01/2023

(the "Bonds")

The Issuer is pleased to announce that it has paid, in full and on time, the coupon due to bondholders on 1st August 2021.

This is the Issuer's second quarterly coupon payment for this series. The next coupon payment is due on 1st November 2021.

All coupon and capital repayments are also up to date on the following series which are running alongside the GBP Series:

1. GB00BMVH6F00 (EUR 11% NTS) - Maturing 07/18/2023
2. GB00BMYLXJ21 (USD 11% NTS) - Maturing 26/09/2023

The Issuer has also paid all coupons in full and on time on their additional Note programmes due in 2022, further demonstrating the cashflow in Woodville's business model and programme:

1. GB00BMGNWW25 (GBP 11% NTS) - Maturing 08/08/2022
2. GB00BMBKBX27 (EUR 11% NTS) - Maturing 29/08/2022
3. GB00BMGNWX32 (USD 11% NTS) - Maturing 29/08/2022

The Issuer has fully repaid capital and interest due on their first series', issued in 2019.

1. ISIN:GB00BJVH6T34 (USD 10% NTS) - Bond matured 26.05.2021
2. ISIN:GB00BJVH6S27 (EUR 10% NTS) - Bond matured 10.02.2021
3. ISIN:GB00BKCH716 (GBP 10% NTS) - Bond Matured 05.02.2021

Registered Office and Correspondence address:
Suite F | Llanover House | Llanover Road | Pontypridd | Company No: 08093201

Additional security provided by the Performance Bond

Following the recent investments from clients of KNG Advisors, we can confirm that Talisman Casualty Insurance LLC Performance Bonds will be granted to all future investment from clients of KNG Advisors. This will be in addition to the security provisions already in place.

See link here to Talisman Casualty Insurance LLC <https://www.talismancasualty.com>

Upon receipt of contract notes (for investment via bonds with ISIN), or receipt of funds (for direct applications), the Performance Bonds will be issued per client within 10 working days.

The additional performance bonds issued by Talisman going forward will mean **the investor loan, including their capital, is insured by an A rated insurer. This means that if the law firm, or Woodville, fails to repay your capital, the insurer will repay the investor capital.**

The investor will receive an insurance policy with their investment amount included, including the name of the borrowing solicitor.

If an investor wanted to make a claim against the capital coverage policy the process would be:

1. If 14 days after the maturity date payment has not been made, the investor makes a claim to Woodville.
2. If Woodville then does not pay within the 28 days, the investor can then make the claim directly to Talisman by email or letter.
3. Talisman will then deal direct with the client to deal with the claim.

The process of issuing the performance bond is as follows:

1. Upon receipt of an application form (or dealing instruction), the investor name and investment amount is logged onto Woodville's CRM system. AML is approved and funds are requested to be sent to the designated USD/GBP/EUR account.
2. Upon receipt of funds, a loan note agreement is issued to the investor. If the investor buys via the bonds with ISIN, a contract note is issued. A copy of this agreement is sent to Talisman.
3. Woodville onward lend the funds to the borrowing solicitor, and details of this are provided to Talisman.
4. Talisman note the borrowing solicitor from point 3, and also the investor details from point 2.

Each investor is provided with a performance bond with their aggregate investment amount noted, including details of the borrowing solicitor. The investor ranks as an obligee and direct beneficiary under the policy.

We thank you for your continued support of our product and look forward to working with KNG further.

Kind regards

Peter J Legge Director

