



SEVEN STARS

Legal Funding

SEVEN STARS INVESTOR NEWSLETTER

03 2025



ABOUT SEVEN STARS LEGAL FUNDING

Seven Stars Legal Funding was established in 2022 as an investment company targeting market leading investor returns working within the well-regarded and regulated UK legal services sector, and specifically litigation cost financing and litigation case generation.

The company was founded and is led by a successful litigation finance team, with an incredible track record and a history of managing approximately £400mn in litigation funding investments, who identified a substantial funding opportunity that far exceeded their existing requirements.

Since launch, Seven Stars has built up a potential loan book of over £40mn and funded over 56,000 claims across various case types.

As of 2025, the company is only investing in the UK and lending to firms working in the UK legal sector, which is globally recognised as one of the preeminent jurisdictions for legal services.

Our activities to date affirm the view we took when launching the company, namely, that the key to successful litigation financing lies in the selection of cases or case types to fund.

Further to this, it is impossible to not speak to the genuine systematic objectives of the company in driving social impact. Whilst we may speak of the claimants that we finance merely as numbers, we are also very clear that behind every claim there lies a genuine need or hardship that we play an essential role in helping to solve; from the 70-year-old forced to return to work as his pension pot was lost after receiving unsuitable transfer advice, to the families suffering health issues due to damp problems in their home, from the victims of abuse at the hands of trusted financial institutions, to those facing hardship as a consequence of the systematic failures of lenders. At Seven Stars, we strive hard to see beyond the numbers and to focus on the genuine, positive social impact that our business brings about for those who genuinely need assistance and representation.

ABOUT OUR QUARTERLY NEWSLETTER

These quarterly updates are designed to provide you, as an investor, with clarity on our activities and how these relate to your investment.

As an investor in the Seven Stars Litigation Finance Bond series, a unique and promising opportunity combining the worlds of finance and law, you can receive an excellent income and have a positive and socially responsible impact on the consumers we help. In a dynamic economic landscape where innovative investment avenues are sought after, this groundbreaking financial instrument is a compelling option for those seeking attractive returns and diversification, as well as the benefits of our bonds being uncorrelated to other investment types and sectors.

This investor newsletter aims to shed light on the intricacies and potential of our investments and where



Seven Stars operates, helping to cover our role in fostering access to justice while delivering consistent and impressive financial gains for you, our investors.



ABOUT LITIGATION FUNDING AND OUR LITIGATION FINANCE BONDS

Litigation finance, a relatively nascent yet rapidly growing sector, has been reshaping the legal landscape by providing crucial financial support to consumer victims and the law firms representing them.

While the UK consumer claims sector can trace its “origins” to the PPI scandal, the true scope and potential of the market are only really starting to become apparent with what feels like a continuous flow of new outrages. And as further abuses of consumers and breaches of professional trust and responsibility come to light, the demand for external funding solutions has soared, opening a compelling avenue for investors seeking to tap into this expanding market.

While the big funders seek to hit high multiple returns by providing limited recourse lending in ‘high stakes’ cases, Seven Stars operates at an established but lower octane level, lending funds to lawyers on well-established, precedent-backed, or governmental directive-orientated litigation and claims that provide an element of predictability of outcome to our loans and lending activities.

At its core, our Litigation Finance Bond seeks to capitalise on a diversified portfolio of vetted legal cases, where the potential for favourable outcomes presents an exciting prospect for investors seeking what is a primarily uncorrelated asset. We achieve this in part by steering away from the more spectacular returns that can often be achieved through collective claims and new legal challenges, preferring to focus on more process-orientated claims with proven track records or clear mandates from the Superior Courts or Governmental schemes.

In addition to the profitability that can be achieved through this form of full recourse lending, by participating in this innovative investment opportunity, you contribute substantially to levelling the legal playing field and promoting access to justice for litigants who may not otherwise have the financial means to pursue their rightful claims.



HOW WE CHOOSE WHICH CASE TYPES TO FUND

At Seven Stars, we take time to select the cases that we believe offer the most secure route to a successful and, therefore, profitable judgment.

- We specifically target precedent-based legal claims or claims under Government compensation schemes or Acts for investment, which helps mitigate and manage the risks involved. This is because a precedent-based case has already won a court victory and all cases involving the same facts fall under the same judgment.
- We normally lend to regulated law firms, or to FCA-regulated claims management companies helping such law firms to acquire cases, ensuring that there is a strict mechanism of controls in place for borrowers.
- We only lend on a full recourse basis where our funds are not tied to case outcomes.
- We insist on ATE insurance cover on funded cases where the case may be settled in the Courts of England or Wales or where a risk of adverse costs may exist.
- We will only fund cases against liquid entities, such as Banks and Housing Authorities, or Government compensation schemes such as the FSCS.
- We establish minimum claim values for each sector to ensure sufficient capital cover.

In addition to precedent-based legal claims, we also fund Housing Disrepair claims against local housing authorities, mis-sold pension claims made via the

FOS/FSCS, Bank Fraud, Car Finance Mis-selling (PCP), Irresponsible Lending, and Contentious Probate claims. We are at the advanced stage of evaluating several other claims types, each with a substantial social impact.

The kind of cases we fund are also known as “no-win, no-fee agreements” and all are carried out with no initial charge to the claimant.

Why Do We Establish Minimum Claims Values?

We examine the expected damages in a case to see that there is scope for a healthy return on investment (ROI). Seven Stars lends money to law firms in return for an annualised interest rate, which when coupled with our percentage of the ‘No Win No Fee’ income, is projected to be sufficient to ensure all parties are paid out in full. This assessment is a key part of our investment underwriting process and is used from the outset to evaluate affordability of funding.

How We Select Borrowing Law Firms

A full and detailed explanation of how we conduct comprehensive due diligence to select borrowing law firms and case types is available in our Corporate Governance document.

Please email hello@7stars.legal to request a copy of this document.

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EXECUTIVE SUMMARY

Q3 has been a landmark period for Seven Stars, defined by groundbreaking innovation and significant progress in our core lending operations.

A key highlight was the launch of a world-first, crypto-denominated bond by our sister company, Seven Stars Structured Solutions. This pioneering “Real World Staking” product, targeting fixed annual returns of 14% and providing unique USDC payment capabilities, opens up a new frontier for deploying digital assets into the stable, high-yield environment that is UK litigation funding and provides an essential bridge between the old and new worlds of traditional finance (TradFi) and decentralised finance (DeFi).

Our business-as-usual activities continued to be robust and stable. At the end of Q3, our financial position is strong, reflecting our prudent and effective deployment of capital.

- Loans Agreed: £27,900,000.00
- Total Potential Loan Book: £35,650,000.00
- Loans Drawn Down: £16,943,114.00
- Estimated Security: £43,000,000.00
- Security Ratio: A healthy 2.53:1 against capital lent

The quarter also saw significant positive developments in the wider market.

Following August’s Supreme Court ruling on car finance mis-selling, the Financial Conduct Authority’s consultation on its car finance redress scheme has solidified the opportunity in this key sector, confirming compensation is due on an estimated 14 million agreements. This regulatory clarity reinforces our strategic focus and provides a stable foundation for future funding in this area, while also justifying our due diligence processes, which led us to lend on PCP claims at a much lower cost and exposure level than several other funders.

Operationally, we have enhanced our due diligence and audit capabilities by partnering with AI platform Insyte IQ to ensure our processes remain robust and provide the level of security and scrutiny we require.

While our portfolio continues to skew towards Plevin claims, the risk of this acquired case book is well-mitigated by its diversification across more than 35,000 small-value claims.

To support our continuing growth, we successfully expanded our global reach and investor base by participating in events in Singapore and Hong Kong with our partners at Dunhill Ventures, generating significant interest that we expect to convert to inbound investment in the coming quarters.

Q3 has firmly positioned Seven Stars at the forefront of innovation in litigation finance, and we look forward to building on this momentum through Q4 and into 2026.



INSYTE IQ: INDEPENDENT RISK OVERSIGHT, AUDIT AND DATA INTELLIGENCE FOR SEVEN STARS LEGAL FUNDING

We are delighted to confirm that we have joined forces with Insyte IQ, a Business Intelligence and Artificial Intelligence platform that will enable us to transform our due diligence processes prior to onboarding new borrowing law firms while also enhancing our ability to build and share secure data rooms with potential new investors and to conduct real-time auditing on the caseloads we fund, adding further robustness to our existing governance principles.

Insyte IQ provides a comprehensive risk oversight and audit function designed specifically for litigation funders managing high volume consumer and group claims. Its data led framework safeguards deployed capital by ensuring claims are compliant, authentic and capable of delivering measurable returns.

Insyte IQ's role and track record

Insyte IQ operates as our independent assurance partner combining operational understanding with data intelligence and on the ground expertise, delivering full visibility across the litigation funding ecosystem, from law firm onboarding to case progression and settlement outcomes.

The Insyte IQ team has vast experience in the claims market dating back to the PPI era. Their oversight function has become the trusted advisor to funders in the volume claims industry.

Insyte IQ's core capabilities

Panel firm due diligence

Insyte IQ provides a comprehensive assessment of law firm's regulatory compliance and governance processes.

Lead generation oversight

Auditing of marketing, data sourcing, and consent processes to ensure all leads are lawfully obtained and regulator ready.

Portfolio monitoring

Continuous "eyes-on" case audits supported by real-time automated dashboards, validating claim authenticity, procedural adherence, and case progression.

Data intelligence and reporting

Consolidated, interactive dashboards offering real-time KPIs, performance trends, and early risk indicators.

Governance and Improvement Cycle

Ongoing feedback loops, governance reviews, and portfolio-level insights drive continuous improvement and capital protection.

How Insyte IQ adds value to our work

Capital protection

Early identification of risk, underperformance, or non-compliance prevents loss and preserves ROI.

Operational transparency

Live, data-driven reporting delivers measurable accountability.

Enhanced Credibility

Demonstrates fiduciary diligence and strengthens investor confidence.





FUNDING PERFORMANCE UPDATE

Q3 has been another period of consistent performance. Our core lending activities remain robust, reflecting our strategic approach to risk management.

At the end of the quarter, we had agreed lending facilities worth £27,900,000 with our network of approved borrowing law firms, with £16,943,114 drawn down.

Our borrowing law firms request drawdowns in tranches aligned with their operational needs and caseloads, with each request subject to our rigorous, multi-stage due diligence process to ensure capital is deployed efficiently and against existing, secured assets.

Total indebtedness to Seven Stars from our borrowing law firms now stands at £22,259,765, collateralised by an estimated £43,000,000 in security, providing robust security ratios of 2.53:1 against capital lent and 1.92:1 against our overall contract debt, underscoring the secure nature of our lending portfolio.

Looking ahead, our growth trajectory remains strong, with significant interest from law firms and £7,750,000

SEVEN STARS LEGAL LITIGATION FUNDING ACTIVITIES TO DATE (AS OF Q3 2025)

Loans Agreed	£27,900,000.00
Loans Drawn Down	£16,943,114.00
Total Indebtedness	£22,259,765.00
Security to Date (Estimated)	£43,000,000.00
Pipeline Under Due Diligence Review	£7,750,000.00
Total Potential Loan Book	£35,650,000.00

of lending formally undergoing due diligence review, bringing our potential loan book to £35,650,000, assuming 100% approval and ultimately deployment of these monies.

This outlook positions us for continued expansion and growth in our funding activities into Q4 2025 and beyond, supported by increasing interest from Family Offices and wealth managers, who recognise the strength of our business model, track record, and governance structure.



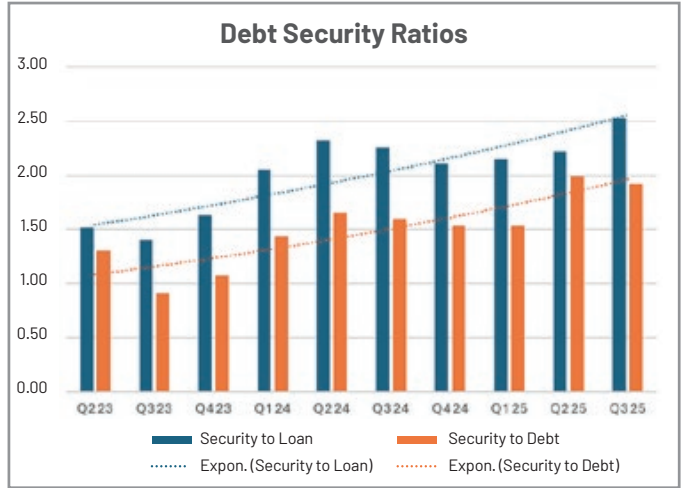
OUR FUNDING PARTNERS





DEBT SECURITY

At the end of Q3, we sit at a security ratio of 2.53:1 against capital lent, and at 1.92:1 against our overall contact debt.



HOW WE MITIGATE DEBT SECURITY RISK

Where possible, Seven Stars Legal takes a charge over all assets of the borrowing law firms and the cases we are funding. Seven Stars charges the borrowing law firms an interest rate and arrangement fee, and we may also take a contractual share of their success fees for winning the cases. The potential gains from winning a case can be several times the amount spent pursuing the case. Losing a case results in usually losing only the sums invested in pursuing the case, most if not all of which can be covered by After The Event (ATE) insurance. This difference between the potential gains and the potential losses (covered by ATE insurance) provides an element of security and capital protection.

The borrowing law firm enters into a General Debenture with Seven Stars or, where this isn't possible, a Deed of Assignment of Funded Assets, covering all no-win, no-fee (i.e. not profit costs) income due to the solicitor, both disbursements and the contingency fee, so it will generally be of greater value than borrowings as well as other assets held by the firm.

Seven Stars aims to provide a minimum level of debt cover of 1.2 times the borrowed amount. In practice, it is closer to twice the borrowed amount on most cases funded but can go as high as four times on Financial Ombudsman Service (FOS) or Financial Services Compensation Scheme (FSCS) claims.

In the event of solicitor default, Seven Stars holds the right to appoint a new firm to run the cases.



CURRENT & PROJECTED APPROVED LENDING SPREAD BY FIRM

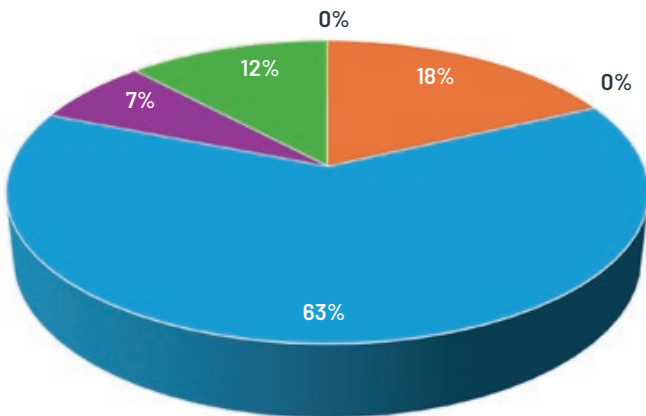
We are currently working with four regulated law firms with approved and active lending agreements, plus two to whom we have reassigned acquired cases, with a further four firms currently undergoing due diligence review, giving us a projected lending portfolio diversified across 10 law firms, assuming approval and full deployment of our current work-in-progress book.

Firm and case type spreads are skewed by our portfolio restructuring earlier this year and our allocation of acquired cases. We remain committed to our "30/30 Rule," whereby we have no more than 30% of our total exposure committed to a single firm or case type, and our long-term aim is for this figure to be between 9% - 11%.

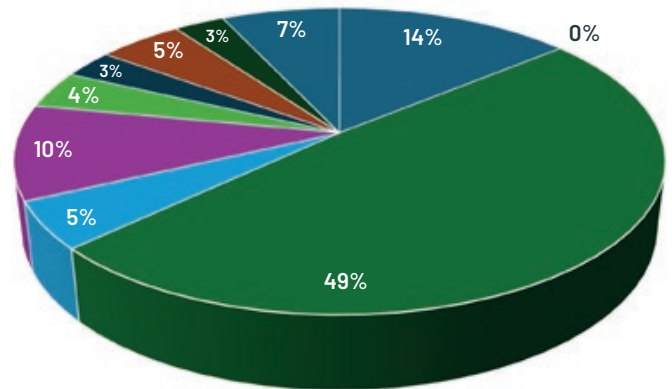
In the chart below (left), two firms are showing as "0%" approved lending as funds committed to these firms are the deemed value of cases reassigned from Sandstone Legal earlier in 2025. Please refer to our Q1 and Q2 newsletters for further details on our acquisition of the non-legal assets of Sandstone Legal.

In the chart below (right), "0%" appears once as one of the firms included in the above chart is undergoing due diligence with a view to agreeing a funding facility.

**CURRENT FIRM SPREAD
(APPROVED LENDING - SIX LAW FIRMS)**



**PROJECTED FIRM SPREAD
(APPROVED LENDING + DUE DILIGENCE PIPELINE - 10 LAW FIRMS)**





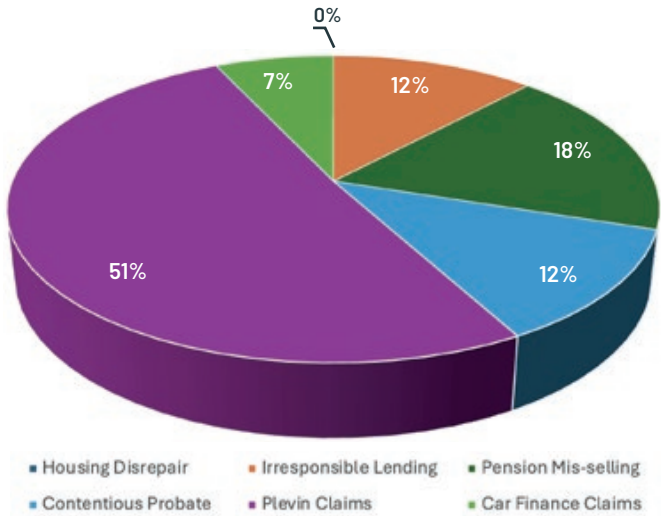
CURRENT & PROJECTED APPROVED LENDING SPREAD BY CASE TYPE

Funding is approved and in deployment across six case types, as detailed in the charts below.

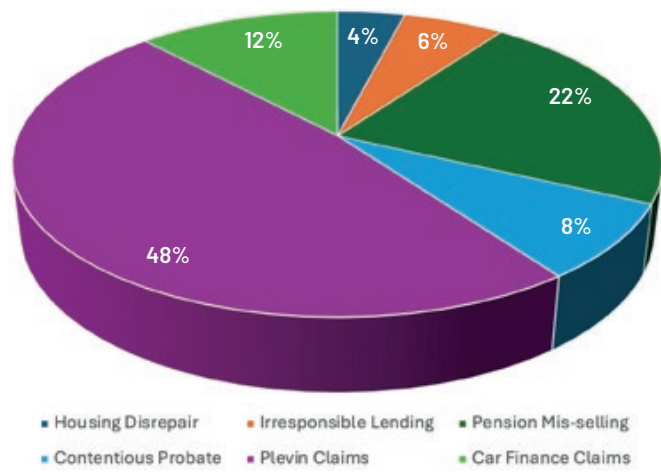
The Plevin Claims percentage represented in this chart is itself diversified over 35,000 smaller claims, reducing risk concentration within the higher exposure to this case type.

Note that Housing Disrepair is showing as "0%" as these are reassigned cases.

APPROVED LENDING BY CASE TYPE



APPROVED & PROJECTED LENDING BY CASE TYPE (EXISTING + DUE DILIGENCE PIPELINE)





ACTUAL FUNDING DRAWN DOWN BY FIRM AND CASE TYPE

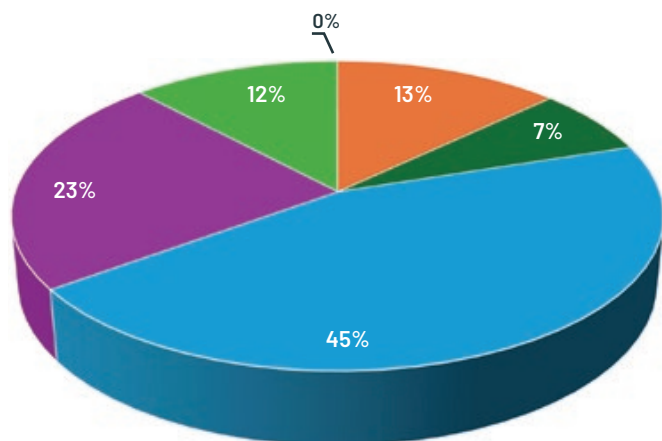
After signing a funding agreement and in line with our corporate governance and due diligence processes, we conduct further checks before borrowing law firms can draw down any funds. Specific details about this process are available in our Corporate Governance document.

The below charts highlight our position in terms of borrowing law firm and case type drawdowns at the end of Q3.

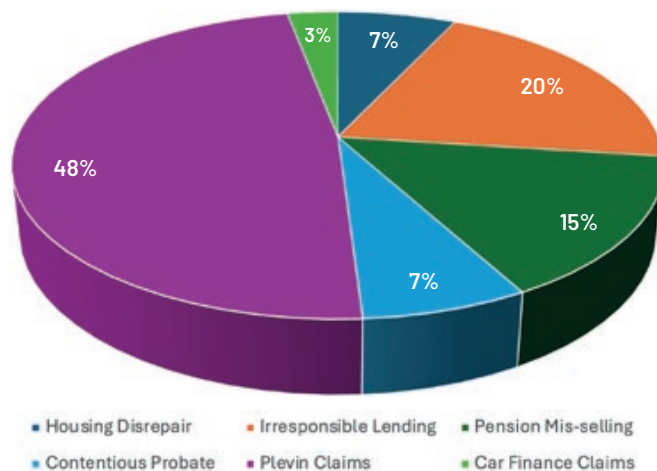
In the drawdown spread below, the reassigned Housing Disrepair claims are included to provide a clear overview of existing commitments and the case types that will be returning monies as they are settled.

Drawdowns remain skewed towards Plevin Claims following our acquisition and assignment of a Plevin Claims book.

ACTUAL FUNDING DRAWDOWN SPREAD (SIX LAW FIRMS)



ACTUAL FUNDING DRAWDOWN SPREAD (SEVEN CASE TYPE)





SEVEN STARS STRUCTURED SOLUTIONS LAUNCHES WORLD-FIRST CRYPTO-TO-LEGAL ASSET BOND

On 11 September, our sister company, Seven Stars Structured Solutions, alongside PayTech Payment Solutions and VARA-regulated VASP GCEX, announced the launch of a cryptocurrency-denominated bond featuring groundbreaking USDC payment capabilities. The innovative offering represents the inaugural "Real World Staking" product, enabling global cryptocurrency holders to deploy digital assets into established UK litigation funding strategies.

MARKET-FIRST INNOVATION

The collaboration delivers an unprecedented financial instrument combining:

- Revolutionary "Real World Staking" concept applying crypto staking principles to tangible legal assets
- Professional cryptocurrency processing delivered under Dubai's Virtual Assets Regulatory Authority framework through GCEX's regulatory license
- Fixed 14% annual returns backed by the UK legal system rather than experimental protocols

REVOLUTIONARY "REAL WORLD STAKING"

The offering pioneers "Real World Staking" - the evolution beyond DeFi protocols toward tangible asset deployment:

- Traditional Crypto Staking: Lock crypto → Validate blockchain transactions → Earn protocol rewards
- Real World Staking: Lock crypto → Fund established court cases → Earn fixed returns from legal settlements

"Cryptocurrency is no longer just a speculative asset class— it's becoming an integral part of the global financial system," said Stuart Isted, CEO of PayTech. "Our partnership with VARA-regulated VASP, GCEX (VL/23/09/002), reflects our commitment to shaping a compliant, scalable infrastructure that connects digital assets to mainstream finance. Together, we're advancing the global crypto agenda by aligning with institutional standards, regulatory clarity, and real-world utility."

"By combining cutting edge cryptocurrency protocols with conservative litigation funding strategies, Seven Stars has created a revolutionary product which will create a new



paradigm opportunity for conventional and cryptocurrency investors alike.” said Duncan Webster, Director at Seven Stars Structured Solutions.

TECHNICAL INNOVATION AND INFRASTRUCTURE

Cryptocurrency Processing

- Regulated Operations: Crypto infrastructure and processing are conducted by GCEX, a licensed Virtual Asset Service Provider under Dubai VARA (Licence VL/23/09/002). GCEX does not sponsor or promote the investment product.
- Institutional Security: Multi-signature wallets
- Seamless Integration: Real-time blockchain monitoring with exchange connectivity
- Professional Standards: Enhanced AML/KYC procedures apply under GCEX’s compliance framework and the supervision of the regulator VARA.
- Competitive Processing: Transparent fee structure with institutional-grade execution

Seven Stars Legal Infrastructure

- Proven Track Record: £40+ million deployed across 56,000+ cases with 90%+ success rate

- Professional Management: Experienced litigation funding team with established Advisory Panel
- Risk Management: Portfolio diversification and conservative 2.15:1 security ratios
- Market Focus: Primary (max 60%) concentration on £9 billion UK car finance Discretionary Commission Arrangement (DCA) claims market following landmark Supreme Court ruling
- Secondary focus: Other disbursement funding case types, and opportunistic secondary litigation funding market acquisitions from special situations and distressed debt strategies

MARKET OPPORTUNITY AND TIMING

The collaboration addresses significant market gaps:

Cryptocurrency Market (\$2.3 Trillion)

- Declining DeFi yields (ETH staking ~4%, protocols sub-8%)
- Increasing smart contract failures (\$3.8B lost to hacks in 2024)
- Institutional demand for crypto-accessible real assets
- Regulatory uncertainty affecting experimental protocols



UK Litigation Funding Market

- Supreme Court precedent establishing consumer rights for car finance claims
- Estimated 40% of car finance deals included discretionary commission arrangements ('DCA')
- Average £950 compensation per successful claim*
- Estimated £9bn of damages to be paid by banks and specialty lenders**
- Proven transaction methodology and capacity for other low value claim types

"The convergence of crypto wealth seeking productive deployment and the UK's unprecedented legal compensation opportunity creates a perfect storm for innovation," said Webster. "Real World Staking provides cryptocurrency holders with superior fixed returns backed by established legal precedent rather than experimental smart contracts."

UNPRECEDENTED USDC PAYMENT CAPABILITY

Innovation Highlights

- **Crypto Ecosystem Participation:** Maintain digital asset exposure while earning from real-world assets
- **Payment Flexibility:** Choose between USDC or GBP for all interest payments and maturity repayment
- **Tax Optimization:** Potential deferral of cryptocurrency realization events
- **Fixed Payment Schedule:** Predictable cash flows on June 30, 2027, June 30, 2028, and December 31, 2028

"This USDC payment capability represents a fundamental breakthrough in traditional finance's accommodation of cryptocurrency preferences," added Webster. "We're not forcing crypto holders to exit their ecosystem - we're enabling them to earn from real-world assets while maintaining their digital asset optionality."

REGULATORY PRECEDENT AND COMPLIANCE

The collaboration establishes crucial regulatory precedent across three jurisdictions:

EU Framework

- Full compliance with European market regulations
- Professional oversight and transparency requirements
- Institutional investor protection standards

Dubai Framework: Cryptocurrency processing services delivered via GCEX, licensed by VARA

- VARA-regulated cryptocurrency processing
- Enhanced AML/CTF compliance procedures
- Professional digital asset standards
- International regulatory cooperation protocols

UK Framework

- Companies Act 2006 compliance for bond issuer
- Professional litigation funding standards with SRA and FCA-regulated borrowers
- Binding case law precedent
- Comprehensive investor protection measures
- Established legal precedent reliance

COMPETITIVE ADVANTAGES AND MARKET POSITION

Nonreplicable First-Mover Benefits

1. USDC Innovation: Unique payment structure on professional platform
2. Operational Infrastructure: Established litigation funding with proven returns





- 3. Professional Partnerships: Regulated entities across three jurisdictions
- 4. Market Timing: Early entry into rapidly expanding legal compensation market

Network Effects

- Growing institutional recognition validates asset class
- Successful deployments strengthen legal precedent
- Crypto investor adoption creates referral opportunities

INVESTMENT TERMS AND ACCESS

- Target Raise: £10 million - £500 million equivalent in cryptocurrencies
- Term: 3 years maturing December 31, 2028
- Returns: Target 14% per annum fixed returns subject to litigation outcomes
- Payment Dates: June 30, 2027; June 30, 2028; December 31, 2028
- Minimum Investment: £50,000 equivalent in accepted cryptocurrencies
- Accepted Cryptocurrencies: BTC, ETH, USDT, USDC, BNB, SOL, XRP, ADA, AVAX, DOT, DOGE

Eligible Investors: High net worth individuals, sophisticated investors, investment professionals, and institutional entities under UK financial promotion regulations.

INDUSTRY IMPACT AND FUTURE IMPLICATIONS

The collaboration signals broader industry evolution toward crypto-real asset integration:

Immediate Impact

- Validates cryptocurrency as institutional investment vehicle
- Demonstrates regulatory accommodation of digital asset innovation
- Creates template for future crypto-traditional asset bridge products
- Establishes global market leadership in financial innovation

Long-term Implications

- Potential expansion to other real asset classes
- Template for international regulatory cooperation
- Foundation for cryptocurrency institutional adoption
- Model for professional digital asset product development

*£950 redress estimate correct at time of publication of this press release. The FCA later revised this to £700.

**Following the publication of its car finance redress scheme consultation, the FCA said it expected lenders to pay £8.2 billion in compensation, down from the £9 - £18 billion range it estimated following the 1 August Supreme Court verdict on car finance mis-selling.





THE 14% SOLUTION FOR YOUR PORTFOLIO'S DIGITAL ASSETS

This commentary was originally published on LinkedIn by Seven Stars Structured Solutions on 15 September 2025, and is available at <https://www.linkedin.com/pulse/14-solution-your-portfolios-digital-assets-2uhwc/>.

In the days following the launch of our "Real World Staking" bond, one question surfaced more than any other: "Why would someone invest their Bitcoin for a 14% annual return?"

The simple answer is that a long-term, high-conviction holder wouldn't.

And we all understand that. An investor who bought Netflix in 2011 wouldn't sell today for a fixed 14% yield.

We didn't design our crypto-denominated bond to be a Bitcoin play. The conflation of cryptocurrency and Bitcoin is a common point of confusion in the digital asset space.

Instead, this bond can solve a different, widespread issue in the digital asset space: the challenge of unproductive capital.



Think of a traditional investment portfolio. You may have high-growth, high-risk assets that you believe will pay off in the long term. But you may also have other assets, like cash or low-yield investments that provide stability but generate minimal returns - and may even make you worse off when you factor inflation into the mix.

What if that stable portion of your portfolio could generate a significant, predictable return?

This is precisely what this bond can do: put stable and idle capital to work.



A STABLECOIN OPPORTUNITY WITH MASSIVE YIELD

There are multiple billions of dollars of capital sitting in stablecoins. Countless individuals and funds hold or are even paid in stablecoins like USDT and USDC. For the most part, these assets sit idle, yielding nothing.

Safe harbours aren't always the most productive ones.

This crypto-denominated bond changes that, allowing investors to transform zero-yield stablecoins into a productive asset that generates a fixed 14% annual return through investments in the world-renowned UK legal services system.

DE-RISKING WITHOUT CASHING OUT

Beyond stablecoins, this crypto bond benefits another key group of investors.

Many have seen significant gains or committed significant capital in the hope of a boom from speculative altcoins/memecoins and may now be seeking a means of de-risking.

These investors want to exit, but don't necessarily want to leave the digital asset ecosystem or deal with the potential immediate tax implications that a conversion back to fiat currency is likely to incur.

This bond serves as a strategic bridge, enabling investors to shift capital and profits from volatile assets into a stable, income-generating instrument within the cryptocurrency framework.

Investors benefit by:

- Preserving capital
- Locking in a high, fixed-rate yield
- Potentially deferring a significant tax event
- Putting their assets to work

Our strategic partnership with GCEX and PayTech Payment Solutions facilitates conversion from a wide range of cryptocurrencies.

From an investor's perspective, this bond isn't about giving up on the potential of crypto.

It's about making every part of your digital asset portfolio work harder for you.

Following the launch of this bond, Seven Stars Structured Solutions hosted an educational webinar providing further information about the bond and investment opportunity. You can request access to a recording of the live webinar by emailing leon@7stars.legal





SEVEN STARS' FAR EAST ROADSHOW TAKES IN SINGAPORE AND HONG KONG

In early October, Seven Stars participated in a Far East Roadshow in conjunction with Dunhill Ventures.

SINGAPORE

Between 1 and 5 October, our Chief Strategy Officer, Leon Clarence, and Chief Commercial Officer, Kevin Prior, were in Singapore.

The first part of the trip saw the pair attend the TOKEN2049 event to showcase and discuss Seven Stars Structured Solutions' innovative USDC-denominated cryptocurrency bond.

During the latter half of the week, Leon and Kevin primarily spent time with our partners at Dunhill Ventures, meeting a broad range of investors, including venture capital firms, high and ultra-high net worth individuals, and representatives of Family Offices to present ways to invest in Seven Stars and participate in facilitating access to justice in the UK.

Additional sessions with wealth managers, financial advisors, cryptocurrency investors, and other prospective leads were also arranged prior to the trip, ensuring the team maximised their time in Singapore.





HONG KONG

The following week, Seven Stars Director Duncan Webster joined Leon and Kevin in Hong Kong, where again time was predominantly spent meeting investors in conjunction with Dunhill Ventures, alongside additional sessions arranged prior to the trip and during the previous week in Singapore.

Our activities in the Far East generated significant

interest in both our fiat and cryptocurrency bond solutions, and we expect to have positive news from both Singapore and Hong Kong-based investors regarding investment allocation decisions during Q4 and Q1 2026.

COMING SOON: GENEVA, DUBAI & RIYADH!

We are already booked to participate in similar events with Dunhill Ventures in Geneva, Dubai and Riyadh in late October and early November.



TOKEN2049





SEVEN STARS CHIEF COMMERCIAL OFFICER KEVIN PRIOR SPEAKS TO LEGAL FUNDING JOURNAL

During August 2025, our Chief Commercial Officer, Kevin Prior, participated in Legal Funding Journal's "LFJ Conversations" feature.

The interview, as published on Legal Funding Journal on 13 August 2025, is featured below, and is also available at https://legalfundingjournal.com/lfj_conversations/an-lfj-conversation-with-kevin-prior-cco-of-seven-stars-legal/.

What specific strategies does Seven Stars employ to ensure market-leading investor returns in the litigation finance sector?

Our view has always been that the key to successful litigation financing lies in the selection of cases or case types to fund, which is why we take the time to select cases that we believe offer the most secure route to a successful and profitable judgment, delivering results for the business and its investors.

Rather than funding class actions and other high-risk, high-return litigation, we work at the other end of the spectrum, specifically targeting precedent-based claims or claims brought under UK Government compensation schemes or Acts. This approach significantly reduces the risk involved and enables us to target ambitious returns and highlight the opportunity of our litigation finance solution as an alternative asset investment.

We insist on After The Event insurance cover on funded cases where cases may be settled in England or Wales or where a risk of adverse costs may exist. In addition, we only fund cases against liquid entities, such as banks or housing associations, or where claims go to organisations like the Financial Services Compensation Scheme, which exists in the UK to pay redress to clients when financial institutions or financial advisers fail.





Finally, at claim level, we establish minimum claims values for each specific case type, which as well as ensuring sufficient capital cover means that our investors can achieve a return, the law firm in question can run claims sustainably and, most importantly, that claimants get the compensation they deserve.

In addition, to help ensure liquidity and cash flow via coupon payments for investors, as well as for broader strategic reasons like risk mitigation, we follow what we call the 30/30 rule, meaning that we aim to have no more than 30% of our funds committed to a single law firm or case type, and as we continue to diversify our activities are fast working towards a balance closer to 9% – 11% as our maximum exposure in any one area.

Could you elaborate on the due diligence process Seven Stars undertakes when assessing legal claims, particularly concerning the solvency of defendants?

Our due diligence process is multi-faceted, covering our borrowing law firms at both the initial stage of signing a funding agreement, again when the law firm requests a drawdown of funds, and, if we're funding a case type for the first time, a comprehensive review of the legal position and opportunity around such claims.

To assess whether a specific case type is suitable for funding, we review various aspects including the level of funding required, the potential returns, and sought independent counsel opinion on the claim or case type before making a decision as to whether to fund. The nature of our process means that it's feasible we would identify that a claim type can generate a specific level of returns but would require too much funding for it to be viable, although likewise, case types that require very little funding may generate relatively small returns, meaning we wouldn't fund those unless there was a high enough volume of claims to make it worthwhile for all parties.

To come back to the firms, while our partner law firms conduct their own robust due diligence as a prerequisite for their own business requirements, we conduct our own independent verification process. This ensures a second layer of security and aligns with our own stringent criteria, which apply to both the initial funding proposal as well as the specific request for a tranche of funding.

Then, when the borrowing law firm comes to us, we review all the case files for which they are seeking funding, checking their files include all the relevant and correct documents, and a verification of the case and claimant details, the latter being where we'd identify and ensure that the defendant is solvent. For each claim type, we have a strict list of criteria that must be met for us to commit funding to a specific case, so it's possible that an approved law firm could request a drawdown of funds but we'd only provide funding for the claims that meet our criteria.

The level of due diligence we need to go into differs depending on the case type. For example, if a pension mis-selling claim is going to the FSCS we know that it will pay out, so we can focus less on the solvency of the defendant and more on the technical aspects of the claim and the likelihood of it succeeding.

All of these processes are subject to two levels of due diligence. The first level is our operational management team, who should they approve a specific case type or law firm after collecting and reviewing a substantial tranche of data then pass this information along with a recommendation to our Advisory Panel, which includes a highly regarded King's Counsel. The Advisory Panel then reviews this information independently to make a decision on whether to fund a specific case type and/or provide funding to a specific law firm.

To further enhance our Governance structure as well as strengthen the level of independent oversight within our



due diligence processes, we're currently at the advanced stages of appointing an external auditor to conduct pre-lending and firm auditing due diligence processes, which will also give us further capacity to scale our due diligence pipeline, attract further investment, and distribute monies to approved law firms.

Can you describe the structure of the debentures or assignment of interests in fee income used to protect capital, and how the Security Trustee oversees this process?

Our Security Trustee sits external to the whole process, only getting involved on behalf of our investors if we were to default on our payments to them. So the Security Trustee would step in were we to default, and take action based on the debenture and floating charge they hold over all Seven Stars assets, which includes bank accounts, physical assets AND the debentures and fixed and floating charges we hold over our borrowing law firms.

As such we have two layers of structured security for our investors. There is what the Security Trustee holds over ourselves, but there is also what we hold over the law firms, which include fixed and floating charges over their assets, as well as the right to re-assign cases to another law firm in the event they default on their funding agreement with ourselves.

This is further supported by our ongoing risk mitigation and analysis that we conduct in relation to borrowing law firms, which includes our funding going into a segregated bank account within the law firm, conducting monthly management accounts and retaining bank account access, and conducting ongoing audits of the borrowing law firm's claims book. We're currently in the process of making our ongoing audits fully automated by introducing AI to

conduct this process, while retaining a human, physical element and manually auditing up to 10% of the claims book we're funding with each law firm per month, depending on borrowings, the claim type, and other factors.

Given the company's experience in funding over 56,000 litigation cases, what key lessons has Seven Stars learned about risk management and successful case selection in the litigation finance market?

While we have comprehensive governance and risk mitigation strategies in place that inform all we do, our most significant learning – and one that we continue adapting to as we go – is the importance of having room to be agile and flexible in our approach to funding different case types and law firms, which is predominantly led by the 30/30 rule that I explained earlier.

I've outlined a little about our case selection process and due diligence earlier, but what I'd add to that is one thing we have picked up on is that there's often an appetite from investors to commit funds even if a legal picture isn't 100% clear. And to that end, it's vital that we continue to monitor and are active in specific sectors even if there's little to no movement in them. A good example would be business energy claims, where we had committed funding prior to an adverse decision handed down in early 2024, which was subsequently overturned by a later hearing. The key here is that we didn't overexpose – we were nowhere near 30%, for example – and so were able to continue operating and supporting the borrowing law firm even while the legal picture was unclear.

We've seen similar recently in car finance claims – we know of one funder that committed around 80% of its lending book to such cases in 2024, but that cash is now tied up until probably March 2026 at the very earliest, when

compensation payments look like they'll commence. In contrast, we've been more cautious around this case type and are awaiting final legal and regulatory decisions before committing to an approach.

An excellent example of our approach to risk management succeeding can be seen in our acquisition of the non-legal assets of Sandstone Legal earlier this year. Sandstone Legal were a firm that we had previously provided funding for and had passed all our usual due diligence checks, but for various reasons continued to face financial difficulties. Our funding agreements ensured that we were able to acquire those cases through the firm's insolvency and assign them to new law firms to run them to completion, many of which have already started generating returns for our investors. All of this was done with Solicitors Regulation Authority oversight, enabling us to act quickly and help cases to move forward quickly to the benefit of the claimants involved.

With the industry under sustained regulatory pressure, what should be the industry's response to those who want to regulate it out of existence?

The regulatory picture in the UK is still evolving. In June, the Civil Justice Council published its Final Report into third-party litigation funding, which called for minimal regulation where funding is provided to a commercial party and "greater, but still light touch" regulation where funding is going to a consumer or where funding is for a collective action.

Most notably, the CJC called for the reversal of the PACCAR ruling to happen as soon as possible, while the Court of Appeal also subsequently handed down a ruling that supports the litigation funding sector.

With all that being said, against this background there's a

significant opportunity for funders in different areas of the market to speak up, highlight what they do, and educate across the legal services sector as well as those who do seek to introduce stringent regulation.

One thing we're passionate about and try to address in our content is that a lot of commentary around litigation funding is fairly narrow and exclusively focused on funding in the context of class actions. Now, when you consider stories like the Mastercard collective action where there's been controversy between the funders and the lawyers and claimants are likely going to walk away with a negligible sum of money, it's understandable that people will look at that and say litigation funding may cause problems.

But what we do is at the other end of the market, focusing on smaller, individual, mostly precedent-based claims that have a real impact on someone's life, and collectively on society as a whole. There's genuine difference-making on a human level in our approach that often isn't discussed or even considered when talking about regulating the sector and making it difficult to provide funding.

Think the social housing tenant waiting months for repairs when their health is suffering, the pension mis-selling victim who doesn't know if they can look forward to their retirement, or the bereaved spouse who wants to grieve but is facing an inheritance dispute. These are people who get the financial justice they deserve because Seven Stars and other funders lend a law firm money to run a specific case.

There are real people behind these stories and case studies, and as an industry we owe it to these people to highlight the impact litigation funding can and does have on their lives, rather than allowing the narrative of funding being a cash cow for funders and lawyers to proliferate.



KEY LEGAL JUDGMENTS, NEWS, AND THOUGHT LEADERSHIP FROM Q3 2025



Across the following pages, we feature key legal judgments, news, and thought leadership from the sectors and case types we fund, as well as from the litigation funding sector in general.

Many of these features directly impact our lending and the activities of our borrowing law firms, as well as bringing to light potential opportunities for exploring new sectors and case types, risks to the sector, and much more.

You can also search and follow Seven Stars Legal Funding on LinkedIn to stay up to date with our work and insights.



FCA LAUNCHES CAR FINANCE REDRESS SCHEME CONSULTATION – EXPANDS ANTICIPATED SCOPE, COMPENSATION DUE ON 14 MILLION AGREEMENTS

The Financial Conduct Authority's car finance redress scheme consultation paper, published on 7 October 2025, brought more positive news for motorists, their representatives, and the funders facilitating access to justice.

While the 360-page paper still leaves some questions unanswered and several aspects of the proposed redress scheme unclear, the direction of travel for car finance claims following August's Supreme Court ruling and subsequent developments remains explicit.

SCOPE OF THE FCA'S PROPOSED REDRESS SCHEME

The regulator has expanded the anticipated scope of the redress scheme.

While FCA chief executive Nikhil Rathi had previously suggested the scheme would cover from April 2007 to "near 2020," yesterday's update confirmed that car finance agreements taken out from 6 April 2007 and up to 1 November 2024 may be eligible for compensation, answering our previous question about how consumers harmed after the 2021 ban on discretionary commission arrangements would receive fair and due redress.

14 MILLION MIS-SOLD AGREEMENTS

Over 14 million car finance agreements were mis-sold. Our internal data suggests this equates to around 5 million motorists who will be due compensation. The regulator estimates that there are already 4 million live claims, leaving

a significant opportunity to generate additional claims volume.

QUICKER RESOLUTION FOR LIVE CLAIMS

Motorists who have already brought a complaint are likely to receive their compensation more quickly once the redress scheme commences, creating urgency underpinned by a clear timeline to support further case acquisition activities for representatives.

£700 AVERAGE REDRESS PER AGREEMENT

The average redress due will be approximately £700 per mis-sold agreement, with scope for compensation to be significantly higher depending on the specifics of the case.

MULTIPLE ROUTES TO COMPENSATION

Claims will be eligible for agreements where DCAs were in place or non-discretionary commissions were paid.

CLARITY AROUND HIGH COMMISSION ARRANGEMENTS

The FCA's disclosure of what it says constitutes high commission arrangements - 35% of the total cost of credit and 10% of the loan - provides a clear legal basis for bringing claims even if a DCA was not in place.

JOHNSON WON!

The mention of the landmark Johnson case at the Supreme Court - remember, Johnson won! - highlighting the specific claims where higher redress payments may be due.



MOTORISTS RETAIN THE OPTION TO PURSUE REDRESS VIA THE COURTS

Motorists still have the option of opting out of the redress scheme to pursue their claims separately, a potentially significant opportunity where evidence is present that claimants' individual circumstances are closer to Johnson than the FCA's potential redress estimate calculation.

THE VIEW FROM SEVEN STARS

This development further strengthens the legal and operational framework established by the Supreme Court's August ruling, with significant scope for claims to proceed and succeed based on clear legal precedent both within and outside of the proposed redress scheme.


The key question remains the policing of the redress scheme.

While the regulator states it will act if firms fail to follow the redress scheme rules, there needs to be further clarity on what that entails.

As expected, the FCA again outlined that claimants do not need to use a claims management company or law firm to bring a claim, but its paper lacks vital clarity in several areas that make it wholly understandable that many will seek to do so, even if starting a new claim between now and the start of the scheme, likely to be in early 2026.

Since the Supreme Court handed down its verdict in August, we have been active in raising capital for funding car finance mis-selling claims and assessing funding proposals from law firms with an existing book of vetted DCA claims and claims that fit the legal precedents established in Johnson and now outlined in the FCA paper.

Our activities in this space are continuing to develop as the commencement of redress payments draws closer.



FINANCIAL OMBUDSMAN SEES FALL IN CASE LEVELS

As was expected, the Financial Ombudsman's Q1 data shows a fall in case levels after it introduced charges for professional representatives at the start of the new financial year.

And the over 50% drop in irresponsible and unaffordable lending complaints, for one, will more than likely satisfy and be held up by supporters of the new charges as evidence they're working.

Overall, professional representatives submitted 30,800 cases to the FOS in Q1, down from 36,600 in the previous year.

If fewer claims management companies and other professional representatives are sending in speculative complaints or "trying it on," you won't hear us argue that's a bad thing.

But what may not be discussed are the broader implications and the potential barrier to justice that the charges create.

For example, our internal data shows there has been no drop in activity across our borrowing law firms for case types that can involve escalation to the FOS.

That's partly because our due diligence and governance processes mean we only release funding for carefully chosen and vetted claims, but also because there are still vast numbers of CMCs and professional representatives using the FOS correctly and bringing complaints in their clients' best interests.

For those firms, the new charging regime is another cost pressure that may be seen as having a negligible impact by shaving a little off margins, but alongside FCA and SRA fee capping regulations, may also further undermine their ability to run such cases for clients who need their assistance the most.

While the fuller picture will emerge throughout the year - the FOS anticipates the number of complaints it receives will drop even further in Q2, for what it's worth - there will long remain a suspicion that the introduction of charges was little more than another example of the likes of the FOS and FCA placing the interests of lenders, banks and other financial institutions ahead of the rights and financial well-being of the consumer and retail investor market they're supposed to be there to protect.

If access to financial justice suffers long-term as a result of these charges, we'll know the answer.



MORE CONTROVERSIES SURROUNDING HOUSING DISREPAIR CLAIMS

CLAIMANTS WIN BATTLE OVER EXPERT EVIDENCE IN HOUSING DISREPAIR

In August, a judge overseeing a housing disrepair claim ruled that while claimants had breached pre-action protocol, there was no abuse of process, and the breaches didn't justify striking out the claims in question.

Part of the defendant's argument was that claimants are acting to "tie the hands" of landlords, which some might view as ironic, considering the courts are seeing an increasing volume of housing disrepair claims with similar disputes.

Such claims going through the court process means a slower path to resolution and justice, as well as increased costs.

None of which does anyone any favours.

Instead of slowing down and trying to restrict and dismiss housing disrepair claims, landlords would be better served by working to avoid their properties falling into disrepair in the first place, as well as accepting expert evidence when it's put to them where action is needed.

SURGE IN COMPLAINTS ABOUT SURVEYORS IN HOUSING DISREPAIR CLAIMS

Days after the above story was published, it emerged that regulators have 'several' open investigations following a rise in complaints about surveyors providing generic reports for housing disrepair claims.

Of course, claimant solicitors are going to do everything they can to maximise a claim, and likewise, landlords want to minimise their costs or potential liabilities from any court claim.

The problem with that is it doesn't help the people who matter most in housing disrepair claims: social housing tenants living in unacceptable and often unsafe conditions, who end up waiting an unreasonable length of time to receive redress and for repairs to be made.

There's a real risk that situations like this one end up becoming something else to bash claims management companies and law firms with, and then suddenly we'll be in a situation where the social housing tenants living in dangerous properties are the bad guys and they're demonised for seeking justice.

It's a desire to help people in that situation achieve that justice that drives our funding activities around housing disrepair. Many individuals across the country have received the redress they deserve and had their homes repaired to a liveable standard, all because we lent a law firm some money to run their case.

And that funding only comes after a robust due diligence process that ensures our prospective borrowing law firms aren't pursuing speculative claims or attempting to artificially inflate repair estimates, via a surveyor or otherwise.

But, as always when it comes to housing disrepair claims, it's difficult to escape the notion that if landlords upheld their side of the bargain, there'd be no need for tenants needing to seek legal support to put things right in the first place.

While landlords aren't doing what they should, we'll be there to support those tenants to get things put right.



BORROWER PROFILE

Your opportunity to get even closer to your investment by learning more about the firms we lend to.
This month, we're meeting LawPlus Solicitors.



ABOUT LAWPLUS SOLICITORS

Location: **Stockport, Greater Manchester**

Established: **2020**

Website: **www.lawplus.co.uk**

LawPlus Solicitors was established to help consumers get financial justice in the most uncomplicated and stress-free manner possible.

The firm's leadership team has over 50 years of combined experience across the legal and claims management sectors, with the broader team holding a rich and diverse range of expertise in everything from administration and case management to customer service.

WHAT AREAS DOES LAWPLUS SOLICITORS WORK IN?

LawPlus Solicitors deals with claims in various sectors, primarily:

- **Pensions mis-selling:** Predominantly via FSCS claims, assisting clients who believe they have been a victim of final salary pension transfer or SIPP mis-selling. The firm can also help consumers who are worried they have fallen foul of annuity mis-selling.

- **Car finance mis-selling:** Helping clients who paid more than they should have done on their car finance deals between 2007 and 2024.
- **Bank fraud:** Helping consumers who have lost money from cryptocurrency, purchase, push payment, and other types of financial fraud.
- **Personal injury:** Primarily road traffic accident (RTA) claims, helping both drivers and vulnerable road users get compensation for their injuries and any additional subsequent financial losses following involvement in a non-fault accident.

WHAT CASES DOES SEVEN STARS FUND WITH LAWPLUS SOLICITORS?

Seven Stars currently works with LawPlus Solicitors funding car finance mis-selling and pension mis-selling claims, and also previously funded a small volume of successful banking fraud claims with the company.



CORPORATE GOVERNANCE

Further information about how we assess requests for litigation funding and work to fulfil our responsibilities to our investors, borrowing firms, and the legal and legal funding industries is outlined in our Corporate Governance Statement.

To receive a copy of this document, please email hello@7stars.legal.



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