

To: Directors of
Seven Stars Legal Limited
1 Charterhouse Mews
London
EC1M 6BB

21st September 2026

Dear Sirs,

Assurance Review of Security Calculations – Consolidated Portfolio

1. Introduction and Purpose of Engagement

We have been engaged by Seven Stars Legal Limited to perform an independent limited assurance engagement in accordance with ISAE 3000 (Revised) over the security calculations prepared in respect of the consolidated loan portfolio comprising multiple claim categories and borrower groups.

The purpose of this engagement is to support lender due diligence by assessing whether the security values have been calculated accurately, consistently, and in accordance with the data, assumptions, and methodologies provided.

2. Responsibilities

- **Management's responsibility** is to prepare the security calculations, determine the underlying assumptions, and ensure the completeness and accuracy of the data supplied.
- **Our responsibility** is to perform a limited assurance engagement and express a conclusion on whether anything has come to our attention that causes us to believe the security calculations are not prepared, in all material respects, in accordance with the stated criteria.

3. Subject Matter

The subject matter of this assurance engagement is the set of security values calculated across the loan portfolio, including:

- Case volumes
- Average case values
- Retainer percentages
- Borrower-modelled valuations (BEC and HDR)



- Consolidated security values on both a lending basis and a cases-held basis
- Reconciliation of security values to loan facility data

The calculated Security Values are as follows:

- Security Value based on Lending: £51,811,270
- Security Value based on Cases Held: £67,781,491

The *Security Value based on Lending* reflects the value of cases against which Seven Stars Legal Limited had advanced funding at the time of calculation. This value is derived using the contingent fees agreed with each borrower, or, where applicable, the estimated legal costs chargeable by the borrower.

The *Security Value based on Cases Held* represents the total value of all cases held by each firm that fall under the security of Seven Stars Legal Limited. This includes not only those cases currently funded but all eligible cases, with values calculated based on the agreed contingent fees or the estimated legal costs chargeable by the borrower.

4. Criteria

The security calculations were evaluated against the following suitable criteria, as required by ISAE 3000:

- The formula: Security Value = Cases × Average Case Value × Retainer Percentage
- Data sources specified by management, including:
 - InSYTE data (Plevin)
 - FCA Scheme assumptions (PCP)
 - Historic settlement datasets (Pensions, Bank Fraud, Probate)
 - Borrower-provided models (Professional Negligence, HDR, BEC)
- Retainer percentages as defined in facility documentation
- Loan book facility data (limits, utilisation, headroom, interest, fees)
- Borrower-specific valuation methodologies for BEC and HDR claims

These criteria are relevant, complete, reliable, neutral, and understandable, meeting the ISAE 3000 requirements for suitable criteria.

5. Scope and Procedures Performed

We performed procedures appropriate for a limited assurance engagement, which primarily consist of inquiries, analytical procedures, and recalculations. Our procedures included:

5.1 Portfolio-wide recalculation and validation

- Recalculated security values using the supplied average case values and retainer percentages
- Verified case volumes (135,315 cases held; 73,439 cases lent against)
- Checked internal consistency, completeness, and mathematical accuracy



5.2 Assessment of assumptions and data sources

- Compared average case values to the relevant datasets and assumptions
- Confirmed retainer percentages were applied consistently
- Reviewed borrower-provided modelling for BEC and HDR valuations

5.3 Borrower-specific valuation methodologies

Business Energy Cases (BEC) (In Negotiation)

- Total cases: 2,900
- Retention rate: 25%
- Cases signed on new terms: 725
- Verified that security values were calculated based on signed cases rather than total cases held or lent against
- Confirmed the model inputs were auditable and internally consistent

Housing Disrepair (HDR) (First Dispute Management Group - FDM Group)

- Reviewed historic Sandstone HDR settlement data
- Verified averaging of Success Fee, Profit Costs (FDM and SS), and Disbursements (FDM and SS)
- Confirmed the blended average case value was calculated correctly
- Verified consistent application of the 30% retainer

5.4 Reconciliation to loan facility data

- Reconciled security values to facility limits, utilisation, headroom, interest in advance, accrued interest, and fees
- Confirmed that loan book data did not require any recalculation of security values

5.5 Limitations

Our procedures did not include:

- Assessing legal merits, enforceability, or recoverability of claims
- Evaluating the appropriateness of management's assumptions beyond consistency and mathematical accuracy
- Performing a reasonable assurance engagement

6. Findings

Based on the procedures performed:

- Security calculations are accurate, internally consistent, and mathematically correct
- Case volumes reconcile precisely to the loan book
- Average case values and retainer percentages are applied correctly



- Borrower-modelled valuations (BEC and HDR) are supported by auditable inputs and consistent methodologies
- Reconciliation to facility data identified no discrepancies
- No material misstatements were identified

7. Assurance Conclusion (ISAE 3000 wording)

Based on the procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the security calculations prepared for the consolidated loan portfolio are not, in all material respects, prepared in accordance with the stated criteria.

8. Restriction on Use

This report has been prepared solely for the use of Seven Stars Legal Limited for the purpose of lender due diligence. It should not be used for any other purpose.

Yours Faithfully

Anstey Bond LLP

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