

Life Settlement Assets PLC

Half-Yearly Report
for the six months ended
30 June 2024

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Corporate Update



Introduction

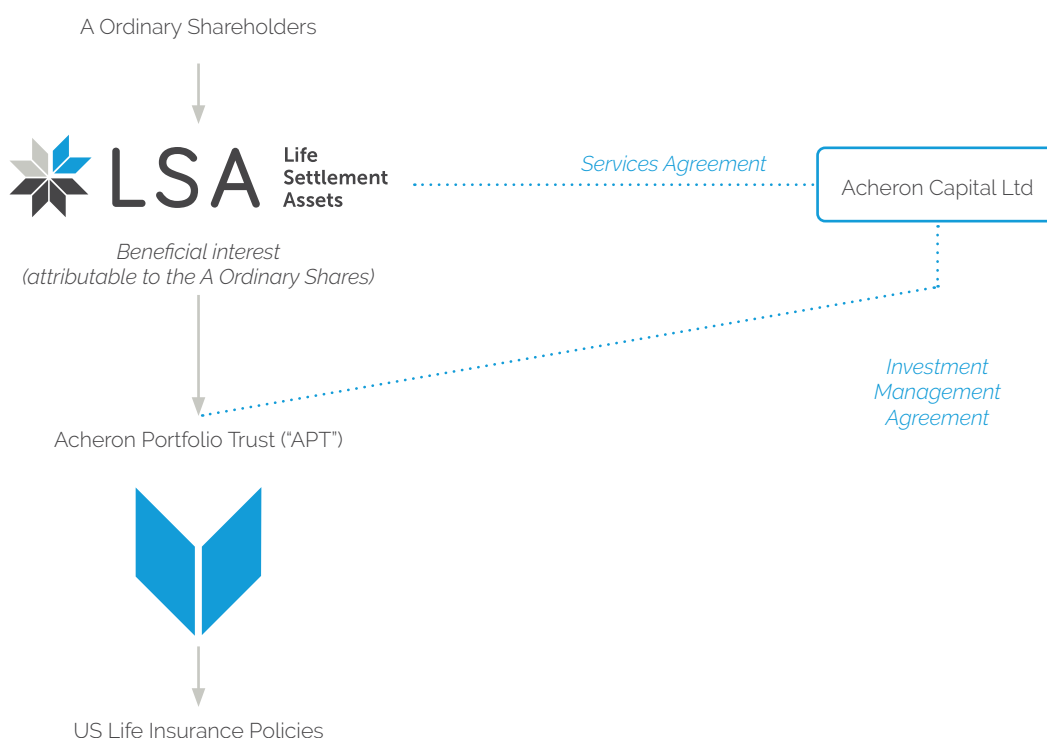
Life Settlement Assets PLC ("LSA" or the "Company") is a closed-ended investment trust company which invests in, and manages, portfolios of whole interests in life settlement policies issued by life insurance companies operating predominantly in the United States.

The Company's objective is to generate long-term returns for investors by managing its portfolios of life settlement interests so that the realised value of the Policies at maturity exceeds the aggregate cost of acquiring the Policies, ongoing premiums, management fees and other operational costs.

COMPANY STRUCTURE

Life Settlement Assets PLC operates through its Board, and strategic partnerships with service providers covering investment management, actuarial, administrative, company secretarial, and tracking services.

The Company structure as at 30 June 2024 was as follows:



The Company's principal strategic partner relationship is with the Trust's Investment Manager, Acheron Capital Ltd, which provides investment management services.

Highlights and Company Performance

HIGHLIGHTS

- Total maturities for the first six months amounted to USD 15.7 million (HY2023: USD 14.2 million), generating gains from life settlement portfolios of USD 8.1 million (HY2023: gains of USD 5.4 million)
- Total net profit of USD 3.5 million (HY2023: profit of USD 0.9 million)

COMPANY PERFORMANCE

Performance analysis is provided in the tables below.

	As at 30 June 2024	As at 31 December 2023	Percentage change (%)
A Shares ("LSAA")			
Net assets attributable to Shareholders (USD '000)	108,772	111,213	(2.2)
Shares in issue	48,141,715	49,826,784	(3.4)
NAV per share (USD)	2.26	2.23	1.3
Closing share price (USD)	1.79	1.60	11.9
Discount to NAV (%)	(20.8)	(28.3)	7.5

	Period ended 30 June 2024	Period ended 30 June 2023	Percentage change (%)
Total maturities (USD '000)	15,667	14,190	10.4
Net income from portfolio (USD '000)	8,133	5,445	49.4
Profit for the period (USD '000)	3,514	863	307.2

Chairman's Statement

On behalf of the Board, I am pleased to report a solid performance in the Company's half year results for the period ended 30 June 2024. Further progress has been made towards the final closure of the Mutual Benefit Keep Trust ("MBC") acquisition and, with receipts from maturities above expectations, the Company's strengthened cash resources should permit a continuation of our policy to make distributions to Shareholders or effect repurchases of the Company's own shares.

Investment overview

The financial highlights on page 4 show the results for the half year to 30 June 2024. The Company's portfolio experienced a number of sizeable maturities in the period, with an aggregate value of USD 15.7 million arising from a total of 61 policies. The Board believes results over the long term are the best indicator of underlying performance, and it will continue to monitor performance in the second half of the year to ascertain whether the model assumptions remain accurate. The Company is continuing with the implementation of its strategy for controlling policy administration costs in an inflationary environment. Positively for the Company, the non-correlation of our performance with financial markets works in favour of our investment case.

MBC Trust Update

During the period the Trustee continued to work on concluding the MBC transaction and the Company is pleased to confirm that on 28 August 2024 it received notification that funds amounting to USD 9.7 million had been received by the Company, comprising the first tranche of the MBC sale proceeds of USD 5.7 million and the return of overpaid premiums of USD 4.0 million. The impact of this refund was reflected in the 31 July 2024 Net Asset Value of USD 2,3338 released to the market on 16 September 2024.

The Company's portfolio structure has also been simplified following the MBC acquisition, and the Company is now in the final stages of absorbing this acquisition.

The Life Settlement Market

The market in life settlements continues to be active as it provides liquidity options for policyholders while offering investors a unique asset class. It is especially attractive in volatile market conditions, with the decorrelation of the asset class (especially in US dollars) attracting investors in search of alternative investment opportunities.

Portfolio

The overall portfolio is subdivided into components exposed to both HIV-positive policy holders and non-HIV positive policy holders. The following table provides information on the Company's policies by exposure to HIV and non-HIV positive insureds as at 30 June 2024.

HIV and Non-HIV Exposed Policies

	HIV	Non-HIV	Total
Number of policies	3,773	106	3,879
Total gross face value (USD)	395,245,381	51,703,865	446,949,246
Valuation (USD)	51,213,764	17,334,735	68,548,499
Percentage of face	12.9%	33.5%	15.3%

In the period under review the non-HIV policy component of the portfolio has experienced a high relative level of maturities, while the HIV policy component had somewhat less. On an aggregated basis, this has meant higher than expected cash receipts.

Maturities in the period up to 30 June 2024 are shown in the table below.

	USD
HIV Maturities	3,867,388
Non-HIV Maturities	11,800,000
Total Maturities	15,667,388

In the period under review the non-HIV component of the portfolio experienced an estimated Actual to Expected ("A/E") ratio of 208%, which reflects the maturity of two large policies with significantly larger than average face values. However, the HIV component of the portfolio had an estimated A/E ratio of 81% in terms of maturity amounts although the ratio was 99% in terms of the number of lives. The Board does not envisage any need to adjust the long term assumptions.

A/E*	
HIV	81%
Non-HIV	208%
Total	150%

* in maturity USD amounts, estimated to June 2024.

Chairman's Statement continued

On 30 June 2024, Share Class A had a NAV of USD 2.2594 per share with the NAV performance history shown in the table below.

2024	Jan	Feb	Mar	April	May	Jun	YTD
Total NAV Return (%)	(1.06)	6.87	(0.86)	(0.63)	(0.79)	(0.22)	3.12

Portfolio Composition

Further information on the composition of the portfolio as at 30 June 2024 can be found in the Factsheet on our website <https://www.lsaplc.com/investor-relations/announcements/>.

Distributions

On 15 February 2024 the Company declared a special dividend of 6.0209 cents per share totalling approximately USD 3.0 million, which was paid on 15 March 2024 to Shareholders on the register on 23 February 2024.

Share buybacks

The Company bought back and cancelled 1,685,069 shares in the period to 30 June 2024, representing 3.38% of the issued share capital at 31 December 2023 at a total cost of USD 2,954,943. Since the period end the Company has bought back a further 1,699,801 shares at a total cost of USD 3,044,701 and at the date of this report there were 46,441,914 shares in issue.

Outlook

The Board remains focused on monitoring the performance of the Company's policy portfolio, accurately assessing mortality risk, and actively managing its cost base against the background of inflationary pressures. These results demonstrate further progress in the execution of the Board's strategy, which will allow further consideration of additional opportunities to return value to Shareholders.

Michael Baines

Chairman

19 September 2024

Key Performance Indicators (KPIs)

The Board monitors success in implementing the Company's strategy against a range of Key Performance Indicators ("KPIs"), which are viewed as significant measures of success over the longer term. Although performance relative to the KPIs is monitored over quarterly periods, it is success over the long-term that is viewed as more important. This is particularly important given the inherent volatility of maturities and short-term investment returns.

The Board has adopted the following KPIs which are summarised on page 4 and in Note 6 on page 16.

Share price – a key measure for Shareholders to show the most likely realisable value of this investment if it was sold. Changes in the share price are closely monitored by the Board.

NAV per share – as this is the primary indicator of the underlying value attributable to each share.

Premium/(discount) to NAV – as this measure can be used to monitor the difference between the underlying Net Asset Value and the share price.

Total maturities (USD) – the value of the total maturities in USD provides an indicator of the underlying cash flow that the Company receives from its main source of income – policy maturities. There are factors which could impact the outcome of this performance measure including: average life expectancy and the age of the underlying policy holders. Please note that the Actual to Expected ("A/E") ratio, which is closely linked to the total maturities KPI, is a key method by which the Board seeks to anticipate the level of maturities. The A/E ratio measures the declared maturities compared to the projected maturities based on the actuarial models. A ratio close to 100% indicates maturities correspond exactly to the model. A percentage greater than 100% means the maturities are more

than anticipated by the models and less than 100% the opposite is the case.

Earnings per share – this is a key measure of financial performance used to assess the fortunes of the Company over each financial period.

Profit/(loss) for the period – this is a key measure of financial performance used to assess the fortunes of the Company over each financial period.

Running costs – The Ongoing Charges of the Company for the financial period under review represented 6.2% (year to 31 December 2023: 5.6%) of average net assets. Excluding the servicing and legal costs the ratio would be 3.2%.

Shareholders should note that this ratio has been calculated in accordance with the Association of Investment Companies' ("AIC") recommended methodology, published in May 2012. This figure indicates the annual percentage reduction in Shareholder returns as a result of recurring operational expenses. Although the Ongoing Charges figure is based on historic information, it does provide Shareholders with a guide to the level of costs that may be incurred by the Company in the future.

Please Note: The Company regularly uses performance measures to present its financial performance. These measures may not be comparable to similar measures used by other companies, nor do they correspond to IFRS standards or other accounting principles.

Directors' Statement of Principal Risks and Uncertainties

The important events that have occurred during the period under review and the key factors influencing the financial statements are set out in the Chairman's Statement on pages 5 and 6.

In accordance with DTR 4.2.7, the Directors consider that the principal risks and uncertainties facing the Company have not materially changed since the publication of the Annual Report and Accounts for the year ended 31 December 2023.

The principal risks faced by the Company include, but are not limited to:

- HIV mortality risk
- Premium management risk
- Volatility risk
- Advance age mortality risk
- Discount rate risk
- Modelling risk
- Tax
- Breach of applicable legislative obligations
- Counterparty risk

A more detailed explanation of these risks and the way in which they are managed can be found in the Strategic Report on pages 20 to 23 and in Note 4 to the Financial Statements on pages 64 to 66 of the 2023 Annual Report and Accounts – copies can be found via the Company's website, www.lsaplc.com.

There have been no significant changes in the related party disclosures set out in the Annual Report.

Directors' Statement of Responsibilities in Respect of the Financial Statements

In accordance with Disclosure and Transparency Rule (DTR) 4.2.10 Michael Baines (Chairman), Christopher Casey (Audit Committee Chairman) and Guner Turkmen, the Directors, confirm that to the best of their knowledge:

- The condensed set of financial statements contained within this Half-Yearly financial report have been prepared in accordance with International Accounting Standard ("IAS") 34 as adopted in the UK and gives a true and fair view of the assets, liabilities, financial position and profit of the Company; and
- The Half-Yearly financial report includes a fair review of the information required by the FCA's Disclosure and Transparency Rule 4.2.7R being disclosure of important events that have occurred during the first six months of the financial year, their impact on the condensed set of financial statements and a description of the principal risks and uncertainties for the remaining six months of the year; and
- The Half Yearly financial report includes a fair review of the information required by the FCA's Disclosure and Transparency Rule 4.2.8R being disclosure of related party transactions during the first six months of the financial year, how they have materially affected the financial position of the Company during the period and any changes therein.

This Half-Yearly Report was approved by the Board of Directors on 19 September 2024 and the above responsibility statement was signed on its behalf by:

Michael Baines

Chairman

19 September 2024

Financial Statements



Condensed Statement of Comprehensive Income

for the six months ended 30 June 2024

	Notes	Six months ended 30 June 2024 (unaudited)			Six months ended 30 June 2023 (unaudited)			Year ended 31 December 2023 (audited)		
		Revenue USD '000	Capital USD '000	Total USD '000	Revenue USD '000	Capital USD '000	Total USD '000	Revenue USD '000	Capital USD '000	Total USD '000
Income										
Gains from life settlement portfolios	3	-	7,351	7,351	-	5,116	5,116	-	12,698	12,698
Income from life settlement portfolios		715	-	715	307	-	307	1,054	-	1,054
Other income		95	-	95	23	-	23	217	-	217
Net foreign exchange loss		(28)	-	(28)	(1)	-	(1)	-	-	-
Total income		782	7,351	8,133	329	5,116	5,445	1,271	12,698	13,969
Operating expenses										
Investment management fees	4	(811)	-	(811)	(810)	(743)	(1,553)	(1,638)	(1,064)	(2,702)
Other expenses		(2,656)	-	(2,656)	(1,927)	-	(1,927)	(4,476)	-	(4,476)
(Loss)/profit before finance costs and taxation		(2,685)	7,351	4,666	(2,408)	4,373	1,965	(4,843)	11,634	6,791
Finance costs										
Interest payable		(1,190)	-	(1,190)	(1,102)	-	(1,102)	(2,491)	-	(2,491)
(Loss)/profit before taxation		(3,875)	7,351	3,476	(3,510)	4,373	863	(7,334)	11,634	4,300
Taxation		38	-	38	-	-	-	-	-	-
(Loss)/profit for the period		(3,837)	7,351	3,514	(3,510)	4,373	863	(7,334)	11,634	4,300
Basic and diluted returns per share										
Return per class A share USD	6	(0.077)	0.148	0.071	(0.070)	0.087	0.017	(0.147)	0.233	0.086

All revenue and capital items in the above statement derive from continuing operations of the Company.

The Company does not have any income or expense that is not included in the profit for the period and therefore the profit for the period is also the total comprehensive income for the period.

The total column of this statement is the Statement of Total Comprehensive Income of the Company. The supplementary revenue and capital columns are prepared in accordance with the Statement of Recommended Practice ("SORP") issued by the Association of Investment Companies ("AIC") in July 2022.

The notes on pages 14 to 18 form part of these financial statements.

Condensed Statement of Financial Position

as at 30 June 2024

	Notes	As at 30 June 2024 (unaudited) USD '000	As at 30 June 2023 (unaudited) USD '000	As at 31 December 2023 (audited) USD '000
Life settlement investments at fair value through profit or loss	8	68,549	73,421	70,005
Maturities receivable		7,930	7,518	14,545
Trade and other receivables		21,264	12,180	13,280
Premiums paid in advance		3,472	4,488	3,614
Cash and cash equivalents		9,789	13,908	12,157
Total assets		111,004	111,515	113,601
Current liabilities				
Other payables		(1,229)	(1,557)	(1,385)
Provision for performance fees	9	(1,003)	(2,182)	(1,003)
Total liabilities		(2,232)	(3,739)	(2,388)
Net assets		108,772	107,776	111,213
Represented by				
Capital and reserves				
Share capital	10	481	498	498
Special reserve	11	85,335	91,290	91,290
Capital redemption reserve		230	213	213
Capital reserve		72,339	57,727	64,988
Revenue reserve		(49,613)	(41,952)	(45,776)
Total equity attributable to ordinary Shareholders of the Company		108,772	107,776	111,213
Net Asset Value per share basic and diluted				
Class A shares USD	12	2.26	2.16	2.23

These financial statements were approved by the Board of Directors on 19 September 2024 and signed on its behalf by:

Michael Baines, Chairman

Registered in England and Wales with Company Registration number: 10918785

The notes on pages 14 to 18 form part of these financial statements.

Condensed Statement of Changes in Equity

for the six months ended 30 June 2024

	Share capital USD '000	Special reserve USD '000	Capital redemption reserve USD '000	Capital reserve USD '000	Revenue reserve USD '000	Total USD '000
Six months ended 30 June 2024						
Balance as at 31 December 2023	498	91,290	213	64,988	(45,776)	111,213
Comprehensive income/(loss) for the period	-	-	-	7,351	(3,837)	3,514
Contributions by and distributions to owners						
Shares bought back for cancellation	(17)	(2,955)	17	-	-	(2,955)
Dividends paid in period	-	(3,000)	-	-	-	(3,000)
Balance as at 30 June 2024	<u>481</u>	<u>85,335</u>	<u>230</u>	<u>72,339</u>	<u>(49,613)</u>	<u>108,772</u>
Of which:						
- Realised gains				55,387		
- Unrealised gains				16,952		
Six months ended 30 June 2023						
Balance as at 31 December 2022	498	94,290	213	53,354	(38,442)	109,913
Comprehensive income/(loss) for the period	-	-	-	4,373	(3,510)	863
Contributions by and distributions to owners						
Dividends paid in period	-	(3,000)	-	-	-	(3,000)
Balance as at 30 June 2023	<u>498</u>	<u>91,290</u>	<u>213</u>	<u>57,727</u>	<u>(41,952)</u>	<u>107,776</u>
Of which:						
- Realised gains				39,813		
- Unrealised gains				17,914		
Year ended 31 December 2023						
Balance as at 31 December 2022	498	94,290	213	53,354	(38,442)	109,913
Comprehensive income/(loss) for the year	-	-	-	11,634	(7,334)	4,300
Contributions by and distributions to owners						
Dividends paid in year	-	(3,000)	-	-	-	(3,000)
Balance as at 31 December 2023	<u>498</u>	<u>91,290</u>	<u>213</u>	<u>64,988</u>	<u>(45,776)</u>	<u>111,213</u>
Of which:						
- Realised gains				48,598		
- Unrealised gains				16,390		

The Special reserve was created as a result of the cancellation of the Share premium account following a court order issued on 18 June 2019. The Special reserve is distributable and may be used to fund purchases of the Company's own shares and to make distributions to Shareholders.

The revenue and realised capital reserves are also distributable reserves.

The notes on pages 14 to 18 form part of these financial statements.

Condensed Cash Flow Statement

for the six months ended 30 June 2024

	Notes	Six months ended 30 June 2024 (unaudited) USD '000	Six months ended 30 June 2023 (unaudited) USD '000	Year ended 31 December 2023 (audited) USD '000
Cash flows generated from operating activities				
Profit for the period		3,514	863	4,300
Non-cash adjustment				
– movement on portfolios		1,721	(341)	4,505
Investment in life settlement portfolios	8	–	(11,904)	(11,903)
Movements in "policy advances"	8	(265)	1,566	135
Interest paid		(1,186)	(1,102)	(2,372)
Interest paid		1,186	1,102	2,372
Changes in operating assets and liabilities				
Decrease/(increase) in maturities receivables		6,615	(108)	(7,135)
(Increase) in trade and other receivables		(7,984)	(10,129)	(11,229)
Decrease in premiums paid in advance		142	776	1,650
(Decrease)/increase in other payables		(169)	35	(137)
Changes in performance fee provision		–	243	(936)
Net cash inflows/(outflows) from operating activities		3,574	(18,999)	(20,750)
Cash flow used in financing activities				
Buyback		(2,942)	–	–
Dividends paid		(3,000)	(3,000)	(3,000)
Net cash flows used in financing activities		(5,942)	(3,000)	(3,000)
Net changes in cash and cash equivalents		(2,368)	(21,999)	(23,750)
Cash balance at the beginning of the period		12,157	35,907	35,907
Cash balance at the end of the period		9,789	13,908	12,157

The notes on pages 14 to 18 form part of these financial statements.

Notes to the Condensed Financial Statements

for the six months ended 30 June 2024

1. GENERAL INFORMATION

Life Settlement Assets ("Life Settlement Assets" or the "Company") is a public company limited by shares and an investment company under section 833 of the Companies Act 2006. It was incorporated in England and Wales on 16 August 2017 with a registration number of 10918785. The registered office of the Company is The Office Suite, Den House, Den Promenade, Teignmouth TQ14 8SY.

The principal activity of Life Settlement Assets is to manage investments in whole interests in life settlement policies issued by life insurance companies operating predominantly in the United States.

In May 2018, the Company received confirmation from HM Revenue & Customs of its approval as an investment trust for tax accounting periods commencing on or after 26 March 2018, subject to the Company continuing to meet the eligibility conditions contained in section 1158 of the Corporation Tax Act 2010 and the ongoing requirements in Chapter 3 of Part 2 of the Investment Trust (Approved Company) (Tax) Regulations 2011 (Statutory Instrument 2011/2999).

The Company currently has one class of Ordinary Shares in issue, namely the A shares which principally participates in a portfolio of life settlement assets and associated liabilities, which were acquired from Acheron Portfolio Corporation (Luxembourg) SA ("APC" or the "Predecessor Company") on 26 March 2018.

2. IFRS ACCOUNTING POLICIES

2.1. Basis of preparation

These condensed interim financial statements have been prepared using the same accounting policies and methods of computation as the 2023 annual financial statements.

The condensed financial statements, which comprise the unaudited results of the Company have been prepared in accordance with UK adopted International Reporting Standards ("IFRS") and with the requirements of the Companies Act 2006. They have also been prepared in accordance with the SORP for investment companies issued by the AIC in July 2022, except to the extent that it conflicts with IFRS. The accounting policies are as set out in the Report and Accounts for the period ended 31 December 2023.

The half-year financial statements have been prepared in accordance with IAS 34 "Interim Financial Reporting".

The financial information contained in this Half-Yearly financial report does not constitute statutory accounts as defined by the Companies Act 2006. The financial information for the six-months ended 30 June 2024 and 30 June 2023 have not been audited or reviewed by the Company's Auditor. The figures and financial information for the year ended 31 December 2023 are an extract from the latest published audited statements and do not constitute the statutory accounts for that year. Those accounts have been delivered to the Registrar of Companies and include a report of the Auditor, which was qualified as disclosed on page 44 of the 2023 Report and Accounts, and did not contain a statement under either Section 498(2) or 498(3) of the Companies Act 2006.

2.2. Going concern

The Directors have made an assessment of the Company's ability to continue as a going concern and are satisfied that the Company has adequate resources to continue in operational existence for the foreseeable future (being a period of 12 months from the date these financial statements were approved). Furthermore, the Directors are not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern, having taken into account the liquidity of the Company's investment portfolio and the Company's financial position in respect of its cash flows, liabilities from its assets and the ongoing charges, including annual premiums. Therefore, the financial statements have been prepared on the going concern basis and on the basis that approval as an investment trust will continue to be met.

3. GAINS FROM LIFE SETTLEMENT PORTFOLIOS

When a maturity is declared, a realised capital gain or loss is recognised on the investment in the policy, calculated by deducting from the value of the maturity the initial acquisition cost and the previously unrealised fair value adjustments.

The amount of premiums incurred during the period is reflected as a deduction of income from life settlement portfolios. The amount of premiums paid in advance amounted to USD 3,472,000 (30 June 2023: USD 4,488,000, 31 December 2023: USD 3,614,000).

Notes to the Condensed Financial Statements continued

3. GAINS FROM LIFE SETTLEMENT PORTFOLIOS continued

	Six months ended 30 June 2024 (unaudited)			Six months ended 30 June 2023 (unaudited)			Year ended 31 December 2023 (audited)		
	Revenue USD '000	Capital USD '000	Total USD '000	Revenue USD '000	Capital USD '000	Total USD '000	Revenue USD '000	Capital USD '000	Total USD '000
Realised gains									
Maturities	-	15,667	15,667	-	14,190	14,190	-	34,080	34,080
Acquisition cost of maturities and fair value movement	-	(2,282)	(2,282)	-	(4,213)	(4,213)	-	(8,626)	(8,626)
Sub total	-	13,385	13,385	-	9,977	9,977	-	25,454	25,454
Incurred premiums paid in period on all policies	-	(6,595)	(6,595)	-	(9,415)	(9,415)	-	(16,893)	(16,893)
Unrealised gains									
Fair value adjustments	-	561	561	-	4,554	4,554	-	4,137	4,137
Total gains from life settlement policies	-	7,351	7,351	-	5,116	5,116	-	12,698	12,698

4. MANAGEMENT AND PERFORMANCE FEES

	30 June 2024 USD '000	30 June 2023 USD '000	31 December 2023 USD '000
Acheron Capital management fees	811	810	1,638
Performance fees	-	743	1,064
	811	1,553	2,702

Under an agreement dated 26 March 2018, the Investment Manager is entitled to a management fee payable by the Trust at an annual rate of no more than 1.5% of the Net Asset Value. Management fees paid during the period amounted to USD 811,000 (30 June 2023: USD 810,000, 31 December 2023: USD 1,638,000).

Until 30 June 2022 the Performance fee in respect of the Trust was an amount equal to 20% of the sum of the distributions made to the holders of the Shares in the Company corresponding to the Trust, in excess of the Performance Hurdle (assessed at the time of each distribution).

On 30 June 2022 the Company announced that, after discussions with Acheron Capital Limited ("ACL"), an agreement had been reached with ACL that once the current litigation process with one of the policy trustees has been resolved, the performance fee will be reduced from 20% as described above to 10% over the existing hurdle rate.

In consideration of this reduction the Board released the accrued performance fees payable to ACL held by the Company in excess of USD 1 million, as calculated at 31 January 2023, as a one-off payment amounting to USD 2,000,000.

The "Performance Hurdle" is met when (from time to time) the aggregate distributions (in excess of the Catch-Up Amount) made to the holders of the corresponding Ordinary Shares compounded at 3% per annum for the share class (from the date of each distribution) equal the aggregate investment made by the Ordinary Shares in the Company (from time to time) compounded at 3%.

The "Catch-Up Amount" is an amount equal to the distributions that would have been required to be made to the Predecessor Company's shareholders of the corresponding share class in order for the Accrued Performance Distributions (less, where applicable, any clawback of such Accrued Performance Distributions) to be paid (determined as at 31 December 2021), reduced by an amount equal to any distributions paid to the Predecessor Company's shareholders of the relevant share class prior to the Acquisition.

Notes to the Condensed Financial Statements^{continued}

5. TAXATION

The Company has an effective UK tax rate of 0% for the year ending 31 December 2024. The estimated effective tax rate is 0% as investment gains are exempt from tax owing to the Company's status as an investment trust and there is expected to be an excess of management expenses over taxable income.

The Company suffers US withholding tax on income received from dividends and interest. The tax credit for the period amounted to USD 38,000.

5.1. Withholding tax on matured policies

In accordance with the taxation treaty between the United States of America and the United Kingdom, withholding tax on matured policies is not due if at least 6% of the average capital stock of the main class of Shares is traded during the previous year on a recognised stock exchange. The Board believes that in the year ended 31 December 2023 the Company fulfilled this requirement.

6. RETURN PER SHARE

As stated in Note 10, the share capital of the Company comprises 48,141,715 shares represented by 48,141,715 A Shares. All Shares are fully paid. Neither unpaid shares nor any kind of option are outstanding, so the basic profit/(loss) per share is also the diluted profit/(loss) per share.

	Six months ended 30 June 2024	Six months ended 30 June 2023	Year ended 31 December 2023
Earnings per share:			
Revenue return (USD '000)	(3,837)	(3,510)	(7,334)
Capital return (USD '000)	7,351	4,373	11,634
Total return (USD '000)	3,514	863	4,300
Weighted average number of shares in the period	49,744,502	49,826,784	49,826,784
Income return per share (USD)	(0.077)	(0.070)	(0.147)
Capital return per share (USD)	0.148	0.087	0.233
Basic and diluted total earnings per share (USD)	0.071	0.017	0.086

7. FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE

The life settlement portfolios have been classified as financial assets held at fair value through profit or loss as their performance is evaluated on a fair value basis.

The fair value hierarchy set out in IFRS 13 groups financial assets and liabilities into three levels based on the significant inputs used in measuring the fair value of the financial assets and liabilities.

The fair value hierarchy has the following levels:

- level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- level 2: inputs other than quoted prices included within level 1 that are observable for the assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- level 3: inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

The life settlement portfolios of USD 68,549,000 (30 June 2023: USD 73,421,000, 31 December 2023: USD 70,005,000) are classified as level 3.

Notes to the Condensed Financial Statements continued

8. FINANCIAL ASSETS HELD AT FAIR VALUE THROUGH PROFIT OR LOSS: LIFE SETTLEMENT PORTFOLIOS

	30 June 2024 USD '000	30 June 2023 USD '000	31 December 2023 USD '000
Movements of the period are as follows:			
Opening valuation	70,005	62,742	62,742
Acquisitions during the period	–	11,904	11,903
Proceeds from matured policies	(15,667)	(14,190)	(34,080)
Net realised gains on policies	13,385	9,978	25,454
Movements in cash from policy advances	265	(1,566)	(135)
Movements in unrealised valuation	561	4,553	4,121
Closing valuation	68,549	73,421	70,005
Detail at period end			
Acquisition value	90,349	95,955	92,632
Unrealised capital gains	16,952	17,914	16,390
Policy advances	(38,752)	(40,448)	(39,017)
Closing valuation	68,549	73,421	70,005

Distribution of the portfolio by class of Shares and by type of risk:

	30 June 2024 USD '000	30 June 2023 USD '000	31 December 2023 USD '000
Elderly life insurance (non HIV) portfolio	17,335	22,082	18,539
HIV portfolio	51,214	51,339	51,466
Balance as at the end of the period	68,549	73,421	70,005

Fair market value reflects the view of Acheron Capital Limited, the Investment Manager of the trust in which the policies of Class A are kept.

9. PROVISION FOR PERFORMANCE FEES

	30 June 2024 USD '000	30 June 2023 USD '000	31 December 2023 USD '000
Provision brought forward	1,003	1,939	1,939
Increase in provision during the period (Note 4)	–	743	1,064
Performance fee paid during the period	–	(500)	(2,000)
Provision at the period end	1,003	2,182	1,003

The Performance fee does not have a fixed date for payment but can become payable immediately in the event that:

- a. a crystallisation event as set out in the Investment Management Agreement occurs; or
- b. distributions to Shareholders exceed the Performance Hurdle.

As a result the Performance fee has been treated as a current liability.

As described in Note 8 on page 68 of the 2023 Annual Report, in the year to 31 December 2023, the Board released the accrued performance fee payable to ACL held by the Company in excess of USD 1 million as calculated at 31 January 2023, as a one-off payment amounting to USD 2 million.

Notes to the Condensed Financial Statements continued

10. SHARE CAPITAL

At the 30 June 2024, the Company's share capital amounts to USD 481,417 (30 June 2023: USD 498,268, 31 December 2023: USD 498,268), and is represented by 48,141,715 Ordinary Shares of USD 0.01 each.

During the period, the Company purchased 1,685,069 Class A Ordinary shares for cancellation at a total cost of USD 2,954,953.

The issued and fully paid share capital at 30 June 2024 is comprised of 48,141,715 Class A shares. All shares have equal voting rights.

11. SPECIAL RESERVE

The Special reserve was created as a result of the cancellation of the Share premium account following a court order issued on 18 June 2019. The Special reserve is distributable and may be used to fund purchases of the Company's own shares and to make distributions to Shareholders.

12. NET ASSETS AND NET ASSET VALUE PER SHARE CLASS

The net asset value (NAV) is shown below.

	30 June 2024	30 June 2023	31 December 2023
Net assets (USD '000)	108,772	107,776	111,213
Number of shares	48,141,715	49,826,784	49,826,784
NAV per share (USD)	2.26	2.16	2.23

13. RELATED PARTY TRANSACTIONS

Related parties to the Company are the members of the Board of Directors of the Company, Compagnie Européenne de Révision S.à r.l. as Administrator who previously had a member on the Board of Directors and the Trustee of the US trust who was also previously a member of the Board of Directors.

	30 June 2024 USD '000
Per income statement:	
Trustee fees	173
Compagnie Européenne de Révision S.à r.l.	101
Directors' fees	94
Amounts payable per balance sheet:	
Compagnie Européenne de Révision S.à r.l.	–
Directors' fees	–

All transactions with related parties are undertaken at arm's length.

Shares held by related parties (Directors and companies under their control)

Michael Baines 50,000 A Shares.

14. POST BALANCE SHEET EVENTS

Since the period end, the Company has bought back and cancelled a further 1,699,801 shares at a total cost of USD 3,044,701. As at the date of this report, there were 46,441,914 shares in issue.

On 28 August 2024 the Company received notification that funds amounting to USD 9.7 million had been received by the Company, comprising the first tranche of the MBC sale proceeds of USD 5.7 million and the return of overpaid premiums of USD 4.0 million. The impact of this refund was reflected in the 31 July 2024 Net Asset Value of USD 2.3338 released to the market on 16 September 2024.

Shareholder Information



Company Information

DIRECTORS

Michael Baines – [Chairman](#)
Christopher Casey
Guner Turkmen

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FINANCIAL CALENDAR

[Company year end](#)
[Annual results announced](#)
[Annual General Meeting](#)
[Company half-year end](#)
[Half-year results announced](#)

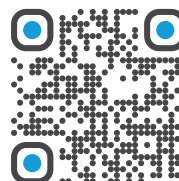
31 December 2024
April 2025
June 2025
30 June 2025
September 2025

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WEBSITE

www.lsaplc.com



REGISTERED IN ENGLAND AND WALES WITH COMPANY REGISTRATION NUMBER: 10918785

Glossary

The following definitions apply throughout this Report, unless stated otherwise:

"A Ordinary Shares" means the shares with a nominal value of USD 0.01 in the capital of the Company issued and designated as A Ordinary Shares and having the rights described in the Articles.

"Act" means the Companies Act 2006, as amended.

"Administrator" means Compagnie Européenne de Révision S.à.r.l.

"Board" or **"Directors"** means the board of directors of the Company.

"Consenting Individuals" means the individuals whose lives are insured under the Policies and who have sold their interest in the Policies in accordance with the life settlements laws of the United States – such Consenting Individuals, having been compensated for ceding their interest in the Policies, explicitly agreeing to such transaction and having full knowledge that they no longer will benefit from said Policies.

"COI" means cost of insurance.

"Company" means Life Settlement Assets PLC.

"FCA" means the UK Financial Conduct Authority.

"Investment Manager" means Acheron Capital Limited.

"NAV" or "Net Asset Value" means:

- a. the Net Asset Value of the Company as a whole on the relevant date calculated in accordance with the Company's normal accounting policies, and
- b. in relation to an Ordinary Share, the Net Asset Value of the Company in respect of the Share Class on the relevant date calculated in accordance with the Company's normal accounting policies divided by the total number of Ordinary Shares in issue (excluding, for the avoidance of doubt, any Ordinary Shares held in treasury).

"Ordinary Shares" means any class of ordinary shares issued from time to time.

"Policy" or "Policies" means an individual or set of life settlement or mortality-related contracts.

"Predecessor Company" Acheron Portfolio Corporation, a company previously registered in Luxembourg.

"Primary Market" means the market in which the holder of a life policy transacts that policy for the first time to a purchaser, consenting to cede their total interest in the policy to the purchaser.

"Secondary Market" means the market in which policies acquired in the Primary Market are transacted again with secondary purchasers.

"Shareholder" means a holder of Ordinary Shares.

"Share Class" means a class of Ordinary Share in the Company.



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