

IMF
BENTHAM
INTERNATIONAL LITIGATION FUNDING



**FY2017 Full Year Results
Investor Presentation**

August 2017

DISCLAIMER

- The material in this presentation has been prepared by IMF Bentham Limited (**IMF**) and is general background information about IMF's activities. The information is given in summary form and does not purport to be complete.
- This presentation is provided for general information purposes. The information in this presentation does not constitute or form part of, and should not be construed as, an offer or invitation to subscribe for or purchase any IMF securities. Neither the information in this presentation nor any part of it shall form the basis of, or be relied upon in connection with any future offer of IMF securities, or act as an inducement to enter into any contract or commitment whatsoever.
- To the maximum extent permitted by law, no representation or warranty is given, express or implied, as to the accuracy of the information contained in the presentation.
- The information in this presentation is not investment advice and has been prepared without taking into account your investment objectives, financial situation or particular needs (including financial and taxation issues). It is important that you read and consider the terms of any IMF securities in full before deciding to invest in such securities and consider the risks that could affect the performance of those securities.
- If you have any questions, you should seek advice from your financial adviser or other professional adviser before deciding to invest in IMF securities.

Worldwide Funding Solutions



**IMF
BENTHAM**
Five Australian
offices and
one Asian
office funding
cases
throughout
Australia, Asia
and New
Zealand.

**BENTHAM
IMF**
Five North
American offices
funding cases
throughout the
US and Canada.

OVERVIEW OF IMF BENTHAM LIMITED

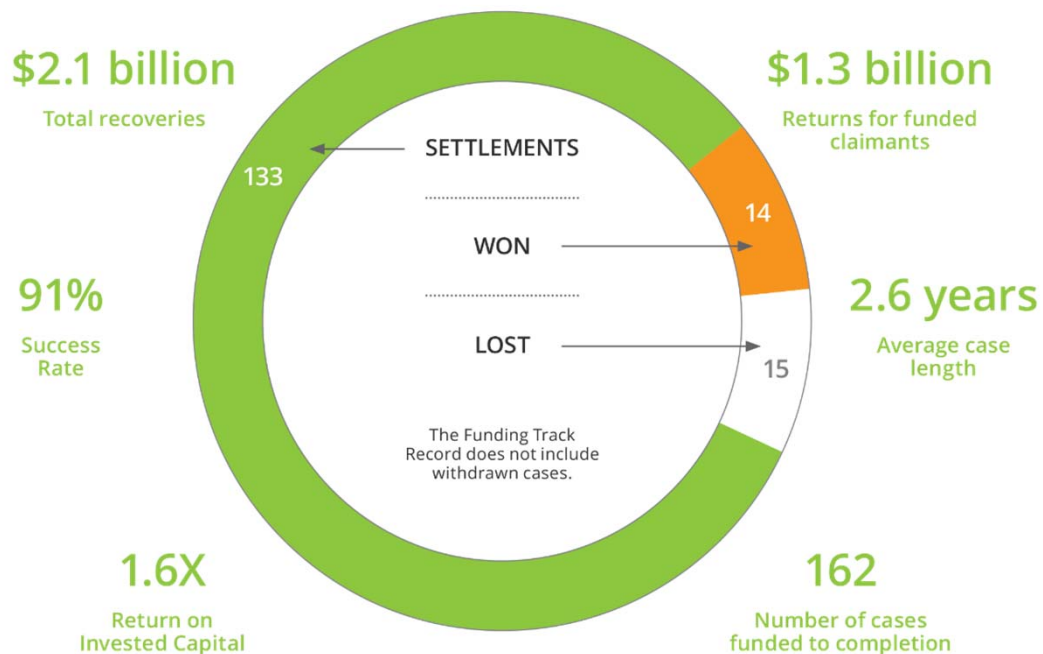
IMF has delivered a global ROIC of 1.6x since listing on the ASX in 2001. IMF is continuing to execute its growth strategy including international expansion, diversification and capital management.

IMF Fast Facts	Detail
A leading global litigation funder	<ul style="list-style-type: none"> ▪ Listed on ASX in 2001. ▪ IMF has collected more than \$2 billion for clients since its formation. ▪ IMF operates in Australia from offices in Sydney, Perth, Melbourne, Brisbane and Adelaide. ▪ IMF operates in the US, led by Allison Chock, and Canada, led by Tania Sulan, through its subsidiaries, with offices in New York, Los Angeles, San Francisco, Houston and Toronto. ▪ IMF opened in Singapore in April 2017.
High margin and ROIC business	<ul style="list-style-type: none"> ▪ Average life of each case is 2.6 years and IMF has delivered, over the past 16 years, a global ROIC of 1.6x (including cases lost).
Comparative advantage	<ul style="list-style-type: none"> ▪ Quality risk mitigation process – case selection and case management expertise. ▪ Demonstrated by results – globally, over 16 years, settled or won 91% and only lost 9%, of 162 completed cases (excluding withdrawals). ▪ Infrastructure to internally manage large multi-party matters.
Capital Position	<ul style="list-style-type: none"> ▪ Strong balance sheet. ▪ Bentham Fund No 1 leveraging our US investment portfolio with non-recourse capital.

Note:

ROIC (return on invested capital) is calculated as gross income to IMF less all cost reimbursements divided by total expenditure, and excludes overheads.

IMF's TRACK RECORD OF SUCCESS



Revenue Summary		
Revenue to funded claimants	\$1,310M	62%
Revenue to IMF:		
Reimbursement of costs	\$306M	15%
Net income (excluding overheads)	\$486M	23%
IMF total revenue	\$792M	38%
Total revenue generated	\$2,102M	100%

Completions by Region	Number of Cases	ROIC	IRR	Average Case Length
Bentham IMF (US) - Completions since inception in 2011	15	1.2x	83%	1.4 years
IMF Bentham Limited (Australia and ROW) - Completions since 1 July 2011	51	1.5x	62%	3.0 years

Notes:

1. ROIC (return on invested capital) is calculated as gross income to IMF less all cost reimbursements divided by total expenditure, and excludes overheads.



The data contained in the Funding Track Record has been reviewed by Ernst & Young to 30 June 2017.

FY2017 KEY HIGHLIGHTS

- Opened fourth national office in US, in Houston Texas in February 2017, and first in Asia, in Singapore in April 2017.
- Portfolio value now exceeds \$3.7 billion across 65 active matters, with \$191 million in investment in cases.
- Staff numbers now at 66 in 11 offices in Australia, US, Canada and Singapore.
- Bentham IMF Fund 1 for US Investments launched with 8 new matters and additional funding for an existing US matter.
- Recommenced funding activities in Europe following the expiry in mid-July 2017 of restraint period. Currently evaluating long term market approach.
- Development of *MyIMF* portal, enabling claimants to access case data, correspondence and claim details.

US FUND ECONOMICS AND HYPOTHETICAL INVESTMENT

- IMF’s US Fund provides an opportunity for IMF to considerably enhance its risk adjusted returns via non-recourse equity finance.
- Key fund dynamics:
 - Total capital commitments of USD150m with mutual upsize option to USD200m
 - Investor contributes 75% of the capital, IMF 25%
 - Returns (European basis) waterfall:
 - Investor
 - Investor preferred return and undrawn fee
 - IMF Capital
 - IMF Management fee 2% of deployed capital
 - Residual profit 85% IMF, 15% Investor
- Hypothetical example using a single investment for illustrative purposes only
 - Assumptions:
 - USD5m capital deployed in investment
 - ROIC of 1.2x
 - Investment period of 3 years

IMF US Fund (USDM)	Investor	IMF
Investor	3.7	
Investor Pref ¹	1.7	
IMF Capital		1.3
IMF Management Fee		0.2
IMF Profit Share		3.4
Investor Profit Share	0.7	
Total	<u>6.1</u>	<u>4.9</u>
ROIC	<u>0.6x</u>	<u>2.8x</u>

¹ Indicative equity rate of 15% pa utilised for the purposes of illustration

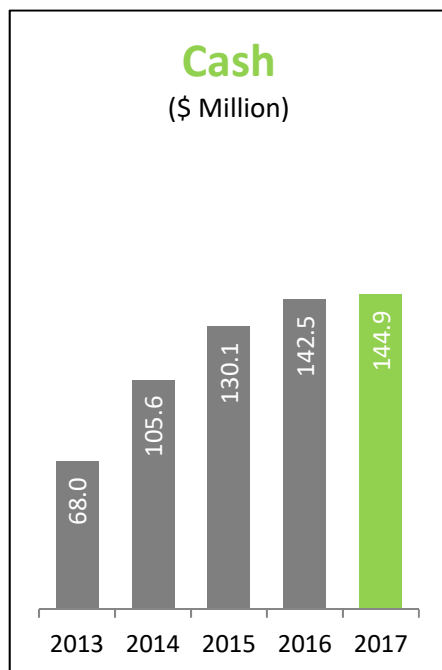
The above hypothetical example is for illustrative purposes only. The IMF US Fund will only earn revenue from cases which reach a successful outcome. IMF does not control the outcome of the case or the length of the investment period. This illustrative example is not intended in any way whatsoever to constitute a forecast or estimate of returns from the IMF US Fund.

FINANCIAL RESULTS OVERVIEW

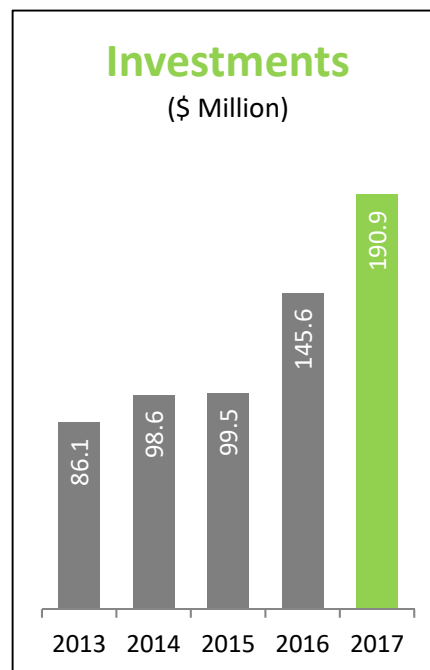
	FY2017	FY2016	FY2017 v FY2016
Contract Income	\$113.3M	\$99.8M	▲14%
Litigation Expenses	\$(59.2)M	\$(46.8)M	▲26%
Net Income (from cases)	\$54.1M	\$53.0M	▲2%
Net Operating Expenses	\$(28.4)M	\$(26.8)M	▲5%
NPBT	\$25.7M	\$26.2M	▼1%
EPS (cents per share)	9.04 cents	12.38 cents	▼27%
DPS (cents per share)	7.0 cents	7.5 cents	▼7%
Dividend Payout Ratio	77.4%	60.6%	▲28%
ROE	7.6%	10.8%	▼30%
Net Asset Backing	\$1.20	\$1.19	▲1%
Cash	\$144.9M	\$142.5M	▲2%
Investment in Cases (Intangible assets)	\$190.9M	\$145.6M	▲31%
Estimated Portfolio Value	\$3.78BN	\$3.44BN	▲10%
Number of cases	65	54	▲20%

BALANCE SHEET STRENGTH

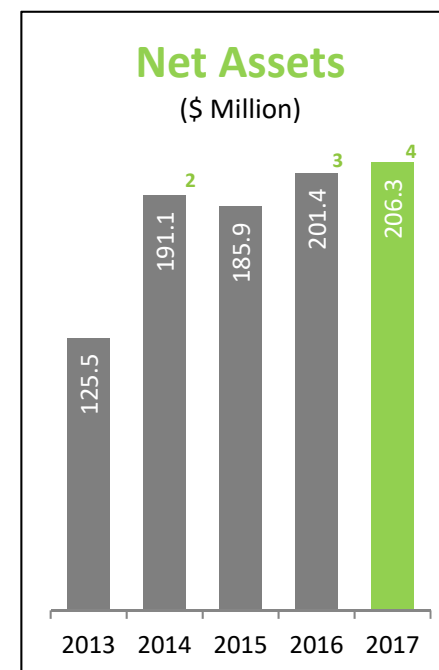
Cash \$M



Investments¹ \$M



Net Assets \$M



- 1 Investments includes capitalised overheads relating to the litigation.
- 2 IMF raised capital during FY2014 totalling \$42,031,791 through its institutional placement and share placement plan. A further \$27,631,244 in equity was raised through convertible noteholders converting into shares, and convertible note redemptions totalled \$11,180,756 as a result of the early redemption of the convertible notes. In addition, \$1,673,477 was raised from shareholders participating in the dividend reinvestment plan. IMF raised \$50 million in debt through the issuance of the Bentham IMF Bonds.
- 3 IMF raised capital during FY2016 totalling \$32 million through the issue of fixed rate notes.
- 4 IMF raised capital during FY2017 totalling \$40 million through the issue of fixed rate notes.

ACCOUNTING TAX AND TAX PAYABLE

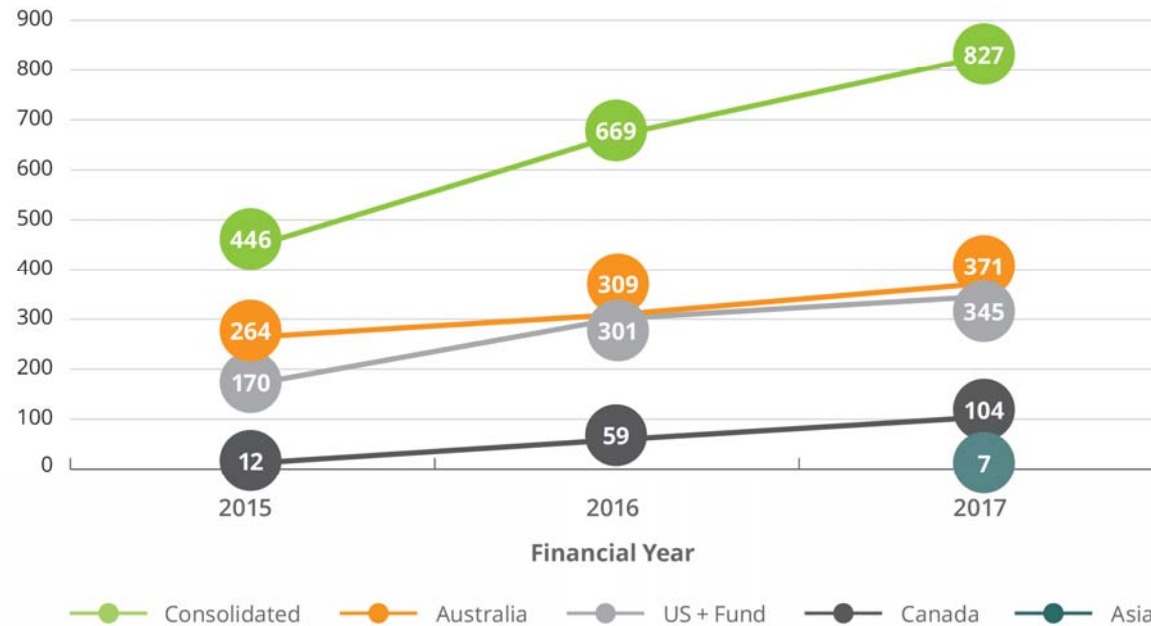
Statutory Annual Report	FY2017	FY2016
Net Profit Before Income Tax	\$25.7M	\$26.2M
Income Tax Expense	\$(10.3)M	\$(5.3)M
Income Tax Expense as % of NPBT	40%	20%
Net Profit After Tax	\$15.4M	\$20.9M
EPS (cents per share)	9.0 cents	12.4 cents

Applicable Tax Impact	FY2017	FY2016
Net Profit Before Income Tax	\$25.7M	\$26.0M
Tax Applicable for Financial Year	\$(7.0)M	\$(10.6)M
Actual Tax Applicable as % of NPBT	27.2%	40.8%
Adjusted Net Profit After Applicable Tax	\$18.7M	\$15.4M
EPS (cents per share)	10.9 cents	9.1 cents

- IMF's reported income tax expense for FY2017 has been impacted by one-off items relating primarily to the capitalisation of intercompany loans between the parent company and its US subsidiary.

FY2017 OPERATIONAL HIGHLIGHTS

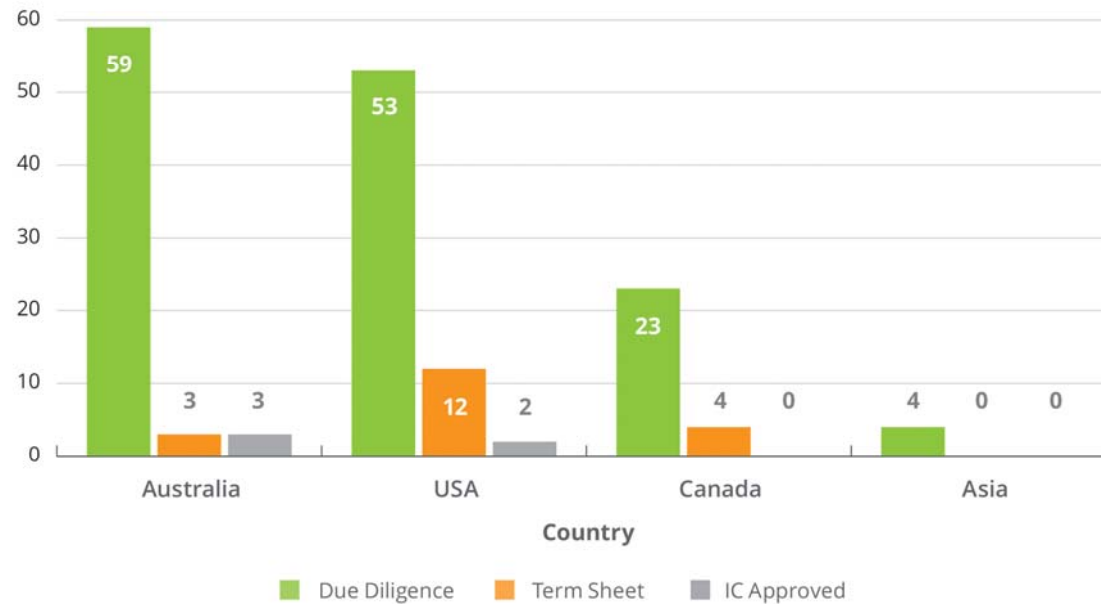
Funding Applications (number of applications)



- Improved sourcing of potential investment opportunities.
- Rapidly growing and dynamic asset class.
- High potential for IMF to lead market globally, given existing scale and increasing diversity.

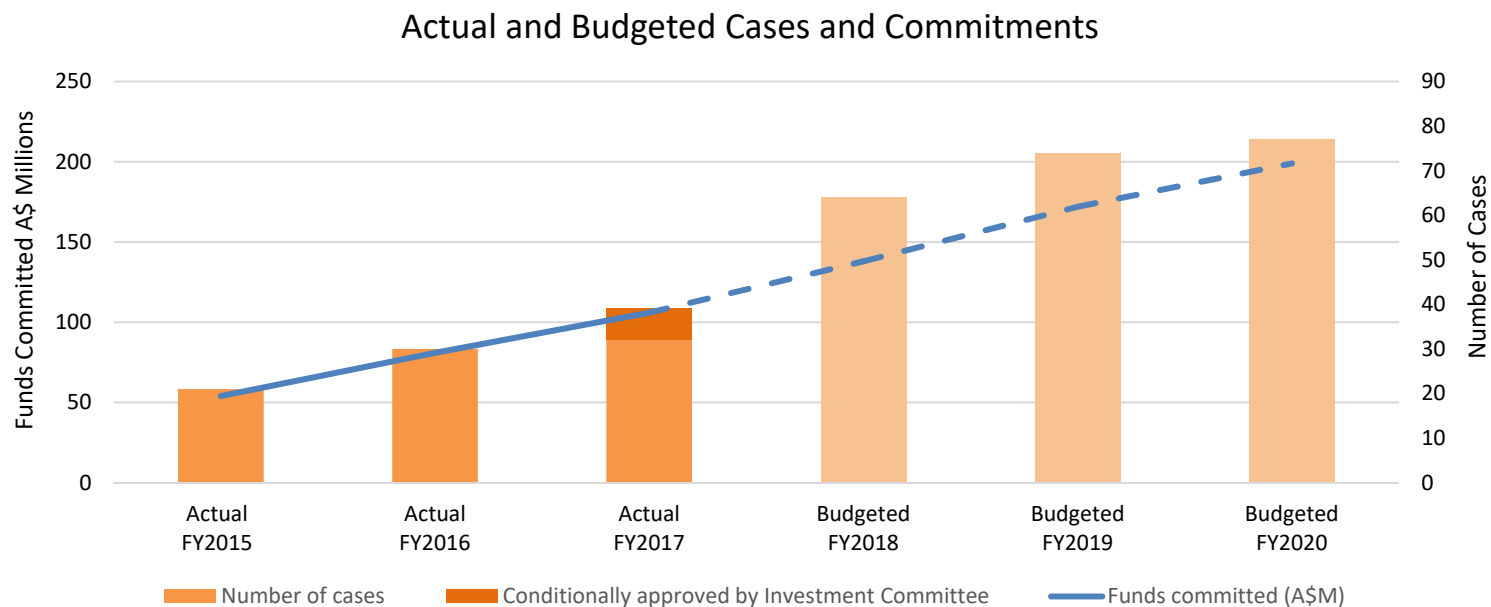
FY2017 OPERATIONAL HIGHLIGHTS

Case Pipeline (number of cases)



- Pipeline for potential new investments is the strongest ever in the history of IMF.
- Exposure to multiple jurisdictions - developed, high growth and emerging.

CASES AND COMMITMENTS

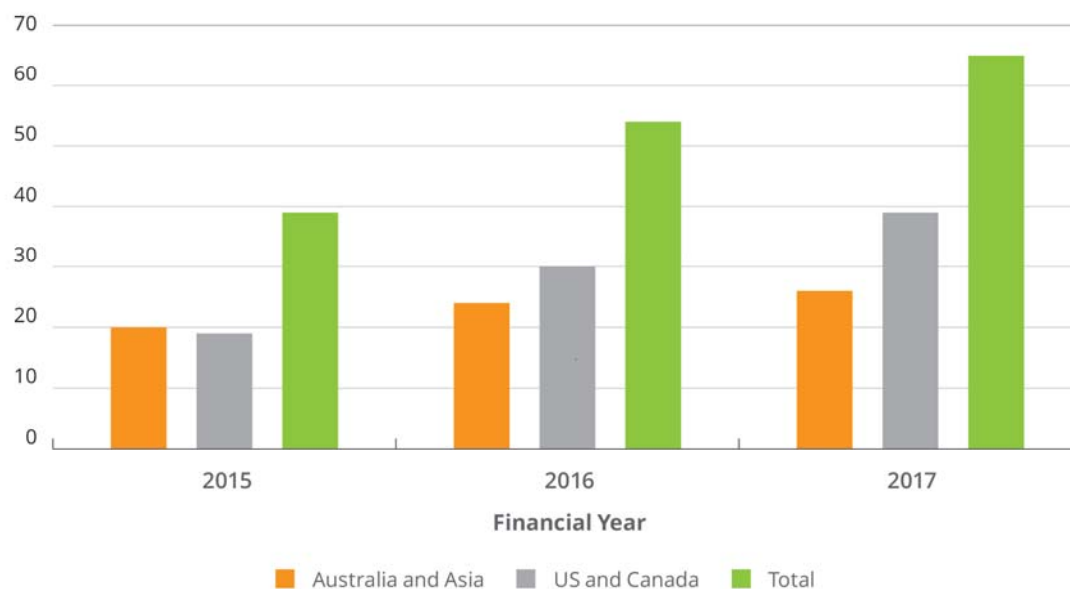


Growth derived from:

- Increase in number of Investment Managers.
- Maturing offices in US, Canada and Singapore.
- Launch of new product offerings for corporates and insolvency.
- Increased targets for funding for Investment Managers.

INVESTMENT PORTFOLIO AT 30 JUNE 2017

Investments in Portfolio (number of investments)



- 20% increase in number of cases currently funded.
- 10% increase in estimated portfolio value.
- 31% increase in investment in cases represented by intangible asset value of \$191 million.

INVESTMENT PORTFOLIO AT 30 JUNE 2017 – UPDATED DISCLOSURE

Australia and Asia – Estimated Portfolio Value						
EPV Range	Number of cases	EPV \$M	Proportion of total value	Possible completion FY2018 \$M	Possible completion FY2019 \$M	Possible completion FY2020 and later \$M
Less than \$50M	18	346.2	22%	174.0	90.2	82.0
Greater than \$50M	8	1,263.0	78%	580.0	633.0	50.0
Total EPV	26	1,609.2	100%	754.0	723.2	132.0

US, US Fund and Canada – Invested and Committed Capital					
	Number of cases	Total (excluding capitalised overheads and interest) \$M	Possible completion FY2018 \$M	Possible completion FY2019 \$M	Possible completion FY2020 and later \$M
Invested Capital					
US and Canada cases	31	86.6	22.8	57.2	6.6
US Fund cases	8	10.7	1.3	5.5	3.9
Total	39	97.3	24.1	62.7	10.5
Remaining Commitment to be deployed					
US and Canada cases	31	22.2	2.3	18.5	1.4
US Fund cases	8	11.2	0.0	7.2	4.0
Total	39	33.4	2.3	25.7	5.4
Total Commitments		130.7	26.4	88.4	15.9
US ROIC		1.2x			

INVESTMENT PORTFOLIO AT 30 JUNE 2017

- HISTORIC DISCLOSURE

Past performance indicates that IMF has generated average gross revenue of approximately 15% of the EPV of a case at the time it is completed.

EPV Range	Number of cases	EPV \$M	Proportion of total value	Possible completion FY2018 \$M	Possible completion FY2019 \$M	Possible completion FY2020 and later \$M
Less than \$50M	43	1,011.3	27%	462.4	325.5	223.4
Between \$50M and \$100M	11	731.1	19%	164.9	451.1	115.1
Greater than \$100M	11	2,039.5	54%	539.5	1,430.1	69.9
Total Portfolio	65	3,781.9	100%	1,166.8	2,206.7	408.4
Australia and Asia cases	26	1,609.2	42%	754.0	723.2	132.0
US and Canada cases	31	1,769.9	47%	388.9	1,239.0	141.9
US Investment Vehicle cases	8	402.8	11%	23.9	244.5	134.5
Total Portfolio	65	3,781.9	100%	1,166.8	2,206.7	408.4

INVESTMENT PORTFOLIO AT 30 JUNE 2017

Notes to the Group's Case Investment Portfolio

EPV

1. EPV is IMF's current best estimate (in Australian dollars) of a claim's recoverable amount, which takes into account the perceived capacity of the defendant to meet the claim. It is not necessarily the amount being claimed by the funded claimants in the case and is not the estimated return to IMF from the case if it is successful. An EPV is subject to change over time for a number of reasons, including changes in circumstances and knowledge relating to a case, partial recovery and, where applicable, fluctuations in the foreign exchange rates between the applicable local currency and the Australian dollar.

Possible Completion Periods

2. IMF will continue to present its quarterly Case Investment Portfolio by identifying the period in which it estimates a case may be completed. The possible completion period is IMF's current best estimate of the period in which a case may be finalised. A case may finalise earlier or later than the identified period for various reasons.
3. Completion for these purposes means finalisation of the litigation by either settlement, judgment or arbitrator determination, for or against the funded claimant. It may not follow that the financial result will be accounted for in the year of finalisation. Possible Completion period estimates are reviewed and updated where necessary on a quarterly basis.

Invested and Committed Capital

4. Invested and committed capital is equal to the total capital either invested or committed to investments in cases, translated to Australian dollars at the foreign exchange spot rate prevailing on the reporting date.

Accounting Consolidation of IMF's Investment Vehicle

5. IMF's US Investment Vehicle will be consolidated within the IMF group financial statements, with Fortress' interest reflected as a Non-Controlling interest. Therefore, the entire funding commitment from cases funded by the US Investment Vehicle are included in the quarterly Case Investment Portfolio. The current portfolio includes eight cases funded by the US Investment Vehicle.

Past Performance

6. Past performance is not necessarily an indication of future performance. Both the Long Term Conversion Rate and IMF's global and US ROIC may vary materially over time. By providing this information, IMF has not been and is not now in any way providing earnings guidance for future periods. IMF will update its Long Term Conversion Rate and global and US ROIC figures semi-annually in its Case Investment Portfolio report.

CASES FUNDED SINCE 30 JUNE 2017

IMF has announced unconditional funding of two cases since 30 June 2017:

- US Fund case involving the funding of a contractual dispute through arbitration in the US (24 July 2017)
- GST class action (14 August 2017)

IMF has also announced conditional funding of the following cases:

- Canadian case involving an intellectual property dispute (9 January 2017)
- Woolworths Limited class action (11 April 2017)
- Sirtex Medical class action (31 July 2017)
- Canadian class action - St Jude Medical (14 August 2017)

IMF has also announced it is investigating a new potential Australian shareholder class action against Commonwealth Bank of Australia (23 August 2017)

ENHANCED RISK MANAGEMENT

- IMF's risk management process includes Case selection, Investment Committee review, and Case Management.
- Case selection must meet minimum legal, factual and commercial criteria before recommendation to the Investment Committee.
- Rigorous Investment Committee process to challenge legal and factual issues by a group comprising experienced litigators and commercial staff.
- Our Investment Committee process has been supplemented by the addition of John Sulan QC, former Justice of the Supreme Court of South Australia and former United States District Judge for the Northern District of California, Vaughn R Walker.
- Case management by experienced Investment Managers (former legal practitioners and Counsel).
- No material changes to this process since IMF's inception.
- Additional risk mitigants include the use of ATE adverse cost insurance, co-funding arrangements and the recent establishment of an investment vehicle managing third party capital.

GROWTH STRATEGY AND COMPETITIVE STRENGTHS

IMF has identified significant opportunities for growth and risk diversification.

Item	Opportunity
Major domestic growth opportunities	<ul style="list-style-type: none"> ■ Renewed focus on the insolvency market and corporate funding. ■ Potential opportunities with common fund orders with open class claims. ■ Only funder in Australia with infrastructure to manage group claims.
Major international growth opportunities	<ul style="list-style-type: none"> ■ Restraint period after sale of JV interest expired in mid-July, and considering opportunity to re-enter the market. ■ Canadian operations deep into second year of operations, and starting to harvest opportunities for funding. ■ Asian office opened in April 2017, establishing a regional presence in Singapore with a mandate for funding in South-East Asia. Hong Kong has announced introduction of legislation to fund arbitration matters. ■ US continues to develop, with San Francisco now two years old, and Houston a new market.
Growth and diversification	<ul style="list-style-type: none"> ■ Operates from 11 offices around the world, with increasing awareness and demand for funding in all jurisdictions. ■ Operational diversification, capital funding diversification, and potential introduction of deep adverse cost insurance cover provide a significant investment in risk mitigation.
Capital structure	<ul style="list-style-type: none"> ■ Commenced fund structure in US to diversify risk on a non-recourse basis. ■ Exploring fund structure for non-US investments, coupled with adverse cost insurance cover to facilitate greater deployment of funds to generate returns. ■ With US and non-US fund will be able to harvest current investment, return profits, retire some debt and improve capital efficiency measures.

Website: www.imf.com.au

Email: info@imf.com.au

Telephone: 1800 016 464

