



RELEASE TO AUSTRALIAN SECURITIES EXCHANGE

WEDNESDAY, 2 NOVEMBER 2016

CASE INVESTMENT PORTFOLIO AS AT 30 SEPTEMBER 2016

- Below is a summary of the Group's Case Investment Portfolio as at 30 September 2016.

Portfolio value range	Estimated portfolio value \$'000	Number of cases	Proportion of total value	Possible completion FY2017 \$'000	Possible completion FY2018 \$'000	Possible completion FY2019 and later \$'000
Less than \$50M	798,985	38	25%	128,216	488,534	182,235
Between \$50M and \$100M	777,679	12	24%	86,992	190,133	500,554
Greater than \$100M	1,665,482	7	51%	93,208	835,577	736,697
Total Portfolio	3,242,146	57	100%	308,416	1,514,244	1,419,486
Australia and Asia matters	1,501,680	25	46%	136,380	953,300	412,000
USA and Canada matters	1,740,466	32	54%	172,036	560,944	1,007,486
Total Portfolio	3,242,146	57	100%	308,416	1,514,244	1,419,486

- During the quarter the Group has continued to implement its growth and portfolio diversification strategy. The portfolio includes eight new funded cases, six of which were announced, and two of which, due to the relevant investment size, were not announced. Movement in the portfolio from the previous quarter is reconciled as follows:

Description	Number of cases	Portfolio value \$'000
30 June 2016 Portfolio	54	3,438,009
Additions	8	331,882
Completions	(5)	(441,570)
Updates (2 cases)		(44,080)
Adjustments due to foreign exchange movements		(42,095)
30 September 2016 Portfolio	57	3,242,146

“**Additions**” refers to new cases which have been funded or where the Group has entered into an unconditional commitment to fund.

“**Completions**” refers to cases which are subject to an unconditional binding settlement agreement or a binding determination by a court or arbitration panel.

“**Updates**” details cases where the estimated portfolio value has either been increased or decreased due to underlying aspects of the cases.

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“Adjustments due to foreign exchange movements” details the increase or decrease of the aggregate estimated value of the total portfolio resulting from fluctuations in the exchange rate between the applicable local currency and the Australian dollar.

3. IMF has recently announced that it is proposing to fund the following class actions:

- GST class action (19 September 2016)
- Hastie Group Limited class action (19 September 2016)
- UGL Limited class action (28 September 2016)
- Oakey Contamination class action (6 October 2016).

At this stage, as funding of these cases is conditional on sufficient claimants with valid claims entering into funding agreements with IMF, these cases have not been included in the above portfolio.

4. IMF will continue to update its Case Investment Portfolio on a quarterly basis.



Julia Yetsenga
Chief Financial Officer

Notes to the Group's Case Investment Portfolio

- a) Past performance indicates that the Group has generated average gross revenue in excess of 15% of the Estimated Portfolio Value of a case at the time it is completed (Long Term Conversion Rate). Past performance is not necessarily an indication of the future performance and the Long Term Conversion Rate may vary materially over time. By providing this information, IMF is not in any way whatsoever providing earnings guidance for future periods.
- b) **Estimated Portfolio Value (EPV)** is calculated using different base methodologies to reflect the different types of case investments made by the Group and, where appropriate, takes into account the perceived capacity of the defendant to meet the claim. In Australia, IMF generally does not cap its funding commitment to a case and is entitled to a prescribed percentage of any resolution sum on completion of the case. For such cases, the EPV is based upon IMF's current best estimate of the claims recoverable amount. Generally, in the USA and Canada, IMF's investment is capped and its potential return is structured as the higher of a prescribed multiple of funds invested and a percentage of any resolution sum. The EPV for such cases is calculated by reference to IMF's potential investment return, based on a multiple of funds invested, and IMF's Long Term Conversion Rate,
- c) It is important to note that whichever calculation methodology is used, the EPV is not necessarily the same as the amount being claimed by IMF's client/s in the case and is not the estimated return to the Group from the case if it is successful.
- d) The EPV may vary over time for a number of reasons, including changes in circumstances relating to a case, partial recovery and fluctuations in the foreign exchange rates between the applicable local currency and the Australian dollar.
- e) Cases which are contingently funded are included in the portfolio only when all conditions to funding are satisfied or waived.
- f) The **Possible Completion** period is IMF's current best estimate of the period in which the case may be finalised. The case may finalise earlier or later than in this period. Completion means finalisation of the litigation by either settlement, judgment or arbitrator determination, for or against the funded client. It may not follow that the financial result will be accounted for in the year of finalisation. Completion period estimates are prepared at case inception and reviewed and updated where necessary on a quarterly basis.
- g) Cases which have settled subject to a condition or to court approval remain in the portfolio until the condition is fulfilled or approval is given.
- h) To avoid disclosing individual estimated portfolio values (which may be commercially sensitive) the estimated portfolio values for Australia and Asia, and the USA and Canada have been combined.