

IMF
BENTHAM
INTERNATIONAL LITIGATION FUNDING



INVESTOR PRESENTATION

6 December 2017

GLOBAL

Andrew Saker
Chief Executive

WHAT IS LITIGATION FUNDING?

- As a “litigation funder” IMF provides funding on a contingency basis to businesses and individuals with claims for loss and damage.
- IMF provides funding for the client’s case or to the client and, in jurisdictions where adverse costs are relevant, agrees to pay any costs (incurred during the term of the funding agreement) awarded to the other side should the client’s case be unsuccessful.
- In return, IMF generally receives a right to be reimbursed all that it has paid out and receives an assignment of a share of the amount awarded to the client by way of judgment or paid to the client by way of settlement. IMF’s return in the US is more typically a multiple of the amount invested.
- As a litigation funder IMF does not provide legal advice and is not paid “on an hourly rate”.

LITIGATION FUNDING MARKET

- There is currently no direct empirical data available on the size of the litigation funding market in any market in which IMF operates.
- The following estimates have been calculated by reference to third party research reports on legal services market size.

Description	Australia	US	UK	Canada
Estimated legal services (A\$ billion)	23.1	300-400	52	25
Anticipated annual growth rate	1.4%	0.8%	1.4%	0.9%

- Litigation spending is arguably correlated to the economic cycle, and is expected to be soft in the next several years. However, litigation funding is arguably counter-cyclical and demand may exceed growth in demand for litigation spending.
- However, as penetration rates for litigation funding are low in all jurisdictions there is an opportunity to exceed growth rates, particularly in the US where penetration rates are proportionately lower.

IMF'S COMPETITORS

In Australia it is estimated that IMF has 65.8% of the litigation funding market. (ref : IBIS 2017)

- The key industry participants in the markets in which IMF operates include:

Australia	US	Europe/Asia
JKL/Longford Capital	Burford	Harbour
Litigation Lending Services	Parabellum	Vannin Capital Limited
Litigation Capital Management	Longford Capital	Calunius
Harbour	Lake Whillans	Therium Capital
Claims Funding Australia	Themis	Burford
Vannin Capital Limited		

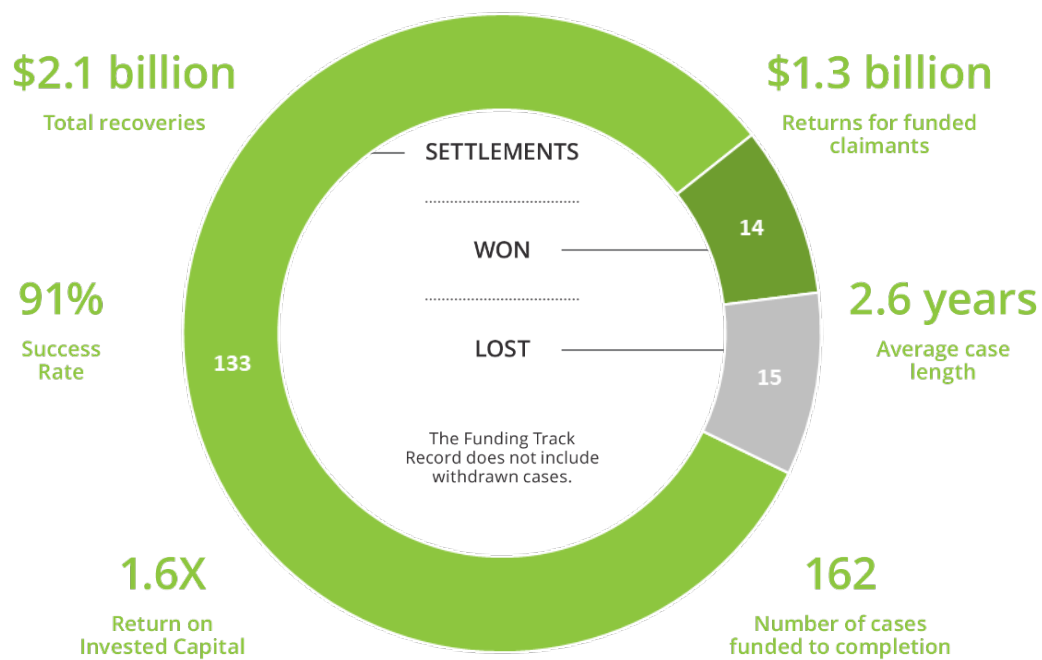
- There are other specialised participants with various levels of participation in the industry. Some funders are focussed on niches within the litigation funding industry, such as disbursement funding or funding for family law matters. These funders rarely compete directly with IMF.
- There are also opportunistic funders who deploy funds from family investments or specialised closed ended funds. These funders on occasion compete against IMF, more so in the insolvency market than others, but have also been visible in the class action area.

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	- Listed on ASX in 2001. - IMF has collected more than \$2 billion for clients since its formation. - IMF operates from 11 offices in four countries with 75 staff, with new offices opening in Houston in February 2017, and Singapore in April 2017 - Currently exploring opportunities in Europe
High margin and ROIC business	- 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). - Investment portfolio at 30 September 2017 comprised 70 active matters, and an EPV of \$4 billion, spread between balance sheet and fund structures
Comparative advantage	- 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 including launch of <i>MyIMF</i> during FY17
Capital position	- Strong balance sheet. - Launch of Fund 1, 2 and 3 to provide leveraged, non-recourse capital for all new investments.

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%

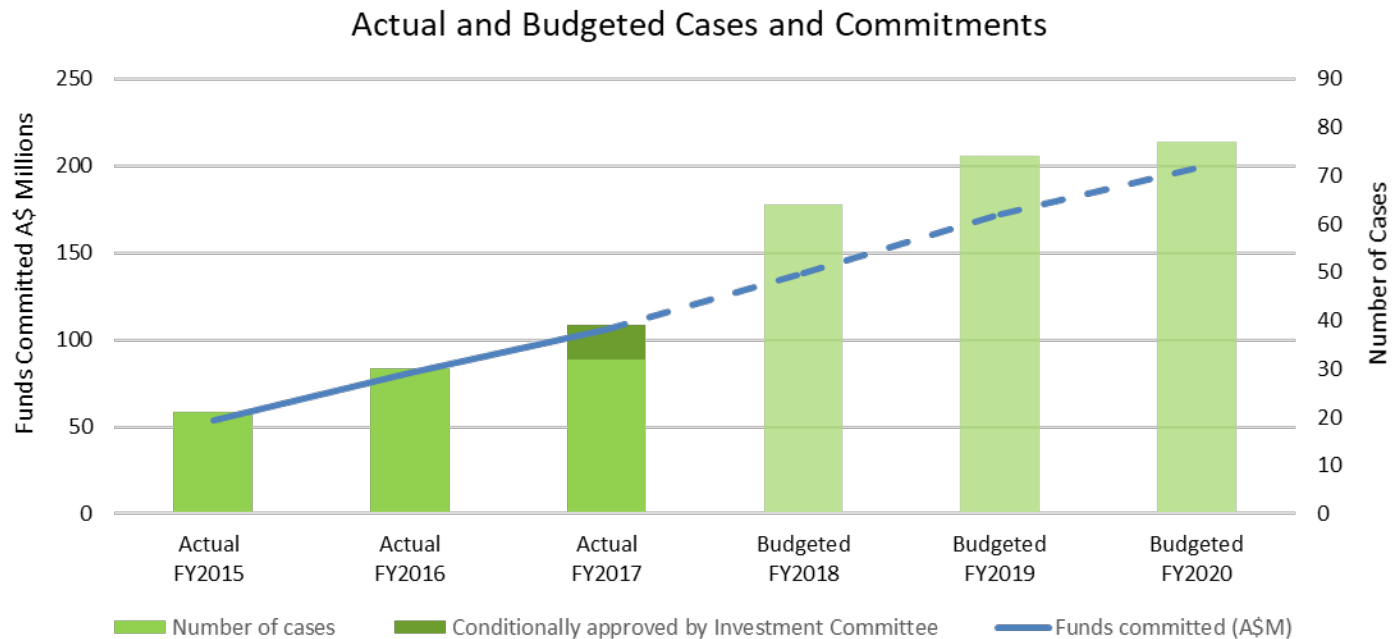
Completions by Region	Number of Cases	ROIC	IRR	Average Case Length
Bentham IMF (US) - Completions since inception in 2011	15	1.2x	83%	1.4 years
IMF Bentham Limited (Australia and RoW) - Completions since 1 July 2011	51	1.5x	62%	3.0 years

Notes:

1. ROIC (return on invested capital) is calculated as gross income to IMF less all reimbursed costs, divided by total expenditure (excluding overheads but including expenditure and any adverse costs on lost cases).

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

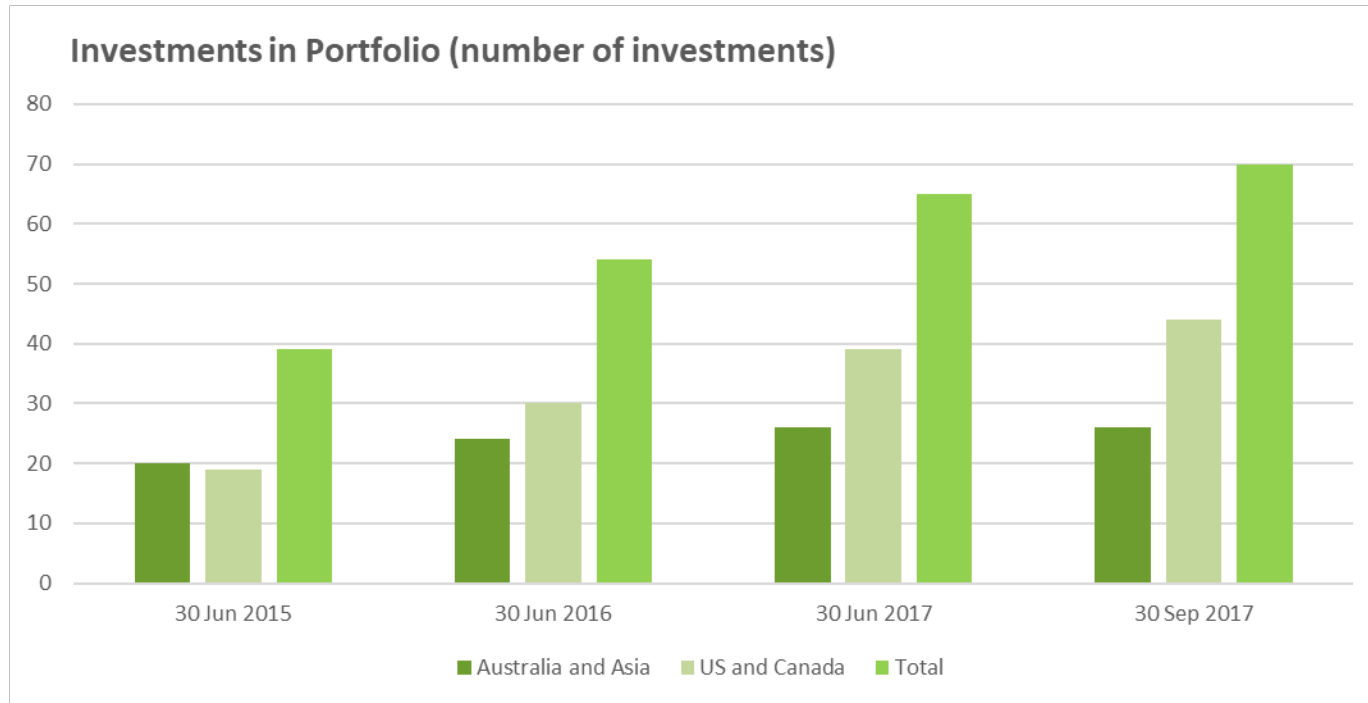
CASES AND COMMITMENTS



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 SEPTEMBER 2017



- Increase in number of cases currently funded to 70 matters.
- Increase in estimated portfolio value to \$4 billion.
- Increase in investment in cases represented by intangible asset value of \$195 million.

IMF CAPITAL PLANS

- IMF has now launched a US and RoW fund to fund all new matters from 2017 for the next three years (or until fully deployed).
- The funds, together with the issue of bonds in 2016 and 2017, have provided IMF with access to approximately \$480 million in funds for investment.
- Access to funds for new investments effectively removes all “headwind” for sourcing capital for new cases (other than above limits investments).
- The funds provide non-recourse, leveraged equity where IMF can generate returns superior to investing on its own balance sheet.

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

IMF has identified significant opportunities for growth and risk diversification.

Item	Opportunity
Major domestic growth opportunities	- 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	- 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	- 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	- Commenced fund structures to diversify risk on a non-recourse basis. - With US and non-US fund will be able to harvest current investment, return profits, retire some debt and improve capital efficiency measures.

KEY RISKS - IMF

Item	Description
Investments in cases which are lost	▪ If a funded case is lost, IMF will lose not only its investment but may, in jurisdictions in which the “loser pays” rule applies have to pay the defendant’s costs.
Portfolio concentration risk	▪ IMF’s financial performance in each of FY2018 and FY2019 is exposed to portfolio concentration risk associated with two large investments in Wivenhoe and Westgem. IMF’s execution of its diversification strategy has sought to reduce portfolio concentration risk in future periods.
Competition	▪ IMF currently has a number of competitors in the Australian litigation funding market, including overseas based competitors, who are becoming more active. There are multiple litigations funders in the US market and competition for investments is strong. The increasing competition within the global litigation funding market may impact on the performance of IMF.
Government regulation	▪ No assurance can be given that regulation in IMF’s key markets will not change in the future and adversely affect IMF’s business and financial performance. However, there is presently no such legislation proposed in the markets in which IMF operates of which it is aware.
Common law development of industry	▪ To date, the courts have generally found in favour of litigation funding arrangements in Australia but the courts, in Australia or overseas, will continue to oversee the development of the litigation funding industry and adverse decisions may impact on the business of IMF.
Technology	▪ IMF is dependent on technological systems to operate effectively. These systems may fail or may not operate properly. IMF may fail to keep its technology up to date with the resultant loss of business opportunities.
Reliance on key management	▪ IMF depends substantially on its executive directors, senior management and key personnel to oversee the day-to-day operations and the strategic management of IMF. There can be no assurance given that there will be no detrimental impact on IMF if one or more of these directors or employees cease their employment.

UNITED STATES

Charlie Gollow
Chief Executive USA

US BUSINESS BACKGROUND

- Established in 2011.
- Four offices in New York, Los Angeles, San Francisco and Houston.
- Staffed by a mixture of US senior and mid-range experienced attorneys.
- Funded 59 matters since inception (14 in fund).

US AND AU MARKETS COMPARED

No	Issue	United States	Australia
1.	Legal system	Common law based with separately developed federal and state law and procedural systems. 1.2M lawyers.	Common law based with separately developed federal and state law and procedural systems. 65K lawyers.
2.	Juries	Determine most civil cases.	Essentially never used in civil cases.
3.	Damages	Large awards from juries plus punitive/wilful damages.	Conservative awards. No punitive/wilful damages.
4.	Adverse costs	None generally.	Can be sizeable.
5.	Control rights & champerty issues	Champerty illegal in 20 states, funder control highly disfavoured elsewhere.	Funder has strong control rights since Fostif. Champerty no issue.
6.	Class actions	Not directly funded for multiple reasons. But fund them inside a law firm portfolio or in single party actions for opt out members.	Permitted and major part of IMF business.
7.	Law firm portfolio investments	Law firms with contingency cases take funding which is recourse to their fees from specific “portfolios” of cases.	Not done, due to lack of contingency fee arrangements.
8.	Access to documents	Common interest privilege possible, but widely variable. “Work product” doctrine relied upon under NDA. Investments not made public.	Common interest privilege generally applies between funder & client. Investments made public.
9.	Complexity of funding deals	With contingency lawyers, more parties involved making deals more complex.	IMF enjoys the benefit of largely (but not completely) dictating standard terms.
10.	Funder competition	Many large competitors: contingency lawyers, funders & hedge funds.	Growing competition, but still significantly the biggest.
11.	Reputation / brand recognition	Bentham well known.	IMF very well known.
12.	Regulation	Growing but minor threat to funders.	No real threat to funders (at least IMF).

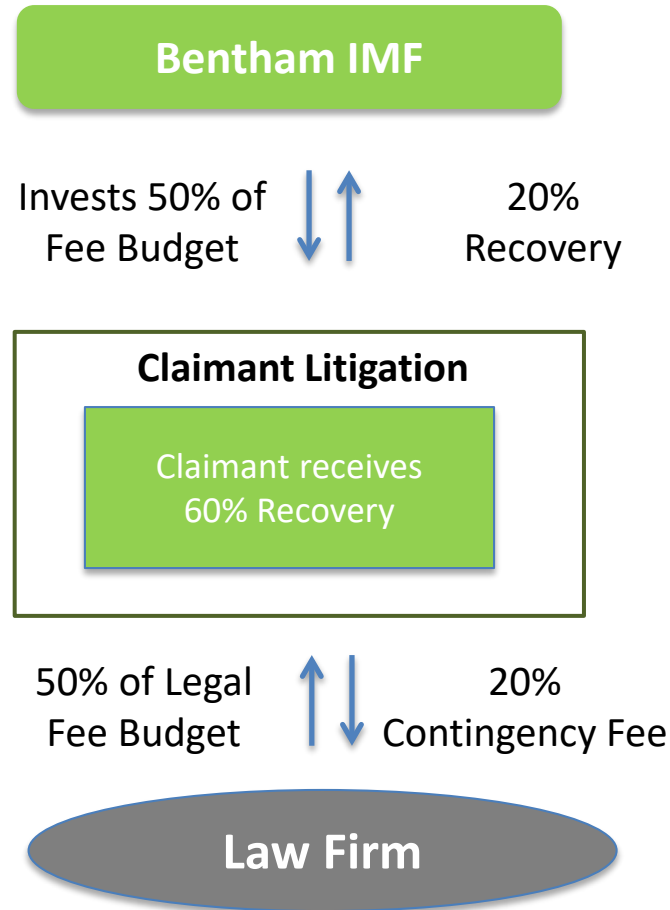
US FUNDING PRODUCTS

- Claimant Funding
 - Single cases – fees & costs
 - Working capital
 - Monetizing appeals & whistleblower awards

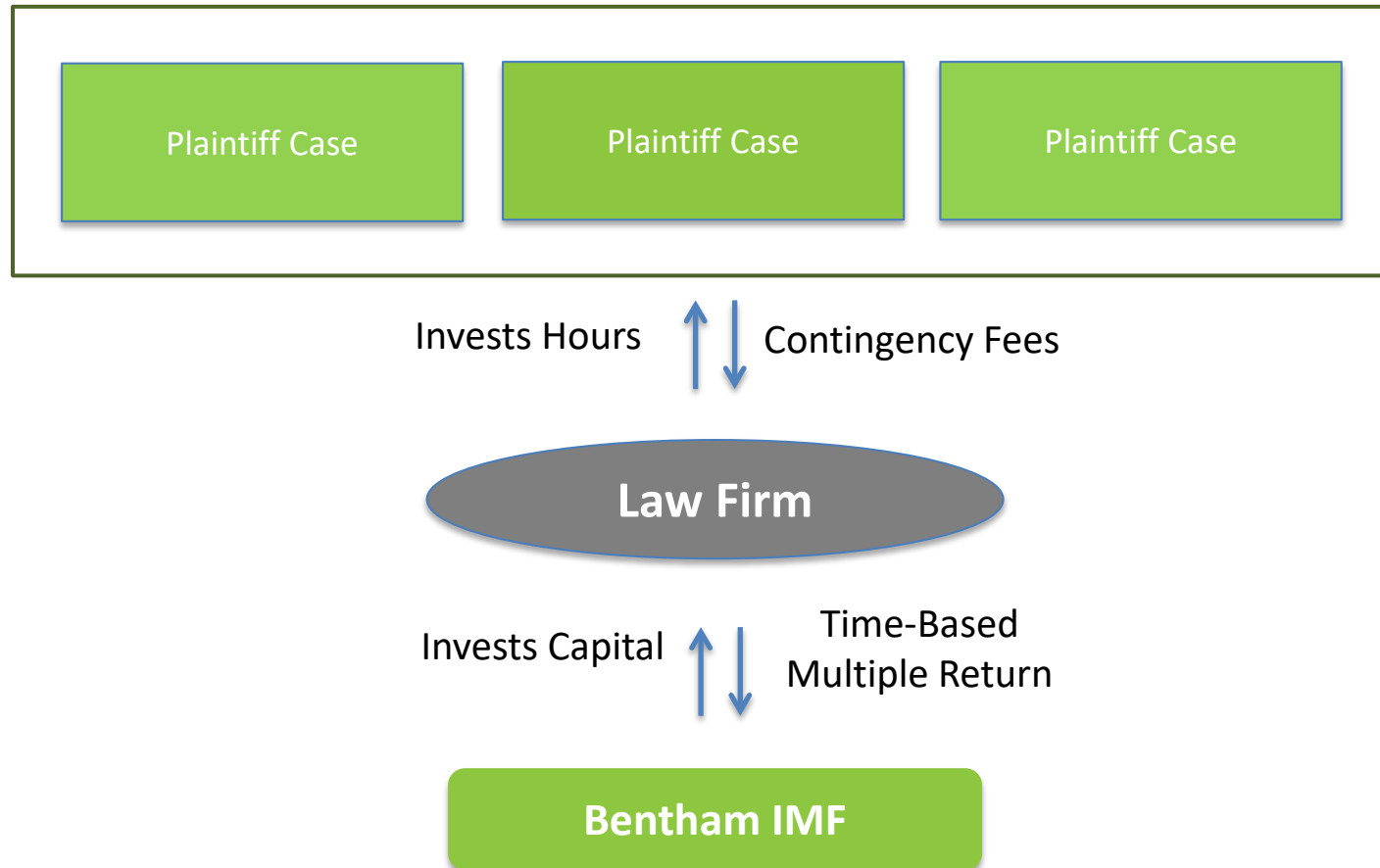
- Case types
 - Commercial cases & complex business disputes
 - Trade secret theft
 - Anti-trust
 - Bankruptcy (insolvency)
 - Copyright/trademark/patent infringement
 - Arbitrations

- Portfolio Funding
 - Law firm portfolios
 - Claimant portfolios

US BASELINE FUNDING MODEL



PORTFOLIO FUNDING



US COMPETITORS

- Contingency lawyers
- Commercial funders
 - Burford
 - Longford
 - Lake Whillans
 - Parabellum
 - Brickell, Woodsford, Therium, Themis, Vannin
- Multi-strategy funds (Jefferies, Elliott, DE Shaw)
- Ad hoc investors
- Consumer funders

SPECIFIC US RISKS

- Growing competition
- Significant influx of capital
- US Chamber of Commerce
- Mandatory disclosure (Civil Rules Committee)
- Senate Judiciary Committee
- Appropriations Bills

Julia Yetsenga Chief Financial Officer

INVESTMENT PORTFOLIO AT 30 SEPTEMBER 2017

Australia and Asia – Estimated Portfolio Value

EPV Range	Number of cases	EPV \$M	Possible completion FY2018 \$M	Possible completion FY2019 \$M	Possible completion FY2020 and later \$M
Less than \$50M	18	363.2	165.0	116.2	82.0
Greater than \$50M	8	1,253.0	520.0	683.0	50.0
Total Portfolio	26	1,616.2	685.0	799.2	132.0

US, USA 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					
USA and Canada cases	32	90.3	19.8	61.4	9.1
USA Fund cases	12	14.8	1.3	7.8	5.7
Total	44	105.1	21.1	69.2	14.8
Remaining Commitment to be deployed					
USA and Canada cases	32	19.3	1.1	14.6	3.6
USA Fund cases	12	21.9	0.0	7.8	14.1
Total	44	41.2	1.1	22.4	17.7
Total USA and Canada cases		109.6	20.9	76.0	12.7
Total USA Fund cases		36.7	1.3	15.6	19.8
Total Commitments		146.3	22.2	91.6	32.5

INVESTMENT PORTFOLIO AT 30 SEPTEMBER 2017

Notes to the Group's Case Investment Portfolio

Past Performance

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.

EPV

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

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.

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

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.

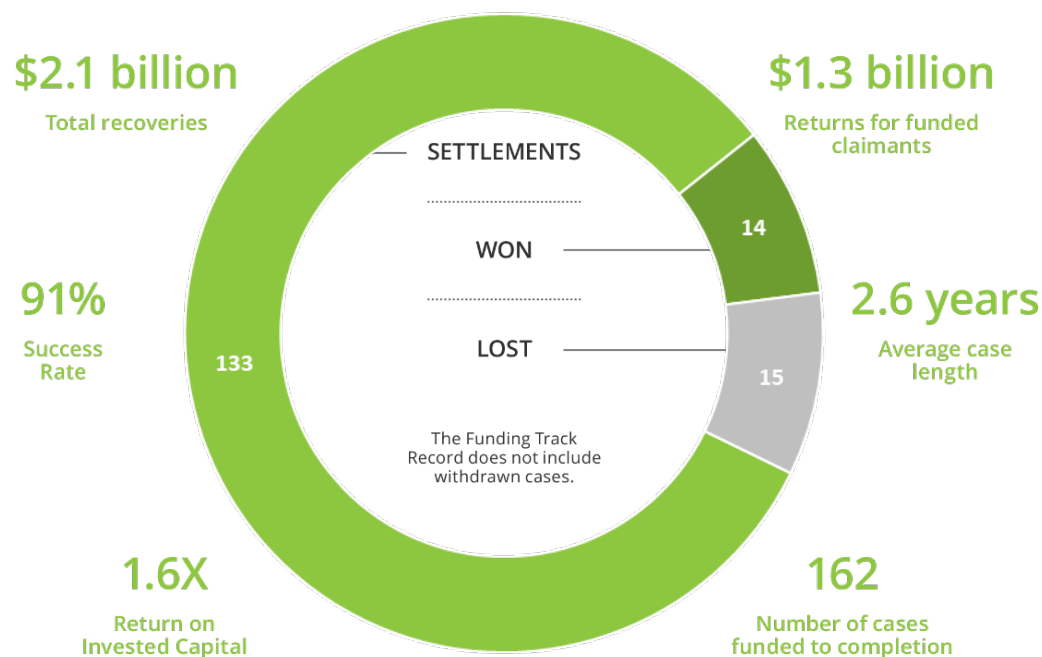
Accounting Consolidation of IMF's Investment Vehicles

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 twelve cases funded by the US Investment Vehicle.

Split Reporting

The different regional reporting formats within the Case Investment Portfolio reflect the predominant underlying earnings structure of the applicable region; a percentage of the resolution amount in Australia and Asia and a multiple of capital invested in the US.

IMF's TRACK RECORD OF SUCCESS



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Revenue to funded claimants	\$1,310M	62%
Revenue to IMF:		
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Net income (excluding overheads) (60%)	\$486M	23%
IMF total revenue (100%)	\$792M	38%
Total revenue generated	\$2,102M	100%

Recent 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
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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 USD133m with mutual upsize option to USD200m
 - Investor contributes 75% of the capital, IMF 25%
 - Pass through tax structure – gross profits are distributed and taxed in the hands of the Investor
 - Returns (European basis) waterfall:
 1. Investor – Fortress
 2. Investor preferred return and undrawn fee
 3. IMF capital
 4. IMF management fee 2% p.a. of Investor's deployed capital
 5. 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 (US average)
 - Investment period of 3 years

IMF US Fund	Investor US\$M	IMF US\$M	Total US\$M
Invested Capital	3.7	1.3	5.0
<u>Fund Profit @ ROIC 1.2x</u>			
Investor Preferred Return	1.7		
IMF Management Fee		0.2	
Profit Share	0.7	3.4	
Total Profit	2.4	3.6	6.0
<u>Total</u>	6.1	4.9	11.0
<u>ROIC</u>²	0.6x	2.8x	

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

² ROIC is calculated assuming loss rate equal to historical levels

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.

US FUND HYPOTHETICAL EXAMPLE - ACCOUNTING

	Stage 1		Stage 2		Stage 3	
	Invest in Matter		Matter complete		Distribution from Fund & pay tax	
	US Fund	IMF Group	US Fund	IMF Group	US Fund	IMF Group
US Fund - Example (ROIC 1.2x)						
Income Statement						
<i>Litigation revenue</i>			11.0	11.0	11.0	11.0
<i>Litigation expense</i>			(5.0)	(5.0)	(5.0)	(5.0)
Net litigation income	-	-	6.0	6.0	6.0	6.0
Dividends received					-	-
Tax			-	(1.4)	-	(1.4)
Non-controlling interest			(2.4)	(2.4)	(2.4)	(2.4)
Net profit after tax and NCI	-	-	3.6	2.2	3.6	2.2
Balance Sheet						
Cash		-	11.0	11.0	-	3.5
Intangible assets	5.0	5.0	-	-	-	-
Investment in subsidiary		-		-	-	-
Total assets	5.0	5.0	11.0	11.0	-	3.5
Tax payable		-	-	(1.4)	-	-
Total liabilities	-	-	-	(1.4)	-	-
Net assets	5.0	5.0	11.0	9.6	-	3.5
Equity						
Retained profits	-	-	3.6	2.2	3.6	2.2
Distributions paid - Class A					(3.6)	-
IMF equity		1.3		1.3	-	1.3
Class A interest	1.3	-	1.3	-	-	-
Class B interest	3.7	-	3.7	-	-	-
Equity attributable to equity holders of the parent	5.0	1.3	5.0	1.3	-	1.3
Non-controlling interest - equity		3.7		3.7		
Non-controlling interest - share of profits		-	2.4	2.4	-	-
Total equity	5.0	5.0	11.0	9.6	-	3.5

RoW FUND ECONOMICS AND HYPOTHETICAL INVESTMENT

- IMF's RoW Fund, coupled with the ATE cover, provides an opportunity for IMF to fully deploy the fund in a risk managed, non-recourse leveraged equity structure.
- Key fund dynamics:
 - Total capital commitments of \$150m
 - Investors contribute 80% of the capital, IMF 20%
 - Funds are taxable entities and profits distributed net of tax, with applicable Franking Credits
 - Returns (European basis) waterfall:
 1. Investors – Partners Capital and Amitell Capital
 2. Investors preferred return and undrawn fee
 3. IMF capital
 4. IMF management fee 2% p.a. of Investors deployed capital
 5. Residual profit 80% IMF, 20% Investors
- Hypothetical example using a single investment for illustrative purposes only.
 - Assumptions:
 - \$5m capital deployed in investment
 - ROIC of 1.5x
 - Investment period of 3 years

IMF RoW Fund	Investors A\$M	IMF A\$M	Total A\$M
Invested Capital	4.0	1.0	5.0
<u>Fund Profit @ ROIC 1.5x</u>			
Investors Preferred Return	1.7		
IMF Management Fee		0.2	
Profit Share	1.1	4.5	
Total Profit	2.8	4.7	7.5
<u>Total</u>	6.8	5.7	12.5
<u>ROIC</u>²	0.7x	4.7x	

¹ Indicative equity rate of 12.5% pa utilised for the purposes of illustration

² ROIC is calculated assuming loss rate equal to historical levels

The above hypothetical example is for illustrative purposes only. The IMF RoW 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 RoW Fund.

RoW FUND HYPOTHETICAL EXAMPLE - ACCOUNTING

	Stage 1		Stage 2		Stage 3	
	Invest in Matter		Step 2 - Matter complete		Step 3- Distribution from Fund & pay tax	
ROW Fund - Example (ROIC 1.5x)	ROW Fund	IMF Group	ROW Fund	IMF Group	ROW Fund	IMF Group
Income Statement						
<i>Litigation revenue</i>			12.5	12.5	12.5	12.5
<i>Litigation expense</i>			(5.0)	(5.0)	(5.0)	(5.0)
Net litigation income	-	-	7.5	7.5	7.5	7.5
Dividends received						-
Tax			(2.2)	(2.2)	(2.2)	(2.2)
Non-controlling interest			(2.0)	(2.0)	(2.0)	(2.0)
Net profit after tax and NCI	-	-	3.3	3.3	3.3	3.3
Balance Sheet						
Cash		-	12.5	12.5	-	4.3
Intangible assets	5.0	5.0	-	-	-	-
Investment in subsidiary		-		-	-	-
Total assets	5.0	5.0	12.5	12.5	-	4.3
Tax payable		-	(2.2)	(2.2)	-	-
Total liabilities	-	-	(2.2)	(2.2)	-	-
Net assets	5.0	5.0	10.3	10.3	-	4.3
Equity						
Retained profits	-	-	3.3	3.3	3.3	3.3
Dividends paid - Class A ¹					(3.3)	-
IMF equity		1.0		1.0	-	1.0
Class A shares	1.0	-	1.0	-	-	-
Class B shares	4.0	-	4.0	-	-	-
Equity attributable to equity holders of the parent	5.0	1.0	5.0	1.0	-	1.0
Non-controlling interest - equity		4.0		4.0		4.0
Non-controlling interest - share of profits ¹		-	2.0	2.0	-	-
Total equity	5.0	5.0	10.3	10.3	-	4.3

Note:

1. Applicable franking credits will be distributed in addition to the amounts shown as dividends and distributions of Non-controlling interest share of profits. Franking credits will arise on payments of Australian Tax at a rate of 30% of the Australian taxable income.

IMF SOURCES AND USES OF FUNDS

FY2017 Cash flow	\$'m
<i>Cash flows from operating activities</i>	
Payments to suppliers and employees	(35)
Interest income	3
Interest paid	(7)
Income tax paid	(12)
Net cash flows (used in) operating activities	(51)
Proceeds from litigation funding - settlements, fees and reimbursements	116
Cash operating profit	65
Add: Net proceeds from notes	39
Other	2
Total funds	106
Used for:	
Payments for litigation funding and capitalised suppliers and employee costs	(91)
Dividends paid	(13)
Total	(104)
Net increase in cash and cash equivalents held	2
Cash and cash equivalents at beginning of year	143
Cash and cash equivalents at end of year	145