



RELEASE TO AUSTRALIAN SECURITIES EXCHANGE

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FUND 1 INVESTMENT COMPLETION AND UPDATE

Summary

- **IMF announces the dismissal of an arbitration it funded in the United States through Fund 1**
- **Fund 1's investment portfolio contains 36 remaining investments, which as at 31 December 2018, had an EPVⁱ of approximately \$2.95B**

USF Case 31 result

IMF Bentham Limited (ASX: **IMF**) announces the dismissal of an arbitration funded in the United States. This is matter number USF31 referred to in IMF's announcement of 8 December 2015. Consideration is currently being given to funding an appeal of this decision.

Whilst there is no cash impact resulting from the dismissal of the arbitration, IMF will, in accordance with applicable accounting standards, write down its Fund 1 and consolidated intangible asset balance by \$9.39M, creating a corresponding loss on the investment, in Fund 1 and on a fully consolidated basis, in the current financial year.

USF Case 31 was sold by IMF into Fund 1 in February 2018, as part of the disposal of IMF's pre-existing US investment portfolio (**US Portfolio Sale**). IMF recovered \$8.47M from Fund 1 for the sale of USF Case 31¹.

The dismissal of the arbitration proceedings in USF Case 31, reinforces IMF's previously stated view that the US Portfolio Sale was in the best interests of IMF. The sale allowed IMF to monetise a substantial intangible asset, whilst retaining a significant interest in any upside returns from the sale investments whilst materially reducing the impact of losses.

Further case completions and EPV

At present, Fund 1's investment portfolio contains 36 investments, which, as at 31 December 2018, had an EPV of approximately \$2.95B.

¹ This purchase price was funded by the Fund 1 investors pro rata to their equity interests, being 75% by the external investor and 25% by IMF

There are a number of other US investments that have recently been completed or are at stages close to completion. These will be announced in our next quarterly investment portfolio report, or otherwise individually to the extent they are material.

IMF background

IMF is one of the leading global litigation funders, headquartered in Australia and with offices in the US, Canada, Singapore, Hong Kong and London. IMF has built its reputation as a trusted provider of innovative litigation funding solutions and has established an increasingly diverse portfolio of litigation funding assets.

IMF has been a leading pioneer of litigation funding in Australia since 2001, playing a significant role in the initial steps towards a globalised industry via its international expansion in the US, Canada, Asia and Europe. IMF has a highly experienced litigation funding team overseeing its investments, delivering, as at 31 December 2018, a 90% success rate across 184 completed cases (excluding withdrawals).

Jeremy Sambrook
Company Secretary

ⁱ EPV is IMF's current estimate of a Non-US claim's recoverable amount after considering the perceived capacity of the defendant to meet the claim. It is not necessarily the amount being claimed by the claimants, nor is it an estimate of the return to IMF if the investment is successful. An EPV is subject to change over time for a number of reasons, including, but not limited to, changes in circumstances and knowledge relating to an investment, partial recovery and, where applicable, fluctuations in exchange rates between the applicable local currency and the Australian dollar. Where a global portfolio EPV figure is noted which incorporates US Claims, the applicable EPV value for US claims is calculated by a different methodology from the non-US claims reflecting the difference in compensation structures.