



## RELEASE TO AUSTRALIAN SECURITIES EXCHANGE

WEDNESDAY, 18 DECEMBER 2019

### INVESTMENT UPDATES

#### Summary

- The Federal Court of Australia has approved the UGL securities class action settlement. This is a balance sheet investment. IMF will recognise gross income of approximately \$8.9 million from this investment in FY20.
- IMF has received advance confidential notice of the court's rejection of a client's funded claim in a non-Australian balance sheet investment. IMF estimates that it will recognise a loss in FY20 from this investment of approximately \$5.6 million (including a provision for possible adverse court ordered costs). Consideration is being given to a potential appeal.
- AET has made an initial payment to IMF's funded client of \$22.5 million against the judgment announced on 26 September 2019, whilst elements of the judgment are subject to appeal. IMF will be entitled to approximately \$14.1 million from this payment, with the remainder of its entitlement awaiting the outcome of the appeal.
- IMF confirms that it has generated aggregate gross income, before losses, from investments this year (including fund investments) of \$126.5 million.

#### Settlement Approval – Australian Shareholder Class Action

Further to IMF Bentham Limited's (IMF) previous announcement on 16 September 2019, IMF announces that the Federal Court of Australia has approved the settlement in the UGL securities class action. IMF confirms that this balance sheet investment generated gross income of approximately \$8.9 million, resulting in the following metrics:

	Cash basis	P&L basis after capitalised overheads
Gross income	\$8.9 m	\$8.9 m
Profit	\$4.0 m	\$3.5 m
ROIC	0.82 x	0.65 x
IRR %	71 %	58 %

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## Non-Australian investment

IMF has received advance confidential notice of the court's rejection of a client's funded claim in a non-Australian balance sheet investment. IMF estimates that it will recognise a loss in FY20 from this investment of approximately \$5.6 million (including a provision for possible adverse court ordered costs). Consideration of the judgment is ongoing to determine whether an appeal will be lodged.

## AET Judgment – Partial Payment

IMF refers to its previous announcement dated 26 September 2019, regarding the judgment handed down by the Supreme Court of New South Wales in favour of IMF's funded client, Mr David Kerr, in his capacity as the additional trustee of the SEAS Sapfor forestry scheme. The defendant has elected to appeal certain elements of the judgment but has made an initial payment to Mr Kerr for \$22.5 million with the remainder of the damages entitlement to be subject to the outcome of the appeal. IMF expects to recognise income of approximately \$14.1 million from this payment, with the remainder of its entitlement awaiting the outcome of the appeal or settlement.

## Year to date income

Aggregate gross income before losses from investments this financial year is as follows:

\$ m	Balance sheet direct	Fund 1	Funds 2&3	Fund 4	TOTAL
	(RoW & USA)	(USA)	(RoW)	(USA)	(Global)
<b>Recognised income</b>					
Completed investments	37.1	32.1	8.2	29.5	106.9
Ongoing investments	14.1	5.5	-	-	19.6
<b>Total income recognised</b>	<b>51.2</b>	<b>37.6</b>	<b>8.2</b>	<b>29.5</b>	<b>126.5</b>
<b>Income yet to be recognised</b>					
Binding conditional settlements	12.0	-	7.7	-	19.7
Agreed in-principle settlements	-	7.0	-	-	7.0
Successful judgments	146.4	7.8	-	-	154.2
<b>Total income yet to be recognised</b>	<b>158.4</b>	<b>14.8</b>	<b>7.7</b>	<b>-</b>	<b>180.8</b>
<b>TOTAL EXPECTED INCOME YTD</b>	<b>209.6</b>	<b>52.4</b>	<b>15.9</b>	<b>29.5</b>	<b>307.4</b>

IMF notes that the successful judgments row in the above table, includes IMF's estimated income from the Brisbane floods class action<sup>1</sup> in the range of \$100 million to \$130 million, which is subject to the outcome of any appeals, and that the timing of such recognition remains uncertain.

## IMF background

Following the merger of the IMF and Omni Bridgeway operations in November 2019, the combined group is a global leader in dispute resolution finance, with expertise in civil and common law legal and recovery systems, and operations spanning Asia, Australia, Canada, Europe, the Middle East, the UK and the US. IMF and Omni Bridgeway have built their reputations as trusted providers of funding solutions and together offer end-to-end dispute finance from case inception through to post-judgment enforcement and recovery.

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<sup>1</sup> See IMF's previous announcement dated 2 December 2019 *Brisbane Floods Class Action Judgment*