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Secured Fixed Rate Notes

March 2017

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OVERVIEW OF IMF BENTHAM LIMITED

IMF has delivered a global MOIC of 1.55x (including withdrawals) since listing. 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. Market cap of circa \$305 million at 23 March 2017. IMF has collected more than \$2bn for clients since its formation. IMF operates in Australia from offices in Sydney and Perth and smaller offices in each of Melbourne, Brisbane and Adelaide. IMF operates in the US and Canada through its subsidiaries, with offices in New York, Los Angeles, San Francisco, Houston and Toronto.
High margin and MOIC business	<ul style="list-style-type: none"> Average life of each case is 2.4 years, and IMF has delivered, over the past 16 years, a global MOIC 1.55x (including cases lost and withdrawn).
Competitive 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 90% and only lost 10% of 157 cases (excluding withdrawals).
Unique positioning	<ul style="list-style-type: none"> People with the training, knowledge and scepticism to be successful funders. Significant corporate experience with the risks and pitfalls in litigation funding. Necessary funding to enable a liquid and strong approach to aggressive defendants.
Barriers to entry	<ul style="list-style-type: none"> Size of costs and duration of large litigation matters, as well as potential for adverse costs (in Australia and Canada). Litigation funding requires specialist skill set.

IMF'S COMPETITORS

In Australia it is estimated that IMF has 69% of the litigation funding market. (ref : IBIS 2014)

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

Australia	US	Europe/Asia
JKL/Longford Capital	Burford	Harbour
Litigation Lending Services	Juridica Investments Limited	Vannin Capital Limited
Litigation Capital Management	Parabellum	Calunius
Harbour	Longford Capital	Therium Capital
Claims Funding Australia		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.

CONSISTENT 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 enhanced 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.

FY17 OPERATIONAL HIGHLIGHTS

- Strong 1H17 with growth across all metrics.
- Opened fourth national office in in US, in Houston TX.
- Building presence in Asia. Seeking cases in Singapore. Permanent office in Singapore to be opened before 30 June 2017.
- Portfolio value now exceeds \$3.35bn.
- Staff numbers now exceed 65 in 10 offices in Australia, US and Canada.
- Restraint on operations in Europe expires in mid-July 2017.

RESULT OVERVIEW and HIGHLIGHTS

	HY2017	HY2016	FY2016	HY2017 V HY2016
Contract Income	\$66.6M	\$26.2M	\$99.7M	▲ 154%
Litigation Expenses	\$(35.6)M	\$(17.0)M	\$(46.8)M	▲ 109%
Net Income (from cases)	\$35.0M	\$11.8M	\$53.0M	▲ 197%
Operating Expenses	\$(15.1)M	\$(12.5)M	\$(29.0)M	▲ 21%
NPBT	\$21.3M	\$(0.6)M	\$27.4M	▲
EPS	8.22	(0.56)	12.38	▲
DPS	3.0 cents	-	7.5 cents	-
Dividend Payout Ratio	36.7%	-	60.7%	-
ROE	10.4%	(0.52)%	13.4%	▲
Net Asset Backing	\$1.21	\$1.06	\$1.19	▲ 14%
Net Cash	\$84.1M	\$43.6M	\$60.5M	▲ 93%
Case Investment (Intangibles)	\$161.8M	\$124.3M	\$145.6M	▲ 30%
Value of Investment Portfolio	\$3.37BN	\$3.15BN	\$3.44BN	▲ 7 %
Number of cases	56	47	54	▲ 19%

INVESTMENT PORTFOLIO AT 31 DECEMBER 2016

IMF has generated average gross revenue in excess of 15% of the estimated portfolio value of a case at the time the case is completed.

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	895,999	38	27%	133,117	557,559	205,323
Between \$50M and \$100M	713,414	10	21%	76,009	129,099	508,306
Greater than \$100M	1,760,761	8	52%	29,365	936,456	794,940
Total Portfolio	3,370,174	56	100%	238,491	1,623,114	1,508,569
Australia and Asia cases	1,464,200	23	43%	49,200	990,000	425,000
USA and Canada cases	1,905,974	33	57%	189,291	633,114	1,083,569
Total Portfolio	3,370,174	56	100%	238,491	1,623,114	1,508,569

INVESTMENT PORTFOLIO AT 31 DECEMBER 2016

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 (**EPV**) 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) 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 funded claimant/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 either 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 claimant. It may not follow that the financial result will be accounted for in the year of finalisation. Possible 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.

CASES FUNDED SINCE 31 DECEMBER 2016

Since 31 December 2016:

- IMF has unconditionally funded six cases
- IMF has provided additional funding to one of its existing funded cases in the United States
- The total committed investment for these cases is \$28M

Case Targets:

DESCRIPTION	FY2014 Actual	FY2015 Actual	FY2016 Actual	Actual to 17 March 2017	Remaining FY2017 Projected	FY2018 Projected
Cases funded	8	21	27	20	34	61
Funds committed (A\$)	\$42M	\$54M	\$81M	\$53M	\$54M	\$123M

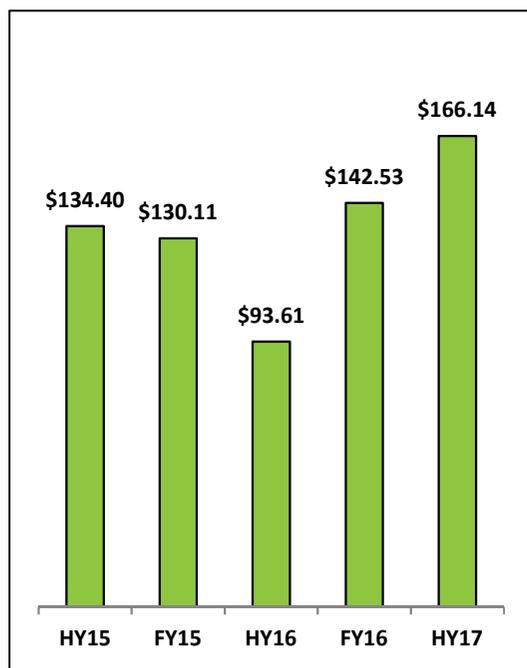
IMF has also announced conditional funding of the following four cases:

- GST class action (19 September 2016)
- UGL Limited class action (28 September 2016)
- Claims against Australian Executor Trustees (SA) Limited in its capacity as trustee of the SEAS Sapfor Scheme (8 December 2016)
- Canadian case involving an intellectual property dispute (9 January 2017)

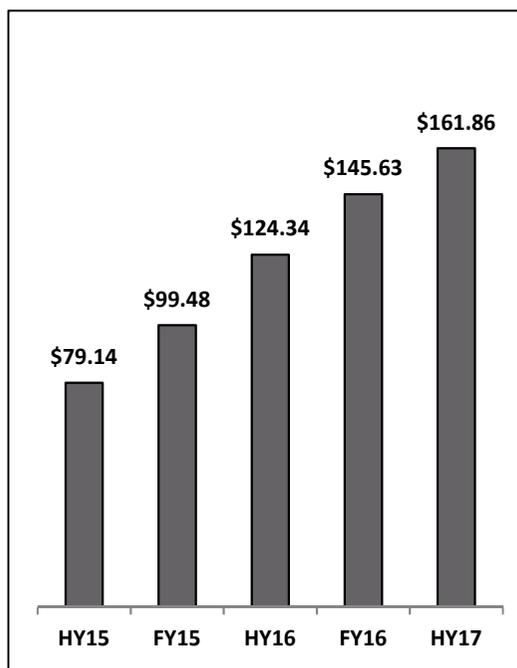
BALANCE SHEET STRENGTH

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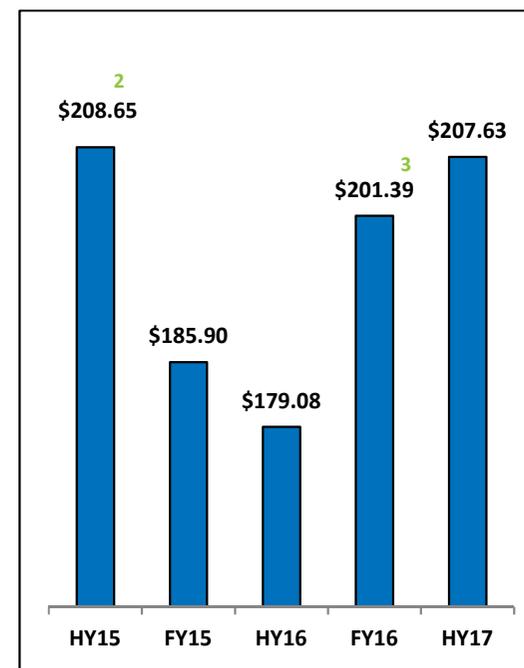
Cash
\$M



Investments¹
\$M



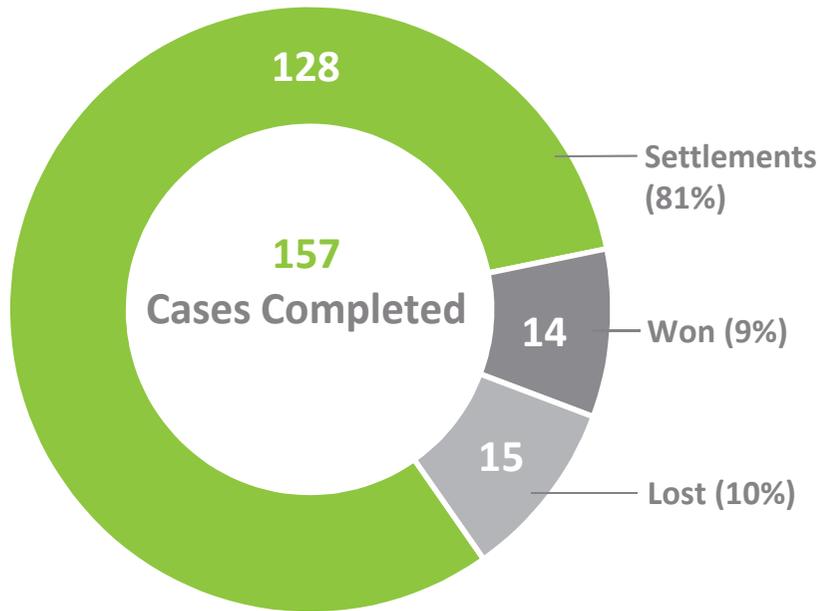
Net Assets
\$M



- Investments includes capitalised overheads relating to the litigation.
- 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 \$50M in debt through the issuance of the Bentham IMF Bonds.
- IMF raised capital during FY2016 totalling \$32 million through the issue of fixed rate notes.

FUNDING TRACK RECORD EXCLUDING WITHDRAWALS

IMF's track record to 31 December 2016



- **157** cases commenced and completed since listing
- MOIC of 1.6x (excluding withdrawals)
- Average investment period of 2.6 years
- 90% success rate

Revenue Summary		
Revenue to funded claimants	\$1,258M	63%
Revenue to IMF:		
Reimbursement of costs	\$288M	14%
Net income (excluding overheads)	\$461M	23%
IMF total revenue	\$749M	37%
Total revenue generated	\$2,007M	100%

- Lost cases cost \$47M including adverse costs paid and provisions raised (3 cases subject to appeal)
- Losses cost 6% of IMF revenue

Notes:

1. MOIC (multiple on invested capital) is calculated as gross income to IMF less all cost reimbursements divided by total expenditure, and excludes overheads.
2. The Funding Track Record does not include withdrawn cases.

The data contained in the Funding Track Record has been reviewed by Ernst & Young to 31 December 2016.

GROWTH OPPORTUNITIES

IMF has identified significant opportunities for growth and diversification.

Item	Opportunity
Major domestic growth opportunities	<ul style="list-style-type: none"> ■ Renewed focus on the insolvency market. ■ Developments with open class actions with common funds. ■ New products in family law and arbitration. ■ Leverage IMF’s case selection and risk management expertise to build a larger and more diversified domestic business.
Major international growth opportunities	<ul style="list-style-type: none"> ■ Third party litigation funding has moved ahead quickly in both the US and the UK/Netherlands over the past five years and has been accepted as a funding alternative in these countries. ■ IMF has a permanent presence in New York, Los Angeles, San Francisco and Houston and is experiencing significant growth in the US. Explore bankruptcy opportunities in the US, backed off experience in Australian market. ■ Restraint period after sale of JV interest expires in mid-July, and consider opportunistic investments in Europe thereafter. ■ Now funding three cases in Hong Kong and expect further growth in Asia. Permanent presence in Singapore by June 2017. ■ Canada office opened January 2016.
Growth and diversification	<ul style="list-style-type: none"> ■ Operations across these three major common law litigation centres will provide opportunities for growth (and thereby increased potential for income) and also diversification. ■ Group targets have now been set, with marketing initiatives implemented to achieve these targets.
Limited global competitors	<ul style="list-style-type: none"> ■ Only two other litigation funds vying for multi-national leadership. ■ IMF has the most experienced litigation funding team, creating a competitive advantage.

GROWTH STRATEGY

- The company's stated growth focus includes:
 - Supporting the significant business growth in New York, Los Angeles, San Francisco and Houston;
 - Pursuing new product opportunities, including further bankruptcy opportunities in the US;
 - Geographic expansion in Asia, including the opening of an office in Singapore;
 - Roll-out of new products and encouraging greater diversification in Australia; and
 - Continue to accelerate the number and diversity of funded cases.

CAPITAL MANAGEMENT

- IMF Bentham has an ongoing strategy to fund growth through a variety of sources including debt.
- The first tranche of secured unlisted corporate notes were issued in April 2016, raising A\$32 million.
- The Company is seeking new debt in the form of a second tranche of notes to raise a minimum A\$18 million.
- These funds will be used to fund general corporate purposes related to the growth strategy
- IMF already has in place a capital management plan to fund US investments, through its first investment vehicle, Bentham IMF 1 LLC.
- This special purpose vehicle funded, advised and managed by affiliates of Fortress Credit Advisors LLC (Fortress), will invest up to US\$100 million by way of subscription for Class B stock with provision for a further US\$50 million of Class B stock subject to the joint consent of IMF and Fortress.
- IMF has committed to invest US\$33.3 million by way of subscription for Class A stock, with provision to increase this investment to US\$50 million subject to the joint consent of IMF and Fortress.

SUMMARY OF KEY TERMS OF BENTHAM IMF US INVESTMENT VEHICLE

- Up to US\$200 million of capital.
- Draw down of capital over a three-year period, with minimum annual tranches applying.
- IMF to be managed by a board of managers appointed by IMF.
- IMF's US operating subsidiary, Bentham Capital LLC to provide management services.
- Capital will be used to invest in US cases.
- IMF entitled to a Manager Return.
- Net residual cashflows, post capital return and preferred return to Fortress, to be distributed 85% to IMF and 15% to Fortress.

BENEFITS OF BENTHAM IMF US INVESTMENT VEHICLE

- By leveraging its investments in the US, IMF is aiming to generate a return from the capital it invests in the Bentham IMF Funding Vehicle that is far superior to the return it would expect to achieve by investing the same amount directly into litigation funding assets.
- IMF has identified the following as additional benefits of investing through the Bentham IMF Funding Vehicle:
 - diversification of risk via a larger investment portfolio;
 - satisfaction of capital requirements without recourse to debt or an equity capital raising in IMF; and
 - freeing up capital that would have otherwise been used for investments in the US for redeployment to other jurisdictions, including Australia, Asia, and potentially any future re-entry by IMF into Europe.

COMMON FUND ORDERS

- Decision by Full Court of Federal Court in *Money Max v QBE* in October 2016.
- Provided judicial guidance on factors relevant to the grant of common fund orders that underpin the commercial viability of open class, class actions.
- There will remain a range of relevant issues to determine the quantum of commission, but should obviate need to “book build” prior to commencement of proceedings.
- IMF has launched actions against Bellamy’s and Spotless on an open class, class action basis, on an accelerated basis converting conditional to unconditional funding within 3 to 4 weeks.
- Provides a mechanism for Courts to deal with competing class actions at an early stage which should assist Courts, defendants and plaintiffs.

KEY RISKS - IMF

Item	Description
Choosing, and remaining in, a funded case that is ultimately lost	<ul style="list-style-type: none"> If a funded case is lost, IMF will lose not only its investment but may also have to pay the defendant's costs.
Reliance on key management	<ul style="list-style-type: none"> 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.
Government regulation	<ul style="list-style-type: none"> No assurance can be given that regulation in Australia and overseas 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.
Judicial decisions	<ul style="list-style-type: none"> 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.
Multiple defendants	<ul style="list-style-type: none"> In some cases defendants may add third parties to the funded litigation or more defendants may be joined, potentially increasing adverse costs if the litigation is unsuccessful (in certain markets).
Technology	<ul style="list-style-type: none"> IMF is dependent on technological systems for its Case Management System. 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.
Competition	<ul style="list-style-type: none"> IMF currently has a handful of competitors in the Australian litigation funding market, including overseas based competitors, who are becoming more active. There are also two other litigation funders vying for a multinational litigation funding business. As time passes and litigation funding becomes more widespread, competition will develop, and such competition may impact on the performance of IMF.