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ANNUAL GENERAL MEETING

Sofitel Sydney Wentworth



28 November 2013





ANNUAL GENERAL MEETING

Welcome to IMF's Annual General Meeting

Rob Ferguson - Non-Executive Chairman

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AGENDA

- Introduction
- Overview of FY2013 – Hugh McLernon, MD
 - FY2013 Highlights
 - FY2013 Income
 - Balance Sheet Strength
 - Investment Portfolio
 - Investment Portfolio History
 - Institutional Placement and Share Purchase Plan
 - Convertible Notes Redemption
 - Track Record
 - Possible Completions FY2014
 - Lehman Australia
 - Wivenhoe Dam Claim
 - IMF and Bentham Capital in the U.S.
 - Future Outlook
- Resolutions
- Questions



FY2013 HIGHLIGHTS

	FY2013	FY2012	FY2011
Gross Income (from cases)	\$43.9M	\$117.8M	\$57.9M
Net Income (from cases)	\$23.8M	\$70.5M	\$38.0M
NPBT	\$20.1M	\$61.4M	\$32.8M
NPAT	\$13.8M	\$43.0M	\$22.9M
Dividend* (cents per share)	5.0 Franked	10.0 Franked	15.0 Franked
EPS	11.21	34.87	18.56
Net Asset Backing	\$1.02	\$0.91	\$0.78
Value of Investment Portfolio	\$1.635B	\$1.233B	\$1.778B

* IMF has averaged a fully franked dividend of 10 cents per share over the last 5 years.



FY2013 INCOME

FY2013 matter income came from the following cases:

Matter	Gross Income	Net Income
LGFS	\$17.4M	\$8.8M
Lehman Australia	\$11.0M	\$7.7M
Confidential USA Matter	\$5.1M	\$2.3M
Confidential Australian Matter	\$2.8M	\$1.9M
Collyer Bristow	\$1.8M	\$1.6M
Uniloc	\$4.0M	\$1.5M
Others	\$1.8M	-
Total Matter Income	\$43.9M	\$23.8M

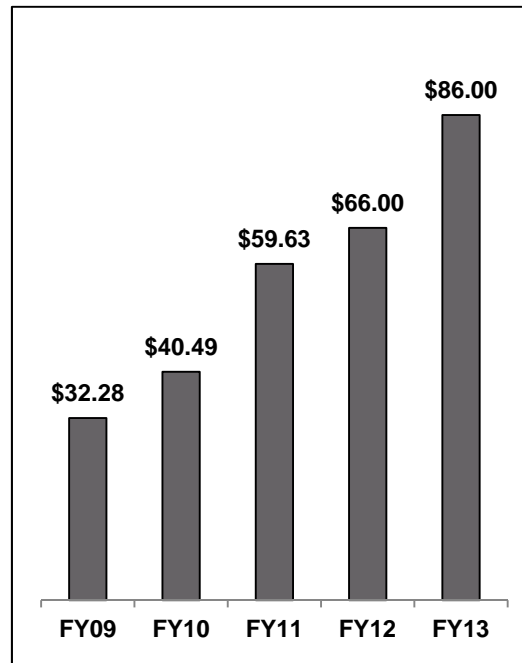


BALANCE SHEET STRENGTH

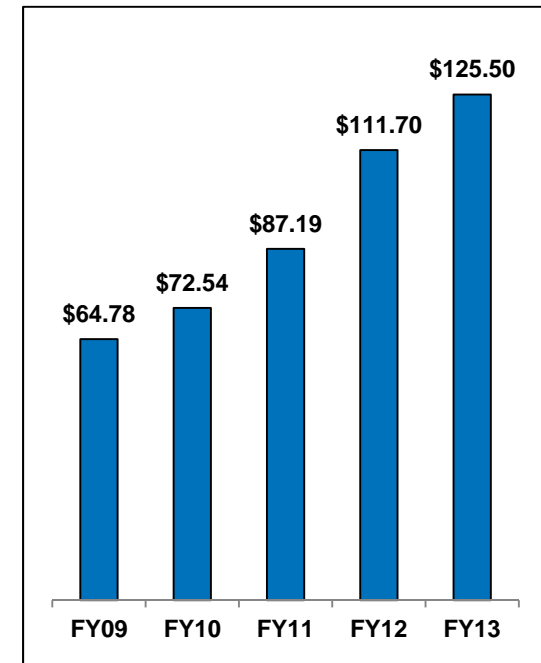
Cash ²
\$M



Investments¹
\$M



Net Assets
\$M



1 Investments includes capitalised overheads relating to the litigation.

2 Cash balance today is around \$96M.



INVESTMENT PORTFOLIO

Updated 27 November 2013

Claim Value Range	Est. Claim Value ¹	No of Cases	% of Total Value	Possible Completion ² FY2014	Possible Completion ² FY2015	Possible Completion ² FY2016+
<\$10M	\$20M	4	1%	\$5M	\$15M	-
\$10M - \$50M	\$325M	14	15%	\$80M	\$170M	\$75M
>\$50M	\$1,765M	12	84%	\$460M	\$805M	\$500M
Total Portfolio	\$2,110M	30	100%	\$545M	\$990M	\$575M

- 1 This is IMF's current best estimate of the claims recoverable amount (or remaining recoverable amount if there has been a partial recovery). It considers, where appropriate, the perceived capacity of the defendant to pay the amount claimed. It is not necessarily the same as the amount being claimed by IMF's client/s in the matter. It is also not the estimated return to IMF from the matter if it is successful. No estimated claim value has been included for any contingently funded matters until all conditions are fulfilled.
- 2 Given the nature of litigation, allocation of the portfolio between years may change.

Completion means possible finalisation of the litigation by either settlement or judgment for or against the funded client. It may not follow that the financial result will be accounted for in the year of finalisation. Successful or unsuccessful cases may be the subject of an appeal or appeals. Completion estimates are prepared and announced on a quarterly basis. If any matter proceeds to trial and is lost then IMF will become liable to pay adverse costs to the successful defendant of about 70% of the IMF client's costs.



INVESTMENT PORTFOLIO HISTORY

IMF has exceeded its expectation of generating average income of 15% of the claim value included in the investment portfolio. Like all averages some cases will achieve greater and some less than 15%.

Matters Completed in the Financial year	FY09	FY10	FY11	FY12	FY13
Claim value included in the investment portfolio	\$437M	\$247M	\$339M	\$564M	\$243M
Total income to IMF from cases	\$63M	\$46M	\$58M	\$118M	\$44M
Total income as a % of claim value	14%	19%	17%	21%	18%
Net income to IMF from cases (before overheads)*	\$39M	\$26M	\$41M	\$82M	\$35M
Net income as a % of claim value	9%	11%	12%	15%	14%

* Net income from cases to IMF (i.e. after costs paid to lawyers and experts) excluding capitalised costs.



INSTITUTIONAL PLACEMENT AND SHARE PURCHASE PLAN

- 3 October 2013 announced the successful completion of issue of approximately 18.5 million shares to institutions and professional and sophisticated investors.
- 30 October 2013 announced \$10.6M raised in an over-subscribed Share Purchase Plan.
- The issue price was \$1.70 per share under both the Placement and the Share Purchase Plan.
- Raised approximately \$42 million.
- Resolution 7, seeks Shareholder approval for the ratification of the issue of the Placement in accordance with Listing Rule 7.4.



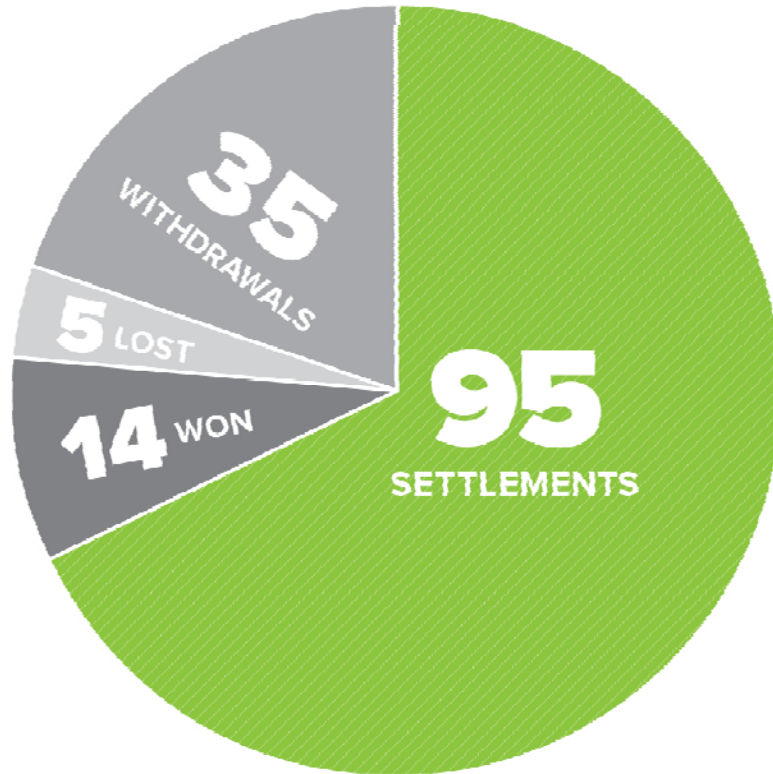
CONVERTIBLE NOTES REDEMPTION

- 14 October 2013 issued a Redemption Notice for all outstanding Convertible Notes.
- To convert to IMF ordinary shares (on a 1 for 1 basis) a Conversion Notice must be received on or before 13 December 2013.
- If a Conversion Notice is not received the convertible notes will be redeemed:
 - the redemption payment will occur 20 December 2013; and
 - registered holders will be entitled to be paid \$1.7197 per Note (includes accrued interest and penalty interest).
- Convertible notes are expected to cease trading on the ASX on 6 December 2013.



TRACK RECORD

IMF's track record as at 30 June 2013



Summary

- **149** cases commenced and completed since listing with an average investment of 2.3 years.
- Generated revenue of \$1.278B:
 - \$849M to Clients;
 - \$429M to IMF comprising:
 - \$148M reimbursement of costs;
 - \$281M net revenue to IMF (excluding overheads);
 - Gross ROI of 290%.
- Lost cases cost \$3.2M including adverse costs (<1% of IMF revenue).
- Withdrawals cost \$3.7M (<1% of IMF revenue).

- In FY2013 – 2 cases won, 2 cases settled, withdrew from 2 cases. Following an internal review an additional 6 cases (all withdrawals from previous periods) were added.
- FY2012 – 2 cases won, 10 cases settled, withdrew from 2 cases.



POSSIBLE COMPLETIONS FY2014

Given the nature of litigation, allocation of the portfolio between years may change. This occurred in the September assessment as Court dates for two large cases moved into FY2015.

Below is a list of matters that may possibly complete in FY2014. Other matters may also complete in that period.

Matter	Description
Lehman Australia	See separate slide
Bank of Queensland	The case against Bank of Queensland franchisees in New South Wales for alleged misleading and deceptive conduct, primarily concerning business that could or would be generated by the franchisees, is now complete, with judgment reserved.
Bank Fees	In the Bank Fees case (an action by customers to recover unfair exception fees charged to their bank accounts and credit cards) proceedings have been issued against a number of banks. All have been stayed other than the ANZ case. The High Court has now clarified that a number of fees charged by the Banks could amount to penalties at law. The matter has returned to the Federal Court where the case is set down for trial starting on 2 December 2013.



POSSIBLE COMPLETIONS FY2014

Matter	Description
Great Southern	The actions by Great Southern unitholders, funded by IMF, continue to advance through the courts. During the year IMF funded a separate action on whether section 6 of the Law Reform (Miscellaneous Provisions) Act (1946) (NSW) applies to give our clients a charge over insurance proceeds. The judgment is to the effect that our clients do not have a charge. Special leave to appeal is to be sought from the High Court. There is no hearing date set for the main cases.
Retail Adventures	A Deed of Company Arrangement ("DOCA") has been approved by a majority vote of creditors and IMF is funding minority (unrelated) creditors in an application to set aside the DOCA. The case has been heard and judgment reserved. If the DOCA is overturned, Retail Adventures will go into liquidation and IMF is likely to fund claims by the liquidator.
Others	
Total	\$545M*



LEHMAN AUSTRALIA

- IMF is funding 85 council, charities and churches with claims against Lehman Brothers Australia Ltd (“Lehman Australia”).
- Judgment in the class action on common issues and claims of three representatives delivered on 21 September 2012 – claims wholly successful.
- Lehman Australia has lodged an appeal.
- The Liquidator of Lehman Australia proposed a Scheme of Arrangement. This Scheme did not proceed due to opposition from Lehman Brothers Holdings Inc.
- The Liquidator of Lehman Australia subsequently proposed a Scheme of Arrangement limited to certain insurance proceeds. This Scheme was approved by creditors and the Court.
- Next steps:
 - Negotiate settlement of class action with claims resolution process (CRP);
 - Obtain Court directions to bind all other client creditors to CRP.
- Income and expenditure on claims of three representative parties recognised.
- IMF expects to generate income of \$30M to \$40M+.



WIVENHOE DAM CLAIM

- Feb 2012:
- IMF announced an investigation into:
 - i. whether the Dam was negligently operated in January 2011 and, if so;
 - ii. whether funded parties suffered sufficient unnecessary loss to make proceedings against the State of Queensland viable.
- Jan 2013:
- IMF confirmed investigation findings that:
 - i. the Dam was not operated to the standard expected of a reasonably competent dam operator in the circumstances; and
 - ii. material flooding down river would not have occurred had the Dam been operated during the flood event to the standard expected.
- Nov 2013:
- IMF has now concluded that funded parties' unnecessary loss and damage is sufficient to make proceedings viable and, accordingly, its funding of the claim is unconditional and the class action will now proceed.
- Current:
- IMF is now finalising the process to make flood victims in the area around the Brisbane River aware of their rights which is likely to conclude around March 2014.



IMF AND BENTHAM CAPITAL IN THE U.S.

- US the largest litigation market in the world, but has a less mature litigation funding industry compared to Australia.
- This led to establishment of Bentham Capital in late 2011 after experience gained from earlier US investments.
- Fund a mixture of commercial litigation, whistleblower and large patent infringement cases – not focussed on class actions.
- Reasonable deal flow with growing number of funded cases – 7 cases funded since inception.
- In September, announced the expansion of our operations with a new office on the West Coast – Los Angeles. Now in NY and LA.
- Important platform for IMF's international expansion.



FUTURE OUTLOOK

Australia

- Building the investment portfolio.
- Competition.
- Regulation.

Taking funding international

- Expansion in the United States.
- Assessment of expansion in United Kingdom.
- Funding of international arbitration.
- CPDO/CDO cases.
- Change of name to reflect international business.



RESOLUTION 1

"That the Remuneration Report be adopted by the Shareholders on the terms and conditions in the Explanatory Memorandum."



RESOLUTION 2

"That Mr Alden Halse, who retires in accordance with clause 13.4 of the Constitution and, being eligible, offers himself for re-election, be re-elected as a Director."



RESOLUTION 3

"That Mr Rob Ferguson, who retires in accordance with clause 13.4 of the Constitution and, being eligible, offers himself for re-election, be re-elected as a Director."



RESOLUTION 4

"That pursuant to and in accordance with clause 13.8 of the Constitution, Listing Rule 10.17 and for all other purposes, the maximum aggregate remuneration that may be paid to the non-executive Directors in any year be set at \$500,000, to be divided among the non-executive Directors in the manner determined by the Board from time to time."



RESOLUTION 5

“That in accordance with section 136 of the Corporations Act and for all other purposes, the current Constitution be repealed and the new constitution tabled at the Meeting (Proposed Constitution) be adopted on the terms and conditions in the Explanatory Memorandum.”



RESOLUTION 6

“That, with effect from the date that ASIC alters the details of the Company’s registration and pursuant to and in accordance with section 157 of the Corporations Act, the name of the Company be changed to "Bentham IMF Limited”.”



RESOLUTION 7

“That, pursuant to and in accordance with Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 18,481,406 Shares to sophisticated and professional investors on the terms and conditions in the Explanatory Memorandum.”





ANNUAL GENERAL MEETING

QUESTIONS

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