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HY2016 Half-Year Results Investor Presentation

February 2016

AGENDA

- HY2016 Results Overview
- HY2016 Highlights
- Implementation of Strategy
- Funding Track Record
- Balance Sheet
- Investment Portfolio
- Investment Portfolio History
- Consistent Risk Management
- Possible Completions FY2016
- Settlement of Class Action against S&P
- Enterprise Value
- Growth Strategy
- US Business
- European Joint Venture
- Capital Management

HY2016 RESULTS OVERVIEW

- The HY2016 result reflects the effects of the previous strategy of pursuing a small number of large cases
- During this period five matters were completed, resulting in three losses (all of which are subject to appeal), and two wins

| MATTER | GROSS INCOME | NET INCOME |
|----------------------------|--------------|------------|
| USA Case 016 | \$5.7M | \$2.7M |
| Gunns Ltd (in liq) | \$4.9M | \$2.8M |
| Others | \$15.6M | \$3.7M |
| Total Matter Income HY2016 | \$26.2M | \$9.2M |

- We continued to implement our new strategy to grow the number of cases, pursuing diversification by geography, case size and case type
- We were successful in the roll out of this strategy, reflected by the significant growth in the portfolio from \$2.0BN to \$3.2BN in this six month period

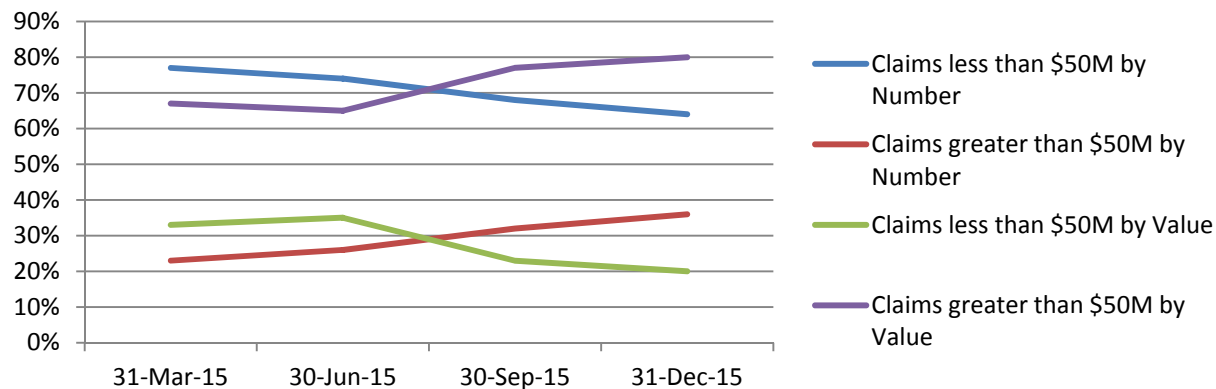
HY2016 HIGHLIGHTS

| | HY2015 | FY2015 | HY2016 | HY2016 v HY2015 |
|-------------------------------|----------|----------|----------|--------------------|
| Gross Income (from cases) | \$77.6M | \$92.3M | \$26.2M | ▼ 66% |
| Net Income (from cases) | \$37.7M | \$14.6M | \$11.8M | ▼ 69% |
| NPBT | \$32.5M | \$9.2M | \$(0.6)M | ▼ 102% |
| NPAT | \$23M | \$6.3M | \$(0.9)M | ▼ 104% |
| Dividends (cents per share) | 5 cents | 10 cents | - | - |
| EPS | 13.81 | 3.78 | (0.01) | ▼ 101% |
| Net Asset Backing | \$1.25 | \$1.11 | \$1.06 | ▼ 15% |
| Cash | \$134.4M | \$130.1M | \$93.6M | ▼ 30% |
| Case Investment (Intangibles) | \$79.1M | \$99.5M | \$124.3M | ▲ 57% |
| Value of Investment Portfolio | \$1.82BN | \$2.0BN | \$3.15BN | ▲ 73% |

IMPLEMENTATION OF STRATEGY

- We have achieved a number of key outcomes:
 - Increased geographic footprint with the opening of our office in Canada in January 2016
 - Increased the number of matters funded from 37 to 47 and the portfolio from \$2.0BN to \$3.2BN
 - Increased our infrastructure, with staff numbers growing from 42 to 53 (excluding the JV operation)
- Matters with claims greater than \$50M now represent 80% of our portfolio, up from 65% in June. We are continuing to work towards reducing the average size of our cases as part of our risk diversification strategy

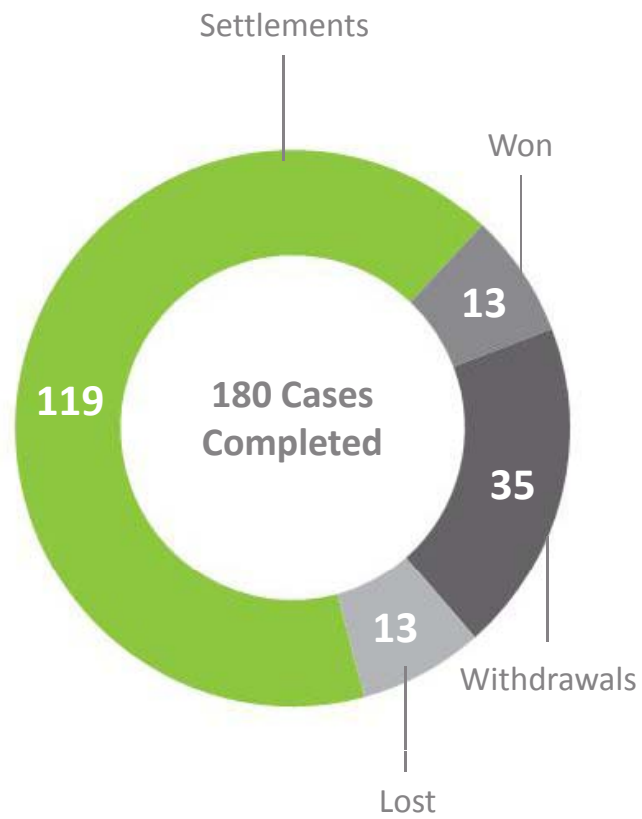
IMF Quarterly Investment Portfolio %



- We have restructured our insolvency and small claims team and expect to see a change in the mix of small cases in the next 6 to 12 months.

FUNDING TRACK RECORD

IMF's track record to 31 December 2015



Summary

- **180** cases commenced and completed since listing.
- ROI of 144%.
- Average investment period of 2.4 years.
- Generated revenue of \$1.67BN:
 - \$1055M to Clients (63%);
 - \$613M to IMF comprising:
 - \$251M reimbursement of costs (15%); and
 - \$362M net revenue to IMF (excluding overheads) (22%);
- Lost cases cost \$38M including adverse costs paid and provisions raised.
- Withdrawals cost \$5M.
- Losses and withdrawals cost 7% of IMF revenue.

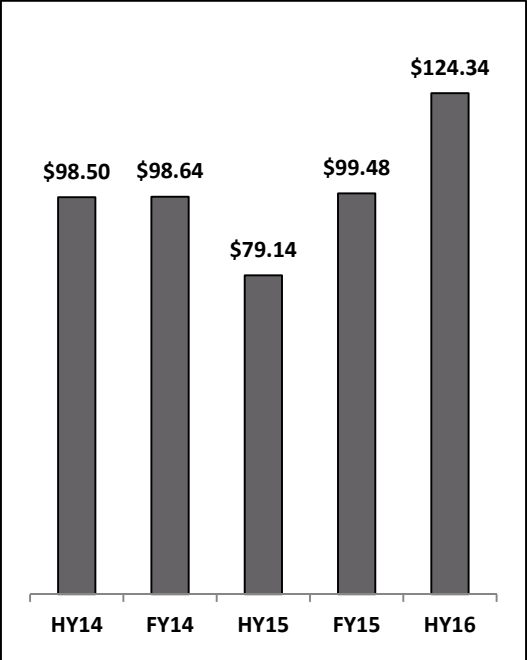
BALANCE SHEET STRENGTH

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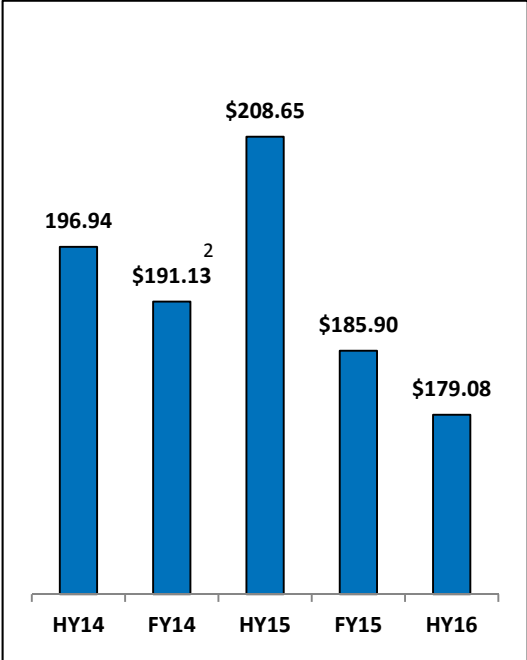
Cash
\$M



Investments¹
\$M



Net Assets
\$M



¹ Investments include capitalised overheads relating to the litigation.

² 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.

INVESTMENT PORTFOLIO AT 31 DECEMBER 2015

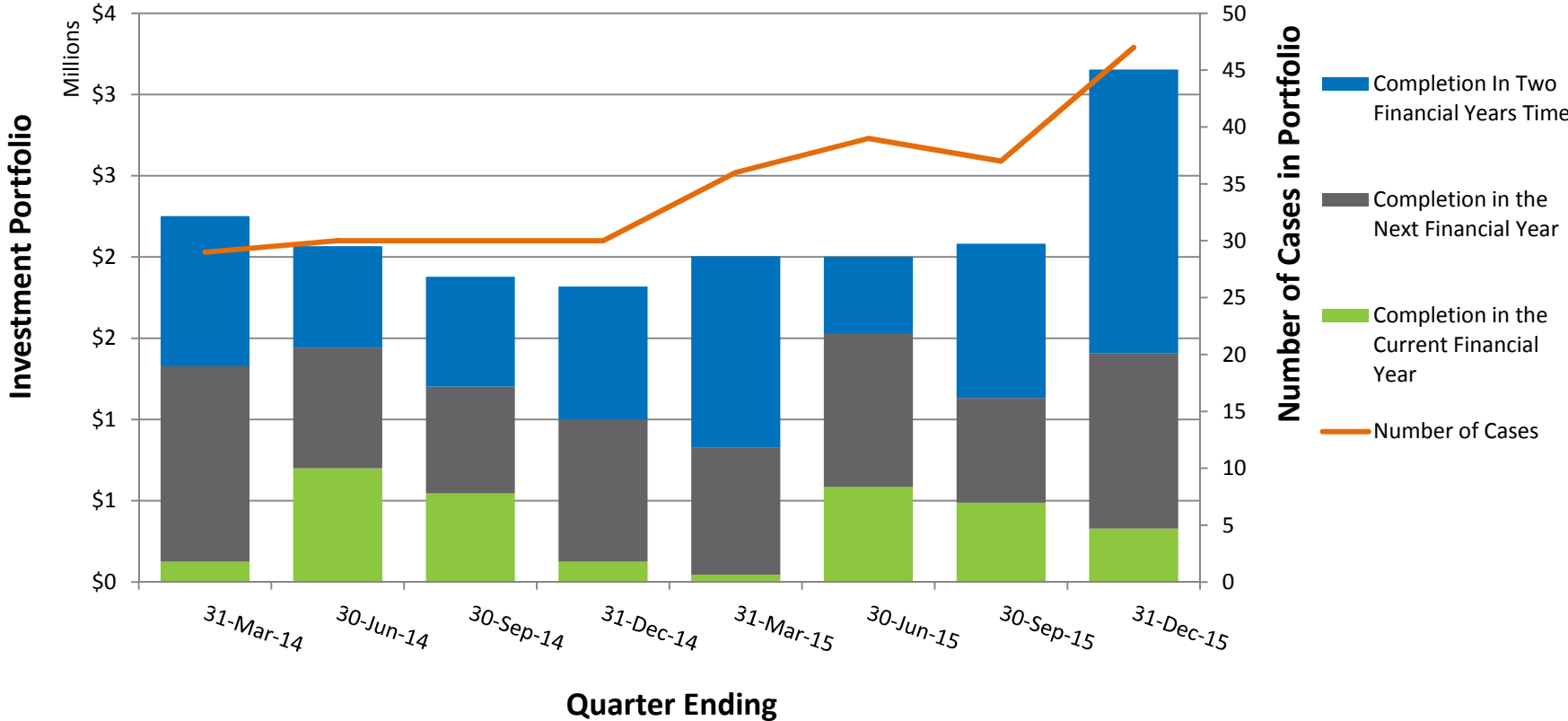
IMF expects to generate average gross revenue of 15% of the portfolio value over 3 years.

| Claim value range | (a) Estimated claim value \$'000 | Number of cases | Proportion of total value | (b) Possible completion FY2016 \$'000 | (b) Possible completion FY2017 \$'000 | (b) Possible completion FY2018 and later \$'000 |
|-------------------------|--|-----------------|---------------------------|--|--|--|
| Less than \$10M | 90,938 | 7 | 3% | 5,000 | 85,938 | 0 |
| Between \$10M and \$50M | 543,868 | 23 | 17% | 86,096 | 207,191 | 250,581 |
| Greater than \$50M | 2,518,916 | 17 | 80% | 237,493 | 784,817 | 1,496,606 |
| Total Portfolio | 3,153,722 | 47 | 100% | 328,589 | 1,077,946 | 1,747,187 |
| Australian matters | 1,852,300 | 20 | 59% | 219,000 | 644,500 | 988,800 |
| Asian matters | 111,000 | 3 | 3% | 0 | 25,000 | 86,000 |
| USA and Canada matters | 1,190,422 | 24 | 38% | 109,589 | 408,446 | 672,387 |
| Total Portfolio | 3,153,722 | 47 | 100% | 328,589 | 1,077,946 | 1,747,187 |

- (a) This is the Company's current best estimate of the claims recoverable amount (or remaining recoverable amount if there has been a partial recovery), which may vary over time for a number of reasons, including in respect of non-Australian matters, fluctuations in the exchange rate between the applicable local currency and the Australian dollar, and may be different in subsequent investment portfolio updates when they are published. 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 the Company's client/s in the matter. It is also not the estimated return to the Company from the matter if it is successful. No estimated claim value has been included for any contingently funded matters until all conditions are fulfilled;
- (b) The possible completion period is the Company'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 or judgement for or against the funded client. It may not follow that the financial result will be accounted for in the year of finalisation. Completion estimates are prepared and announced on a quarterly basis.

INVESTMENT PORTFOLIO HISTORY

IMF Quarterly Investment Portfolio and Number of Cases



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CONSISTENT RISK MANAGEMENT

- 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 an internal group comprising experienced litigators and commercial staff
- Case management by experienced Investment Managers (former legal practitioners and Counsel)
- No material changes to this process since IMF's inception
- Resulted in 91% success rate on a large number of cases (excluding withdrawals)

POSSIBLE COMPLETIONS IN FY2016

Below is a list of matters that may complete by 30 June 2016. Other matters may also complete in that period.

| Matter | Description |
|----------------------|---|
| Bank Fees | The High Court heard the appeal on 4 and 5 February 2015. We are advised that a decision may be received before the end of the calendar year, and possibly before the end of the financial year. The High Court appeal will be the last step in the ANZ litigation. Litigation against the other banks has been stayed awaiting the outcome of the claims against the ANZ bank. |
| USA Cases 003,024 | Two US funded cases could complete by 30 June 2016. IMF has taken the policy position not to disclose specific details about US investments other than to describe them in a general manner until after the resolution of each case. The total value of US cases expected to complete is \$110M. |
| S&P Class Action | See separate slide. |
| Others | A number of other matters could complete. |
| Total | \$329M (claim value in portfolio as at 31 December 2015) |

SETTLEMENT OF CLASS ACTION AGAINST S&P

- On 19 February 2016 IMF announced the conditional settlement of the class action against S&P concerning CDOs rated by S&P and distributed by Lehman Brothers Australia
- Subject to the satisfaction of the conditions, the settlement will result in IMF recognising approximately \$52M in revenue and \$47M in NPBT
- Further, this settlement is an ingredient affecting the distribution from the Liquidator of Lehman, and reinforces our views on the quantum of the dividends, and IMF's confidence in recovering its receivable of \$36M
- Expectations are that conditions are capable of being satisfied prior to the end of this financial year
- We will update the market on material developments as they occur

ENTERPRISE VALUE

- Net assets as at 31 December 2015 of \$180M, and a market capitalisation of \$222M
- The implied average gross income from the portfolio is \$470M over a three period, and net income before tax of \$300M, which needs to be discounted for potential losses and time value

GROWTH STRATEGY

- The Company's focus for the next 12 months includes:
 - Further geographic expansion requiring the assessment of additional offices in the US and possibly in Asia where IMF is currently funding three cases in Hong Kong
 - The roll out of possible new products in Australia potentially covering areas such as disbursement funding and family law
 - Continue to accelerate the number and diversity of funded cases
- Funding for new cases:

| DESCRIPTION | FY2014 | FY2015 | HY2016 | Remaining FY2016 | FY2017 | FY2018 |
|-----------------------|--------|--------|---------|---------------------|-----------|-----------|
| | Actual | Actual | Actual | Projected | Projected | Projected |
| Cases funded | 8 | 21 | 13 | 24 | 54 | 61 |
| Funds committed (A\$) | \$42M | \$54M | \$45.5M | \$40.5M | \$107M | \$123M |

US BUSINESS

- Operates from three offices with 13 staff and represents 40% of the Group's portfolio
- Looking to expand geographically; association with new Toronto office and may look at new office in next 12 months in Texas, Illinois or Washington DC
- Considering a number of significant additional investments in the near future
- We continue to explore new products to address market needs where there is limited risk of adverse costs and contingent fee environment
- The Senate Judiciary Committee enquiry has not progressed beyond and initial request for information

EUROPEAN JOINT VENTURE

- The Tesco shareholder class action is now unconditionally funded, and the VW class action is in the process of signing up participants
- Relations with the JV partner require management given the difference in views on process
- IMF remains committed to maintaining its European presence

CAPITAL MANAGEMENT

- To fund its growth, the Company is seeking new debt, in the form of IMFHAs or OTC bonds to circa \$50M
- Not considering equity
- Given the loss for HY2016 and the Company's continued focus on the growth strategy, the Board has decided not to pay an interim dividend