



ANNUAL GENERAL MEETING

18 November 2016

**Welcome to the Annual General Meeting
of IMF Bentham Limited**

Michael Kay - Non-Executive Chairman



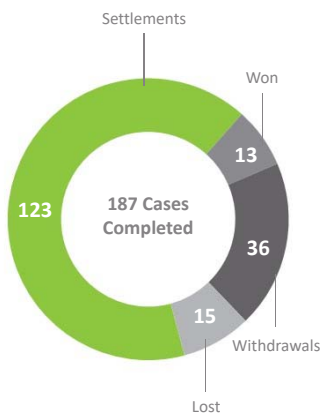
AGENDA

1. Managing Director's Presentation

2. Resolutions

FUNDING TRACK RECORD

IMF's track record to 30 June 2016

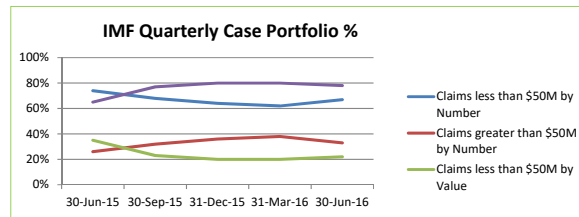


Summary

- **187** cases commenced and completed since listing.
- MOIC of 1.55x.
- Average investment period of 2.4 years.
- Generated total revenue of \$1,847M:
 - \$1,162M to Clients (63%);
 - \$685M to IMF comprising:
 - \$268M reimbursement of costs (14%); and
 - \$417M net revenue to IMF (excluding overheads) (23%);
- Lost cases cost \$47M including adverse costs paid and provisions raised (3 cases subject to appeal).
- Withdrawals cost \$5M.
- Losses and withdrawals cost 8% of IMF revenue.

IMPLEMENTATION OF STRATEGY

- We have achieved a number of key outcomes:
 - Increased geographic footprint in North America with the opening of our office in Canada in January 2016;
 - Increased the number of matters funded from 39 to 54 and the portfolio from \$2.0BN to \$3.4BN;
 - Increased our infrastructure, with staff numbers growing from 42 to 56.
- Matters with claims greater than \$50M now represent 78% of our portfolio, up from 65% in June 2015. The number of matters less than \$50M have increased from 29 to 36, whilst matters greater than \$50M increased from 10 to 18.
- We are continuing to work towards reducing the average size of our cases as part of our risk diversification strategy.



- 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.



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INVESTMENT PORTFOLIO AT 30 SEPTEMBER 2016

IMF has generated average gross revenue in excess of 15% of the portfolio value at the time the matter 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	798,985	38	25%	128,216	488,534	182,235
Between \$50M and \$100M	777,679	12	24%	86,992	190,133	500,554
Greater than \$100M	1,665,482	7	51%	93,208	835,577	736,697
Total Portfolio	3,242,146	57	100%	308,416	1,514,244	1,419,486
Australia and Asia cases	1,501,680	25	46%	136,380	953,300	412,000
USA and Canada cases	1,740,466	32	54%	172,036	560,944	1,007,486
Total Portfolio	3,242,146	57	100%	308,416	1,514,244	1,419,486



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INVESTMENT PORTFOLIO AT 30 SEPTEMBER 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 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) **Estimated Portfolio Value (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 client/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 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 client. It may not follow that the financial result will be accounted for in the year of finalisation. 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.



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EUROPEAN EXIT

- In July 2016 IMF completed the sale of its interest in the European JV to its former JV partner for €4.01M, recognising a profit before tax on disposal of approximately \$4M. IMF is now restrained from funding in certain parts of Europe for a period of 12 months.
- IMF entered into the JV with a view to mitigating the cost and risk associated with commencing operations in Europe.
- IMF was investing approximately \$3M per annum into the JV to fund operating costs, and committed to jointly fund two large and complex pieces of litigation.
- As a consequence of the sale, IMF no longer has the cash drain of the operations or the litigation, and can refocus on its growth areas.
- IMF may reconsider re-entering the European market after the restraint period, the form and structure of which is yet to be determined.



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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 two cases in Hong Kong
 - Consider new products to be launched including a family law offering in Australia and arbitration funding on a global basis
 - Continue to accelerate the number and diversity of funded cases
- Funding for new cases:

DESCRIPTION	FY2014	FY2015	FY2016	FY2016	FY2017	FY2018
	Actual	Actual	Projected	Actual	Projected	Projected
Cases funded	8	21	37	27	54	61
Funds committed (A\$)	\$42M	\$54M	\$86M	\$81M	\$107M	\$123M



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CAPITAL MANAGEMENT

- One of key priorities for FY17 will be implementing a capital management plan to fund US investments.
- Exploring opportunities with placement agents and US lawyers.
- Key benefits for IMF include risk mitigation, improved returns to shareholders through an alternative revenue source as a manager of other peoples' money.
- Too early to comment on economics or structure.



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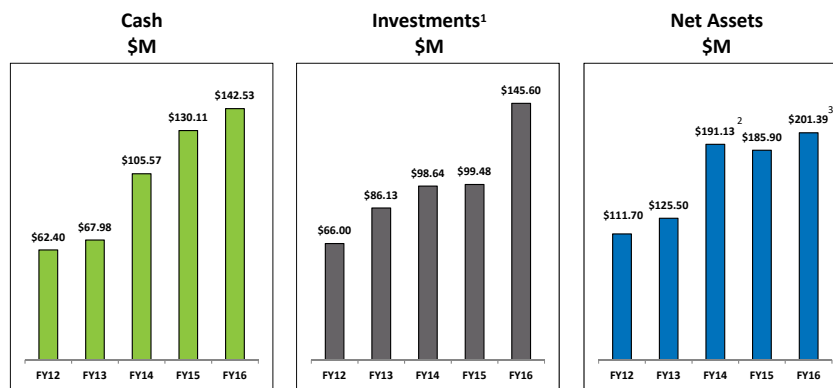
RESULT OVERVIEW and HIGHLIGHTS

	FY2014	FY2015	FY2016	FY2016 v FY2015
Contract Income	\$75.9M	\$92.3M	\$99.7M	▲ 8%
Litigation Expenses	\$(34.5)M	\$(49.1)M	\$(33.9)M	▼ 31%
Losses	\$(16.1)M	\$(28.6)M	\$(12.9)M	▼ 55%
Net Income (from cases)	\$25.3M	\$14.6M	\$53.0M	▲ 263%
Total Revenue	\$27.9M	\$27.1M	\$56.4M	▲ 108%
Operating Expenses	\$(12.3)M	\$(17.9)M	\$(30.4)M	▲ 70%
EBIT	\$15.6M	\$9.2M	\$26.0M	▲ 183%
NPBT	\$15.6M	\$9.2M	\$23.3M	▲ 153%
NPAT (underlying)	\$9.9M	\$6.3M	\$20.8M	▲ 232%
EPS	6.56	3.78	12.38	▲ 228%
DPS	10 cents	10 cents	7.5 cents	▼ 25%
ROE	5.16%	3.39%	10.30%	
Net Asset Backing	\$1.16	\$1.11	\$1.19	▲ 7.2%
Net Cash	\$57.8M	\$81.9M	\$63.0M	▼ 23%
Case Investment (Intangibles)	\$98.6M	\$99.5M	\$145.6M	▲ 46%
Value of Investment Portfolio	\$2.07BN	\$2.00BN	\$3.44BN	▲ 72%



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BALANCE SHEET STRENGTH



¹ Investments includes 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.

³ IMF raised capital during FY2016 totalling \$32 million through the issue of fixed rate notes.



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AGENDA

1. Managing Director's Presentation

2. Resolutions

TOTAL PROXY NUMBERS

- Proxies have been received from **401 shareholders**
- Representing **48,799,728 shares**
- Being **28.51%** of the Company's issued capital

RESOLUTION 1

"That, pursuant to and in accordance with section 250R(2) of the Corporations Act and for all other purposes, approval is given by the Shareholders for the adoption of the Remuneration Report on the terms and conditions in the Explanatory Memorandum."

Vote type	Voted	%
In favour	45,899,353	94.06%
Against	1,345,146	2.75%
Discretionary votes	1,555,229	3.19%
Abstain	409,438	N/A
Excluded	10,938,858	N/A

RESOLUTION 2

"That, pursuant to and in accordance with article 6.3 of the Constitution and for all other purposes, Mr Michael Bowen, Director, retires and being eligible, is re-elected as a Director on the terms and conditions in the Explanatory Memorandum."

Vote type	Voted	%
In favour	44,218,451	73.82%
Against	14,284,186	23.85%
Discretionary votes	1,398,044	2.33%
Abstain	247,343	N/A

RESOLUTION 3

"That, pursuant to and in accordance with article 6.3 of the Constitution and for all other purposes, Ms Wendy McCarthy AO, Director, retires and being eligible, is re-elected as a Director on the terms and conditions in the Explanatory Memorandum."

Vote type	Voted	%
In favour	55,882,906	93.39%
Against	2,551,947	4.27%
Discretionary votes	1,398,044	2.34%
Abstain	315,127	N/A



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RESOLUTION 4

"That, pursuant to and in accordance with Listing Rule 10.14 and Chapter 2D of the Corporations Act and for all other purposes, Shareholders approve:

- (a) the issue of Performance Rights to Mr Andrew Saker (and/or his nominee) over a three year period; and***
- (b) the issue, transfer or allocation of, and acquisition by Mr Saker (and/or his nominee) of, Shares in respect of those Performance Rights, under the IMF Bentham Limited Long Term Incentive Plan and on the terms and conditions in the Explanatory Memorandum."***

Vote type	Voted	%
In favour	45,513,946	93.08%
Against	1,836,083	3.75%
Discretionary votes	1,550,479	3.17%
Abstain	308,658	N/A
Excluded	10,938,858	N/A



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RESOLUTION 5

"That, pursuant to and in accordance with Listing Rule 10.14 and Chapter 2D of the Corporations Act and for all other purposes, Shareholders approve:

- (a) the issue of Performance Rights to Mr Hugh McLernon (and/or his nominee) over a three year period; and*
- (b) the issue, transfer or allocation of, and acquisition by Mr McLernon (and/or his nominee) of, Shares in respect of those Performance Rights, under the IMF Bentham Limited Long Term Incentive Plan and on the terms and conditions in the Explanatory Memorandum."*

Vote type	Voted	%
In favour	45,407,467	92.88%
Against	1,937,351	3.96%
Discretionary votes	1,545,690	3.16%
Abstain	318,658	N/A
Excluded	10,938,858	N/A



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RESOLUTION 6

"That, pursuant to and in accordance with section 648G of the Corporations Act, the proportional takeover provisions contained in Schedule 5 of the Constitution be renewed for a further three years with effect from the date of the Meeting."

Vote type	Voted	%
In favour	57,762,057	96.48%
Against	714,095	1.19%
Discretionary votes	1,399,137	2.33%
Abstain	272,735	N/A



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