Overview of IMF Expansion Strategy for US Market

Presentation to Investors

December 9, 2011
Executive Summary

- IMF Expansion to the US Market
- Bentham Team
- Overview Of US Litigation Market
- US Competitors
- Bentham Investment Strategy
- Bentham Marketing Approach
- Opportunities
The IMF Expansion to the US Market

- **Proven Market:** Successfully tested by IMF
- **Native US Trial Attorney:** Extensive knowledge of US legal system
- **Litigation Finance Professional Possessing:**
  - Network of law firms, knowledge of industry, strategic partners
  - Experience setting up and managing a funding enterprise
- **Largest Legal Market:** New York
- **Few Competitors**
- **Growing Demand for Risk Capital**
- **Controlled Growth:** Contain costs
Bentham Team

**Ralph Sutton**
- Helped found and run Credit Suisse Litigation Risk Strategies group for over four years
- Over 17 years of trial practice; law clerk to US district court judge
- Network of US law firm relationships and strategic partnerships

**Charlie Gollow**
- Senior IMF investment manager of 9 years; with US market experience
- Over 16 years of trial practice; Managing Partner of WA Law Firm
- Coordinates IMF resources for Bentham
Stages of US Litigation and Settlement Points

- Case Filed
- Pleadings
- Discovery
- Pre-Trial Motion
- Jury Appeal
- Appeal

2 - 4 YEARS
Vast Majority of Civil Cases are Settled Before Trial

- AmLaw 200 firms carry an estimated average of 100 - 200 significant litigation matters each for total: 20,000 - 40,000
- Approximately 90% of civil cases settle before trial

US Competitors

- **Burford** – Direct competitor, focused on larger cases; AIM listed Oct ‘09 (£80), Further raise in 2010 (£110)
- **Juridica** – Direct competitor; AIM listed Dec ‘07 (£80)
- **Credit Suisse** – Direct Competitor
- **BlackRobe** – Just launched
- **Fulbrook** – Just launched
- **UK Funders Expanding Reach:** Harbour, Calunius
- **Patent Funds/Investors:** Altitude, Acacia, Rembrandt, Eton Park, Invesco
Bentham Investment Strategy

- Fund cases in major states without legal impediments such as champerty, maintenance or usury (New York, California, Texas, Florida -- 28 states)
- Focus on contingency fee cases at top firms
- Early stage commercial contingency cases
- Early stage patent contingency cases
- Shorter duration cases (appeals, others)
Breakdown of AmLaw 200 Litigation Revenue (2009)

SOURCE: AMERICAN LAWYER MAGAZINE
AmLaw 200 Law Firms Focusing on Contingency Fee Cases

- Estimated 50% of AmLaw 200 firms do only hourly fee cases
- Estimated 80 AmLaw 200 firms litigate some CF cases
- Estimated 20 AmLaw 200 firms actively seek CF cases

SOURCE: UNCONFIRMED MARKET DATA
BENTHAM FOCUS ON CONTINGENCY FEE CASES

- Attorneys defer all or part of fees and costs until case resolves.
- Attorneys bargain for 10 - 40% of settlement/judgment, depending on client’s contribution, size of expected recovery, leverage.
- Law firms develop portfolio of CF cases to boost their profitability and spread risk.
- CF cases allow Bentham to:
  - Establish preliminary quality of legal claims.
  - Fund the firms’ fees and/or costs for percentage of client recovery.
  - Align incentives with top firms (firms need “skin in the game”).
Bentham Products and Investment Details

- **Products:**
  - Early stage commercial cases on contingency
  - Early stage patent cases on contingency
  - Shorter duration investments

- **Characteristics:**
  - Average investment size: $2-5 m for fees/costs or working capital
  - Expected returns: 3x-5x ($6-25 m)
  - Duration: 2-4 years

- **Plaintiffs’ motivation:**
  - Bentham funding litigation fees and/or costs
  - Bentham monetizes claim for working capital
US Marketing Goals

- Introduce and develop the Bentham brand to the US legal market
- Differentiate the brand from the competitors
- Achieve a diversified portfolio of investments:
  - Commercial litigation: 50%
  - Patent cases: 30-35%
  - Appeals and special/niche: 15-20%
US Opportunities to Date

- Deal flow is robust
- Not in full marketing mode
- Representative Areas
  - Breach of Contract / Commercial Litigation
  - Patent
  - Anti-Trust