Euroz Rottnest Island Conference 2019
Investor Presentation

March 2019

Overview of IMF

IMF's strategic focus since FY16 has been to diversify risk in its investments, geography and capital sources. There were only 54 investment in progress at 30 June 16; whereas there are 91 at 31 December 2018.

IMF Fast Facts	Detail
Leading global litigation funder	▪ Listed on ASX in 2001. ▪ IMF has collected more than \$2.3 billion[1] for funded claimants since its formation. ▪ Operate from 14 offices in six countries in Australia, Asia, North America and Europe with 100 staff. ▪ Investment Committee includes former Judges and industry founders.
High margin and ROIC business	▪ Average life of each investment is 2.6 years. ▪ Global ROIC[2] of 144% (including cases lost).
Comparative advantage	▪ Quality risk mitigation process – investment selection and investment management expertise. ▪ Demonstrated by results – settled or won 90+% of 184 completed investments (excluding withdrawals). ▪ Resources on the ground in each of the jurisdictions, providing access to better investments, and better access to investments.
Capital position	▪ Strong balance sheet and cash position. ▪ Launch of Fund 4 with series i commitments of USD500m (option for series ii USD500m). ▪ Increase in committed capital in Fund 2/3 to \$180m. ▪ Looking to launch new RoW Fund (Fund 5) before end of financial year.

[1] Gross of funding costs and commission.

[2] ROIC (return on invested capital) is calculated as gross income to IMF (litigation contracts – settlements and judgements) less all reimbursed costs, divided by total expenditure (excluding overheads but including any adverse costs on lost cases).

Industry Background

What is Litigation Funding?

- Specialty finance – growing rapidly as corporates embrace benefits & law firms unwilling/unable to fund litigation
- Non-recourse capital for commercial and class action claims
- Capital pays legal expenses incurred in litigation
- Binary outcome: Funder receives share of economic recovery should case be successful; nothing if unsuccessful
- Funder does not provide legal advice

Litigation funder enters Litigation Funding Agreement with Claimant

CLAIMANTS
- Initiate legal proceedings
- Alternative to traditional hourly billing model (conflict of interest as law firms are incentivized to bill hours, not reach outcomes quickly)
- Deploy capital into core operations (vs legal fees)
- Remove legal fees from P&L (create budget certainty, manage EPS)
- Facilitates litigation that would otherwise be unaffordable

Claimant retains legal representation

LAW FIRMS
- Provide legal advice to claimants
- Paid hourly rates
- Limited risk appetite
- Structurally balance sheet cannot fund litigation

Provides capital for legal fees with no recourse

LITIGATION FUNDER
- Provides capital to law firm
- Litigation Funding Agreement with Claimant
- Pay-out structure negotiated up-front
- Experienced former litigators
- Assume binary outcome risk

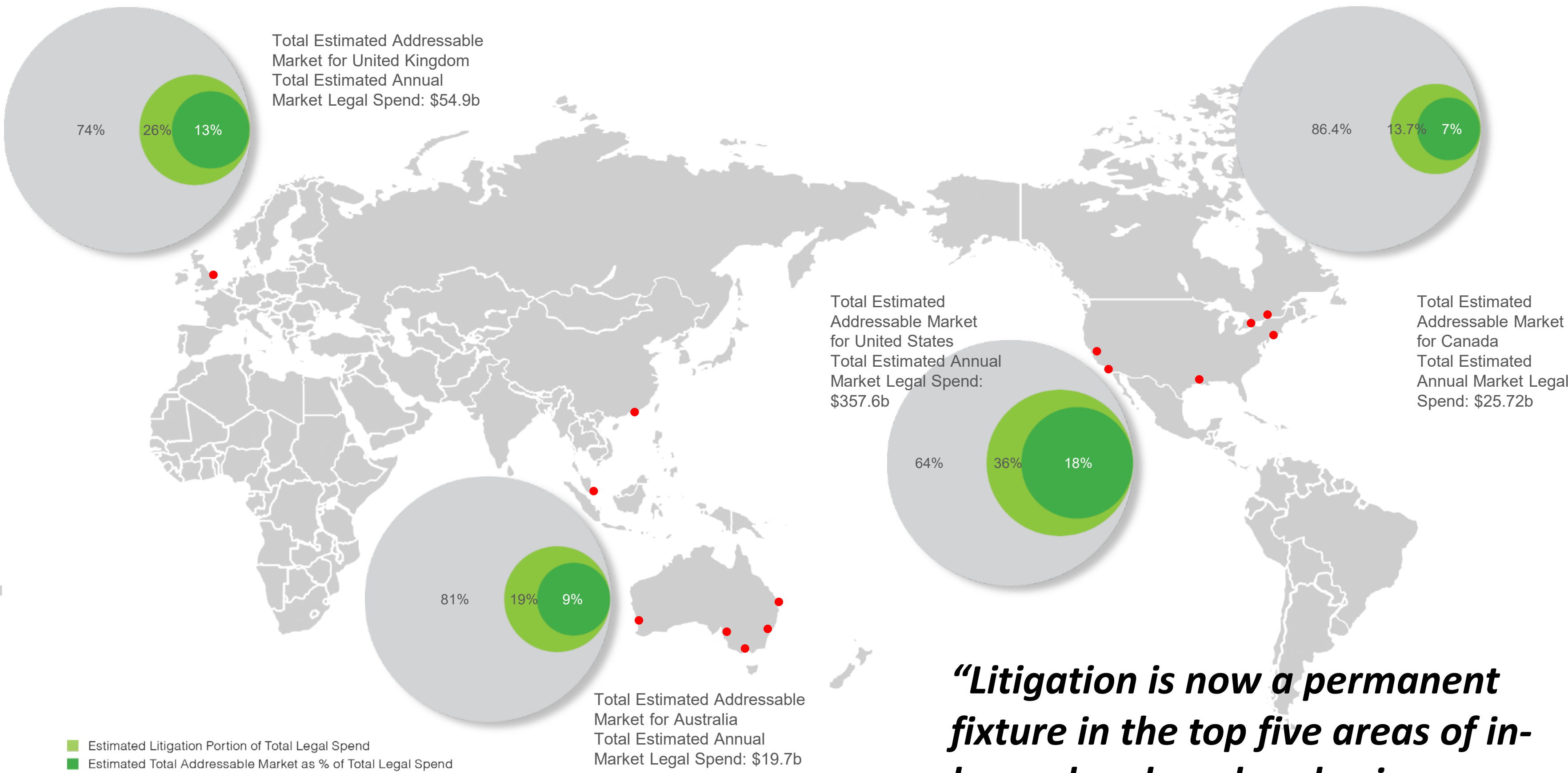
Funder receives pre-negotiated payout for successful outcome (e.g. ~40% of recoveries)

Claimants receive residual portion of recoveries

IMF has collected over $2.3 billion for clients and successfully resolved 90% of 184 completed cases since 2001

IMF BENTHAM
INTERNATIONAL LITIGATION FUNDING

Industry Dynamics



"Litigation is now a permanent fixture in the top five areas of in-house legal work as businesses deploy legal means as a business strategy tool" [1]

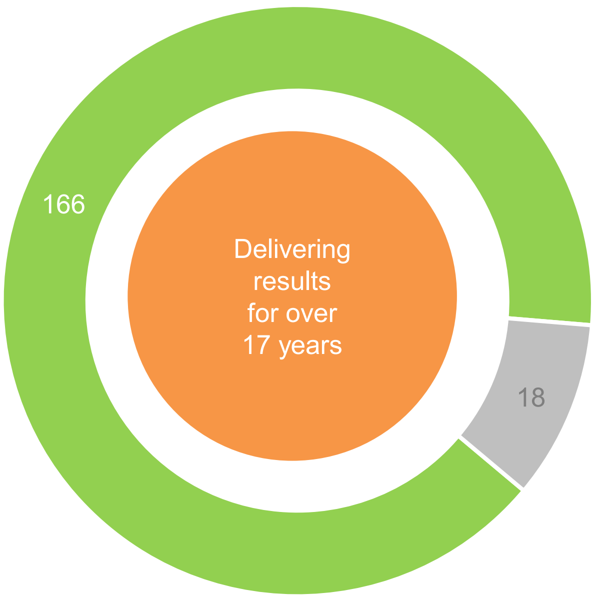
1. 2017, Benchmarks & Leading Practices Report, Association of Corporate Counsel Australia, p 117.

IMF BENTHAM
INTERNATIONAL LITIGATION FUNDING

IMF - Recent Developments

- During the first half of FY19, IMF continued with developing the infrastructure and resources necessary to support the execution of its strategic five-year plan, unconstrained by delays during the period in investment completions:
  - Equity Capital raising:
    - Raised $74.5m in new share equity (at $2.80 per share) from existing and new institutional shareholders and $1.6m in new share equity from retail investors at same price as institutional investors.
  - Debt raising & restructure:
    - Successfully increased the IMF Bentham Bonds on issue from $50m to $76m.
    - Increased the debt limit to $300m and extended the maturity to December 2022.
  - Funds Under Management:
    - Launched a new US Fund, with investor commitments of USD500m; (option for series ii - USD500m).
    - RoW Funds' investors recently agreed to increase capital commitments by 20%: AUD150m to AUD180m.
  - Increased staffing to c.100 staff.
  - As at 31 December, net assets have increased from $367.8m to $460.4m, a 25% increase, reflecting in part the ongoing material, positive growth in the number of investments, EPV and intangible asset balance with the continuation of our strategy to diversify risk.

IMF'S Track Record of Success



- Wins/settlements
- Losses

Investments funded to completion at 31 December 2018.
Does not include withdrawn investments

A$2.3b total recoveries	**2.6 years** average duration	**90%** success rate	**$871m** IMF's revenue
A$1.4b returns for funded claimants	**80** active investments	**184** investments funded to completion	**144% ROIC** 2.4x MOIC

A$2.3b
total recoveries

38% → **$871m**
IMF's revenue

$357m
cost – investment in completed cases

$514m
IMF's cumulative profits

62% ↓ **A$1.4b**
returns for funded claimants

144% ROIC
2.4x MOIC

The data contained in the Funding Track Record has been reviewed by Ernst & Young to 31 December 2018.

Recent Completions By Region (since 1 July 2011)

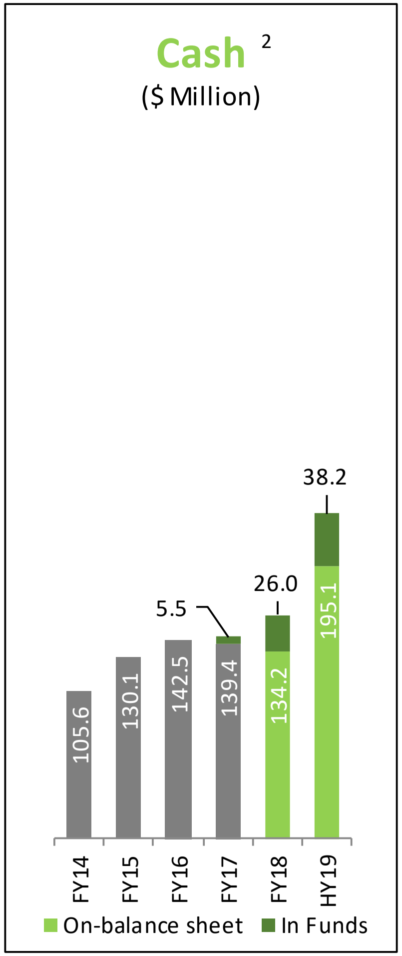
	# of completed investments	Average investment length	Success rate by number of cases	by $ weighted average	ROIC	IRR (excluding overhead)	IRR (including overhead)
Rest of World (balance sheet & RoW Fund 2/3)	64	3.00	89%	88%	133%	86%	58%
USA (balance sheet & Fund 1)	25	1.52	76%	83%	80%	99%	78%
Total	89	2.59	85%	88%	118%	87%	60%

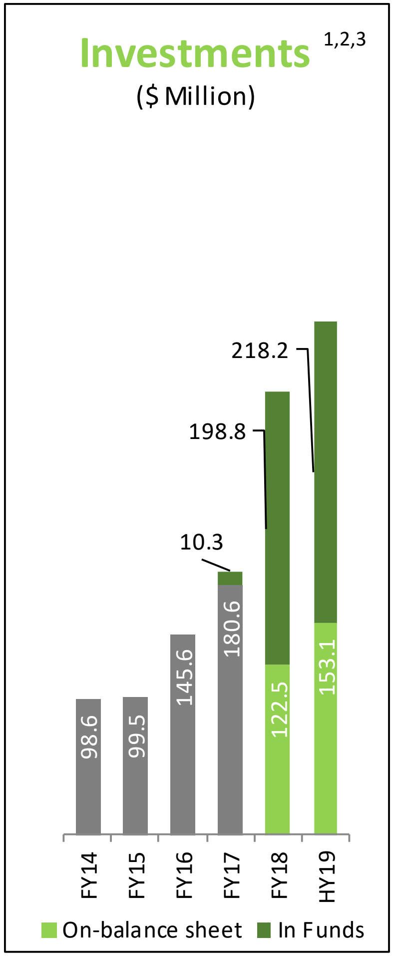
- Non-US success rate remains consistent with long-term historical success rate
- US success rate by number of investments and dollar weighted average lower than RoW, reflective of difference in litigation process, including US has jury system for commercial matters. However, investment durations to date have been materially shorter than in the RoW and, combined with the absence of a "loser pays" costs system, has resulted in completed US investments producing higher IRR's than in the RoW.
- US outcomes unlikely to be reflective of long term, and expectation is that it will trend towards outcomes in RoW.

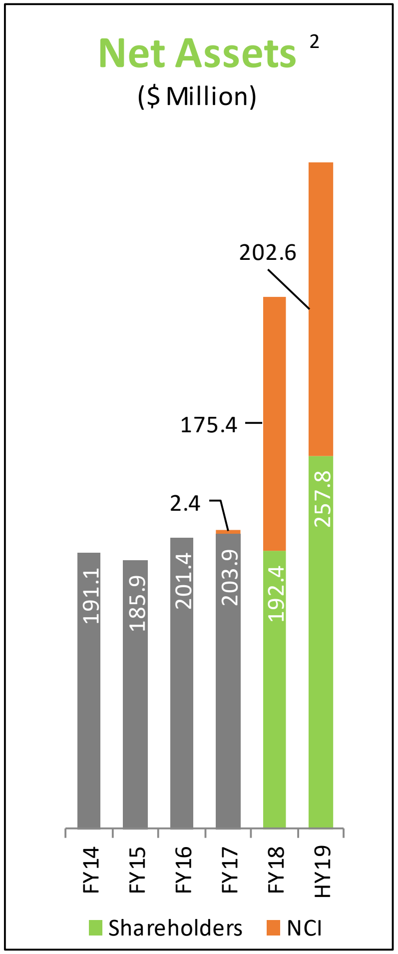
[1] US results include fee revenue earned on continuing investments in case portfolios.

[2] Overheads include capitalised employee costs and interest, which are not charged to the funds.

Balance Sheet Strength







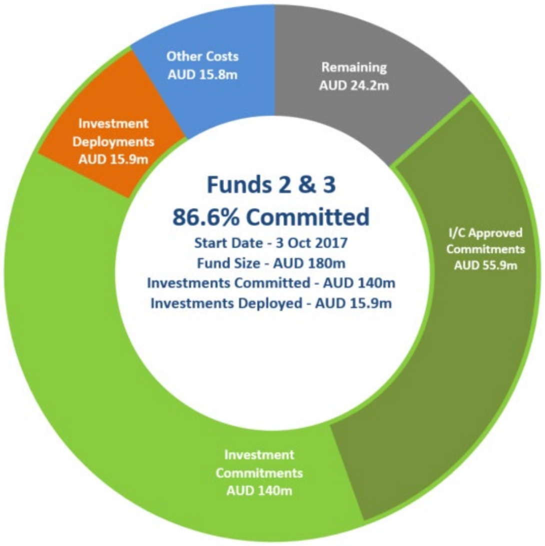
[1] Investments are at minimum of cost or impaired value and includes capitalised overheads relating to the litigation.

[2] Cash, Investments and Net Assets are for the Group on a consolidated basis. The equity interest attributable to the external investors is reflected in Non Controlling Interests.

[3] Returns from investments housed in Funds follow each respective Fund's waterfall of distributions, including allocation of profits to the IMF Group once capital and priority returns are paid.

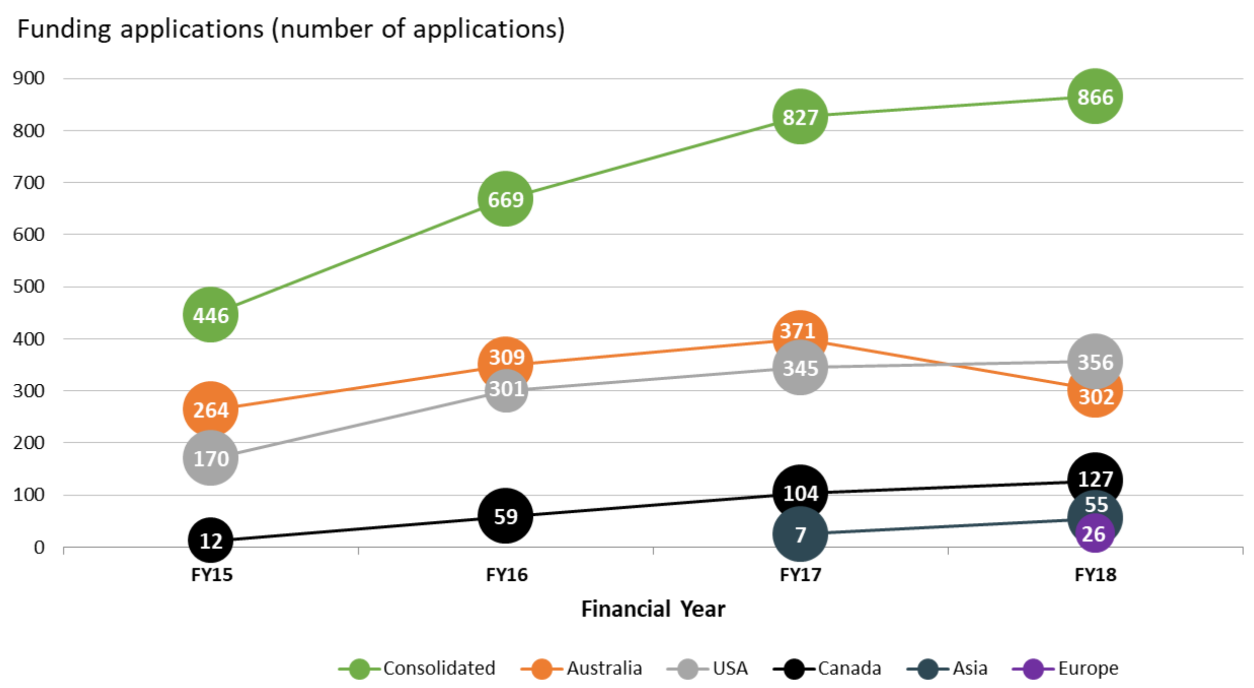
Commitments, Deployed, Capacity at 31 January 2019

- US Fund (#1) had committed 89.1% of available capacity.
- Investment Commitments reflect, generally fixed, capital commitments. There are no conditionally funded or Investment Committee approved but not yet funded investments in Fund 1.
- Once this Fund is fully committed, new US investment will occur within the recently closed Fund 4.



- RoW Fund (#2 & 3) had committed 86.6% of available capacity, after the increase in size to $180m.
- Commitments includes the budgets for the full life of all unconditionally funded investments and also include aggregate commitments of $12.2m to three conditionally funded investments (no change to 31 December 2018).
- There are a further ten investments which have been approved by the Investment Committee but are not yet funded, which have combined investment budgets of $55.9m (eight at 31 December 2018 with combined investment budgets of $44.1m).
- If conditionally funded investments do not become unconditional, capacity will be released for further commitment.

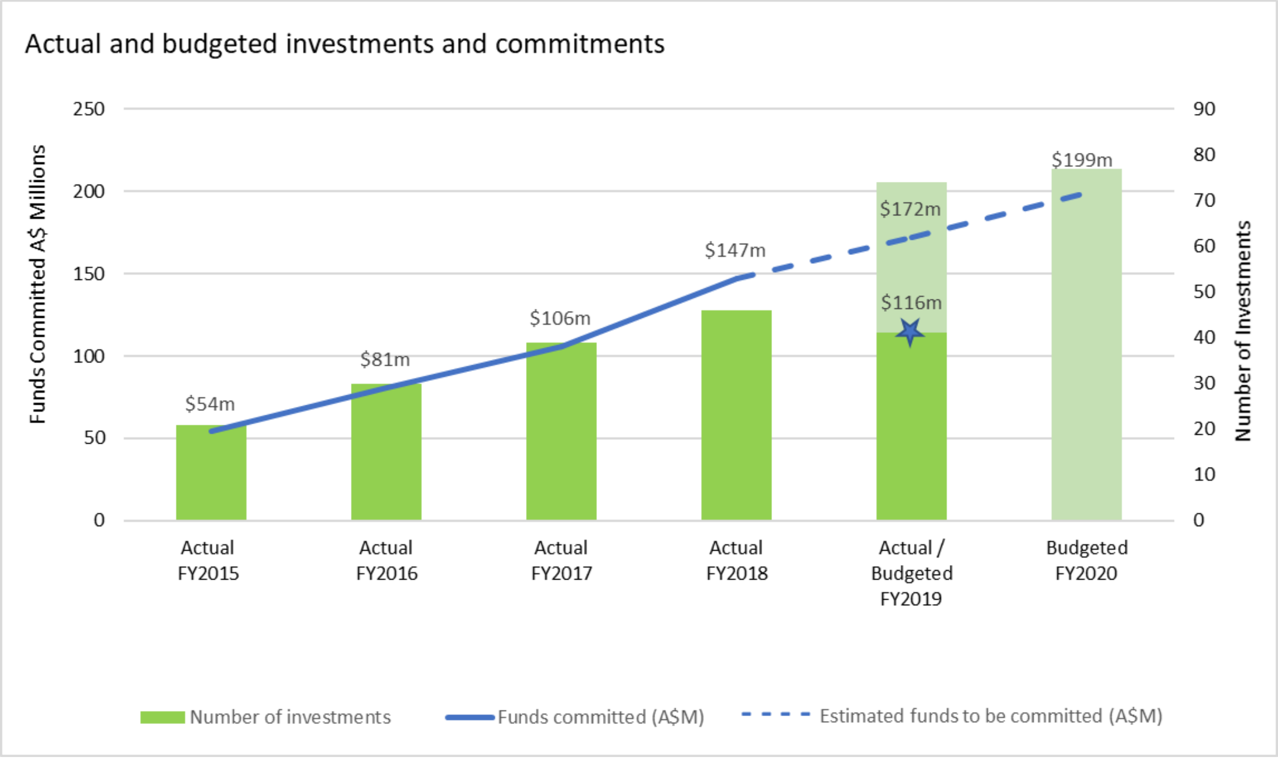
Funding Applications



Financial Year to Date 31 Dec 18	
Australia	107
USA	190
Canada	65
Asia	37
Europe	58
Consolidated	457

- Continued to experience high volumes of applications, with FY19 on track to exceed FY18; demonstrating 5 years of growth.
- Applications are up on 1HFY18, (457 v. 394), and reasonably consistent with 2HY18 (457 v. 472).
- Strong contributions from new geographies in Canada, Asia and Europe and decline in Australia.
- Expanded footprint in Asia, Canada and Europe to increase opportunities and pipeline.

Investments and Commitments

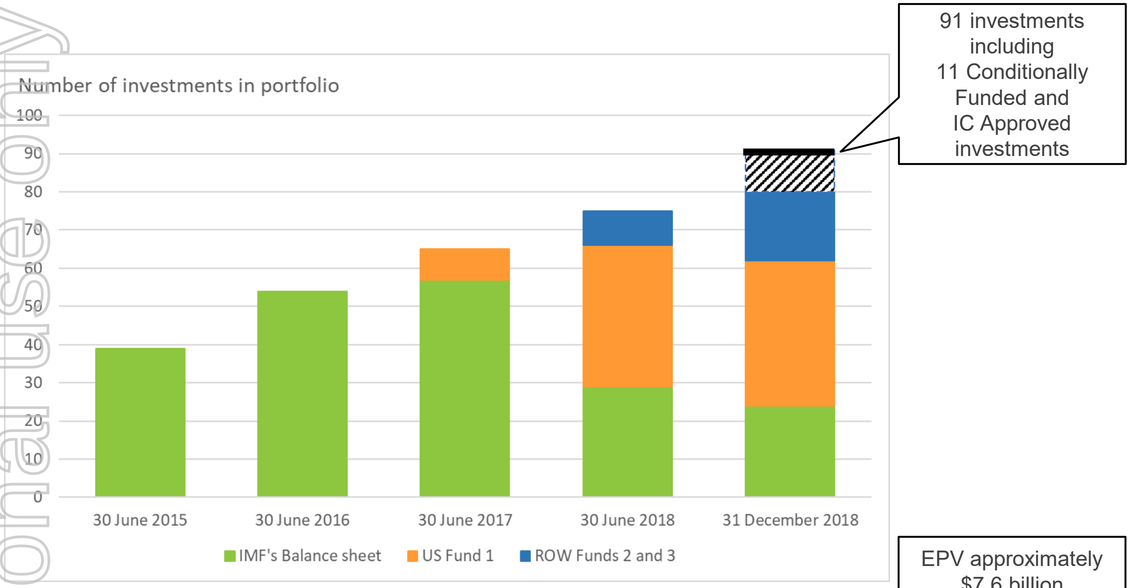


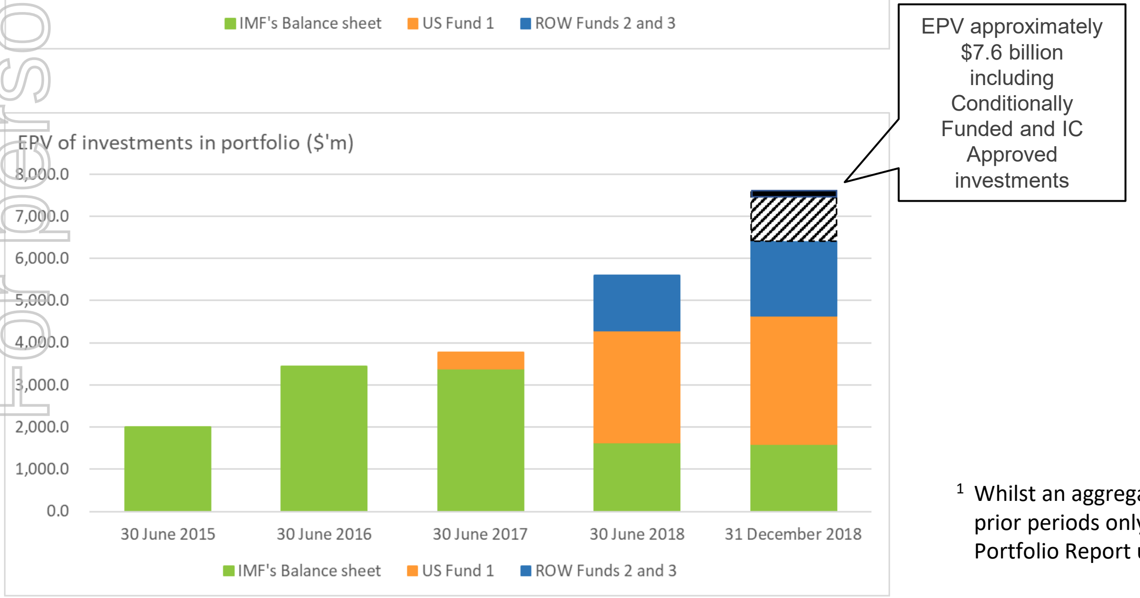
Growth continuing to be derived from:

- Increase in number of Investment Managers
- Maturing offices in North America, Asia and Europe
- Launch of new product offerings for corporates
- Increased targets for funding for Investment Managers as a consequence of increased capital from funds

Note: FY17, FY18 and 1HFY19 committed funding amounts include conditionally funded investments and investments approved for funding by the Investment Committee but not yet funded.

Investment Portfolio at 31 December 2018

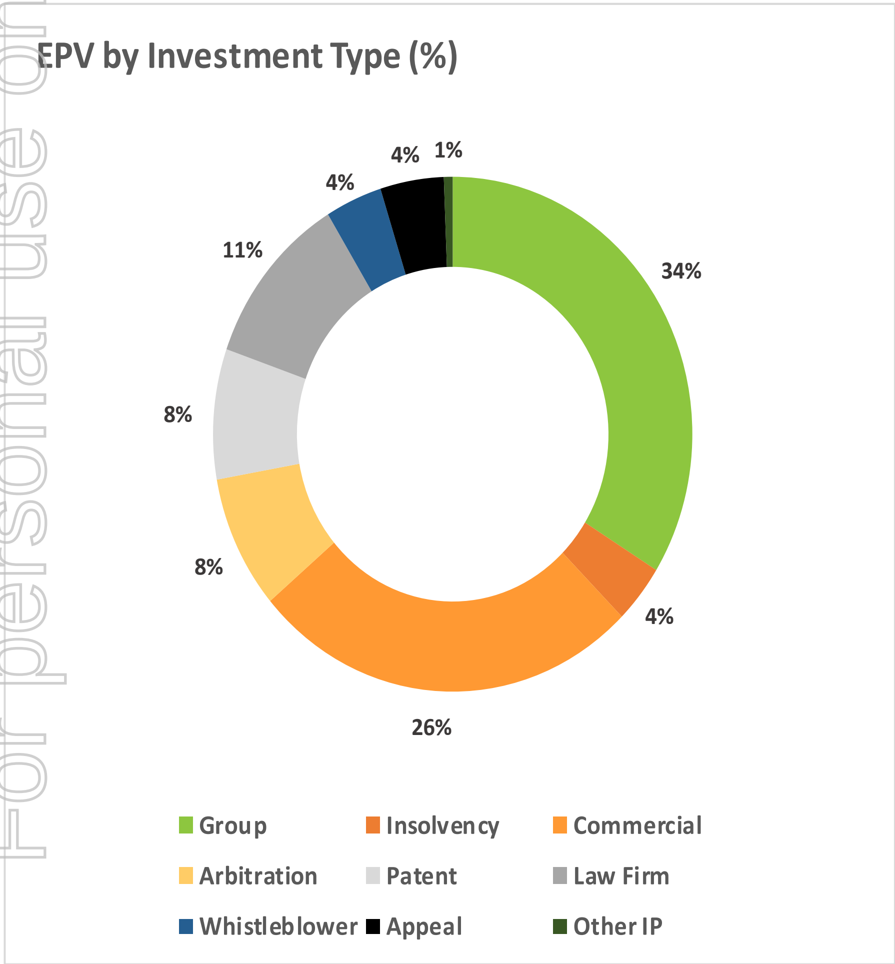




- Increase in number of investments currently funded to 80.
- 3 further investments conditionally funded and 8 investments approved for funding by the Investment Committee.
- IMF does not separately disclose EPV or intangible asset values for individual investments.
- Aggregate EPV of funded investments has increased to $6.4B; there are a further 11 approved investments which takes the potential aggregate EPV of $7.6B.

[1] Whilst an aggregate portfolio EPV figure is provided, this is for ease of comparison with prior periods only and IMF continues to report on its US cases in its quarterly Investment Portfolio Report utilising invested capital as the appropriate metric.

Diversification by type (31 December 2018)



- Moving from balance sheet investor to via Funds (100% balance sheet June 2016; 26% balance sheet 31 December 2018).
- Opportunistic investor, so no hard rules on blend of investments, other than
  - Fund 1 hard cap on patent claims;
  - Concentration caps for individual and portfolio investments in both funds; and
  - Geographic caps in RoW Funds.
- Investments in group claims predominately Australia, but also in Canada with potential for UK.
- Law firm portfolio funding c.10%, given lower returns, although risk adjusted returns are appealing.
- Primary focus on single party and group claims, given specialist nature of IM skill set and infrastructure, and generally higher return profile.

Investment Portfolio at 31 December 2018

(See notes to Investment Portfolio at 31 December 2018 (slide 18) for further details)

	# of Investments	EPV[1]	Posssible completion EPV $M[2] FY 2019	FY 2020	FY 2021 +	Priority capital called $M	Preferred return due $M	IMF capital called $M	IMF share of residual profit
Balance sheet	24	1,594.1	767.5	568.6	258.0	n/a	n/a	n/a	100%
Fund 1	38	3,038.7	347.9	1,878.0	812.8	116.3	7.5	40.7	85%
RoW Funds 2 /3	18	1,775.6	-	402.0	1,373.6	46.3	5.8	11.6	80%
Fund 4	-	-	-	-	-	-	-	-	-
TOTAL	**80**	**6,408.4**	**1,115.4**	**2,848.6**	**2,444.4**				

- Past performance indicates that historically IMF's litigation funding investments have generated an average gross revenue of approximately 15% of the EPV of the investment at the time it is completed (Long Term Conversion Rate). Past performance is not necessarily an indication of future performance.

- Fund 1 and RoW Funds 2/3 have additional capacity, which will increase EPV when investments are sourced which will also increase capital committed for priority return and to IMF. When Fund 1 is fully deployed, US investments will be financed from Fund 4

- Waterfalls in fund structures require capital and preferred return to investors before capital and management fee to IMF, after which profit is split.

1 Whilst an aggregate portfolio EPV figure is provided, this is for ease of comparison with prior periods only and IMF continues to report on its US cases in its quarterly Investment Portfolio Report utilising invested capital as the appropriate metric.

2 This is not a projection and only shows possible EPV completion of investments at 31 December without allowance for any additions thereafter.

IMF Capital Plans

Fund

- IMF has commenced preparation and planning of a new Fund for non-US investments (Fund 5).
- Investments will propagate this new Fund once the committed capital available in RoW Fund 2/3 has been utilised.
- As at 31 January, $140m was committed to investments in the RoW 2/3 Fund, representing 86.6% of upsized Fund.
- IMF is targeting a fund size of USD$300m-USD$500m of commitments.
- IMF will seek to replicate the economics obtained for the recently announced US Fund 4.
- Target to close by 30 June, if not sooner.

Debt

- OTC Notes mature on 30 June 2020 with an option for IMF to accelerate to 30 June 2019.
- Consideration being given to accelerate notes, to align covenants with recently restructured listed bonds and to extend maturity.

Strategy

IMF continues to identify opportunities for growth and risk diversification.

Item	Opportunity
Major growth opportunities	▪ Focus on development of corporate funding and commercial arbitration in all jurisdictions. ▪ Exploring opportunities in Europe including M&A options. ▪ Increased contributions from the Canadian, Asian and European offices as they become more established.
Growth and diversification	▪ Operates from 14 offices in six countries around the world, with plans for expansion into Continental Europe, and consideration of further expansion within jurisdictions in which we currently operate.
Capital structure	▪ Look to launch RoW Fund (Fund 5) before end of financial year. ▪ Examine options for refinance OTC Notes to extend maturity and align covenants.

Risk Mitigation

Risk	Potential Impact	Strategic Response
Portfolio Concentration	Potential for a funded case to be lost = IMF investment lost and exposure to adverse costs Two material investment risks on balance sheet: Wivenhoe Dam & Westgem	▪ Deliberate transition from idiosyncratic risk to systemic risk of a portfolio ▪ Portfolio represents increased number of investments, broader range of case types, sizes and jurisdictions ▪ Co-funding and ACO insurance cover in place
Competition	Price compression Loss of Market Share Talent loss	▪ Market differentiation (track record, capital adequacy, ACO cover, security for costs, transparency through public listing, reputation for integrity and fairness, strategic insights & project management on cases) ▪ Innovation - products & services ▪ Know-how - Business processes ▪ Talent retention strategies ▪ Taking steps to reduce cost and increase availability of capital
Regulatory Change	Need to adjust Business Model New reporting /licensing regime New market entrants	▪ Awareness, involvement and industry leadership
Key-person Dependency	Loss of know-how	▪ Legal avenues: non- compete, confidentiality and IP protection agreements ▪ Talent retention & knowledge transfer strategies: coaching, mentoring, professional development to build, transfer and safe-guard corporate knowledge ▪ Incentive Plans which reward loyalty and engagement
IT & Data Security	Loss of data due to software or hardware failure Theft or corruption of data or trade secrets due to social engineering or external penetration ('hacking')	▪ Continuous adaptation to be nimble ▪ Audits by external security and IT providers ▪ Staff education ▪ Constant vigilance
Brand Reputation	If reputation is sullied, stakeholder trust and loyalty is eroded and brand equity and financial value can be compromised	▪ Conscious culture of risk management ▪ Numerous policies and practices to safe- guard reputation including escalation procedures throughout our organisation and regular and clear communication with all stakeholders
Poor Investment Decisions	Financial impact of loss of investment, and in relevant jurisdiction adverse cost exposure, with flow on reputation risk	▪ Investment in experienced investment managers with litigation experience ▪ Enhanced Investment Committee process with introduction of external resources from the judiciary and legal profession

The above is not intended to be an exhaustive list of all the risks faced by the business

Notes to the Investment Portfolio at 31 December 2018

Investments Included in Portfolio
The Investment Portfolio includes investments for which the IMF Group have entered into an unconditional commitment to fund and includes investments where a previously conditional funding agreement has become unconditional. Investments in Australian shareholder class actions included in the portfolio as unconditional may still be subject to a Court process, where there are competing class actions claims, to determine which case proceeds.

Past Performance
Past performance is not necessarily an indication of future performance. Both the Long-Term Conversion Rate and IMF's ROIC may vary materially over time. By providing this information, IMF has not been and is not now in any way providing earnings guidance for future periods. IMF will update its Long-Term Conversion Rate and ROIC figures semi-annually in its Investment Portfolio report following the EY review of completed investments.

EPV
EPV is IMF's current estimate of a Non-US claim's recoverable amount after considering the perceived capacity of the defendant to meet the claim. It is not necessarily the amount being claimed by the claimants, nor is it an estimate of the return to IMF if the investment is successful. An EPV is subject to change over time for a number of reasons, including, but not limited to, changes in circumstances and knowledge relating to an investment, partial recovery and, where applicable, fluctuations in exchange rates between the applicable local currency and the Australian dollar. Where a global portfolio EPV figure is noted which incorporates US Claims, the applicable EPV value for US claims is calculated by a different methodology from the non-US claims reflecting the difference in compensation structures.

Possible Completion Periods
The possible completion period is IMF's current estimate of the period in which an investment may be finalised. An investment may finalise earlier or later than the identified period for various reasons.

Completion for these purposes means finalisation of the litigation by either settlement, judgment as to liability or arbitrator determination, for or against the funded claimant, notwithstanding that such finalisation may be conditional upon certain matters such as court approval in the context of a class action. It may not follow that the financial result will be accounted for in the year of finalisation. Possible completion period estimates are reviewed and updated where necessary.

Invested and Committed Capital
Invested and committed capital is equal to the total capital either invested or committed to investments, translated to Australian dollars at the foreign exchange spot rate prevailing on the reporting date.

Non-USA
IMF's Non-USA classification includes all regions excluding the USA in which IMF has commitments currently being Australia, Canada, Asia and Europe.

Accounting Consolidation of IMF's Investment Vehicles
IMF's USA Fund 1, Fund 2 and Fund 3 are consolidated within the IMF group financial statements, with the respective external investors' interests reflected as Non-Controlling interests. Therefore, the entire EPV for investments funded by Fund 2 and Fund 3, and the entire funding commitment for investments funded by the Fund 1, are included in the quarterly Investment Portfolio.

Split Reporting
The different regional reporting formats within the Investment Portfolio reflect the predominant underlying earnings structure the IMF utilises in each of the applicable regions: namely a multiple of capital invested in the USA and a percentage of the resolution amount for the non-USA investments.

Disclaimer

- The material in this presentation has been prepared by IMF Bentham Limited (IMF) and is general background information about IMF's activities. The information is given in summary form and does not purport to be complete.
- A number of terms used in this presentation including; ROIC, EPV , success rate by $ weighted average, success rate by number of investments, IRR, actual, budgeted and deployed committed capital are categorised as non-IFRS information prepared in accordance with ASIC Regulatory Guidance 230 – Disclosing non-IFRS financial information, issued in December 2011. This information has not been audited or reviewed. For further commentary and analysis refer to IMF's 2018 annual report.
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