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## INVESTOR PRESENTATION

February 2015

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# HY2015 HIGHLIGHTS

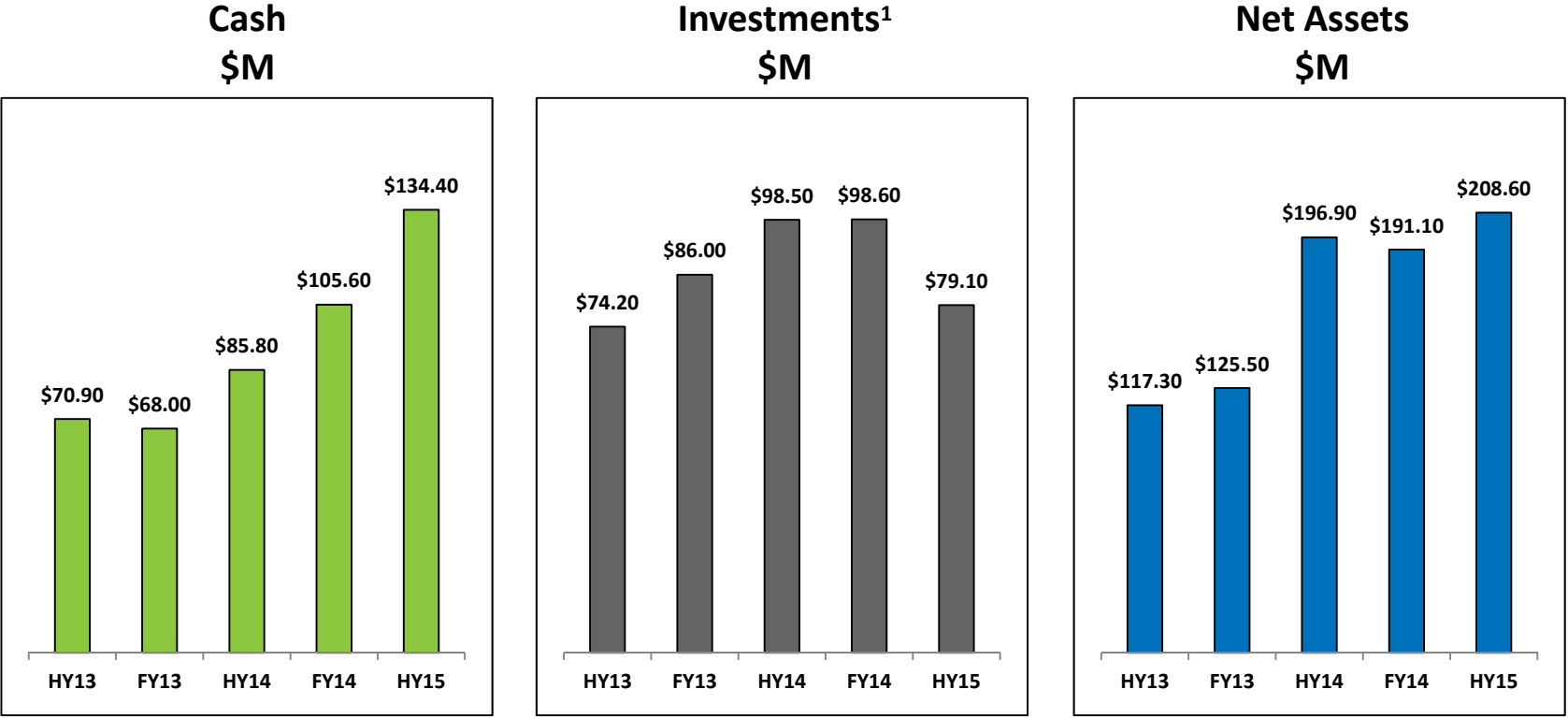
	HY2014	FY2014	HY2015	HY2015 v HY2014
Gross Income (from cases)	\$33.6M	\$75.9M	\$77.6M	▲ 131%
Net Income (from cases)	\$17.0M	\$26M	\$35.2M	▲ 107%
NPBT	\$13.6M	\$15.6M	\$32.5M	▲ 139%
NPAT	\$9.1M	\$9.9M	\$23M	▲ 152%
Dividends (cents per share)	5 cents	10 cents	5 cents	-
EPS	6.70	6.56	13.81	▲ 106%
Net Asset Backing	\$1.20	\$1.16	\$1.25	▲ 5%
Case Investment (Intangibles)	\$98.5M	\$98.6M	\$79.1M	▼ 20%
Value of Investment Portfolio	\$1.94BN	\$2.07BN	\$1.82BN	▼ 6%

# HY2015 INCOME

MATTER	GROSS INCOME	NET INCOME
US Case	\$17.3M	\$11.3M
Premium Income Fund	\$18.3M	\$7.7M
US Case	\$16.0M	\$7.6M
ABC Learning Centres	\$16.7M	\$5.1M
Confidential Australian matter	\$2.4M	\$1.7M
Desalination Technology*	\$2.4M	\$1.6M
Peninsula Colour Graphics	\$1.2M	\$1.0M
Others	\$3.3M	(\$0.8M)
<b>Total Matter Income</b>	<b>\$77.6M</b>	<b>\$35.2M</b>

\* The ATO have appealed the decision, which was awarded in favour of IMF's client. IMF is funding Desalination Technology in the appeal.

# BALANCE SHEET STRENGTH



<sup>1</sup> Investments include capitalised overheads relating to the litigation.

# INVESTMENT PORTFOLIO

Claim Value Range	Est. Claim Value <sup>1</sup>	No of Cases	% of Total Value	Possible Completion FY2015 <sup>2</sup>	Possible Completion FY2016 <sup>2</sup>	Possible Completion FY2017 <sup>2</sup>
<\$10M	\$27M	6	2%	\$15M	\$12M	–
\$10M - \$50M	\$461M	15	25%	\$60M	\$121M	\$280M
>\$50M	\$1,330M	9	73%	\$50M	\$740M	\$540M
<b>Total Portfolio<sup>1</sup></b>	<b>\$1,818M</b>	<b>30</b>	<b>100%</b>	<b>\$125M</b>	<b>\$873M</b>	<b>\$820M</b>
<b>US Cases incl. in Portfolio<sup>1</sup></b>	<b>\$343M</b>	<b>12</b>	<b>100%</b>	<b>\$20M</b>	<b>\$148M</b>	<b>\$175M</b>

- 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. 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 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. Completion estimates are prepared and announced on a quarterly basis. If any matter proceeds to trial and is lost then IMF is likely to become liable to pay adverse costs to each successful defendant.

## POSSIBLE COMPLETIONS IN 2H2015

Below is a list of matters that may possibly complete in 2H2015. Other matters may also complete in that period.

Matter	Description
Retail Adventures	IMF successfully funded a number of unsecured creditors to set aside the Deed of Company Arrangement ("DOCA") and Retail Adventures went into liquidation. The liquidators then settled claims for insolvent trading and unsecured creditors are expected to receive total dividends of about four times greater than what they would have received had the DOCA not been overturned. IMF will receive a return from dividends paid to the unsecured creditors it funded.
US Case	Another US funded case could complete in 2H15. IMF has taken the policy position not to disclose specific details about the US investments other than to describe them in a general manner until after the resolution of each case.
Firepower	IMF is funding several small matters on behalf of investors in relation to the collapse of Firepower Holdings Group Limited which are expected to complete by 30 June 2015.
Bank of Queensland	The Bank of Queensland appeal by IMF clients will be heard on 15 February 2015 and should be finalised by 30 June 2015.
Other	A number of other matters could complete.

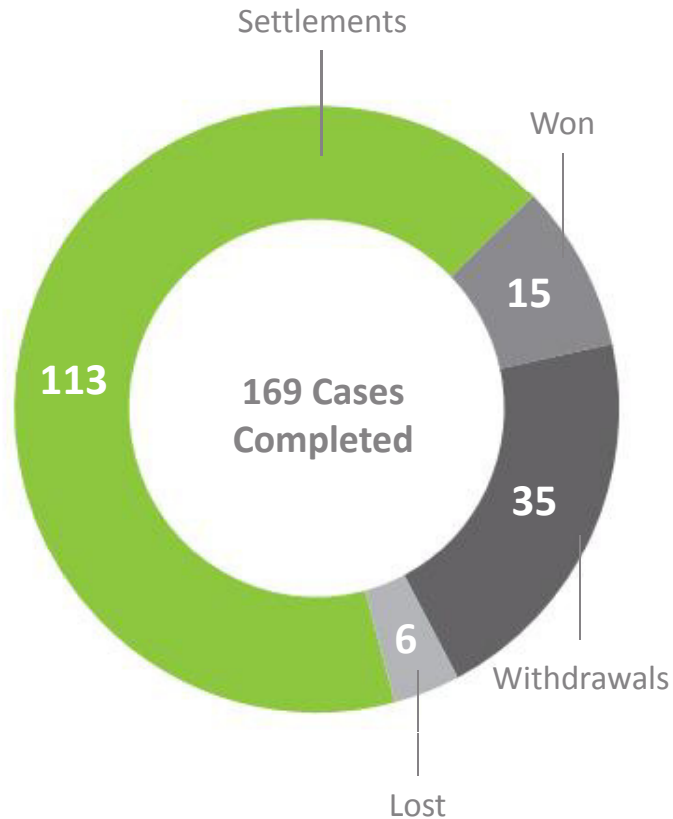
## POSSIBLE COMPLETIONS IN 2H2015

Matter	Description
Bank Fees	<ul style="list-style-type: none"> <li>▪ On 4 February 2014 Justice Gordon delivered judgment in the Bank Fees matter.</li> <li>▪ The findings in favour of IMF's clients were that late payment fees were penalties at law and that certain inter account exception fees had been charged by the Bank in breach of contract.</li> <li>▪ Late payment fees are subject to an expanded limitation period which commenced in 2010.</li> <li>▪ The clients were not successful in relation to their claims concerning honour fees, dishonour fees and over limit fees charged by the Bank.</li> <li>▪ The judgment and its impact on the cases being funded by IMF against other banks is still being assessed.</li> <li>▪ It is currently estimated that the successful part of the action against ANZ represents about 25% of the total claim being made in that action.</li> <li>▪ Both ANZ and the clients' representative have appealed the decision by Justice Gordon. The appeal was heard on 18 August 2014.</li> <li>▪ It is expected that whichever party is unsuccessful in this appeal will seek special leave to appeal to the High Court so that the result in this matter and numerous actions pending against other banks will not be known until that process has been completed.</li> <li>▪ In the meantime the NAB has indicated an intention to settle and steps have been taken to open and close the class against it.</li> </ul>
<b>Total</b>	<b>\$125M (claim value in portfolio as at 31 December 2014)</b>



# TRACK RECORD

## IMF's track record to 31 December 2014



### Summary

- **169** cases commenced and completed since listing.
- Average investment period of 2.4 years.
- Generated revenue of \$1.63B:
  - \$1035M to Clients (63%);
  - \$592M to IMF comprising:
    - \$222M reimbursement of costs (14%); and
    - \$370M net revenue to IMF (excluding overheads) (23%);
  - ROI of 166%.
- Lost cases cost \$16M including adverse costs.
- Withdrawals cost \$5M.
- Losses and withdrawals cost 4% of IMF revenue.

## US BUSINESS

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- IMF established a US subsidiary in August 2011 and opened its first office in New York. Following growth, our Los Angeles office was opened in September 2013.
- US business now has 8 staff including 4 investment managers and 2 legal counsel. Investment managers are all former senior litigation attorneys, each of between 15 – 25 years legal experience.
- 18 cases have been funded since inception (including the case funded in January 2015).
- Five of these cases have now been successfully completed with a further one partially completed, resulting in 6 matters producing income to the Group (two of these matters being smaller generating less than \$300,000 profit).
- The claim value of the 12 remaining cases funded in the US at 31 December 2014 was \$343M (including the partially completed matter) (June 2014: \$322M).
- US law concerning whether funders' communications are protected by privilege inhibit IMF's usual transparency about its business.
- Gross revenue from completed cases to date of \$41M. Net profit of \$22M. (from inception of US business and including YTD FY2015).
- Portfolio spread across a variety of case types including commercial, patent, appeal and multi-party.
- Different funding products to Australia: client funding using hybrid fee arrangements, funding client operational costs, funding to law firms across a portfolio of cases.
- Growing competition in the US market, but market knowledge of litigation funding remains at a relatively early stage.
- Third office likely to be opened in 2015.
- Growth likely to require further funding sources in the US.

## SELECTED CASE UPDATES

Matter	Description
Westgem	Proceedings for damages against Bankwest were filed in the Westgem matter. The Bank lost its applications to strike out the statement of claim, for an injunction to prevent the Claimant's solicitors from continuing to act and to have a special purpose liquidator appointed to deal with the claim. A defence has been served by the Bank and a reply is being prepared to it.
Rivercity	The Rivercity claim against Aecom and two Rivercity companies, alleging misleading and deceptive conduct and omissions in relation to the traffic forecast included in the product disclosure statement, also continues through the Court. The case has a date for trial commencing on 7 September 2015.
Stichting Ratings Redress	Proceedings were filed in December 2013 in the Netherlands, by a Foundation incorporated in the Netherlands, "Stichting Ratings Redress" ("SRR"), to pursue claims in respect of losses suffered by investors in CPDOs arranged by ABN Amro and rated by S&P. SRR has entered into a funding agreement with IMF pursuant to which IMF will fund claims assigned to SRR by CPDO purchasers. S&P has filed proceedings in the UK seeking declarations and currently the matters are before the UK and Netherlands Courts to determine which court(s) have jurisdiction.

## SELECTED CASE UPDATES

Matter	Description
Wivenhoe Dam	The claim in the Wivenhoe Dam case by persons who suffered loss due to the Brisbane floods in 2011 caused by the alleged negligence of the Dam operators, was filed in the NSW Supreme Court on 8 July 2014. IMF has entered into a participation agreement with interests associated with its European joint venturer to share equally the costs (including any adverse costs) of, and any return from, this claim. Leave to file an amended statement of claim on or by 13 February 2015 has been given. The case has a date for trial commencing on 18 July 2016.
S&P	IMF is funding a claim by investors against McGraw Hill (“S&P”) for the balance of their losses not likely to be compensated by a distribution from Lehman Bros Australia (the S&P Lehman case). The claim was filed in April 2013 and is proceeding through interlocutory processes. A trial date commencing on 12 October 2015 has been set.

## FUTURE OUTLOOK

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- Further development of international funding platform:
  - Expansion in the US (new staff, more cases).
  - Expansion in the UK and Europe (joint venture).
  - Funding in Hong Kong (focus on insolvency cases).
- Building the investment portfolio above \$2B claim size.
- New managing director (Andrew Saker) as from January 2015. Hugh McLernon to remain in the company with a focus on major cases and special projects.
- In Australia, renewed focus on opportunities for funding in insolvency situations.
- More competition in Australia and internationally, reflecting a maturing industry.
- Potentially more regulation in Australia - Productivity Commission recommended litigation funders be licensed to ensure they hold adequate capital and properly manage risks and conflicts of interests.

# KEY RISKS

Item	Description
<b>Choosing, and remaining in, a funded case that is ultimately lost</b>	<ul style="list-style-type: none"> <li>If a funded case is lost, IMF will lose not only its investment but may also have to pay the defendant's costs.</li> </ul>
<b>Reliance on key management</b>	<ul style="list-style-type: none"> <li>IMF depends substantially on its executive directors, senior management and key personnel to oversee the day-to-day operations and the strategic management of IMF. There can be no assurance given that there will be no detrimental impact on IMF if one or more of these directors or employees cease their employment.</li> </ul>
<b>Government regulation</b>	<ul style="list-style-type: none"> <li>No assurance can be given that regulation in Australia and overseas will not change in the future and adversely affect IMF's business and financial performance. However, there is presently no legislation proposed in the markets in which IMF operates of which it is aware.</li> </ul>
<b>Judicial decisions</b>	<ul style="list-style-type: none"> <li>To date, the Courts have generally found in favour of litigation funding arrangements in Australia but the Courts, in Australia or overseas, will continue to oversee the development of the litigation funding industry and adverse decisions may impact on the business of IMF.</li> </ul>
<b>Multiple defendants</b>	<ul style="list-style-type: none"> <li>In some cases defendants may add third parties to the funded litigation or more defendants may be joined, potentially increasing adverse costs if the litigation is unsuccessful (in certain markets).</li> </ul>
<b>Technology</b>	<ul style="list-style-type: none"> <li>IMF is dependent on technological services for its Case Management System. These systems may fail or may not operate properly. IMF may fail to keep its technology up to date with the resultant loss of business opportunities.</li> </ul>
<b>Competition</b>	<ul style="list-style-type: none"> <li>IMF currently has a handful of competitors in the Australian litigation funding market, including overseas based competitors, who are becoming more active. There are also two other litigation funders vying for a multinational litigation funding business. As time passes and litigation funding becomes more widespread, competition will develop, and such competition may impact on the performance of IMF.</li> </ul>