



## RELEASE TO AUSTRALIAN SECURITIES EXCHANGE

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### CASE INVESTMENT PORTFOLIO AT 30 JUNE 2017

#### Summary

- During the June 2017 quarter, IMF added eight new cases to its Case Investment Portfolio, including six cases funded by the US Investment Vehicle. Three case completions together with revenue earned on US portfolio matters delivered gross revenue for the quarter of \$38.5 million.
- IMF's investment portfolio now comprises 65 cases with a total Estimated Portfolio Value (EPV) of \$3.8 billion, represented by an EPV in Australia of \$1.6 billion and over \$130 million in capital commitments in the USA, including IMF's US investment vehicle.
- IMF remains focussed on driving further growth and diversification in its investment portfolio.

Consistent with the March Case Investment Portfolio report, IMF has presented its Case Investment Portfolio at 30 June 2017 in the updated format, which reflects differences in the economics and revenue structures between the markets in which IMF operates, and has also provided a comparison in the historic format. Future Case Investment Portfolio reports will be provided solely in the updated format.

#### Case investment portfolio 30 June 2017 – Updated format

Below is a summary of the Case Investment Portfolio:

Australia and Asia – Estimated Portfolio Value						
EPV Range	Number of cases	EPV \$M	Proportion of total value	Possible completion FY2018 \$M	Possible completion FY2019 \$M	Possible completion FY2020 and later \$M
Less than \$50M	18	346.2	22%	174.0	90.2	82.0
Greater than \$50M	8	1,263.0	78%	580.0	633.0	50.0
<b>Total EPV</b>	<b>26</b>	<b>1,609.2</b>	<b>100%</b>	<b>754.0</b>	<b>723.2</b>	<b>132.0</b>

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Movement from the previous quarter is reconciled as follows:

Australia and Asia Reconciliation	Number of cases	EPV \$M
<b>31 March 2017 Portfolio</b>	<b>27</b>	<b>1,678.1</b>
Additions	2	62.3
Completions/Withdrawals	(3)	(144.0)
Updates		12.8
<b>30 June 2017 Portfolio</b>	<b>26</b>	<b>1,609.2</b>

US, US Investment Vehicle and Canada – Invested and Committed Capital					
	Number of cases	Total (excluding capitalised overheads and interest) \$M	Possible completion FY2018 \$M	Possible completion FY2019 \$M	Possible completion FY2020 and later \$M
<b>Invested Capital</b>					
US and Canada cases	31	86.6	22.8	57.2	6.6
US Investment Vehicle cases	8	10.7	1.3	5.5	3.9
<b>Total</b>	<b>39</b>	<b>97.3</b>	<b>24.1</b>	<b>62.7</b>	<b>10.5</b>
<b>Remaining Commitment to be deployed</b>					
US and Canada cases	31	22.2	2.3	18.5	1.4
US Investment Vehicle cases	8	11.2	0.0	7.2	4.0
<b>Total</b>	<b>39</b>	<b>33.4</b>	<b>2.3</b>	<b>25.7</b>	<b>5.4</b>
<b>Total Commitments</b>		<b>130.7</b>	<b>26.4</b>	<b>88.4</b>	<b>15.9</b>
<b>US ROIC</b>	<b>1.2x</b>				

Movement from the previous quarter is reconciled as follows:

US, US Investment Vehicle and Canada Reconciliation	Number of cases	Total Commitments \$M
<b>31 March 2017 Portfolio</b>	<b>34</b>	<b>120.5</b>
Additions	6	11.5
Completions	(1)	(1.0)
Adjustments due to foreign exchange movements		(0.3)
<b>30 June 2017 Portfolio</b>	<b>39</b>	<b>130.7</b>

Global performance since inception in 2001 has resulted in IMF generating a return on invested capital (net of invested capital) (**ROIC**), excluding withdrawals and overheads of 1.6x. In the US, based upon a much smaller number of completed cases, for the period from late 2011 to date, IMF's ROIC is 1.2x. In the US, the average case duration of completed cases is 1.4 years, compared to a global average of 2.6 years (excluding withdrawals).

## Case Investment Portfolio at 30 June 2017 – Historic format

Below is a summary of the Groups' Case Investment Portfolio at 30 June 2017:

EPV Range	Number of cases	EPV \$M	Proportion of total value	Possible completion FY2018 \$M	Possible completion FY2019 \$M	Possible completion FY2020 and later \$M
Less than \$50M	43	1,011.3	27%	462.4	325.5	223.4
Between \$50M and \$100M	11	731.1	19%	164.9	451.2	115.1
Greater than \$100M	11	2,039.5	54%	539.5	1,430.1	69.9
<b>Total Portfolio</b>	<b>65</b>	<b>3,781.9</b>	<b>100%</b>	<b>1,166.8</b>	<b>2,206.8</b>	<b>408.4</b>
Australia and Asia cases	26	1,609.2	42%	754.0	723.2	132.0
USA and Canada cases	31	1,769.9	47%	388.9	1,239.0	141.9
US Investment Vehicle Cases	8	402.8	11%	23.9	244.5	134.5
<b>Total Portfolio</b>	<b>65</b>	<b>3,781.9</b>	<b>100%</b>	<b>1,166.8</b>	<b>2,206.7</b>	<b>408.4</b>

Past performance indicates that IMF has generated average gross revenue of approximately 15% of the EPV of a case at the time it is completed (**Long Term Conversion Rate**).

Movement from the previous quarter is reconciled as follows:

Description	Number of cases	EPV \$M
<b>31 March 2017 Portfolio</b>	<b>61</b>	<b>3,681.4</b>
Additions	8	257.0
Completions/Withdrawals	(4)	(158.6)
Updates		12.8
Adjustments due to foreign exchange movements		(10.7)
<b>30 June 2017 Portfolio</b>	<b>65</b>	<b>3,781.9</b>

**"Additions"** refers to new cases for which the Group has entered into an unconditional commitment to fund and includes cases where a previously conditional funding agreement has become unconditional.

**"Completions"** refers to cases which are subject to an unconditional binding settlement agreement or a binding determination by a court or arbitration panel.

**"Updates"** details cases where the estimated portfolio value has either been increased or decreased due to underlying aspects of the cases.

The following cases also remain conditionally funded at the present time and are therefore not yet included in the Case Investment Portfolio:

- GST class action (19 September 2016)
- Canadian case involving an intellectual property dispute (9 January 2017)
- Woolworths Limited class action (11 April 2017)

## Past Performance

Past performance is not necessarily an indication of future performance. Both the Long Term Conversion Rate and IMF's global and US 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 global and US ROIC figures semi-annually in its Case Investment Portfolio report.

**Julia Yetsenga**

**Chief Financial Officer**

### Notes:

#### EPV

EPV is IMF's current best estimate (in Australian dollars) of a claim's recoverable amount, which takes into account the perceived capacity of the defendant to meet the claim. It is not necessarily the amount being claimed by the funded claimants in the case and is not the estimated return to IMF from the case if it is successful. An EPV is subject to change over time for a number of reasons, including changes in circumstances and knowledge relating to a case, partial recovery and, where applicable, fluctuations in the foreign exchange rates between the applicable local currency and the Australian dollar.

#### Possible Completion Periods

IMF will continue to present its quarterly Case Investment Portfolio by identifying the period in which it estimates a case may be completed. The possible completion period is IMF's current best estimate of the period in which a case may be finalised. A case 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 or arbitrator determination, for or against the funded claimant. 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 on a quarterly basis.

#### Invested and Committed Capital

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

#### Accounting Consolidation of IMF's Investment Vehicle

IMF's US Investment Vehicle will be consolidated within the IMF group financial statements, with Fortress' interest reflected as a Non-Controlling interest. Therefore, the entire funding commitment from cases funded by the US Investment Vehicle are included in the quarterly Case Investment Portfolio. The current portfolio includes eight cases funded by the US Investment Vehicle.