



RELEASE TO AUSTRALIAN SECURITIES EXCHANGE

MONDAY, 23 OCTOBER 2017

CASE INVESTMENT PORTFOLIO AT 30 SEPTEMBER 2017

Summary

- During the September 2017 quarter, IMF added six new cases to its Case Investment Portfolio, including four cases funded by the US Investment Vehicle.
- One case completion together with revenue earned on US portfolio matters delivered gross revenue for the quarter of \$18.1 million.
- IMF's investment portfolio now comprises 70 cases, with a total Estimated Portfolio Value (EPV) in Australia of \$1.6 billion and over \$146 million in capital commitments in the USA and Canada, including IMF's US investment vehicle. The total global EPV for all investments is \$4.0 billion.

A summary of the Case Investment Portfolio is below:

1. AUSTRALIA AND ASIA

Australia and Asia - Estimated Portfolio Value					
Portfolio value range	Number of cases	EPV \$m	Possible completion FY2018 \$m	Possible completion FY2019 \$m	Possible completion FY2020 and later \$m
Less than \$50M	18	363.2	165.0	116.2	82.0
Greater than \$50M	8	1,253.0	520.0	683.0	50.0
Total Portfolio	26	1,616.2	685.0	799.2	132.0

Movement from the previous quarter is reconciled as follows:

Australia and Asia Reconciliation	Number of cases	EPV \$m
30 June 2017 Portfolio	26	1,609.2
Additions / Completions	1 / 1	18.0
Updates		(11.0)
30 September 2017 Portfolio	26	1,616.2

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**).

2. USA, USA FUND AND CANADA

USA, USA Fund 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
Invested Capital					
USA and Canada cases	32	90.3	19.8	61.4	9.1
USA Fund cases	12	14.8	1.3	7.8	5.7
Total	44	105.1	21.1	69.2	14.8
Remaining Commitment to be deployed					
USA and Canada cases	32	19.3	1.1	14.6	3.6
USA Fund cases	12	21.9	0.0	7.8	14.1
Total	44	41.2	1.1	22.4	17.7
Total USA and Canada cases		109.6	20.9	76.0	12.7
Total USA Fund cases		36.7	1.3	15.6	19.8
Total Commitments		146.3	22.2	91.6	32.5

Movement from the previous quarter is reconciled as follows:

USA, USA Fund and Canada Reconciliation	Number of cases	Total Commitments \$m
30 June 2017 Portfolio	39	130.7
Additions	5	17.6
Updates		0.7
Foreign exchange adjustments		(2.7)
30 September 2017 Portfolio	44	146.3

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).

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

- Woolworths Limited class action (11 April 2017)
- Sirtex Medical class action (31 July 2017)
- Canadian class action – St Jude Medical (14 August 2017)
- GBC Oil Company Limited (18 September 2017)

Since 30 September 2017, IMF has announced that its funding of an open class action against Commonwealth Bank of Australia is now unconditional.

Julia Yetsenga

Chief Financial Officer

Notes:

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.

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

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 Vehicles

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 twelve cases funded by the US Investment Vehicle.

Split Reporting

The different regional reporting formats within the Case Investment Portfolio reflect the predominant underlying earnings structure of the applicable region; a percentage of the resolution amount in Australia and Asia and a multiple of capital invested in the US.