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FY2018 Half Year Results Investor Presentation

February 2018

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SUMMARY

- During the course of the last half of the year, IMF launched two funds to provide non-recourse leveraged capital for funding investments in jurisdictions outside of the US (**RoW Funds**)
- The RoW Funds are a further step in the transition from investing entirely on IMF's balance sheet to investing in and managing fund structures
- In furtherance of this goal, after the end of the half year, IMF sold the majority of its US investments to Fund 1
- The financial results for the period reflect:
 - the inherent idiosyncratic risk of legacy investments, with a low number of completions and some at low margins, and
 - our first loss in 18 months of ~\$4 million
- The results also reflect a material, positive growth in the number of investments, EPV and intangible asset balance, and the continuation of our strategy to diversify risk

OVERVIEW OF IMF BENTHAM LIMITED

IMF's strategic focus has been to diversify risk in its investments, geography and capital sources. H1FY18 reflects the execution of that strategy.

IMF Fast Facts	Detail
A leading global litigation funder	<ul style="list-style-type: none"> Listed on ASX in 2001. IMF has collected more than \$2.1 billion for clients since its formation IMF now operates from 14 offices in six countries in Australia, Asia, North America and Europe with 75 staff IMF has enhanced its risk management procedures with the addition of external resources to the Investment Committee
High margin and ROIC business	<ul style="list-style-type: none"> Average life of each case is 2.6 years and IMF has delivered, over the past 16 years, a global ROIC of 1.5x (including cases lost) Investment portfolio at 31 December 2017 comprised 77 active matters, spread between balance sheet and fund structures Strong pipeline with 10 matters conditionally approved, and opportunities in all jurisdictions
Comparative advantage	<ul style="list-style-type: none"> Quality risk mitigation process – case selection and case management expertise Demonstrated by results – settled or won 90% of 166 completed cases (excluding withdrawals) Infrastructure to internally manage large multi-party matters including launch of <i>MyIMF</i> during FY17 Resources on the ground in each of the jurisdictions, providing access to better investments, and better access to investments
Capital position	<ul style="list-style-type: none"> Strong balance sheet and cash position Launch of Funds 1, 2 and 3 to provide leveraged, non-recourse capital for all new investments

Note: ROIC (return on invested capital) is calculated as gross income to IMF less all reimbursed costs, divided by total expenditure (excluding overheads but including any adverse costs on lost cases).

FINANCIAL RESULTS OVERVIEW

	1HY 2018	2HY 2017	1HY 2017	2HY 2017 v 1HY 2018
Contract Income	\$48.8M	\$46.6M	\$66.7M	▲ 5%
Litigation Expenses ¹	\$(36.1)M	\$(23.7)M	\$(35.6)M	▼ 52%
Net Income (from cases)	\$12.7M	\$23.0M	\$31.1M	▼ 45%
Other income (foreign exchange & interest)	\$0.1M	\$(2.4)M	\$5.4M	▲ 104%
Net Operating Expenses	\$(15.4)M	\$(16.2)M	\$(15.2)M	▲ 5%
NPBT	\$(2.6)M	\$4.4M	\$21.3M	▼ 159%
EPS (cents per share)	(2.54) cents	0.82 cents	8.22 cents	▼ 410%
DPS (cents per share)	3 cents	4 cents	3 cents	▼ 25%
Dividend Payout Ratio	n/a	487.8%	36.5%	n/a
ROE	(1.2)%	2.1%	10.4%	▼ 157%
Net Asset Backing	\$1.30	\$1.20	\$1.22	▲ 9%
Cash ²	\$132.2M	\$144.9M	\$166.2M	▼ 9%
Investment in Cases (intangible assets)	\$223.1M	\$190.9M	\$161.8M	▲ 17%
Estimated Portfolio Value	\$4.7BN	\$3.8BN	\$3.4BN	▲ 24%
Number of cases ³	77	65	56	▲ 18%

1. Litigation expenses include the \$4m loss recognised for US Case 003. Although the case decision was handed down on 19 January 2018, the loss was included in the current period consistent with IMF's accounting policies
2. Cash is before receipt of US\$47.8m from sale of investments to Fund 1
3. 10 additional matters approved for investment by IC at 31 December 2017

SOURCES AND USES OF FUNDS

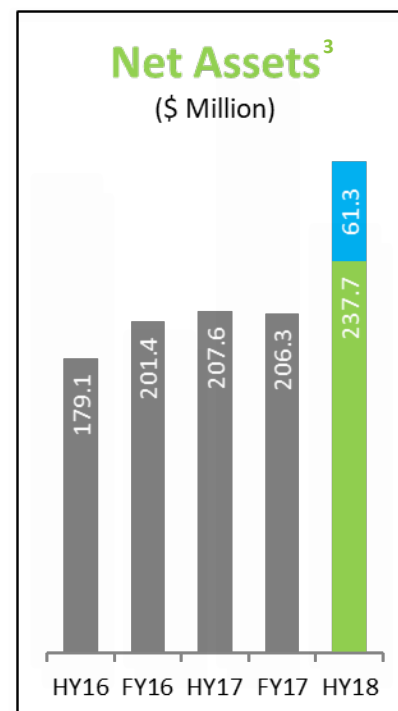
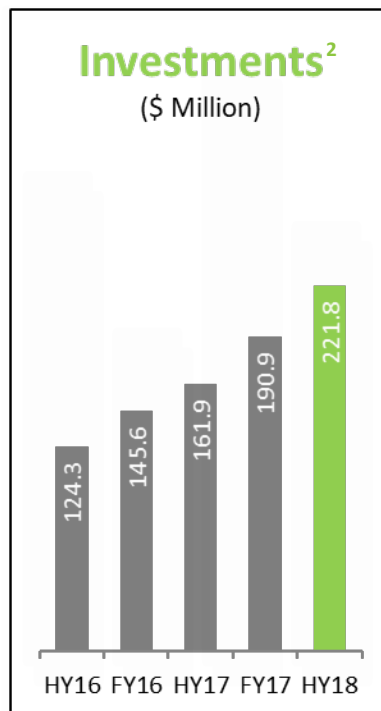
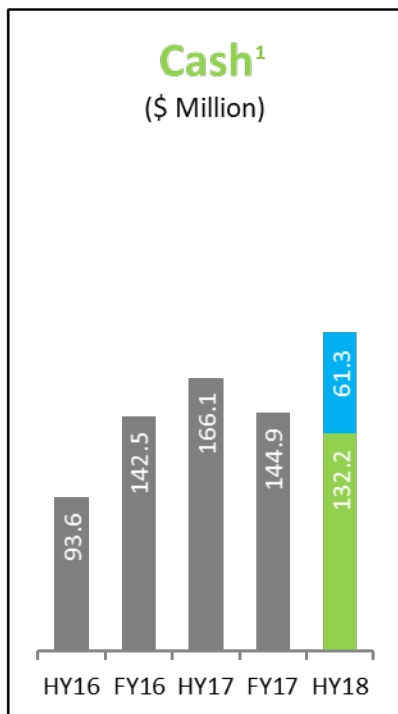
	1HY 18	2HY 17	1HY 17
	\$M	\$M	\$M
<i>Cash inflows from operating activities</i>			
Proceeds from litigation funding - settlements, fees and reimbursements	80	17	99
<i>Cash outflows from operating activities</i>			
Payments to suppliers and employees	(27)	(21)	(21)
Income tax paid	(11)	(2)	(10)
Net Interest paid	(3)	(3)	(1)
	(41)	(26)	(32)
Cash operating profit	39	(9)	67
Add:			
Net proceeds from notes	-	39	-
Proceeds on disposal of Joint Venture	-	-	6
Other	(3)	(4)	-
Total funds	36	26	73
Used for:			
Payments for litigation funding	(67)	(48)	(38)
Payments for capitalised suppliers and employee costs	(3)	(3)	(2)
Cash inflows from Non Controlling interests	26	7	-
Dividends paid	(5)	(3)	(10)
Total	(49)	(47)	(50)
Net increase/(decrease) in cash and cash equivalents held	(13)	(21)	23
Cash and cash equivalents at beginning of period	145	166	143
Cash and cash equivalents at end of period	132	145	166

SALE OF US PORTFOLIO

- On 5 February 2018, IMF announced the sale of the majority of its investments in its US investment portfolio to Fund 1, and the upsizing of Fund 1 to US\$166.3 million
- IMF has received gross consideration of US\$57.4 million of which IMF invested US\$9.6 million as its pro rata contribution to Fund 1. IMF has therefore realised net cash of approximately US\$47.8 million while also retaining a material interest in the sale portfolio upside through its participation in Fund 1
- Benefits to IMF include:
 - Recovery of the full book value of its investments, mitigating the risk of a loss of an investment
 - Conversion of intangible assets to cash
 - Retention of a material interest in the upside of the investment portfolio through the profit share under the waterfall
 - Potential acceleration of the economic benefits of the fund structure
 - Reduction of cash outflows on existing investments
- Board to consider use of the sales proceeds, which may include retiring debt, retaining cash for management of existing large idiosyncratic risks, or return of capital
- There will be a short term negative impact on profitability as a consequence of the sale, as recoveries from the sold investments will be deferred under the Fund 1 waterfall, than if IMF retained the investments on balance sheet

BALANCE SHEET STRENGTH

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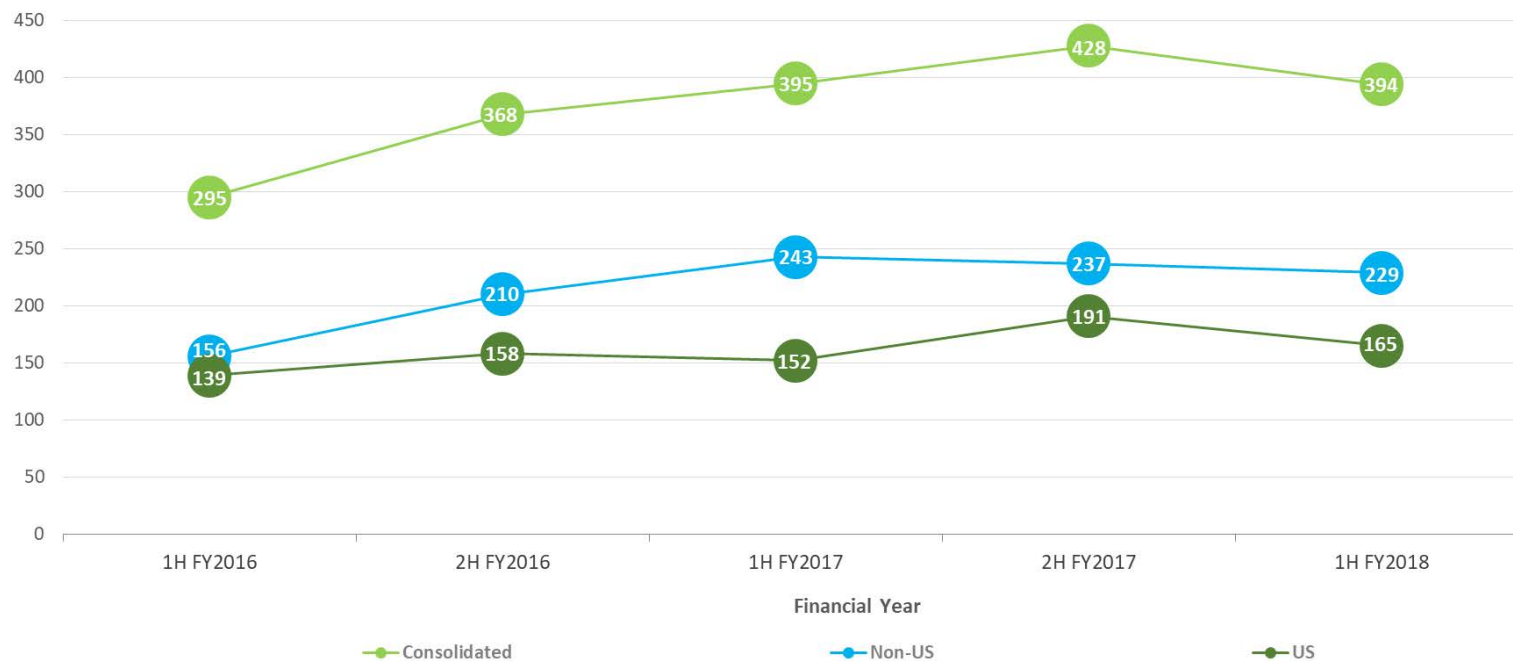


1. IMF raised capital during FY2016 totalling \$32 million through the issue of fixed rate notes. IMF raised capital during FY2017 totalling \$40 million through the issue of fixed rate notes. HY18 Cash and Net Assets includes pro forma amount for net cash realised after sale of US Investments to US Fund 1 on 5 February 2018.
2. Investments includes capitalised overheads relating to the litigation.
3. Net assets are on a consolidated basis. The equity interest attributable to the external investors will be reflected in Non Controlling Interests.

HY2018 OPERATIONAL HIGHLIGHTS

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Funding Applications (number of applications)



- 1HFY18 applications are consistent with 1HFY17, notwithstanding the increased level of competition in each jurisdiction
- Potentially reflect some seasonality, particularly with the US operations
- Expanded footprint in Asia, Canada and Europe to increase opportunities and pipeline

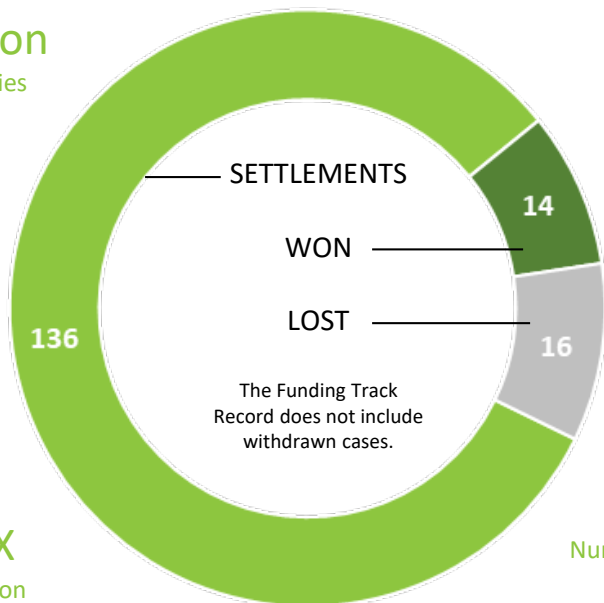
IMF's TRACK RECORD OF SUCCESS

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\$2.1 billion
Total recoveries

90%
Success rate

1.5X
Return on Invested Capital



\$1.3 billion
Returns for funded claimants

2.6 years
Average case length

166
Number of cases funded to completion

Revenue Summary

Revenue to funded claimants	\$1,347M	62%
Revenue to IMF:		
<i>Reimbursement of funded amounts (40%)</i>	<i>\$335M</i>	<i>15%</i>
<i>Net income (excluding overheads) (60%)</i>	<i>\$502M</i>	<i>23%</i>
IMF total revenue	(100%)	\$837M
Total revenue generated	\$2,184M	100%

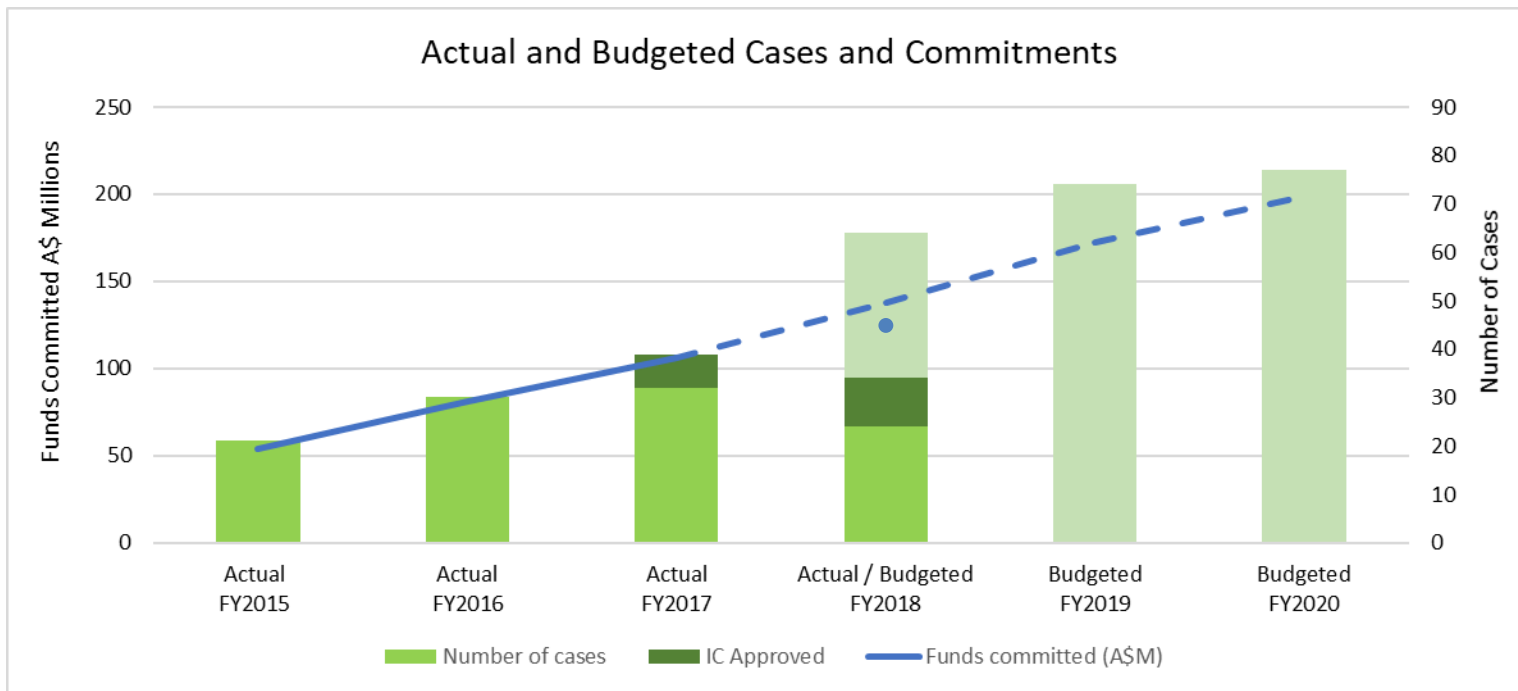
Completions by Region	Number of Cases	ROIC	IRR	Average Case Length
Bentham IMF (US) - Completions since inception in 2011	17	1.0x	78%	1.4 years
IMF Bentham Limited (Australia and RoW) - Completions since 1 July 2011	53	1.4x	62%	3.0 years

Notes:

1. ROIC (return on invested capital) is calculated as gross income to IMF less all reimbursed costs, divided by total expenditure (excluding overheads but including any adverse costs on lost cases).

CASES AND COMMITMENTS

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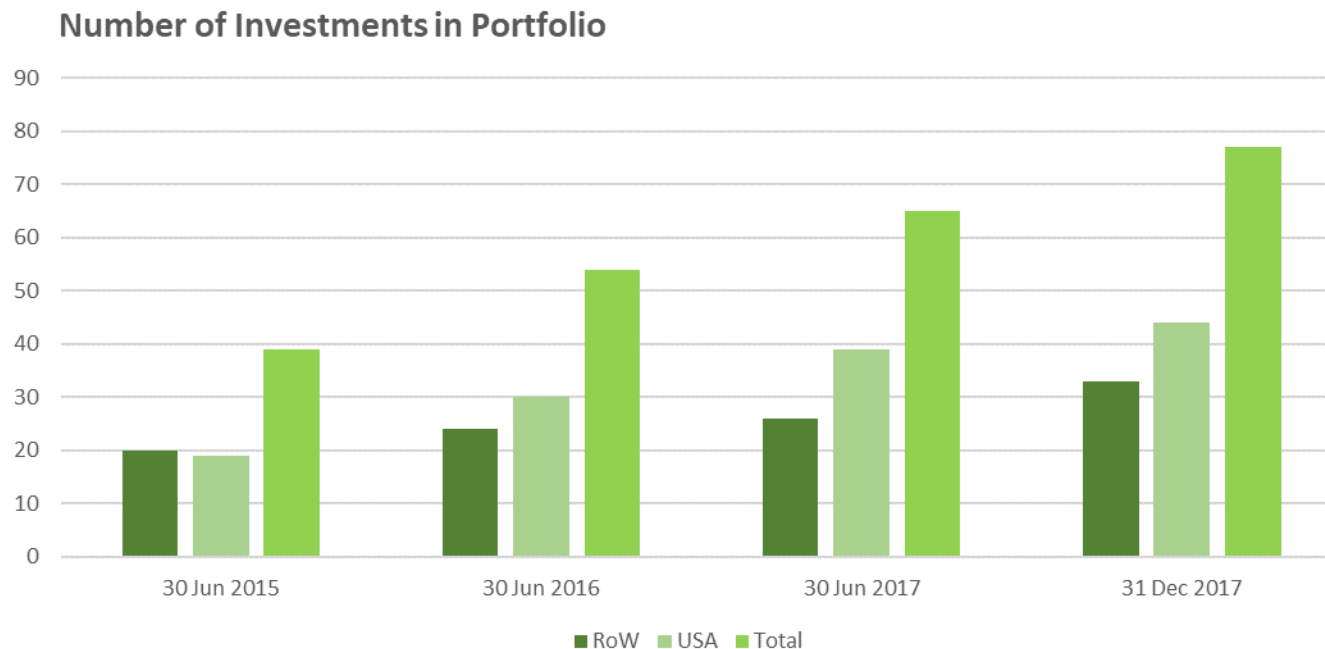


Growth derived from:

- 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

INVESTMENT PORTFOLIO AT 31 DECEMBER 2017

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- Increase in number of investments currently funded to 77
- 3 further investments conditionally funded, and 7 investments approved for funding by the Investment Committee at 31 December 2017

INVESTMENT PORTFOLIO AT 31 DECEMBER 2017

(see Notes)

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IMF Group (RoW), Fund 2 and Fund 3 – Estimated Portfolio Value					
	Number of investments	EPV \$m	Possible completion FY2018 \$m	Possible completion FY2019 \$m	Possible completion FY2020 and later \$m
IMF Group (RoW)	28	1,528.1	576.5	548.2	403.4
Fund 2 and Fund 3	5	575.3	3.9	6.1	565.3
Total Portfolio	33	2,103.4	580.4	554.3	968.7

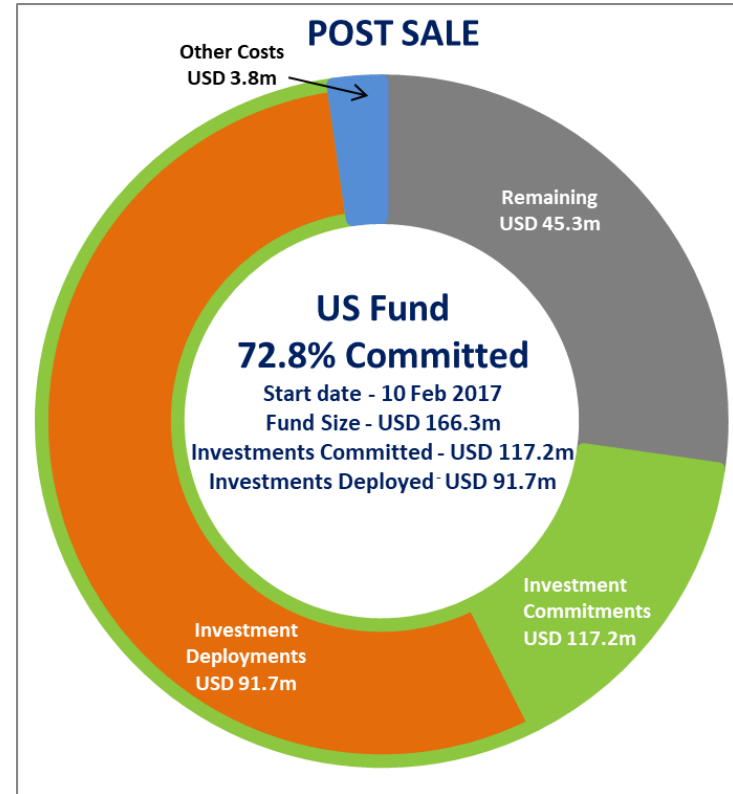
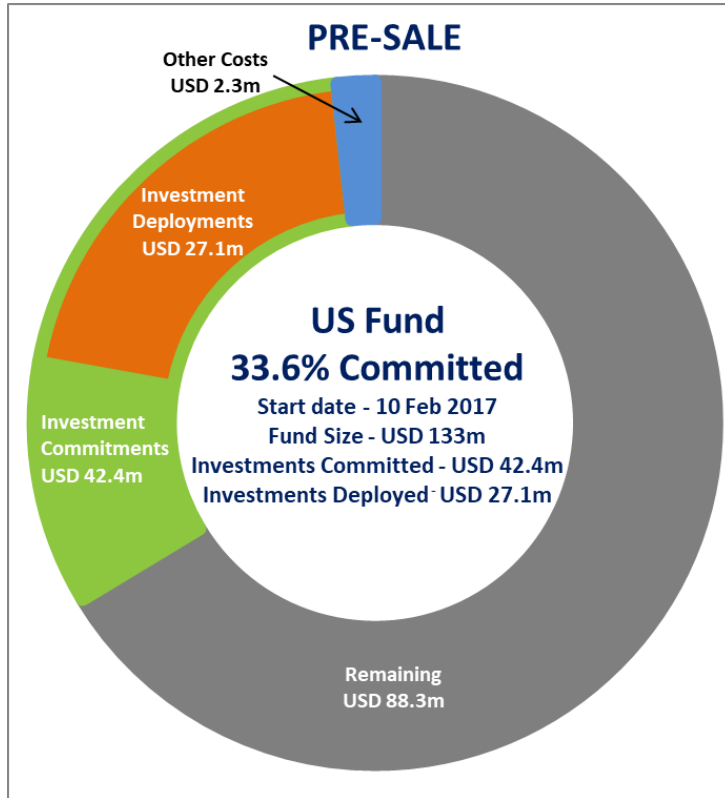
Bentham IMF (USA) and Fund 1 – Invested and Committed Capital					
	Number of investments	Total (excluding capitalised overheads and interest) \$m	Possible completion FY2018 \$m	Possible completion FY2019 \$m	Possible completion FY2020 and later \$m
Invested Capital					
Bentham IMF (USA)	29	94.0	9.4	68.1	16.5
Fund 1	15	32.9	1.3	7.5	24.1
Total	44	126.9	10.7	75.6	40.6
Remaining Commitment to be deployed					
Bentham IMF (USA)	29	14.7	2.1	10.7	1.9
Fund 1	15	22.3	0.0	7.4	14.9
Total	44	37.0	2.1	18.1	16.8
Total Bentham IMF (USA)		108.7	11.5	78.8	18.4
Total Fund 1		55.2	1.3	14.9	39.0
Total Commitments		163.9	12.8	93.7	57.4

IMF CAPITAL PLANS

- IMF has now launched three funds for investments; Fund 1 in the US and the RoW Funds (Fund 2 and Fund 3)
- After the end of half-year, IMF sold the majority of its balance sheet investments in the US to Fund 1 which now has headroom capacity of \$45.3M
- IMF will commence consideration of launching a new fund for US investments to be activated once the Commitment Period under Fund 1 expires
- The new fund will seek to improve the economics for IMF in relation to the rate of preferred return and capital priority in return for a lower profit participation
- In addition, the RoW Funds have certain geographic caps on investments that may necessitate consideration of a further fund for non-US and non-Australian investments

US FUND - COMMITMENTS, DEPLOYED, CAPACITY

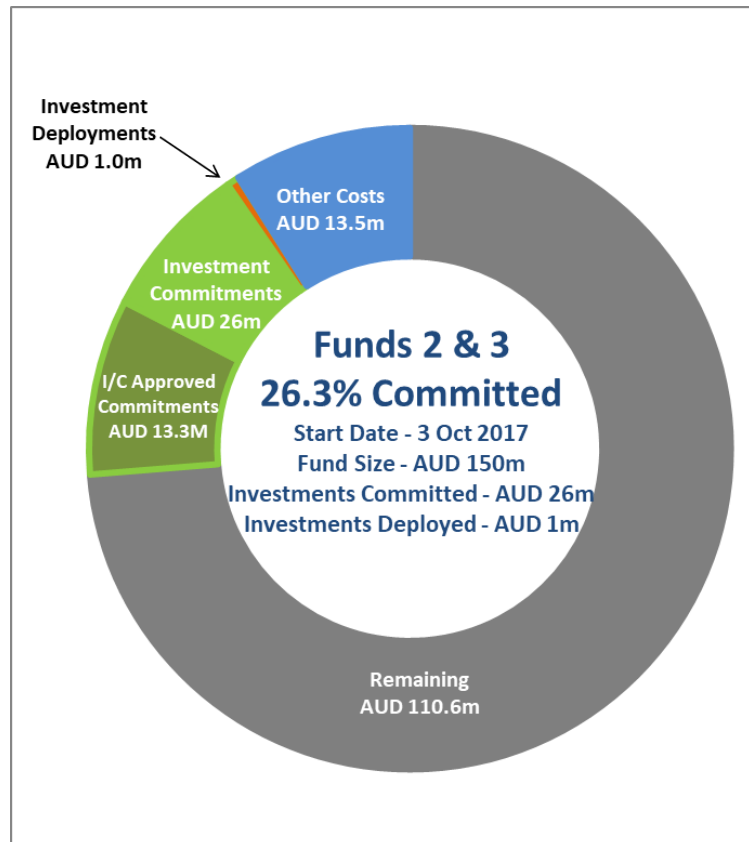
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- Rate of commitment was on schedule prior to sale of investments to Fund 1
- Fund 1 structured to accommodate sale of balance sheet investments
- Investments were subjected to third-party due diligence, and accepted by Fortress, endorsing the quality of the investments

RoW FUNDS

COMMITMENTS, DEPLOYED, CAPACITY



- RoW Funds commenced in October 2017, and is ahead of schedule in terms of commitments
- The contribution from non-Australian investments is ahead of schedule, and may require an increase in geographic caps, or the launch of a new, non-Australian fund

STRATEGY

IMF has identified significant opportunities for growth and risk diversification.

Item	Opportunity
Major growth opportunities	<ul style="list-style-type: none">■ Focus on development of corporate funding in all jurisdictions■ Only funder in Australia with infrastructure to manage group claims■ Recommended operations in London, and opened in Hong Kong and Quebec City■ Canadian and Asian operations' pipeline is strong, US operations continue to mature■ Exploring opportunities in Europe including M&A options
Growth and diversification	<ul style="list-style-type: none">■ Operates from 14 offices in six countries around the world, with increasing awareness and demand for funding in all jurisdictions■ Operational diversification, capital funding diversification, and introduction of adverse cost insurance cover provide a significant investment in risk mitigation
Capital structure	<ul style="list-style-type: none">■ Commenced fund structures to diversify risk on a non-recourse basis■ With US and RoW funds will be able to harvest current balance sheet investments, return profits, retire some debt and improve capital efficiency measures

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CONCENTRATION RISK ISSUES

- Over the past two and a half years IMF has focused on transitioning away from idiosyncratic risk to systemic risk of a portfolio, which has been reflected in the increased number of investments, across a broader range of case types, sizes and jurisdictions
- There remains two material idiosyncratic risks on IMF's balance sheet, being the Wivenhoe and Westgem investments
- Our views on prospects have not changed, but if lost, they will have a material adverse impact on IMF's profit and loss and cash position
- Steps have been taken, including co-funding and ACO insurance cover to mitigate in part these impacts but IMF retains material adverse cost risk on these investments
- We continue to estimate at the present time that Wivenhoe will complete in FY18 and Westgem in FY19, although there remains the usual risk that completion of these matters may be delayed

KEY RISKS - IMF

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Item	Description
Investments in cases which are lost	<ul style="list-style-type: none"> If a funded case is lost, IMF will lose not only its investment but may, in jurisdictions in which the “loser pays” rule applies have to pay the defendant’s costs.
Portfolio concentration risk	<ul style="list-style-type: none"> IMF’s financial performance in each of FY2018 and FY2019 is exposed to portfolio concentration risk associated with two large investments in Wivenhoe and Westgem. IMF’s execution of its diversification strategy has sought to reduce portfolio concentration risk in future periods.
Competition	<ul style="list-style-type: none"> IMF currently has a number of competitors in the Australian litigation funding market, including overseas based competitors, who are becoming more active. There are multiple litigation funders in the US market and competition for investments is strong. The increasing competition within the global litigation funding market may impact on the performance of IMF.
Government regulation	<ul style="list-style-type: none"> No assurance can be given that regulation in IMF’s key markets will not change in the future and adversely affect IMF’s business and financial performance. However, there is presently no such legislation proposed in the markets in which IMF operates of which it is aware.
Common law development of industry	<ul style="list-style-type: none"> To date, the courts have generally found in favour of litigation funding arrangements in Australia but the courts, in Australia and overseas, will continue to oversee the development of the litigation funding industry and adverse decisions may impact on the business of IMF.
Technology	<ul style="list-style-type: none"> IMF is dependent on technological systems to operate effectively. 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.
Reliance on key management	<ul style="list-style-type: none"> 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.

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

Worldwide Funding Solutions

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NOTES TO INVESTMENT PORTFOLIO AT 31 DECEMBER 2017

Notes to the Group's Investment Portfolio

Investments Included in Portfolio

The Investment Portfolio includes investments for which the IMF group or the Funds have entered into an unconditional commitment to fund and includes investments where a previously conditional funding agreement has become unconditional.

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 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 investment and is not the estimated return to IMF from the investment 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 an investment, partial recovery and, where applicable, fluctuations in 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 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 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, translated to Australian dollars at the foreign exchange spot rate prevailing on the reporting date.

RoW

IMF's RoW classification includes all regions excluding the USA in which IMF has investments, currently being Australia, Canada, Asia and the Middle East.

Accounting Consolidation of IMF's Investment Vehicles

IMF's USA Fund 1, Fund 2 and Fund 3 will be consolidated within the IMF group financial statements, with the respective 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 of the applicable region; a multiple of capital invested in the USA and a percentage of the resolution amount for RoW investments.

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