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TUESDAY, 15 OCTOBER 2019

ACQUISITION OF OMNI BRIDGEWAY HOLDING B.V. AND ASSOCIATED EQUITY RAISING

Summary

- IMF has agreed to acquire Omni Bridgeway Holding B.V. (Omni Bridgeway) for up to €87.5 million (≈A\$141 million)¹ in total consideration²
- Omni Bridgeway is a leading funder of litigation, arbitration and enforcement proceedings focusing on civil law jurisdictions primarily in Continental Europe and Central Asia
- As of FY2018³ Omni Bridgeway had €34 million (≈A\$55 million) of capitalised investments in its claims portfolio and over €2.5 billion (≈A\$4 billion) of claim value under management
- Compelling strategic and commercial rationale providing portfolio diversification, complementary investment strengths and complementary geographic presence
- Upfront consideration on completion to be funded by a fully underwritten ~A\$139 million institutional placement and pro-rata accelerated non-renounceable entitlement offer

Acquisition of Omni Bridgeway

IMF Bentham Limited (IMF) is pleased to announce that it has entered into a binding share purchase agreement (**Sale Agreement**) to acquire Omni Bridgeway for up to €87.5 million (≈A\$141 million) in total consideration² (**Acquisition**).

Omni Bridgeway is a leading provider of funding and specialised skills for litigation, arbitration and enforcement proceedings, and for the work-out and monetisation of claims and non-performing loans focusing on civil law jurisdictions primarily in Continental Europe, the Middle East, North Africa and Central Asian regions.

Further details of the Acquisition and the equity raising are set out in the investor presentation released on the ASX platform today (**Investor Presentation**).

¹ Converted to \$A at an assumed exchange rate of AUD 1:EUR 0.62 and is used for all foreign exchange conversions in this announcement.

² Comprising €35 million (≈A\$57 million) cash payable on completion (subject to adjustment for certain leakage events) and a number of tranches of deferred and deferred & contingent consideration.

³ Financial year ending 31 December 2018 based on Omni Bridgeway's FY18 annual report.

About Omni Bridgeway

Omni Bridgeway was founded in 1986 with a focus on distressed debt trading and legal work-out, growing to a leading global litigation funder today, with global operations and regional offices in Amsterdam, Cologne, Geneva, Dubai and Singapore.

Omni Bridgeway has a worldwide client base including leading law firms, banks, insurers, governments and multinationals.

Omni Bridgeway's strength and experience lies in providing funding and services for enforcement cases, and non-performing assets, focusing on civil law jurisdictions primarily in Continental Europe and the Middle East, North Africa and Central Asian regions.

In FY2018⁴ Omni Bridgeway had revenue and other income of €20 million (≈A\$32 million) and net profit of €5 million (≈A\$8 million), with capitalised investments in claims portfolio of €34 million (≈A\$55 million) and claims value under management of over €2.5 billion (≈A\$4 billion).

Acquisition aligned with IMF's strategy

The acquisition of Omni Bridgeway symbolises the completion of IMF's initial five-year plan to diversify risk through, amongst other things, geographic expansion and sourcing capital from third parties. The acquisition is expected to accelerate IMF's growth and create a major diversified global litigation funding platform across common law and civil law jurisdictions in both developed and emerging markets.

Omni Bridgeway complements IMF's infrastructure and the Acquisition is expected to create the most comprehensive global platform for sourcing investment opportunities and expanding service offerings. Omni Bridgeway's fund management structure is consistent with IMF's strategy and continues IMF's transition from a principal investor to a fund manager.

The Acquisition is expected to provide IMF with the expanded sourcing capacity and geographic footprint into the second largest litigation market in the world and IMF expects to enhance its capacity to commit investments to its various active funds, accelerating the economics for investors and IMF as manager.

Omni Bridgeway brings to IMF the opportunity for sourcing enforcement investments and operating the MENA DARP program (Middle East and North Africa Distressed Asset and Recovery Program) which would not otherwise be available to IMF. The MENA DARP program is an investment partnership between Omni Bridgeway and International Finance Corporation (part of the World Bank Group) that is designed to assist banks in the MENA regions with funding and cross border legal enforcement of high value (>US\$2 million) corporate non performing loans.

Together IMF and Omni Bridgeway expect to be in a position to offer clients a one-stop shop from pre-judgment merits basis finance to funding for enforcement of judgments and awards.

The combined IMF/Omni Bridgeway group will have a footprint in the three largest litigation markets – the US, Europe and Asia – in a way that is unique in the industry.

Acquisition terms

Pursuant to the Sale Agreement, IMF will purchase 100% of the issued capital of Omni Bridgeway from six individual shareholders for up to €87.5 million (≈A\$141 million) in total consideration to be paid in the following tranches:

- €35 million (≈A\$57 million) cash payable upon closing⁵.
- €20 million (≈A\$32 million) deferred consideration to be paid or issued in 2 equal instalments over 3 years⁵.

⁴ Financial year ending 31 December 2018 based on Omni Bridgeway's FY18 annual report.

⁵ Subject to closing adjustments.

- up to €32.5 million (≈A\$52 million) deferred & contingent consideration, to be paid or issued in 5 annual instalments based on Omni Bridgeway achieving agreed cumulative annual new business generation targets (**Performance Milestones**).

The deferred consideration and deferred & contingent consideration is payable by the issue of fully paid ordinary IMF shares (**IMF shares**) at an issue price of A\$3.407 per share. The estimated maximum total number of IMF shares to be issued under the Sale Agreement is 24.9 million shares over the five years following completion⁶. The issue of IMF shares to meet the obligation to pay the deferred consideration and deferred & contingent consideration is subject to IMF shareholder approval. If shareholder approval is not obtained, the deferred consideration and deferred & contingent consideration will be payable in cash. The actual number of IMF shares issued will depend on performance against the Performance Milestones⁷ and the market value of the IMF shares at the time of issue.

Completion of the Acquisition is subject to limited conditions precedent, relating to key employees remaining with Omni Bridgeway at completion and there being no force majeure type events occurring before completion. The conditions precedent are for the benefit of IMF and it is expected completion will occur shortly after settlement of the Institutional Entitlement Offer.

Subject to the conditions precedent, the timetable for completion of the Acquisition and payment of the consideration is broadly as follows:

Following settlement of Institutional Entitlement Offer	Payment of upfront cash consideration (€35m)
12 months after completion	Tranche 1 – deferred consideration (€10m IMF shares) ^A Tranche 1 – deferred & contingent consideration (€8m IMF shares) ^B
24 months after completion	Tranche 2 – deferred & contingent consideration (€8m IMF shares) on satisfaction of Performance Milestones ^B
36 months after completion	Tranche 2 – deferred consideration (€10m IMF Shares) ^A Tranche 3 - deferred & contingent consideration (€8m IMF shares) on satisfaction of Performance Milestones ^B
48 months after completion	Tranche 4 - deferred & contingent consideration (€4.25m IMF shares) on satisfaction of Performance Milestones ^B
60 months after completion	Tranche 5 - deferred & contingent consideration (€4.25m IMF shares) on satisfaction of Performance Milestones ^B

Notes:

- A: The Company will seek shareholder approval for the issue of the deferred consideration when the obligation to issue the IMF Shares arises – this is expected to be approximately 12 months and 36 months after completion. If shareholder approval is not obtained, the consideration is payable in cash.
- B: The Company currently intends to call a general meeting of shareholders in the next 6 months to seek approval for the issue of the deferred & contingent consideration. If shareholder approval is not obtained, the consideration is payable in cash.

⁶ Comprising 9.5 million deferred consideration IMF shares (€20 million) issuable over a 3 year period (€10 million each at 12 month and 36 month following completion), and up to 15.4 million deferred & contingent consideration IMF shares (€32.5 million, subject to performance against the Performance Milestones) issuable over a 5 year period (€8m each at end of years 1-3 following completion, and €4.25m each at the end of years 4-5) at an issue price of A\$3.407 per IMF share based on an assumed exchange rate of AUD 1:EUR 0.62.

⁷ In respect of the deferred & contingent consideration IMF shares (€32.5 million). Performance Milestones do not apply to the deferred consideration IMF shares (€20 million).

Following completion of the Acquisition, Mr. Raymond G.A. van Hulst, the Managing Director, Strategy, Investment Management and DARP of Omni Bridgeway, will be appointed to the IMF's board of directors.

A summary of the Sale Agreement and the consideration structure is set out on page 26 of the Investor Presentation.

Acquisition funding

The upfront consideration on completion will be funded by a fully underwritten institutional placement (**Placement**) and a pro-rata accelerated non-renounceable entitlement offer (**Entitlement Offer**) (together, the **Offer**) to raise up to approximately A\$139 million (before costs) through the issue of up to approximately 40.6 million new Shares (**New Shares**).

Net proceeds from the Offer will be used to fund the €35 million (≈A\$57 million) cash payable upon completion of the Acquisition, for a co-investment requirement of Omni Bridgeway's fund, transaction and advisory costs, working capital and to increase balance sheet flexibility to support IMF's future business growth. If the Acquisition does not proceed, IMF will consider alternative uses for some of the funds, including the return of some of the proceeds to shareholders, debt reduction, working capital or alternative investment opportunities.

The Placement will raise approximately A\$19 million at a price of A\$3.50 per New Share. The offer price of A\$3.50 per New Share in the Placement represents:

- a 7.4% discount to IMF's last closing price of A\$3.78 on Monday, 14 October 2019; and
- a 2.9% premium to the Entitlement Offer price.

Pursuant to the Entitlement Offer, eligible shareholders are invited to subscribe for 1 New Share for every 5.8 existing IMF shares held at the record date of 7.00pm (Sydney time) on Thursday, 17 October 2019 (**Record Date**), at an offer price of A\$3.40 per New Share.

The offer price of A\$3.40 per New Share in the Entitlement Offer represents:

- a 8.6% discount to the Placement adjusted TERP⁸ of A\$3.72; and
- a 10.1% discount to IMF's last closing price of A\$3.78 on Monday, 14 October 2019.

The Entitlement Offer will comprise:

- an accelerated institutional component open to eligible institutional shareholders to be conducted from Tuesday, 15 October 2019 to Wednesday, 16 October 2019 (**Institutional Entitlement Offer**); and
- a retail component open to eligible retail shareholders in Australia and New Zealand anticipated to be conducted from Tuesday, 22 October 2019 to 5.00pm (Sydney time) on Thursday, 31 October 2019 (unless extended) (**Retail Entitlement Offer**).

The offer ratio and offer price for New Shares under the Retail Entitlement Offer are the same as for the Institutional Entitlement Offer.

The impact of the Offer on IMF's capital structure is set out in the table below (assuming fully subscribed).

⁸ The theoretical ex-rights price (**TERP**) is a theoretical price at which IMF shares should trade at immediately after the ex-date for the Entitlement Offer. TERP is a theoretical calculation only and the actual price at which IMF shares trade immediately after the ex-date for the Entitlement Offer will depend on many factors and may not be equal to TERP. TERP is calculated by reference to IMF's closing price of A\$3.78 on Monday, 14 October 2019.

	Number of Shares (million units) ¹	Number of IMF Bentham Bonds	Number of Performance Rights	Number of Secured Notes
Current	204.6	760,000	15,601,589	72,000,000
Placement	5.3	-	-	-
Institutional Entitlement Offer	25.1 ²	-	-	-
Retail Entitlement Offer	10.2 ²	-	-	-
TOTAL	245.2²	760,000	15,601,589	72,000,000

Notes:

1. This table does not include Shares which may be issued by IMF as deferred and deferred & contingent consideration under the Sale Agreement. See the discussion above under the heading "Acquisition terms" for more information.
2. Approximately. The final number of New Shares issued under the Entitlement Offer and the split between the retail and institutional components will be subject to shareholder reconciliation and rounding.

The Offer is fully underwritten in accordance with an underwriting agreement on customary terms and conditions and termination events as further summarised in the Investor Presentation.

Eligible retail shareholders with a registered address in Australia or New Zealand as at the Record Date will be sent a retail offer booklet and accompanying personalised entitlement and acceptance form shortly.

New Shares not taken up under the Institutional Entitlement Offer and New Shares that would otherwise have been offered to ineligible institutional shareholders, will be offered pursuant to an institutional shortfall bookbuild at the offer price, with any remaining New Shares to be taken up by the underwriter at the offer price (subject to the terms of the underwriting agreement). New Shares not taken up under the Retail Entitlement Offer and New Shares that would otherwise have been offered to ineligible retail shareholders, will be taken up underwriter at the offer price (subject to the terms of the underwriting agreement).

As the Entitlement Offer is non-renounceable, entitlements will not be able to be sold or transferred. New Shares issued under the Entitlement Offer will be fully paid and will rank equally with existing IMF shares at the time of issue.

IMF's shares have been placed in a trading halt while the Placement and Institutional Entitlement Offer are undertaken. It is expected that the trading halt will end at market open on Thursday, 17 October 2019.

All of IMF's Directors who are shareholders have each confirmed their intention to participate in the Entitlement Offer.

Entitlement Offer Key Dates

Key dates for the Entitlement Offer are as follows:

Event	Date
Trading halt and announcement of Acquisition and equity raising	Tuesday, 15 October 2019
Placement and Institutional Entitlement Offer opens	Tuesday, 15 October 2019
Placement and Institutional Entitlement Offer closes	Wednesday, 16 October 2019
Announcement of results of Placement and Institutional Entitlement Offer	Thursday, 17 October 2019
Trading halt lifted and shares recommence trading on an "ex-entitlement" basis	Thursday, 17 October 2019
Record Date for determining Eligible Shareholders under the Entitlement Offer	7:00 pm (Sydney time) Thursday, 17 October 2019
Retail Offer Booklet dispatched	Tuesday, 22 October 2019
Retail Entitlement Offer opens	Tuesday, 22 October 2019
Settlement of new shares issued under the Placement and Institutional Entitlement Offer	Tuesday, 22 October 2019
Allotment and commencement of trading New Shares issued under the Placement and Institutional Entitlement Offer	Wednesday, 23 October 2019
Retail Entitlement Offer closes	5:00 pm (Sydney time) Thursday, 31 October 2019
Announcement of results of Retail Entitlement Offer	Monday, 4 November 2019
Settlement of New Shares issued under the Retail Entitlement Offer	Tuesday, 5 November 2019
Commencement of trading New Shares issued under the Retail Entitlement Offer	Wednesday, 6 November 2019
Dispatch of holding statements of New Shares issued under Retail Entitlement Offer	Thursday, 7 November 2019

The above timetable is indicative only and may be subject to change. IMF reserves the right to amend any or all of these dates and times without notice, subject to the Corporations Act 2001 (Cth), the ASX Listing Rules and other applicable laws. In particular, IMF reserves the right to extend the closing date of the Entitlement Offer, to accept late applications under the Entitlement Offer (either generally or in particular cases) and to withdraw the Entitlement Offer without prior notice. Any extension of the closing dates will have a consequential effect on the issue date of New Shares.

Further information

The Investor Presentation contains important information including key risks and foreign selling restrictions with respect to the Offer.

If you have any questions in relation to the Entitlement Offer, please contact the IMF Entitlement Offer Information Line on 1300 554 474 (within Australia) or + 61 1300 554 474 (outside Australia). For other

questions, you should consult your broker, solicitor, accountant, financial adviser or other professional adviser.

Houlihan Lokey is acting as financial adviser to IMF in relation to the Acquisition. DLA Piper is acting as legal adviser to IMF.

Jeremy Sambrook
Company Secretary

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About IMF: IMF is one of the leading global litigation funders, headquartered in Australia and with offices in the US, Canada, Singapore, Hong Kong and Europe. IMF has built its reputation as a trusted provider of innovative litigation funding solutions and has established an increasingly diverse portfolio of litigation funding assets.

IMF has been a leading pioneer of litigation funding in Australia since 2001, playing a significant role in the initial steps towards a globalised industry via its international expansion in the US, Canada, Asia and Europe. IMF has a highly experienced litigation funding team overseeing its investments, delivering, as at 30 June 2019, an 89% success rate across 192 completed cases (excluding withdrawals).

IMPORTANT NOTICE AND DISCLAIMER

Summary Information

*The following disclaimer applies to this announcement and any information contained in it (the **Information**). The Information in this announcement is of general background and does not purport to be complete. It should be read in conjunction with IMF's other periodic and continuous disclosure announcements lodged with ASX Limited, which are available at www.asx.com.au. You are advised to read this disclaimer carefully before reading or making any other use of this announcement or any Information contained in this announcement. In accepting this announcement, you agree to be bound by the following terms and conditions including any modifications to them.*

Forward Looking Statements

This announcement includes forward-looking statements. These forward-looking statements are based on IMF's expectations and beliefs concerning future events and include statements about the completion of the Acquisition, the impact of the Acquisition, the timing and amount of synergies, the future strategies, results and outlook of the merged entity and the opportunities available to it, the outcome of the Entitlement Offer and the use of proceeds. Forward looking statements are necessarily subject to risks, uncertainties and other factors, many of which are outside the control of IMF, which could cause actual results to differ materially from such statements. IMF makes no undertaking to subsequently update or revise the forward-looking statements made in this announcement, to reflect the circumstances or events after the date of this announcement.

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