



**NOTICE OF ANNUAL GENERAL MEETING  
AND EXPLANATORY MEMORANDUM**

**For an Annual General Meeting to be held on Friday, 18 November 2016 at 9:30am (AEDT) at  
The Marble Room, Radisson Blu Hotel Sydney, 27 O'Connell Street, Sydney NSW 2000**

*This Notice of Annual General Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser prior to voting.*

***Should you wish to discuss any matter please do not hesitate to contact the Company Secretary by telephone on (08) 9225 2300 or by email to [legal@imf.com.au](mailto:legal@imf.com.au).***

**Shareholders are urged to attend or vote by lodging the proxy form enclosed with this Notice**

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**IMF BENTHAM LIMITED**

**ABN 45 067 298 088**

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**NOTICE OF ANNUAL GENERAL MEETING**

Notice is hereby given that the annual general meeting of shareholders of IMF Bentham Limited will be held at the Marble Room, Radisson Blu Hotel Sydney, 27 O'Connell Street, Sydney on Friday, 18 November 2016 at 9:30am (AEDT) (**Meeting**).

The Explanatory Memorandum provides additional information on matters to be considered at the Meeting. The Explanatory Memorandum and the Proxy Form part of this Notice. We recommend shareholders read the Explanatory Memorandum in relation to the proposed Resolutions.

The Directors have determined pursuant to regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) that the persons eligible to vote at the Meeting are those who are registered as Shareholders on Wednesday, 16 November 2016 at 5:00pm (AEDT).

Terms and abbreviations used in this Notice, unless otherwise defined in this Notice, are defined in Schedule 1.

**AGENDA**

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**1. Annual Report**

To consider the Annual Report of the Company and its controlled entities, which includes the Financial Report, the Directors' Report and the Auditor's Report.

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**2. Resolution 1 – Adoption of Remuneration Report**

To consider and, if thought fit, to pass with or without amendment, as an **ordinary resolution** the following:

*"That, pursuant to and in accordance with section 250R(2) of the Corporations Act and for all other purposes, approval is given by the Shareholders for the adoption of the Remuneration Report on the terms and conditions in the Explanatory Memorandum."*

**Voting Exclusion**

A vote on this Resolution must not be cast:

- (a) by or on behalf of a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such member, regardless of the capacity in which the vote is cast; or
- (b) by a person appointed as a proxy, where that person is either a member of the Key Management Personnel or a Closely Related Party of such member.

However, a vote may be cast by such persons if the vote is not cast on behalf of a person who is excluded from voting on this Resolution, and:

- (a) the person is appointed as a proxy and the appointment specifies the way the proxy is to vote on this Resolution; or

- (b) the person appointed as proxy is the Chairman and the appointment of the Chairman as proxy does not specify the way the proxy is to vote on this Resolution, but expressly authorises the Chairman to exercise the proxy even if this Resolution is connected with the remuneration of a member of the Key Management Personnel.

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**3. Resolution 2 – Re-election of Director – Mr Michael Bowen**

To consider and, if thought fit, to pass with or without amendment, as an **ordinary resolution** the following:

*"That, pursuant to and in accordance with article 6.3 of the Constitution and for all other purposes, Mr Michael Bowen, Director, retires and being eligible, is re-elected as a Director on the terms and conditions in the Explanatory Memorandum."*

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**4. Resolution 3 - Re-election of Director – Ms Wendy McCarthy AO**

To consider and, if thought fit, to pass with or without amendment, as an **ordinary resolution** the following:

*"That, pursuant to and in accordance with article 6.3 of the Constitution and for all other purposes, Ms Wendy McCarthy AO, Director, retires and being eligible, is re-elected as a Director on the terms and conditions in the Explanatory Memorandum."*

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**5. Resolution 4 - Issue of Performance Rights to Mr Andrew Saker under the IMF Bentham Limited Long Term Incentive Plan**

To consider and, if thought fit, to pass with or without amendment, as an **ordinary resolution** the following:

*"That, pursuant to and in accordance with Listing Rule 10.14 and Chapter 2D of the Corporations Act and for all other purposes, Shareholders approve:*

- (a) *the issue of Performance Rights to Mr Andrew Saker (and/or his nominee) over a three year period; and*
- (b) *the issue, transfer or allocation of, and acquisition by Mr Saker (and/or his nominee) of, Shares in respect of those Performance Rights,*

*under the IMF Bentham Limited Long Term Incentive Plan and on the terms and conditions in the Explanatory Memorandum."*

**Voting Exclusion**

The Company will disregard any votes cast on this Resolution by the Directors and any of their associates.

The Company will not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by the Chairman as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

In accordance with section 250BD of the Corporations Act, a vote on this Resolution must not be cast by a person appointed as a proxy, where that person is either a member of the Key Management Personnel or a Closely Related Party of such member.

However, a vote may be cast by such person if the vote is not cast on behalf of a person who is otherwise excluded from voting on this Resolution, and:

- (a) the person is appointed as a proxy and the appointment specifies how the proxy is to vote on this Resolution; or
- (b) the person appointed as proxy is the Chairman and the appointment does not specify how the Chairman is to vote but expressly authorises the Chairman to exercise the proxy even if the Resolution is connected with the remuneration of a member of the Key Management Personnel.

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**6. Resolution 5 - Issue of Performance Rights to Mr Hugh McLernon under the IMF Bentham Limited Long Term Incentive Plan**

To consider and, if thought fit, to pass with or without amendment, as an **ordinary resolution** the following:

*"That, pursuant to and in accordance with Listing Rule 10.14 and Chapter 2D of the Corporations Act and for all other purposes, Shareholders approve:*

- (a) *the issue of Performance Rights to Mr Hugh McLernon (and/or his nominee) over a three year period; and*
- (b) *the issue, transfer or allocation of, and acquisition by Mr McLernon (and/or his nominee) of, Shares in respect of those Performance Rights,*

*under the IMF Bentham Limited Long Term Incentive Plan and on the terms and conditions in the Explanatory Memorandum."*

**Voting Exclusion**

The Company will disregard any votes cast on this Resolution by the Directors and any of their associates.

The Company will not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by the Chairman as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

In accordance with section 250BD of the Corporations Act, a vote on this Resolution must not be cast by a person appointed as a proxy, where that person is either a member of the Key Management Personnel or a Closely Related Party of such member.

However, a vote may be cast by such person if the vote is not cast on behalf of a person who is otherwise excluded from voting on this Resolution, and

- (a) the person is appointed as a proxy and the appointment specifies how the proxy is to vote on this Resolution; or
- (b) the person appointed as proxy is the Chairman and the appointment does not specify how the Chairman is to vote but expressly authorises the Chairman to exercise the proxy even if the Resolution is connected with the remuneration of a member of the Key Management Personnel.

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**7. Resolution 6 – Renewal of Proportional Takeover Provisions**

To consider and, if thought fit, to pass with or without amendment, as a **special resolution** the following:

*"That, pursuant to and in accordance with section 648G of the Corporations Act, the proportional takeover provisions contained in Schedule 5 of the Constitution be renewed for a further three years with effect from the date of the Meeting."*

**BY ORDER OF THE BOARD**



Mr Jeremy Sambrook  
**General Counsel and  
Company Secretary**  
Dated: 10 October 2016

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**IMF BENTHAM LIMITED**

**ABN 45 067 298 088**

**EXPLANATORY MEMORANDUM**

**1. Introduction**

The Explanatory Memorandum has been prepared for the information of Shareholders in connection with the business to be conducted at the Meeting to be held at the Marble Room, Radisson Blu Hotel Sydney, 27 O'Connell Street, Sydney on Friday, 18 November 2016 at 9:30am (AEDT).

The Explanatory Memorandum forms part of this Notice which should be read in its entirety. The Explanatory Memorandum contains the terms and conditions on which the Resolutions will be voted.

The Explanatory Memorandum includes the following information to assist Shareholders in deciding how to vote on the Resolutions:

Section 1:	Action to be taken by Shareholders
Section 2:	Annual Report
Section 3:	Resolution 1 – Adoption of Remuneration Report
Section 4:	Resolution 2 – Re-election of Director – Mr Michael Bowen
Section 5:	Resolution 3 – Re-election of Director – Ms Wendy McCarthy AO
Section 6:	Resolution 4 – Issue of Performance Rights to Mr Andrew Saker under the IMF Bentham Limited Long Term Incentive Plan
	Resolution 5 – Issue of Performance Rights to Mr Hugh McLernon under the IMF Bentham Limited Long Term Incentive Plan
Section 7:	Resolution 6 – Renewal of Proportional Takeover Provisions
Schedule 1:	Definitions
Schedule 2:	Summary of the terms of the IMF Bentham Limited Long Term Incentive Plan
Schedule 3:	Proportional Takeover Provisions

A Proxy Form is enclosed with this Notice.

**1. Action to be taken by Shareholders**

Shareholders should read this Notice, including the Explanatory Memorandum, carefully before deciding how to vote on the Resolutions.

A Proxy Form is enclosed with this Notice. This is to be used by Shareholders if they wish to appoint a representative (a 'proxy') to vote in their place. All Shareholders are invited and encouraged to attend the Meeting or, if they are unable to attend in person, sign and return the Proxy Form to the Company in accordance with the instructions on the Proxy Form. Lodgement

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of a Proxy Form will not preclude a Shareholder from attending and voting at the Meeting in person.

Please note that:

- (a) a member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy;
- (b) a proxy need not be a member of the Company; and
- (c) a member of the Company entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes.

The enclosed Proxy Form provides further details on appointing proxies and lodging Proxy Forms.

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## **2. Annual Report**

In accordance with section 317 of the Corporations Act, Shareholders will be offered the opportunity to discuss the Annual Report, including the Financial Report, the Directors' Report and the Auditor's Report. The Annual Report is available online at <http://www.imf.com.au/shareholders/financial-reports>.

There is no requirement for Shareholders to approve the Annual Report.

At the Meeting, Shareholders will also be offered the opportunity to:

- (a) ask questions about, or comment on, the management of the Company; and
- (b) ask the Auditor questions about the conduct of the audit and the preparation and content of the Auditor's Report.

In addition to taking questions at the Meeting, written questions to the Chairman about the management of the Company, or to the Company's auditor about:

- (a) the preparation and content of the Auditor's Report;
- (b) the conduct of the audit;
- (c) accounting policies adopted by the Company in relation to the preparation of the financial statements; and
- (d) the independence of the auditor in relation to the conduct of the audit,

may be submitted no later than five business days before the Meeting by emailing them to [legal@imf.com.au](mailto:legal@imf.com.au). Please note that each question will not necessarily be individually addressed at the Meeting or answered individually after the Meeting.

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## **3. Resolution 1 – Adoption of Remuneration Report**

### **3.1 General**

In accordance with section 250R(2) of the Corporations Act, the Company must put the Remuneration Report to the vote of Shareholders. The Remuneration Report is set out in pages 19 to 27 of the Annual Report and outlines the Company's remuneration framework.

It is key to the Company's performance and success that its remuneration structure attracts, motivates and retains highly skilled senior employees. With this in mind, in 2015 the Remuneration Committee engaged PwC to assist with reviewing the Company's variable remuneration structure and developing a new structure.

The new variable remuneration framework comprises a short term incentive plan (**STIP**) and a long term incentive plan (**LTIP**). The LTIP and the STIP were designed to align executive reward and Shareholder value and to incentivise achievement of the Company's business strategy over the longer term. This new framework was implemented for the first time in 2016. The Remuneration Report describes how the Company's sound financial results and delivery of key operational initiatives have driven remuneration outcomes for the 2016 Financial Year. Since 2015 the Company has achieved a substantial improvement in profit after tax and 72% growth in its investment portfolio, representing positive results for Shareholders.

A summary of the components of the Company's remuneration framework is provided below. The Directors refer you to the Remuneration Report for further information.

The Chairman will allow reasonable opportunity for Shareholders to ask questions about or comment on the Remuneration Report at the Meeting.

Resolution 1 is an ordinary resolution.

The Chairman intends to exercise all available proxies in favour of Resolution 1.

If the Chairman is appointed as your proxy and you have not specified the way the Chairman is to vote on Resolution 1, by signing and returning the Proxy Form, you are considered to have provided the Chairman with an express authorisation for the Chairman to vote the proxy in accordance with the Chairman's intention, even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

### **3.2 Variable Remuneration**

The Company's variable remuneration framework (comprising the "at risk" component of remuneration) has been designed such that it is directly linked to Company performance, which is measured by reference to objectives and key performance indicators.

The STIP is linked to specific financial and non-financial measures. The Company's performance in the 2016 Financial Year resulted in the majority of the financial STIP metrics being satisfied.

The LTIP complements the STIP as it is tied to the long term performance of the Company. The LTIP is designed to directly align the interests of Shareholders and key people within the business. In the 2016 Financial Year, Participants were issued with a number of Performance Rights determined by reference to their Total Fixed Remuneration and the Company VWAP. The Performance Rights issued in 2016 will only vest in three years if certain pre-determined Performance Conditions are achieved in that time. The Performance Conditions have been carefully devised so as to create Shareholder value by motivating Participants to work collectively to achieve positive results for the Company and Shareholders.

### **3.3 Fixed Remuneration**

The LTIP and the STIP are intended to complement the fixed component of the Company's remuneration framework. The fixed remuneration component for Key Management Personnel and senior employees (including investment professionals) is reviewed annually by the Remuneration Committee and determined having regard to the private practice professional services market within which the Company competes for talent. The majority of investment



professionals employed by the Company are most comparable to partners in private practice professional services business.

### **3.4 Effect of the vote**

In accordance with section 250R(3) of the Corporations Act, Resolution 1 is advisory only and does not bind the Directors of the Company. If Resolution 1 is not passed, the Directors will not be required to alter any of the arrangements in the Remuneration Report.

Shareholders will have the opportunity to remove the whole Board except the managing director if the Remuneration Report receives a 'no' vote of 25% or more (**Strike**) at two consecutive annual general meetings.

Where a resolution on the Remuneration Report receives a Strike at two consecutive annual general meetings, the Company will be required to put to Shareholders at the second annual general meeting a resolution on whether another meeting should be held (within 90 days) at which all Directors (other than the managing director) who were in office at the date of approval of the applicable Directors' Report must stand for re-election.

The Company's Remuneration Report did not receive a Strike at the 2015 annual general meeting. Please note if the Remuneration Report receives a Strike at this Meeting and if a second Strike is received at the 2017 annual general meeting, this may result in the re-election of the Board.

### **3.5 Directors' Recommendation**

The Directors recommend that Shareholders vote in favour of Resolution 1.

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## **4. Resolution 2 - Re-election of Director - Mr Michael Bowen**

Mr Michael Bowen is a long serving non-executive Director. He is the chair of the Remuneration Committee and a member of the Corporate Governance Committee, Audit and Risk Committee and Nomination Committee.

Mr Bowen graduated from the University of Western Australia with Bachelors of Law, Jurisprudence and Commerce. He has been admitted as a barrister and solicitor of the Supreme Court of Western Australia and is a Certified Practising Accountant of CPA Australia. Mr Bowen is a partner of the law firm DLA Piper and formerly of Hardy Bowen which merged with DLA Piper on 1 July 2015, practicing primarily corporate, commercial and securities law with an emphasis on mergers, acquisitions, capital raisings and resources.

The Company believes Mr Bowen remains independent due to his capacity to bring an independent judgment on Company issues where he continues to act in the best interests of the Company and Shareholders. For further details, see pages 81 to 82 of the Annual Report.

Article 6.3 of the Constitution requires one third of all Directors, or if their number is not a multiple of three, then the number nearest one-third (rounded down to the nearest whole number) to retire at each annual general meeting.

Article 6.3 of the Constitution also states that a Director who retires under article 6.3 is eligible for re-election.

Resolution 2 therefore provides that Mr Michael Bowen retires by rotation and seeks re-election as a Director.

Resolution 2 is an ordinary resolution.

The Chairman intends to exercise all available proxies in favour of Resolution 2.

The Board (excluding Mr Bowen) supports the election of Mr Bowen and recommends that Shareholders vote in favour of Resolution 2.

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**5. Resolution 3 - Re-election of Director – Ms Wendy McCarthy AO**

Ms Wendy McCarthy AO was appointed to the Board as a non-executive Director in December 2013. She is the chair of the Corporate Governance Committee and is a member of the Audit and Risk Committee, Remuneration Committee and Nomination Committee.

Ms McCarthy started her career as a secondary school teacher, graduating from the University of New England with a Bachelor of Arts and Diploma of Education. She moved out of the classroom into public life in 1968 and since then has worked for change across the business, government and not-for-profit sectors, in education, family planning, human rights, public health, overseas aid and development, conservation, heritage, and media.

She has held many significant leadership roles in key national and international bodies including eight years as deputy chair of the Australian Broadcasting Corporation, ten years as Chancellor of the University of Canberra, and 12 years of service to Plan Australia as chair, with three years as global deputy chair for Plan International. She has just stepped down after eight years as chair of headspace, the National Youth Mental Health Foundation.

Ms McCarthy currently chairs Circus Oz and is the deputy-chair of Goodstart Early Learning. She is a patron of the Sydney Women's Fund and Ambassador for 1 Million Women. Ms McCarthy was appointed an Officer of the Order of Australia for outstanding contributions to community affairs, women's affairs and the Bicentennial celebrations, and received a Centenary of Federation Medal for business leadership. She was also awarded an Honorary Doctorate from the University of South Australia.

The Company believes Ms McCarthy remains independent due to her capacity to bring an independent judgment on Company issues where she continues to act in the best interests of the Company and Shareholders. For further details, see pages 81 to 82 of the Annual Report.

Article 6.3 of the Constitution requires one third of all Directors, or if their number is not a multiple of three, then the number nearest one-third (rounded down to the nearest whole number) to retire at each annual general meeting.

Article 6.3 of the Constitution also states that a Director who retires under article 6.3 is eligible for re-election.

Resolution 3 therefore provides that Ms McCarthy retires by rotation and seeks re-election as a Director.

Resolution 3 is an ordinary resolution.

The Chairman intends to exercise all available proxies in favour of Resolution 3.

The Board (excluding Ms McCarthy) supports the election of Ms McCarthy and recommends that Shareholders vote in favour of Resolution 3.

## **6. Resolutions 4 and 5 – Issue of Performance Rights to Messrs Andrew Saker and Hugh McLernon under the IMF Bentham Limited Long Term Incentive Plan**

### **6.1 General**

Resolutions 4 and 5 seek Shareholder approval in accordance with Listing Rule 10.14 and section 200B of the Corporations Act for the grant of Performance Rights in accordance with the LTIP to Messrs Andrew Saker and Hugh McLernon respectively over the three year period commencing from the date of the Meeting.

The LTIP was approved by Shareholders at the annual general meeting of the Company in 2015, with 2016 being the first year of its implementation. In the previous Financial Year, the Remuneration Committee engaged PwC as an external remuneration consultant to assist with a review of the Company's variable (or "at risk") remuneration structure. The LTIP, together with the STIP, are the product of that review and reflect industry standards. The LTIP complements the STIP as it is tied to long term performance. By encouraging equity ownership, the LTIP directly aligns the interests of Shareholders and Participants.

The LTIP opportunity is set at 65% of Total Fixed Remuneration, divided by the Company VWAP. The number of Performance Rights proposed to be issued to each of Messrs Saker and McLernon will be calculated in accordance with this formula.

Vesting of Performance Rights is contingent on performance against the Company's TSR and Funds Deployed CAGR over a three year period.

The Board considers that the grant of Performance Rights to Messrs Saker and McLernon in accordance with the LTIP is a cost effective and efficient reward for the Company to make to appropriately incentivise their respective continued performance, and is consistent with the strategic goals and targets of the Company.

Refer to Schedule 2 for a summary of the terms and conditions of the LTIP and Performance Rights.

Resolutions 4 and 5 are ordinary resolutions.

The Chairman intends to exercise all available proxies in favour of Resolutions 4 and 5.

If the Chairman is appointed as your proxy and you have not specified the way the Chairman is to vote on Resolutions 4 and 5, by signing and returning the Proxy Form, you are considered to have provided the Chairman with an express authorisation for the Chairman to vote the proxy in accordance with the Chairman's intention, even though the Resolutions are connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

### **6.2 Directors' Recommendation**

The Directors (other than Messrs Saker and McLernon) recommend that Shareholders vote in favour of Resolutions 4 and 5.

### **6.3 Section 208 of the Corporations Act**

In accordance with section 208 of the Corporations Act, to give a financial benefit to a related party, the Company must obtain Shareholder approval unless the giving of the financial benefit falls within an exception in sections 210 to 216 of the Corporations Act.

Messrs Saker and McLernon are related parties of the Company.

The Board considers that the approval of Shareholders under section 208 of the Corporations Act is not required as the exception in section 211 of the Corporations Act applies. The Performance Rights to be issued to Messrs Saker and McLernon are considered to be reasonable remuneration for the purposes of section 211 of the Corporations Act.

#### **6.4 Section 200B of Corporations Act**

In accordance with section 200B of the Corporations Act, to give a benefit in connection with a person's retirement from an office, the Company must obtain the approval of Shareholders in the manner set out in section 200E of the Corporations Act.

Section 200B applies where the benefit is given to a person whose office or position is a managerial or executive office. Messrs Saker and McLernon each hold an office or position that is a managerial or executive office.

The Performance Rights to be issued to Messrs Saker and McLernon may vest in certain circumstances after the termination of Messrs Saker and McLernon's employment at the discretion of the Remuneration Committee. Accordingly, the Board has formed the view that should this occur, it may constitute a benefit in connection with Messrs Saker and McLernon's retirement from office. Therefore, the Company seeks shareholder approval for the issue of Performance Rights to Messrs Saker and McLernon.

Refer to Schedule 2 for a summary of terms and conditions of the LTIP and Performance Rights.

#### **6.5 Listing Rule 10.14**

In accordance with Listing Rule 10.14, the Company must not permit a Director and any of their associates to acquire securities under an employee incentive scheme unless it obtains Shareholder approval.

#### **6.6 Specific information required by Listing Rule 10.15A**

Information must be provided to Shareholders for the purposes of obtaining Shareholder approval as follows:

- (a) Subject to the terms of the LTIP, Performance Rights will be granted to Messrs Saker and McLernon (or their respective nominees, as applicable), who are Directors.
- (b) The Company has obtained a waiver from ASX in respect of Listing Rule 10.15A.2 to permit this Notice not to state the maximum number of Performance Rights that may be acquired by Messrs Saker and McLernon in respect of the financial years ending on 30 June 2017 and 30 June 2018, on the basis that this Notice sets out the formula and method by which the number of Performance Rights that may be acquired will be calculated.

Pursuant to the terms of the LTIP, the number of Performance Rights a Participant may be invited to apply for is determined by multiplying their Total Fixed Remuneration by 0.65 and dividing the product by the Company VWAP as at 30 June of the Financial Year preceding the Financial Year to which the Invitation applies.

In accordance with this methodology, the maximum number of Performance Rights that may be issued to each of Messrs Saker and McLernon in respect of the Financial Year ending on 30 June 2016 is as follows:

Director (or Nominee)	Total Fixed Remuneration	Company VWAP	No of Tranche 1 Performance Rights	No of Tranche 2 Performance Rights	Total No of Performance Rights
Mr Andrew Saker	\$1,219,308	\$1.458	271,794	271,793	<b>543,587</b>
Mr Hugh McLernon	\$1,150,000	\$1.458	256,344	256,344	<b>512,688</b>

The maximum number of Performance Rights that may be issued to Messrs Saker and McLernon in respect of the Financial Years ending on 30 June 2017 and 30 June 2018 cannot be calculated at the date of this Notice as the Company VWAP in respect of those years will not be known until their conclusion. The Total Fixed Remuneration variable will remain unchanged from the figures provided in the table above for the purpose of calculating the number of Performance Rights to be issued to Messrs Saker and McLernon in respect of the Financial Years ending on 30 June 2017 and 30 June 2018.

- (c) Subject to the terms of the LTIP, the Performance Rights to be issued to Messrs Saker and McLernon will be granted for no consideration. The Performance Rights to be issued to Messrs Saker and McLernon will have no exercise price.
- (d) The Directors and associates of Directors who have received Performance Rights under the LTIP since its adoption in 2015 are:
- (i) Mr Saker, who was granted 474,580 Performance Rights by the Company pursuant to the LTIP on 19 August 2016;
  - (ii) Mr Hugh McLernon, who was granted 447,604 Performance Rights by the Company pursuant to the LTIP on 19 August 2016; and
  - (iii) Mr Justin McLernon, an investment manager, who was granted 62,294 Performance Rights by the Company pursuant to the LTIP on 19 August 2016.
- (e) Pursuant to the rules of the LTIP, only Eligible Participants are entitled to participate in the LTIP. Messrs Saker and McLernon are Eligible Participants for these purposes.
- (f) Messrs Saker and McLernon have an interest in Resolutions 4 and 5 and therefore believe it inappropriate to make a recommendation. The other Directors are unanimously in favour of the issue of the Performance Rights under Resolutions 4 and 5.
- (g) A voting exclusion statement is included in this Notice for Resolutions 4 and 5.
- (h) No loan will be made to Messrs Saker and McLernon in relation to the acquisition of Performance Rights or Shares under the LTIP.
- (i) Each annual report of the Company relating to a period in which Performance Rights or Shares have been issued to, or acquired by, a Director, an associate of a Director or other person referred to in Listing Rule 10.14 under the LTIP will include:
- (i) details of any such issue or acquisition; and
  - (ii) a statement that approval for the issue or acquisition of those Performance Rights or Shares to those persons was obtained under Listing Rule 10.14.

Any additional persons referred to in Listing Rule 10.14 who become entitled to participate in the LTIP after Resolutions 4 and 5 are approved and who are not named in this Notice will not participate until approval is obtained under Listing Rule 10.14.

- (j) The Company will grant the Performance Rights to Messrs Saker and McLernon no later than three years after the date of the Meeting or such longer period of time as ASX allows.

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## **7. Resolution 6 – Renewal of Proportional Takeover Provisions**

### **7.1 General**

Resolution 6 seeks Shareholder approval to renew the proportional takeover provisions in the Constitution. The Constitution includes Schedule 5 “Proportional Takeover Bid Approval” (as set out in Schedule 3) (**Proportional Takeover Provisions**). The Proportional Takeover Provisions provide that the Company can refuse to register Shares acquired under a proportional takeover bid unless an Approving Resolution is passed by Voters.

In accordance with the Corporations Act and the Company’s constitution, the Proportional Takeover Provisions will cease to have effect on 28 November 2016 (being three years from their adoption) unless renewed by a special resolution of Shareholders. Accordingly, the Directors request that Shareholders approve the renewal of the Proportional Takeover Provisions for a further three years from the date of the Meeting.

Resolution 6 is a special resolution.

The Chairman intends to exercise all available proxies in favour of Resolution 6.

The Corporations Act requires that the following information be provided to Shareholders when they are considering the renewal of proportional takeover provisions.

### **7.2 What is a proportional takeover bid?**

A proportional takeover bid is a takeover offer for all Bid Shares, but only in respect of a specified proportion of the Bid Shares (i.e. less than 100%). The proportion specified must be the same for all holders of Bid Shares. Accordingly, Shareholders who accept such a proportional takeover offer in full will only dispose of that specified proportion and retain the balance of their Bid Shares.

In order to deal with this possibility, a company may provide in its constitution that:

- (a) in the event of a proportional takeover bid being made for shares in the company, members are required to vote and collectively decide whether to accept or reject the offer; and
- (b) the majority decision of the company’s members will be binding on all members.

### **7.3 Effect of the proportional takeover provisions**

The effect of the Proportional Takeover Provisions is that in the event a proportional takeover bid is made, the Directors must ensure that a general meeting is held more than 14 days before the last day of the bid period for the purpose of allowing Voters to vote on the Approving Resolution.

Each Voter will have one vote for each Bid Share that the Voter holds. The bidder and its associates are not allowed to vote on the Approving Resolution.

If the Approving Resolution is not passed, transfers which would have resulted from the acceptance of a bid will not be registered and the bid will be taken to have been withdrawn.

The bid will be taken to have been approved if the Approving Resolution is not voted on within the deadline specified under the Corporations Act. However, the Directors will breach the Corporations Act if they fail to ensure the Approving Resolution is voted on.

If the bid is approved (or taken to have been approved), the transfers must be registered if they comply with the Corporations Act and the Constitution.

The Proportional Takeover Provisions only apply for three years from the date of their renewal (after that, the provisions may again be renewed by a special resolution of Shareholders). The provisions do not apply to full takeover bids.

#### **7.4 Reasons for renewing the proportional takeover provisions**

The Directors consider that Voters should have the opportunity to vote on any proportional takeover bid for the Company. Without the inclusion of the Proportional Takeover Provisions, control of the Company may pass without Voters having the chance to sell all of their Bid Shares. Voters could be at risk of passing control to a bidder without receiving an adequate control premium, whilst becoming part of a minority interest in the Company.

The Proportional Takeover Provisions deal with this possibility by providing that if a proportional takeover bid is made in respect of the Company, Voters must vote on whether or not the bid should be permitted to proceed.

The benefit of renewing the Proportional Takeover Provisions is that Voters are able to decide collectively whether any proportional takeover offer is acceptable in principle and may ensure that any partial offer is appropriately priced.

#### **7.5 Potential advantages and disadvantages for Directors and Shareholders**

The Directors consider that the potential advantages for Shareholders of renewing the Proportional Takeover Provisions are as follows:

- (a) Voters will have an opportunity to consider a proportional takeover bid and then attend or be represented by proxy at, a meeting of Voters called specifically to vote on the proposal. Accordingly, Voters will be able to prevent a proportional takeover bid proceeding if there is sufficient support for the proposition that control of the Company should not be permitted to pass under the proportional takeover bid.
- (b) The provisions may assist Shareholders to avoid being locked in as a minority.
- (c) Increasing the bargaining power of Shareholders may ensure that any partial offer is adequately priced.
- (d) Knowing the view of other Voters assists each individual Voter in assessing the likely outcome of the proportional takeover bid and whether to accept or reject that bid.

The Directors consider that the potential disadvantages for Shareholders of renewing the Proportional Takeover Provisions are as follows:

- (a) The inclusion of the provisions may make proportional takeover bids more difficult, such that proportional takeover bids will be discouraged. The chance of a proportional takeover bid being successful may be reduced.

- (b) The provisions may reduce the opportunities which Voters may have to sell all, or some, of their Bid Shares at a premium to persons seeking control of the Company and may reduce any takeover speculation element in the Share price.
- (c) The provisions may be considered to constitute an additional restriction on the ability of individual Voters to deal freely in their Bid Shares.

On balance, the Directors consider that the possible advantages for Shareholders outweigh the possible disadvantages for Shareholders, such that renewing the Proportional Takeover Provisions is in the interests of Shareholders.

The renewal of the Proportional Takeover Provisions will enable the Directors to formally ascertain the views of Voters in respect of a proportional takeover bid. Without the Proportional Takeover Provisions, the Directors are dependent upon their perception of the interests and views of Voters. Other than this advantage, the Directors consider that renewing the Proportional Takeover Provisions has no potential advantages or potential disadvantages for them as they remain free to make a recommendation on whether a proportional takeover offer should be accepted.

#### **7.6 Knowledge of present acquisition proposals**

As at the date on which this Explanatory Memorandum is prepared, no Director is aware of any proposal to acquire, or to increase the extent of, a substantial interest in the Company.

#### **7.7 Impact of the existing proportional takeover approval provisions**

As far as the Directors are aware, while the existing Proportional Takeover Provisions have been in effect, no takeover bids for the Company have been made, either proportional or otherwise. Accordingly, no actual advantages or disadvantages of the existing Proportional Takeover Provisions, for the Directors or the Shareholders, could be reviewed. The Directors are not aware of any potential takeover bid that was discouraged by the inclusion of the Proportional Takeover Provisions.

#### **7.8 Directors' Recommendation**

The Directors recommend that Shareholders vote in favour of Resolution 6.



**Schedule 1 – Definitions**

In this Notice, words importing the singular include the plural and vice versa.

**\$** means Australian Dollars.

**Annual Report** means the annual report prepared for the Company and its controlled entities under section 314 of the Corporations Act in respect of the Financial Year ending on 30 June 2016.

**Approving Resolution** has the meaning given in Section 1 of Schedule 3.

**ASIC** means the Australian Securities and Investments Commission.

**ASX** means ASX Limited (ABN 98 008 624 691) and, where the context permits, the Australian Securities Exchange operated by ASX Limited.

**Audit and Risk Committee** means the audit and risk committee of the Board as established from time to time.

**Auditor's Report** means the auditor's report on the Financial Report.

**Bid Shares** means bid class securities in respect of a proportional takeover bid.

**Board** means the board of Directors of the Company.

**Chairman** means the person appointed to chair the Meeting.

**Closely Related Party** has the meaning given in section 9 of the Corporations Act.

**Company** means IMF Bentham Limited (ABN 45 067 298 088).

**Company's TSR** means the total shareholder return of the Company over the Performance Period calculated as follows:

$$\frac{((\text{End Date Share Price} - \text{Start Date Share Price}) + \text{Gross Dividends})}{\text{Start Date Share Price}} \times 100$$

**Company VWAP** means the VWAP of Shares on issue during, and calculated over, the five days immediately prior to, and ending on, the applicable date.

**Comparator Group** means such companies or entities, being not less than 6, as shall be selected by the Remuneration Committee with effect from the applicable Start Date and as may be thereafter added, deselected and replaced with an alternative selection by the Remuneration Committee, save that in all cases such companies or entities shall be which are in the diversified financial industry sector, listed on ASX and have a market capitalisation of between 50% and 200% of the Company's market capitalisation on the applicable date of Invitation.

**Constitution** means the constitution of the Company, as amended from time to time.

**Corporate Governance Committee** means the corporate governance committee of the Board as established from time to time.

**Corporations Act** means the *Corporations Act 2001* (Cth).

**Director** means a director of the Company.

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**Directors' Report** means the annual directors' report prepared under Chapter 2M of the Corporations Act for the Company and its controlled entities.

**Eligible Participant** has the meaning given in section 1 of Schedule 2.

**End Date** means the last day of a Performance Period.

**End Date Share Price** means the Company VWAP for the period ending on the End Date.

**Explanatory Memorandum** means the explanatory memorandum which forms part of this Notice.

**Financial Report** means the annual financial report prepared under Chapter 2M of the Corporations Act for the Company and its controlled entities.

**Financial Year** means a period from 1 July in any year to 30 June in the following year.

**Funds Deployed** means the intangible asset balance of the Company in Australian dollars as detailed in the Company's annual consolidated financial statements and published in its annual report.

**Funds Deployed CAGR** means the compound annual growth rate on the Funds Deployed during the applicable Performance Period.

**Group** means the Company, its Subsidiaries and the Outside Entities.

**Group Company** means any member of the Group and **Group Companies** has the corresponding meaning.

**Gross Dividends** means the aggregate amount of dividends per Share declared and paid during the Performance Period.

**Invitation** has the meaning given in section 2 of Schedule 2.

**Key Management Personnel** means persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise).

**Listing Rules** means the listing rules of ASX and **Listing Rules** has the corresponding meaning.

**LTIP** has the meaning given in section 3 of the Explanatory Memorandum.

**Meeting** has the meaning given in the introductory paragraph of this Notice.

**Nomination Committee** means the nomination committee of the Board as established from time to time.

**Nominee** has the meaning given in section 4 of Schedule 2.

**Notice** means this notice of Annual General Meeting and includes the Explanatory Memorandum.

**Participant** has the meaning given in section 5 of Schedule 2.

**Performance Conditions** has the meaning given in section 6 of Schedule 2.

**Performance Period** in respect of a Performance Right means the period commencing on 1 July of the Financial Year in which the applicable Invitation is made to a Participant and ending 36 months thereafter.

**Performance Right** means a right granted pursuant to, and subject to, the LTIP.

**Proportional Takeover Provisions** has the meaning given in section 7.1 of the Explanatory Memorandum.

**Proxy Form** means the proxy form attached to this Notice.

**Register** means the register created and maintained by or on behalf of the Company under and in accordance with section 170 of the Corporations Act on the basis that a Performance Right shall be treated as an option for the purposes of this legislative provision.

**Relevant Interest** has the meaning given to that term in section 9 of the Corporations Act.

**Remuneration Committee** means the remuneration committee of the Board as established from time to time.

**Remuneration Report** means the remuneration report of the Company contained in the Directors' Report.

**Resolution** means a resolution referred to in this Notice.

**Share** means a fully paid ordinary share in the capital of the Company.

**Shareholder** means a shareholder of the Company.

**Start Date** means the first day of a Performance Period.

**Start Date Share Price** means the Company VWAP with an applicable date of the Start Date.

**Strike** has the meaning given in section 3 of the Explanatory Memorandum.

**STIP** has the meaning given in section 3 of the Explanatory Memorandum.

**Subsidiary** has the meaning given in section 9 of the Corporations Act and refers to any corporation of that kind whenever it becomes a subsidiary.

**Takeover Bid** has the meaning given in section 9 of the Corporations Act.

**Total Fixed Remuneration** means in respect of an Eligible Participant, the fixed base gross annual salary plus, if applicable, annual superannuation entitlement but for the avoidance of doubt excluding any other monetary entitlements including to any incentive awards under the STIP, LTIP or any other plans operated by a Group Company from time to time, save that if:

- (a) the applicable Eligible Participant was not an Eligible Participant on the first day of the Financial Year; or
- (b) the base salary payable to the applicable Eligible Participant has been varied during the applicable Financial Year,

such amount shall be adjusted proportionately and determined by the Remuneration Committee.

**Tranche 1 Performance Rights** means Performance Rights so designated on a Performance Rights certificate and in the Register.

**Tranche 2 Performance Rights** means Performance Rights so designated on a Performance Rights certificate and in the Register.

**Voter** has the meaning given in Section 1 of Schedule 3.

**VWAP** has the meaning given to the phrase 'volume weighted average market price' in the Listing Rules.

## Schedule 2 - Summary of the terms of the IMF Bentham Limited Long Term Incentive Plan

The key terms of the LTIP and the Performance Rights are as follows:

1. **Eligibility:** A person who is a:
- (a) full time employee, part time employee or, in the discretion of the Remuneration Committee, a contractor engaged by a Group Company who:
    - (i) performs an investment role at the level of an assistant investment manager or above (as determined by the Remuneration Committee); or
    - (ii) performs a non-investment role which is determined by the Remuneration Committee to have equivalent seniority to the role specified in paragraph (i) above; or
  - (b) director or company secretary of a Group Company; or
  - (c) otherwise so designated by the Remuneration Committee to be eligible,
- may be eligible to receive grants of Performance Rights under the LTIP (**Eligible Participant**).
2. **Invitation:** The Remuneration Committee may, from time to time, in its absolute discretion, invite any Eligible Participant to apply for up to a specified number of Performance Rights, upon the terms set out in the LTIP (**Invitation**).
3. **Issue Price:** Performance Rights granted under the LTIP will be issued for no consideration and shall have no exercise price.
4. **Dealings in Performance Rights:** An Eligible Participant may renounce the Invitation in respect of some or all of the Performance Rights in favour of one or more of:
- (a) an immediate family member who is resident in Australia or in such other jurisdiction as the Remuneration Committee may approve in its absolute discretion;
  - (b) a company incorporated in Australia or in such other jurisdiction as the Remuneration Committee may approve in its absolute discretion whose members comprise solely the Eligible Participant and/or his/her immediate family members; or
  - (c) a company incorporated in Australia or in such other jurisdiction as the Remuneration Committee may approve in its absolute discretion which is the corporate trustee of a self-managed superannuation fund (within the meaning of the *Superannuation Industry (Supervision) Act 1993 (Cth)*) of which the Eligible Participant is a director,
- in each case, subject to such person being a person to whom the Company is permitted to issue Performance Rights without publishing a disclosure document (a **Nominee**).
- An Eligible Participant resident outside of Australia may not renounce the Invitation in favour of any other person without the prior written approval of the Remuneration Committee.
5. **Grant of Performance Rights:** Within 28 days after the end of the period for submitting an application, as specified in the Invitation, and except where such Invitation is deemed never to have been made in accordance with the terms of the LTIP, the Remuneration Committee will, in respect of each Eligible Participant, or (where applicable) his or her Nominee, issue

the Performance Rights which are the subject of the relevant application to such person (the **Participant**).

The Company will issue the Participant with a certificate evidencing the issue of the Performance Rights and enter or cause to be entered in the Register the relevant details of such issue.

6. **Determination of Performance Conditions:** A Performance Right shall be subject to the following performance conditions:

- (a) subject to the LTIP, a Participant or, where a Participant is a Nominee the Eligible Participant by virtue of whom a Nominee holds Performance Rights, must remain an Eligible Participant for the full Performance Period (other than any approved leave of absence) and not have given or (to the extent applicable) received notice on or prior to the End Date to terminate such status;
  - (b) in respect of Tranche 1 Performance Rights, the Company's TSR shall be:
    - (i) greater than zero; and
    - (ii) when ranked against the total shareholder returns achieved by each member of the Comparator Group equal to greater than the returns of 50% of companies in the Comparator Group; and
  - (c) in respect of Tranche 2 Performance Rights, the Company achieves a Funds Deployed CAGR of 5% or more,
- (the **Performance Conditions**).

7. **Satisfaction of Performance Conditions:** At the end of each Performance Period for a Participant, the Remuneration Committee will:

- (a) determine in its sole discretion whether and, if so, the extent to which, the Performance Conditions applicable to that Performance Period have been satisfied;
- (b) if the Performance Conditions have been satisfied, determine whether a Performance Right has vested or lapsed by application of the Tranche 1 Vesting Matrix or the Tranche 2 Vesting Matrix, as applicable, as detailed below:
  - (i) Tranche 1 Vesting Matrix

Company Percentile Ranking	Percentage of Tranche 1 Performance Rights Vesting
Equal to the 50th percentile	50%
Between the 50th and 75th percentile	Between 50% and 100%, determined on a straight-line basis
Equal to the 75th percentile or above	100%

- (ii) Tranche 2 Vesting Matrix

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Fund Deployed CAGR Hurdle	Percentage of Tranche 2 Performance Rights Vesting
5%	50%
Between 5% and 7%	Between 50% and 100%, determined on a straight-line basis
7% and above	100%

- (c) advise the Participant in writing:
- (i) of the applicable number of vested Performance Rights now held by that Participant; or
  - (ii) of the applicable number of Performance Rights that have lapsed; and
- (d) amend the Register to reflect the vesting or lapse of the Performance Rights.

8. **Exercise on Vesting:** A vested Performance Right may be exercised by a Participant resident in Australia at any time from the date of receipt of a vesting notice until such time as the vested Performance Rights lapse in accordance with the LTIP. A vested Performance Right held by a Participant not resident in Australia will automatically be exercised in favour of the Participant.

9. **Ceasing to be Eligible Participant:** Where a Participant ceases to be an Eligible Participant:

- (a) as a result of death or total and permanent disability;
- (b) as a result of bona fide redundancy;
- (c) as a result of bona fide retirement;
- (d) as a result of termination of employment, office or contract by agreement;
- (e) for a reason specified in paragraph 10(c) of this Schedule 2, where the Remuneration Committee has determined not to exercise its discretion to not apply such provision; or
- (f) for any other such reason not stipulated above or in paragraph 10(c) of this Schedule 2,

(other than as a result of being granted an approved leave of absence) the Performance Rights held by the Participant shall not lapse and the Remuneration Committee will exercise its discretion to determine how those Performance Rights will be treated. This may include allowing some or all of those Performance Rights to vest, or to permit the Performance Rights to continue to be held as if the Participant was still an Eligible Participant.

10. **Lapsing of Performance Rights:** A Performance Right will lapse upon the earlier to occur of:

- (a) in the case of a vested Performance Right, on the Expiry Date;

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- (b) in the case of an unvested Performance Right, on the date of issue of a notice of lapse by the Company;
- (c) the Eligible Participant ceasing to be employed by or under contract to a Group Company because the Eligible Participant, in the opinion of the Remuneration Committee:
- (i) acts or has acted fraudulently or dishonestly;
  - (ii) is guilty of gross misconduct;
  - (iii) resigns (other than with the agreement of the relevant Group Company);  
or
  - (iv) is in breach or has breached any of his or her obligations to the Company,
- unless the Remuneration Committee resolves otherwise,
- (d) in accordance with paragraph 9 of this Schedule 2; or
- (e) a Participant granting a security interest, disposing of or dealing with the Performance Right or any interest in the Performance Right in circumstances where the Remuneration Committee does not apply its discretion to determine otherwise.

11. **Issue of shares:** Subject to the Corporations Act, the Listing Rules and the LTIP, the Company must issue to, or procure the transfer to, the Participant the number of Shares the Participant is entitled to be issued in respect of vested Performance Rights that are exercised. For an Eligible Participant resident in Australia this is one Share in respect of each Performance Right, for an Eligible Participant otherwise resident, the number of Shares, or part thereof, to be issued upon exercise of a Performance Right may be adjusted to take account of any movement in the applicable foreign exchange rates between the time of the applicable Invitation and exercise.
12. **Share ranking:** All Shares issued under the LTIP will rank equally with all other issued Shares, and will be entitled in full to those dividends which have a record date for determining entitlements after the date of issue.
13. **Listing of Shares on ASX:** The Company will use its best endeavours to obtain official quotation of all Shares issued under the LTIP on ASX.
14. **Change of Control:** The Remuneration Committee may in its absolute discretion determine that all unvested Performance Rights automatically vest on the following events occurring:
- (i) the Company announces that its shareholders have at a Court convened meeting of shareholders voted in favour, by the necessary majority, of a proposed scheme of arrangement (excluding a merger by way of scheme of arrangement for the purposes of a corporate restructure (including change of domicile, consolidation, sub-division, reduction or return) of the issued capital of the Company) and the Court, by order, approves the scheme of arrangement;
  - (ii) a Takeover Bid:
    - (A) is announced;

- (B) has become unconditional; and
- (C) the person making the Takeover Bid has a Relevant Interest in 50% or more of the Shares; or
- (D) any person acquires a Relevant Interest in 50.1% or more of the Shares by any other means.
15. **Adjustment for bonus issues:** If Shares are issued pro rata to the Company's shareholders generally by way of bonus issue, the number of Performance Rights to which each Participant is entitled shall be increased by that number of securities which the Participant would have been issued if the Performance Rights then held by the Participant were excised immediately prior to the record date of the bonus issue.
16. **Pro rata issues:** A Participant will not be entitled to any adjustment to the number of Shares issued under the LTIP that he or she is entitled to or adjustment to any Performance Condition which is based, in whole or part, on the Company's share price, as a result of the Company undertaking a rights issue.
17. **Adjustment for reconstruction:** In the event of any reconstruction (including consolidation, subdivision, reduction or return) of the issued capital of the Company, the number of Performance Rights to which each Participant is entitled shall be reconstructed (as appropriate) in accordance with the Listing Rules and in a manner determined by the Board to ensure that no advantage or disadvantage accrues to the Participant as a result of such corporate actions.
18. **Hedging Transactions:** Participants are prohibited from entering into any transactions (whether through the use of derivatives or otherwise) which seek to mitigate any economic risk or exposure in relation to any Performance Rights, including, without limitation, entering into a put option (or similar transaction) in respect of Shares which may become issued pursuant to Performance Rights to mitigate the risk of a change in the price of the Shares between the date of the put option and the date the Shares may become issued.
19. **Amendments:** Subject to the LTIP and the Listing Rules, the Board may from time to time amend or supplement the LTIP rules in any respect. However, in respect of an issued Performance Right no amendment made to the terms and conditions of the LTIP or the Performance Rights shall bind a Participant in respect of such Performance Rights unless such amendment:
- (a) is consented to in writing by a Participant; or
- (b) is introduced for the purpose of complying with, or conforming to, the Listing Rules, or State or Commonwealth legislation governing or regulating the maintenance or operation of the LTIP or similar plans.



### Schedule 3 – Proportional Takeover Provisions

#### 1. Definitions

In this Schedule:

**Approving Resolution** means a resolution to approve a proportional takeover bid in accordance with this Schedule.

**Deadline** means the 14th day before the last day of the bid period for a proportional takeover bid.

**Voter** means a person (other than the bidder under a proportional takeover bid or an associate of that bidder) who, as at the end of the day on which the first offer under that bid was made, held bid class securities for that bid.

#### 2. Refusal of Transfers

(a) Requirement for an Approving Resolution


- (i) The Company must refuse to register a transfer of Shares giving effect to a takeover contract for a proportional takeover bid unless and until an Approving Resolution is passed in accordance with this Schedule 5.
- (ii) This Schedule 5 ceases to apply on the 3rd anniversary of its last adoption, or last renewal, in accordance with the Corporations Act.

(b) Voting on an Approving Resolution

- (i) Where offers are made under a proportional takeover bid, the Directors must, call and arrange to hold a meeting of Voters for the purpose of voting on an Approving Resolution before the Deadline.
- (ii) The provisions of this Constitution concerning meetings of Members (with the necessary changes) apply to a meeting held under paragraph 2(b)(i).
- (iii) Subject to this Constitution, every Voter present at the meeting held under paragraph 2(b)(i) is entitled to one vote for each Share in the bid class securities that the Voter holds.
- (iv) To be effective, an Approving Resolution must be passed before the Deadline.
- (v) An Approving Resolution that has been voted on is taken to have been passed if the proportion that the number of votes in favour of the resolution bears to the total number of votes on the resolution is greater than 50%, and otherwise is taken to have been rejected.
- (vi) If no Approving Resolution has been voted on as at the end of the day before the Deadline, an Approving Resolution is taken, for the purposes of this Schedule, to have been passed in accordance with this Schedule.

IMF  
MR SAM SAMPLE  
FLAT 123  
123 SAMPLE STREET  
THE SAMPLE HILL  
SAMPLE ESTATE  
SAMPLEVILLE VIC 3030

## Lodge your vote:

 **Online:**  
[www.investorvote.com.au](http://www.investorvote.com.au)

 **By Mail:**  
Computershare Investor Services Pty Limited  
GPO Box 242 Melbourne  
Victoria 3001 Australia

Alternatively you can fax your form to  
(within Australia) 1800 783 447  
(outside Australia) +61 3 9473 2555

For Intermediary Online subscribers only  
(custodians) [www.intermediaryonline.com](http://www.intermediaryonline.com)

**For all enquiries call:**  
(within Australia) 1300 850 505  
(outside Australia) +61 3 9415 4000

## Proxy Form

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### Vote and view the annual report online

- Go to [www.investorvote.com.au](http://www.investorvote.com.au) or scan the QR Code with your mobile device.
- Follow the instructions on the secure website to vote.

### Your access information that you will need to vote:

**Control Number: 999999**

**SRN/HIN: I9999999999 PIN: 99999**

PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.



 **For your vote to be effective it must be received by 9:30am (AEDT) on Wednesday, 16 November 2016**

### How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

#### Appointment of Proxy

**Voting 100% of your holding:** Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

**Voting a portion of your holding:** Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

**Appointing a second proxy:** You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

**A proxy need not be a securityholder of the Company.**

### Signing Instructions for Postal Forms

**Individual:** Where the holding is in one name, the securityholder must sign.

**Joint Holding:** Where the holding is in more than one name, all of the securityholders should sign.

**Power of Attorney:** If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

### Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at [www.investorcentre.com](http://www.investorcentre.com) under the help tab, "Printable Forms".

**Comments & Questions:** If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

**GO ONLINE TO VOTE,  
or turn over to complete the form** →

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MR SAM SAMPLE  
FLAT 123  
123 SAMPLE STREET  
THE SAMPLE HILL  
SAMPLE ESTATE  
SAMPLEVILLE VIC 3030

**Change of address.** If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



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I ND

## Proxy Form

Please mark  to indicate your directions

### STEP 1 Appoint a Proxy to Vote on Your Behalf

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I/We being a member/s of IMF Bentham Limited hereby appoint

the Chairman of the Meeting **OR**

**PLEASE NOTE:** Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of IMF Bentham Limited to be held at the Marble Room, Radisson Blu Hotel Sydney, 27 O'Connell Street, Sydney NSW 2000 on Friday, 18 November 2016 at 9:30am (AEDT) and at any adjournment or postponement of that Meeting.

**Chairman authorised to exercise undirected proxies on remuneration related resolutions:** Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Resolutions 1, 4 and 5 (except where I/we have indicated a different voting intention below) even though Resolutions 1, 4 and 5 are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

**Important Note:** If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Resolutions 1, 4 and 5 by marking the appropriate box in step 2 below.

### STEP 2 Items of Business

**PLEASE NOTE:** If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

		For	Against	Abstain
Resolution 1	Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Re-election of Director – Mr Michael Bowen	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Re-election of Director – Ms Wendy McCarthy AO	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Issue of Performance Rights to Mr Andrew Saker under the IMF Bentham Limited Long Term Incentive Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Issue of Performance Rights to Mr Hugh McLernon under the IMF Bentham Limited Long Term Incentive Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Renewal of Proportional Takeover Provisions	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

### SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name \_\_\_\_\_

Contact Daytime Telephone \_\_\_\_\_

Date / / \_\_\_\_\_

IMF

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