



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

**For an Annual General Meeting to be held on Friday, 20 November 2015 at 9:30am (AEDT) at  
The Marble Room, Radisson Blu Hotel Sydney  
27 O'Connell Street, Sydney NSW 2000**

*The 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 (02) 8223 3567***

**Shareholders are urged to attend or vote by lodging the proxy form enclosed with the 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 (**Company**) will be held at the Marble Room, Radisson Blu Hotel Sydney, 27 O'Connell Street, Sydney on Friday, 20 November 2015 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 form part of the Notice.

The Directors appreciate that the Explanatory Memorandum for this Notice of Meeting is longer than usual. During the year the Board reviewed its composition and a board renewal plan was implemented that included the appointment of a new Chairman and new Managing Director and the resignation of two executive directors. The Company has also implemented a new remuneration structure to better align with shareholder interests. 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, 18 November 2015 at 5:00pm (AEDT).

Terms and abbreviations used in the 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 for the year ended 30 June 2015, 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 that specifies the way the proxy is to vote on this Resolution; or
- (b) the person 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 – Election of Director – Mr Michael Kay**

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 14.4, with article 6.3 of the Constitution and for all other purposes, Mr Michael Kay, Director, who was appointed as a casual vacancy on 1 July 2015, retires and being eligible is elected as a Director on the terms and conditions in the Explanatory Memorandum."*

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**4. Resolution 3 – Re-election of Director – Mr Hugh McLernon**

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 Hugh McLernon, 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 - Re-election of Director - Mr Alden Halse**

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 Alden Halse, Director, retires and being eligible, is re-elected as a Director on the terms and conditions in the Explanatory Memorandum."*

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**6. Resolution 5 - 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, Director, retires and being eligible, is re-elected as a Director on the terms and conditions in the Explanatory Memorandum."*

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**7. Resolution 6 - Approval of remuneration of non-executive Directors**

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 clause 6.5 of the Constitution, Listing Rule 10.17 and for all other purposes, the maximum aggregate remuneration that may be paid to the non-executive Directors in any year be set at \$700,000, to be divided*

*among the non-executive Directors in the manner determined by the Board from time to time."*

**Voting Exclusion**

The Company will disregard any votes cast on this Resolution by a Director and any of his/her 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 or on behalf of a member of the Key Management Personnel, or a Closely Related Party of such member.

A vote may be cast by such person 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 proxy by writing that specifies the way the proxy is to vote on the Resolution; or
- (b) the person 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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**8. Resolution 7 - Approval of 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, for the purposes of ASX Listing Rule 7.2 (Exception 9(b)) and Chapter 2D of the Corporations Act and for all other purposes, approval is given for the Company to adopt a long term incentive plan, being the IMF Bentham Limited Long Term Incentive Plan, and for the issue of securities under the IMF Bentham Limited Long Term Incentive Plan, on the terms and conditions set out in the Explanatory Statement."*

**Voting Exclusion**

The Company will disregard any votes cast on this Resolution by a Director and any of his/her 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 or on behalf of a member of the Key Management Personnel, or a Closely Related Party of such member.

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A vote may be cast by such person 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 proxy by writing that specifies the way the proxy is to vote on the Resolution; or
- (b) the person 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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**9. Resolution 8 - 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, subject to the passing of Resolution 7 and pursuant to and in accordance with Listing Rule 10.14 and Chapter 2D of the Corporations Act and for all other purposes, Shareholders approve the issue of Performance Rights to Mr Andrew Saker (and/or his nominee), under the IMF Bentham Limited Long Term Incentive Plan 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, and

- (a) the person is appointed as a proxy and the appointment specifies how the proxy is to vote; 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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**10. Resolution 9 - 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:

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*"That, subject to the passing of Resolution 7 and pursuant to and in accordance with Listing Rule 10.14 and Chapter 2D of the Corporations Act and for all other purposes, Shareholders approve the issue of Performance Rights to Mr Hugh McLernon (and/or his nominee), under the IMF Bentham Limited Long Term Incentive Plan 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, and

- (a) the person is appointed as a proxy and the appointment specifies how the proxy is to vote; 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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#### **11. Resolution 10 – Approval of Officers' Deeds of Indemnity, Insurance and Access**

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 Chapters 2D and 2E of the Corporations Act and for all other purposes approval be given to the Company to:*

- (a) *indemnify each Officer, during their Office and after the cessation of that Office, in respect of certain claims made against that Officer in relation to the period of their Office;*
- (b) *use its reasonable endeavours to procure an insurance policy and pay the premiums of insurance as assessed at market rates for each Officer in respect of certain claims made against each such Officer in relation to the period of their Office (except to the extent such insurance cannot be procured at a reasonable cost or is otherwise unavailable to the Company);*
- (c) *use its reasonable endeavours to ensure that each such Officer is at all times covered under an insurance policy for the period of seven years from the date that the Officer ceases to hold Office (**Insurance Run-Off Period**), which will be on terms not materially less favourable to the Officer than the terms of insurance applicable at the date of termination of their Office, and to continue to pay those premiums during that*

*Insurance Run-Off Period (except to the extent such insurance cannot be procured at a reasonable cost or is otherwise unavailable to the Company); and*

- (d) *provide each Officer with access, upon the termination of their Office, for a period of not less than seven years following that termination, to any Group Company records which are either prepared by or provided to him/her during the Retention Period,*

*on the terms and conditions in the Explanatory Memorandum.”*

#### **Voting Exclusion**

The Company will disregard any votes cast on this Resolution by an Officer 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, and

- (a) the person is appointed as a proxy and the appointment specifies how the proxy is to vote; 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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#### **12. Resolution 11 – Section 195 Approval**

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 subsection 195(4) of the Corporations Act and for all other purposes, Shareholders approve the transactions contemplated in Resolution 10.”*

**BY ORDER OF THE BOARD**



Ms Diane Jones  
**Company Secretary**

Dated: 17 September 2015

**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, 20 November 2015 at 9:30am (AEDT).

The Directors appreciate that the Explanatory Memorandum is longer than usual. During the year the Board reviewed its composition and a board renewal plan was implemented that included the appointment of a new Chairman and new Managing Director and the resignation of two executive directors. The Company has also implemented a new remuneration structure to better align with shareholder interests. We recommend shareholders read this Explanatory Memorandum in relation to the proposed Resolutions.

The Explanatory Memorandum forms part of the 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 2:	Action to be taken by Shareholders
Section 3:	Annual Report
Section 4:	Resolution 1 – Adoption of Remuneration Report
Section 5:	Resolution 2 – Election of Director – Mr Michael Kay
Section 6:	Resolution 3 – Re-election of Director – Mr Hugh McLernon
Section 7:	Resolution 4 – Re-election of Director – Mr Alden Halse
Section 8:	Resolution 5 – Re-election of Director – Ms Wendy McCarthy AO
Section 9:	Resolution 6 – Approval of remuneration of non-executive Directors
Section 10:	Resolution 7 – Approval of IMF Bentham Limited Long Term Incentive Plan
Section 11:	Resolution 8 – Issue of Performance Rights to Mr Andrew Saker under the IMF Bentham Limited Long Term Incentive Plan
	Resolution 9 – Issue of Performance Rights to Mr Hugh McLernon under the IMF Bentham Limited Long Term Incentive Plan
Section 12:	Resolution 10 – Approval of Officers' Deeds of Indemnity, Insurance and Access
Section 13:	Resolution 11 – Section 195 Approval

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Schedule 1:	Definitions
Schedule 2:	Summary of the terms of the IMF Bentham Limited Long Term Incentive Plan

A Proxy Form is enclosed with the Notice.

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## 2. Action to be taken by Shareholders

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

A Proxy Form is enclosed with the 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 thereon. Lodgement 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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## 3. 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, for the Financial Year ended 30 June 2015.

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

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

- (a) discuss the Annual Report which is available online at [www.imfbenthamltd.com](http://www.imfbenthamltd.com);
- (b) ask questions about, or comment on, the management of the Company; and
- (c) 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

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(d) the independence of the auditor in relation to the conduct of the audit,

may be submitted no later than 5 business days before the Meeting to the Company Secretary at the Company's registered office.

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#### 4. Resolution 1 – Adoption of Remuneration Report

No bonuses were awarded to employees in 2015 other than in accordance with contractual obligations to US employees. The Remuneration Report in the Annual Report includes a letter from the Chairman of the Remuneration Committee outlining the proposed Short Term Incentive Plan (**STIP**) and Long Term Incentive Plan (**LTIP**) (see pages 14 to 16 of the Annual Report). The Directors refer you to this letter for further information on the STIP and LTIP.

In accordance with section 250R(2) of the Corporations Act, the Company must put the Remuneration Report to the vote of Shareholders. The Directors' Report contains the Remuneration Report which sets out the remuneration policy for the Company and the remuneration arrangements in place for the executive Directors, specified executives and non-executive Directors.

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 2014 annual general meeting. Please note if the Remuneration Report receives a Strike at this Meeting and if a second Strike is received at the 2016 annual general meeting, this may result in the re-election of the Board.

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

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.

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**5. Resolution 2 – Election of Director – Mr Michael Kay**

During the year the Board reviewed its composition and a board renewal plan was implemented that included the appointment of a new non-executive, independent Chairman, Mr Michael Kay. In addition, a new Managing Director was appointed and the number of executive directors was reduced to two. Mr Kay brings a wealth of commercial experience to the Company. Details of Mr Kay's background and experience are set out in the Annual Report.

In accordance with Listing Rule 14.4, a director appointed to fill a casual vacancy or as an addition to the Board must not hold office (without re-election) past the next annual general meeting of the entity.

Article 6.2 of the Constitution allows the Directors to appoint a person to fill a casual vacancy at any time, providing that the total number of Directors does not at any time exceed the maximum number specified by the Constitution. Article 6.3 of the Constitution requires, amongst others, that any Director so appointed holds office until the next general meeting of members of the Company and is eligible for re-election at that meeting.

Mr Michael Kay was appointed on 1 July 2015 to fill a casual vacancy. Resolution 2 therefore provides that he retires from office and seeks 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 Kay) supports the election of Mr Kay and recommends that shareholders vote in favour of Resolution 2.

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**6. Resolution 3 – Re-election of Director – Mr Hugh McLernon**

During the year the Board implemented its succession plan with the appointment of Mr Andrew Saker as Managing Director on 5 January 2015. Mr Hugh McLernon retired as Managing Director of the Company 5 January 2015.

Mr McLernon has been instrumental in creating the litigation funding industry in Australia. The Board considers it imperative that the Company maintains its corporate memory, particularly when coupled with the appointment of a new Chairman, new Managing Director and resignation of three directors. For this reason the Board is of the opinion Mr McLernon should continue on the Board and supports the re-election of Mr McLernon.

Article 6.3 of the Constitution requires, amongst others, that a Director who ceases to be the managing director must retire at the next annual general meeting following the Director ceasing to be a managing director.

Resolution 3 therefore provides that Mr Hugh McLernon retires by rotation and seeks re-election as a Director.

Details of Mr McLernon's background and experience are set out in the Annual Report.

Resolution 3 is an ordinary resolution.

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

The Board (excluding Mr McLernon) supports the election of Mr McLernon and recommends that shareholders vote in favour of Resolution 3.

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**7. Resolution 4 - Re-election of Director - Mr Alden Halse**

Mr Alden Halse is a long serving Director of the Company. He is the Chairman of the Company's Audit Committee and Nomination Committee and is a member of the Company's Remuneration Committee and Corporate Governance Committee. The significant Board renewal which has been implemented during the year makes his continued participation on the Board and these Committees very valuable to the Company. The Company believes Mr Halse 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 its shareholders. Details of the qualifications and experience of Mr Halse are set out in the Annual Report.

Given the Board restructure and in the interests of maintaining an appropriate level of corporate knowledge, the new Chairman has requested Mr Halse to seek re-election.

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 4 therefore provides that Mr Alden Halse retires by rotation and seeks re-election as a Director.

Resolution 4 is an ordinary resolution.

The Chairman intends to exercise all available proxies in favour of Resolution 4.

The Board (excluding Mr Halse) supports the election of Mr Halse and recommends that shareholders vote in favour of Resolution 4.

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

Ms Wendy McCarthy was appointed to the Board on 11 December 2013. She is a member of the Audit Committee, Remuneration Committee, Nomination Committee and Corporate Governance Committee. Ms McCarthy's ongoing role on the Board and these Committees is very beneficial given the Board renewal plan. Details of the qualifications and experience of Ms McCarthy are set out in 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 5 therefore provides that Ms Wendy McCarthy retires by rotation and seeks re-election as a Director.

Resolution 5 is an ordinary resolution.

The Chairman intends to exercise all available proxies in favour of Resolution 5.

The Board (excluding Ms McCarthy) supports the election of Ms McCarthy and recommends that shareholders vote in favour of Resolution 5.

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## **9. Resolution 6 – Approval of remuneration of non-executive Directors**

### **9.1 General**

At the Company's annual general meeting in 2013, Shareholders approved the maximum aggregate remuneration payable to non-executive Directors at \$500,000 per annum. The current total non-executive remuneration is \$495,000. The Board renewal plan may in due course require the appointment of additional directors. There may be a transition period where existing directors remain on the Board at the same time as new directors.

Resolution 6 seeks shareholder approval to set the maximum aggregate remuneration payable to non-executive Directors at \$700,000 per annum.

The Board believes that the remuneration of the Directors must be maintained at a level consistent with similarly sized ASX-listed companies, taking into account the time commitment of the role and Company performance. The increase in the aggregate remuneration pool sought by Resolution 6 is designed to:

- (a) accommodate an increase in the number of non-executive Directors, if such an increase is considered appropriate; and
- (b) allow for future increases in remuneration to current or future non-executive Directors, should this be considered appropriate.

Resolution 6, if passed, will ensure the Company has adequate flexibility to increase the size of the Board or the remuneration of non-executive Directors, as and when the business of the Company requires.

The Board does not give a recommendation on Resolution 6 in view of their personal interest in the Resolution.

Resolution 6 is an ordinary resolution.

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

### **9.2 Clause 6.5 of the Constitution and Listing Rule 10.17**

Clause 6.5 of the Constitution provides that the Company may pay to the non-executive Directors a maximum total amount of non-executive directors' fees, determined by the Company in general meeting.

Listing Rule 10.17 provides that shareholder approval is required to increase the total amount of non-executive directors' fees payable by the Company. Listing Rule 10.17 does not apply to the salary of an executive Director. Listing Rule 10.17 requires that the following information be provided to shareholders:

- (a) The amount of the increase sought is \$200,000, which would increase the annual remuneration pool for non-executive directors from \$500,000 to \$700,000.
- (b) No securities have been issued to a non-executive director under Listing Rules 10.11 and 10.14 at any time within the preceding 3 years.
- (c) A voting exclusion statement is included in the Notice.

Non-executive directors may be entitled to further remuneration if they are called upon to perform additional services or make special exertions on behalf of the Company or the business of the Company.



## **10. Resolution 7 - Approval of IMF Bentham Limited Long Term Incentive Plan**

### **10.1 General**

Resolution 7 seeks shareholder approval to establish and maintain the IMF Bentham Limited LTIP to provide ongoing incentives to employees of the Company.

No bonuses were awarded to employees in 2015 other than in accordance with contractual obligations to US employees. The Board has recently been through a process of reviewing the most appropriate long term incentive for key individuals, and after detailed internal consideration with the benefit of external expert advice, the LTIP has been developed.

The LTIP has been tailored to accommodate the Company's unique business and strategic plan. The two LTIP metrics are detailed in Schedule 2 and are inter-related. The Company's investments in litigation funding agreements are critical to future performance and long term growth in profitability. Therefore, measuring the compound annual growth rate in these investments is considered a relevant and appropriate metric for assessing employee contribution to shareholder returns. The other LTIP metric chosen measures the Company's total shareholder return relative to a Comparator Group of listed entities. The combination of equally rewarding increased investment portfolio growth and total relative shareholder returns, seeks to maximise the alignment of employees and shareholders. As the STIP tests growth in relative profitability over the same time period as the growth in investments, the interrelationship between the STIP and LTIP acts as a natural counterbalance to ensure any concentration on asset growth is not at the cost of future profitability.

The LTIP provides for the issuance of Performance Rights which, upon a determination by the Board that the Performance Conditions attached to the Performance Rights have been met, will result in the issue of one Share for each Performance Right subject to certain exceptions (see Schedule 2).

Resolution 7 is an ordinary resolution.

The Company wishes to exempt issues of securities under the LTIP from contributing towards the rolling annual limit of 15% of issued Shares prescribed by Listing Rule 7.1. This limit otherwise applies to all new issues of equity securities made without shareholder approval. Shareholder approval of the LTIP is therefore sought under Listing Rule 7.2, exception 9, whereby the shareholders may approve in advance the issue of securities made under the LTIP as exceptions to the limit under Listing Rule 7.1.

Pursuant to the Listing Rules, shareholders must re-approve the LTIP and all Performance Rights issuable pursuant thereto every three years in order for Listing Rule 7.2, exception 9, to continue to apply.

### **10.2 Further Information**

Further information about the LTIP is set out in Schedule 2 and a copy can be obtained by contacting the Company.

### **10.3 Section 200B of the 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 shareholder approval 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.

The Performance Rights may vest after a person ceases to be an Eligible Participant under the LTIP at the discretion of the Remuneration Committee in certain circumstances. Should the Remuneration Committee exercise its discretion in such a circumstance and allow the Performance Rights to vest then, in accordance with regulation 2D.2.03 of the *Corporations Regulations 2001* (Cth), such person will have been given a benefit "in connection with" the retirement for the purposes of section 200B of the Corporations Act.

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

#### **10.4 Specific information required by Listing Rule 7.2**

In accordance with Listing Rule 7.2, exception 9, information is provided as follows:

- (a) The material terms of the LTIP and the Performance Rights are summarised in Schedule 2.
- (b) This is the first approval sought under Listing Rule 7.2, exception 9, with respect to the LTIP.
- (c) No securities have been issued under the LTIP.
- (d) A voting exclusion statement is included in the Notice for Resolution 7.

The Chairman intends to exercise all available proxies in favour of Resolution 7.

If the Chairman is appointed as your proxy and you have not specified the way the Chairman is to vote on Resolution 7, 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.

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### **11. Resolutions 8 and 9 – Issue of Performance Rights to Messrs Andrew Saker and Hugh McLernon under the IMF Bentham Limited Long Term Incentive Plan**

#### **11.1 General**

Resolutions 8 and 9 seek shareholder approval in accordance with Listing Rule 10.14 and section 200B of the Corporations Act for the grant of Performance Rights to Messrs Andrew Saker and Hugh McLernon respectively in accordance with the LTIP.

The Board considers that this grant of Performance Rights to Messrs Saker and McLernon 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 the Performance Rights.

Resolutions 8 and 9 are ordinary resolutions.

The Chairman intends to exercise all available proxies in favour of Resolutions 8 and 9.

If the Chairman is appointed as your proxy and you have not specified the way the Chairman is to vote on Resolutions 8 and 9, 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.

#### **11.2 Directors' Recommendation**

The Directors (other than Messrs Saker and McLernon) recommend that shareholders vote in favour of these Resolutions.

#### **11.3 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 shareholder approval under section 208 of the Corporations Act is not required as the exception in section 211 of the Corporations Act applies. The Shares to be issued to Messrs Saker and McLernon are considered to be reasonable remuneration for the purposes of section 211 of the Corporations Act.

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

As detailed in section 10.3 above, 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 shareholder approval 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 hold an office or position that is a managerial or executive office.

The Performance Rights 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 the Performance Rights.

#### **11.5 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.

#### **11.6 Specific information required by Listing Rule 10.15**

Information must be provided to shareholders for the purposes of obtaining shareholder approval as follows:

- (a) Subject to the terms of the LTIP, the Performance Rights will be granted to Messrs Saker and McLernon (or their respective nominees, as applicable), who are Directors of the Company.

- (b) The maximum number of Performance Rights to be granted to Messrs Saker and McLernon in respect of the Financial Year ended 30 June 2015 has been determined by multiplying their respective Total Fixed Remuneration for the Financial Year by 0.65 and dividing the product by the Company VWAP, with an applicable date of 30 June 2015.

In accordance with this methodology, the maximum number of Performance Rights to be granted to each of Messrs Saker and McLernon in respect of the Financial Year ended 30 June 2015 is as follows:

Director (or Nominee)	Total Fixed Remuneration	Company VWAP	No of Performance Rights
Mr Andrew Saker	\$1,219,308	\$1.671	<b>474,297</b>
Mr Hugh McLernon	\$1,150,000	\$1.671	<b>447,337</b>

- (c) Subject to the terms of the LTIP, the Performance Rights will be granted for no consideration. The Performance Rights will have no exercise price.
- (d) There have not been any Performance Rights granted under the LTIP to date.
- (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 8 and 9 and therefore believe it inappropriate to make a recommendation. The other Directors are unanimously in favour of the grant of the Performance Rights under Resolutions 8 and 9.
- (g) A voting exclusion statement is included in the Notice for Resolutions 8 and 9.
- (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) The Company will grant the Performance Rights to Messrs Saker and McLernon no later than 12 months after the date of the Meeting or such longer period of time as ASX allows.

## 12. Resolution 10 – Officers' Deeds of Indemnity, Insurance and Access

### 12.1 General

Certain past and present Officers of the Group have entered into deeds of access, indemnity and insurance with the Company (the **Existing Deeds**). The Board proposes that the Company enter into new deeds of indemnity, insurance and access (**Deeds of Indemnity, Insurance and Access**) with each present and future Officer of a Group Company.

The Deeds of Indemnity, Insurance and Access will replace the Existing Deeds in respect of those Officers who have them.

The key difference between the Existing Deeds and the Deeds of Indemnity, Insurance and Access is that where a recipient Officer is an Officer of more than one Group Company the indemnity coverage will apply to the Officer's appointment to all Group Companies.

Given the duties and responsibilities of Officers and their potential liabilities, the Board considers it appropriate that each Officer of a Group Company be suitably protected from certain claims made against them. The proposed protection will not apply to the extent it is prohibited by the Corporations Act.

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As a person may be called to account for his or her actions several years after ceasing to hold office, it is considered reasonable that suitable protection should extend for a period of time after an Officer has ceased to hold Office.

It is generally recognised that an officer or former officer of a company may face considerable difficulty in properly answering or defending any claim made against him or her, particularly, as is often the case, the claim is brought after the officer ceases to hold office. Difficulties may arise by reason of the following:

(a) **No indemnity after cessation of Office**

While a company's constitution provides officers with an indemnity in respect of claims made while they hold office, the indemnity arguably ceases if they cease to hold office and does not extend to cover roles as an officer of a body corporate associated with the company. Without the benefit of an indemnity, the cost of defending such a claim in respect of the actions of an officer or former officer, even if the claim is ultimately proven to be without merit, can be considerable and beyond the financial resources of the individual officer.

(b) **Maintenance of insurance policies**

Officers' insurance policies generally only provide cover for claims made during the currency of the insurance policy. Generally, unless insurance premiums continue to be paid after the time an officer ceases to hold office, claims made after cessation of office will not be covered by the insurance policy. The cost to a former officer of personally maintaining insurance cover after ceasing to hold office can be prohibitive, particularly given the number of years for which insurance must be maintained and given the former officer is unlikely to be receiving income from the company.

(c) **Access to Board papers**

In accordance with section 198F of the Corporations Act, officers have a right to inspect the books of the Company:

- (i) whilst they hold office; and
- (ii) for seven years after ceasing to hold office,

at all reasonable times for the purposes of a legal proceeding to which the officer is a party, that the officer proposes in good faith to bring or that the officer has reason to believe will be brought against him or her.

Despite this statutory right, officers may require access to company documents which are relevant to the officer's office and not strictly required for the purpose of anticipated, threatened or commenced legal proceedings. Furthermore, although a proceeding may be instituted within six years after a cause of action arises, that six year period is calculated from the date the damage is found to have occurred – this may be long after the conduct which allegedly caused the damage occurred.

Given these difficulties a person may be unwilling to become or to remain as an officer of a company without suitable protection being provided by the company. The benefit to such company in providing such protection is that it will continue to be able to attract persons of suitable expertise and experience to act as officers.

Resolution 10 is an ordinary resolution.

The Chairman intends to exercise all available proxies in favour of Resolution 10.



If the Chairman is appointed as your proxy and you have not specified the way the Chairman is to vote on Resolution 10, 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.

## 12.2 Summary of the Deeds of Indemnity, Insurance and Access

The Company has entered into Deeds of Indemnity, Insurance and Access which, subject to shareholder approval, require:

- (a) the Company to indemnify each Officer during their Office and after the cessation of that Office, in respect of certain claims made against that Officer in relation to the period of their Office to the extent allowable under the Corporations Act;
- (b) the Company to use its reasonable endeavours (subject to cost and availability) to maintain an insurance policy and pay the premiums of insurance as assessed at market rates for each Officer to the extent available under the Corporations Act, in respect of certain claims made against him or her in relation to the period of his or her Office (except to the extent such insurance cannot be procured at a reasonable cost or is otherwise unavailable to the Company) and to continue to pay those premiums for a period of up to seven years following the termination of their Office; and
- (c) the Company to provide each Officer with access, upon ceasing to hold Office and for a period of up to seven years following that cessation, to any Group Company records which are either prepared by or provided to the Officer during the Retention Period.

## 12.3 Summary of indemnity and insurance provisions in the Corporations Act

In considering Resolution 10, please note the following limitations in the Corporations Act concerning the provision of indemnities and insurance to company officers. The Deeds of Indemnity, Insurance and Access for which shareholder approval is sought under Resolution 10 comply with these limitations.

### (a) Section 199A of the Corporations Act

The Corporations Act sets out specific prohibitions to the Company's ability to grant indemnities for liabilities and legal costs.

The Company is prohibited from indemnifying its Officers against a liability if it is a liability:

- (i) to the Company and any of its related bodies corporate;
- (ii) to a third party that arose out of conduct involving a lack of good faith; or
- (iii) for a pecuniary penalty order or a compensation order under the Corporations Act (such orders being made for breaches such as breaches of officer's duties, the related party rules and insolvent trading rules).

The Company is also prohibited from indemnifying its Officers against legal costs incurred:

- (i) in defending actions where an officer is found liable for a matter for which he or she cannot be indemnified by the Company as set out immediately above;
- (ii) in defending criminal proceedings where the Officer is found guilty;

- (iii) in defending proceedings brought by ASIC or a liquidator for a court order if the grounds for making the order are found by the court to be established; or
- (iv) in connection with proceedings for relief to the director under the Corporations Act where the court denies the relief.

(b) **Section 199B of the Corporations Act**

If the Company, or a related body corporate of the Company, pays the premium on an insurance policy in favour of an Officer, section 199B of the Corporations Act requires the Company to ensure that the relevant contract of insurance does not cover liabilities incurred by the Officer arising out of conduct involving either:

- (i) a wilful breach of duty in relation to the Company; or
- (ii) contravention of the provisions relating to an Officer making improper use of information or improper use of his or her position for his or her advantage or gain, or to the detriment of the Company.

**12.4 Shareholder approval**

Resolution 10 seeks shareholder approval in accordance with the following provisions of the Corporations Act:

(a) **Section 200B of the 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 shareholder approval in the manner set out in section 200E of the Corporations Act.

The Directors consider that as the:

- (i) proposed payment of insurance premiums;
- (ii) benefit of the indemnity in relation to liabilities incurred during the period an Officer holds Office; and
- (iii) Officer's access to Group Company records,

continue for a period of up to seven years after the Officer ceases to hold Office, each may be viewed as the provision of a benefit given "in connection with" the officer's retirement for the purposes of section 200B of the Corporations Act.

(b) **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.

For the purposes of section 208 of the Corporations Act, each Officer is considered to be a related party of the Company.

The provision of insurance and indemnity to existing and future Officers may involve the provision of a financial benefit to related parties of the Company within the prohibition in Chapter 2E of the Corporations Act. The Directors consider that

the payment of insurance premiums and the provision of indemnities by the Company are "reasonable in the circumstances" of the Company and therefore (in respect of the indemnities and payment of insurance premiums with regard to the liabilities of Officers incurred as Officers of a Group Company) fall within an exception to the prohibition in Chapter 2E of the Corporations Act. However, given the indemnities and payment of insurance premiums extend to the liabilities of Officers in their capacity as Officers of any Group Company, the Company considers that the reasonable nature of the provision of any indemnity or insurance is an appropriate matter for the shareholders.

(c) In accordance with sections 200E and 219 of the Corporations Act, the following information is provided to Shareholders to allow them to assess the proposed resolution:

- (i) The Company has taken out an insurance policy which will provide insurance cover for each Officer against all permitted liabilities incurred by the Officers acting as an Officer of any Group Company (except to the extent such insurance cannot be procured at a reasonable cost or is otherwise unavailable to the Company).
- (ii) The insurance premiums payable will be calculated at market rates applicable from time to time.
- (iii) Each Officer of any Group Company is a related party of the Company to whom the proposed Resolution would permit the giving of a benefit.
- (iv) The nature of the benefit to be given to each of the Officers of the Group Companies is the benefit under the Deeds of Indemnity, Insurance and Access, the terms of which are summarised in section 12.2 above.
- (v) The reasons and basis for the benefit are set out in section 12.1 above.
- (vi) The Directors received the following remuneration and emoluments from the Company (including share based payments) in the Financial Year ending 30 June 2015:

Name of Director	Short-term			2015 Long term benefits <sup>3,4</sup>	Total <sup>1,2</sup>
	Salary & Fees	2015 Bonus Accrued <sup>1</sup>	Post Employment Super		
Andrew Saker	800,000	-	12,522	-	812,522
Hugh McLernon	1,131,216	-	18,784	13,379	1,163,379
Alden Halse	63,927	-	6,073	-	70,000
Michael Bowen	70,000	-	-	-	70,000
Wendy McCarthy	63,927	-	6,073	-	70,000

1. The 2015 Bonus has been accrued for the US business only and will be paid in the 2016 Financial Year.
2. The 2014 Bonus accrued was paid in the 2015 Financial Year.
3. The insurance premium for directors and officers was \$158,153 in the 2015 Financial Year. This insurance has not been allocated to specific individuals as the Directors do not believe there is a reasonable basis for allocation.
4. Long Service Leave accrued during the period.

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- (vii) The Directors expect to receive the following remuneration and emoluments from the Company (including share based payments) in the Financial Year ending 30 June 2016:

Name of Director	Short-term		Post Employment Super	2016 Long term benefits	Total
	Salary & Fees	2016 Bonus Accrued			
Michael Kay	205,692	-	19,308	-	225,000
Andrew Saker	1,200,000	420,000	19,308	-	1,639,308
Hugh McLernon	1,130,692	395,742	19,308	-	1,545,742
Alden Halse	82,192	-	7,808	-	90,000
Michael Bowen	90,000	-	-	-	90,000
Wendy McCarthy	82,192	-	7,808	-	90,000

- (viii) The current relevant interests in security holdings of the Directors are as follows:

Name of Director	Number of ordinary shares	Number of IMF bonds	Number of options over ordinary shares
Michael Kay	-	-	-
Andrew Saker	-	-	-
Hugh McLernon	7,755,991	7,500	-
Michael Bowen	887,127	1,500	-
Alden Halse	879,780	750	-
Wendy McCarthy	-	-	-
<b>Total</b>	<b>9,522,898</b>	<b>9,750</b>	<b>-</b>

- (ix) None of the Directors consider it appropriate to make a recommendation to shareholders about the proposed Resolution as each holds an interest in the benefit proposed to be given by the Company to them, because each is a proposed party to the Deeds of Indemnity, Insurance and Access.
- (x) Neither the Directors nor the Company are aware of any other information that would be reasonably required by shareholders to make a decision in relation to the benefits contemplated by the proposed Resolution.

### **13. Resolution 11 – Section 195 Approval**

In accordance with section 195 of the Corporations Act, a director of a public company may not vote or be present during meetings of directors when matters in which that director holds a “material personal interest” are being considered.

The Directors may have a material personal interest in the outcome of Resolution 10.

In the absence of this Resolution 11, the Directors may not be able to form a quorum at directors meetings necessary to carry out the terms of Resolution 10.

The Directors accordingly exercise their right under section 195(4) of the Corporations Act to put the issue to shareholders to resolve.

Resolution 11 is an ordinary resolution.

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**Schedule 1 – Definitions**

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

**\$** means Australian Dollars.

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

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

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

**Bond** means a bond issued by 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 VWAP** means the VWAP of Shares on issue during, and calculated over, the five days immediately prior to, and ending on, the applicable date.

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

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

**Comparator Group** means such companies or entities, being not less than 6, as shall be selected by the Remuneration Committee on 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).

**Deeds of Indemnity, Insurance and Access** has the meaning given in section 12 of the Explanatory Memorandum.

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

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

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**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.

**Existing Deeds** has the meaning given in section 12 of the Explanatory Memorandum.

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

**Insurance Run-Off Period** has the meaning given in section 11 of the Notice.

**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 4 of the Explanatory Memorandum.

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

**Office** means an office as an Officer.

**Officer** means:

- (a) a director or secretary of a Group Company; or
- (b) a person:
  - (i) who makes, or participates in making, decisions that affect the whole, or a substantial part, of the business of a Group Company;

- (ii) who has the capacity to affect significantly a Group Company's financial standing; or
  - (iii) in accordance with whose instructions the directors of a Group Company are accustomed to act (excluding advice given by the person in the proper performance of functions attaching to the person's professional capacity or their business relationship with the directors of a Group Company or a Group Company); or
- (c) any person who has held and ceased to hold such role as described in paragraphs (a) or (b) above in the preceding three years.

**Option** means an option to acquire a Share.

**Outside Entity** means a body corporate or other entity of which an Officer has been appointed as an officer either at the request of the Company or any of its Subsidiaries or in connection with the Officer's role as an officer of the Company or any of its Subsidiaries.

**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.

**Proxy Form** means the proxy form attached to the 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 Company** means any Subsidiary of the Company.

**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 the Notice.

**Retention Period** means the period commencing on the later of:

- (a) the date being 7 years before the date of the applicable Deed of Indemnity, Insurance and Access; or
- (b) the date of the incorporation of the Company, a Relevant Company or an Outside Entity,

and expiring on the date 7 years after the applicable Officer ceases to be an Officer.

**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 for the period ending on the Start Date.

**Strike** has the meaning given in section 4 of the Explanatory Memorandum.

**STIP** has the meaning given in section 4 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 as at the date of the Invitation, 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.

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

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

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

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## 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,
- (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:** Once the Company has received and accepted a duly signed and completed application form for Performance Rights from an Eligible Participant (either on his/her own behalf or on behalf of his/her Nominee), the Remuneration Committee will grant Performance Rights to such person (the **Participant**), with effect from grant date, upon the terms set out in the Invitation and the LTIP.

The Company will, after the grant date of the Performance Rights, issue the Participant with a certificate evidencing the grant of the Performance Rights.

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 and not have given or 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 when ranked against the total shareholder returns achieved by each member of the Comparator Group is equal to greater than the returns of 50% of companies in the Comparator Group.
- (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

Fund Deployed CAGR Hurdle	Percentage of Tranche 2 Performance Rights Vesting
5%	50%
Between 5% and 7%	Between 50% and 100%,

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Fund Deployed CAGR Hurdle	Percentage of Tranche 2 Performance Rights Vesting
	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 as a result of:

- (a) death or total and permanent disability;
- (b) bona fide redundancy;
- (c) bona fide retirement, or
- (d) termination of employment, office or contract by agreement;

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;
- (b) in the case of an unvested Performance Right, on the date of issue of a notice of lapse by the Company; or
- (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;

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- (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.
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 apply for 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 reorganisation:** In the event of any reorganisation (including consolidation or subdivision,) of the issued capital of the Company, the number of Performance Rights to


which each Participant is entitled, or the exercise price (if any), or both, as appropriate, will be adjusted in the manner determined by the Board to ensure that no advantage or disadvantage accrues to the Participant as a result of such corporate actions.

18. **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.

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## Lodge your vote:

 **Online:**  
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

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

## Proxy Form



### 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:**

**SRN/HIN:**

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 5:00pm (AEDT) on Wednesday, 18 November 2015**

### 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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**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.

# Proxy Form

Please mark  to indicate your directions

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

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, 20 November 2015 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, 6, 7, 8, 9 and 10 (except where I/we have indicated a different voting intention below) even though Resolutions 1, 6, 7, 8, 9 and 10 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, 6, 7, 8, 9 and 10 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			For	Against	Abstain
Resolution 1	Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 8	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 2	Election of Director – Mr Michael Kay	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 9	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 3	Re-election of Director – Mr Hugh McLernon	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 10	Approval of Officers' Deeds of Indemnity, Insurance and Access	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Re-election of Director – Mr Alden Halse	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 11	Section 195 Approval	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Re-election of Director – Ms Wendy McCarthy AO	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>					
Resolution 6	Approval of remuneration of non-executive Directors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>					
Resolution 7	Approval of IMF Bentham Limited Long Term Incentive Plan	<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.*

<b>Individual or Securityholder 1</b> <input style="width: 90%; height: 20px;" type="text"/>	<b>Securityholder 2</b> <input style="width: 90%; height: 20px;" type="text"/>	<b>Securityholder 3</b> <input style="width: 90%; height: 20px;" type="text"/>
<b>Sole Director and Sole Company Secretary</b>	<b>Director</b>	<b>Director/Company Secretary</b>

Contact Name \_\_\_\_\_ Contact Daytime Telephone \_\_\_\_\_ Date \_\_\_\_/\_\_\_\_/\_\_\_\_