IMF BENTHAM
INTERNATIONAL LITIGATION FUNDING

NOTICE OF ANNUAL GENERAL MEETING AND EXPLANATORY MEMORANDUM

For an Annual General Meeting to be held on Wednesday, 20 November 2019 at 9.30 AM (AEDT)
The Marble Room, Radisson Blu Plaza 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.

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

IMF BENTHAM
INTERNATIONAL LITIGATION FUNDING

IMF BENTHAM LIMITED

ABN 45 067 298 088

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 Plaza Hotel Sydney, 27 O'Connell Street, Sydney NSW 2000 on Wednesday, 20 November 2019 at 9.30 AM (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 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 Monday, 18 November 2019 at 7.00pm (AEDT).

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

AGENDA

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.

1. 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 Prohibition

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 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 a proxy by writing that specifies the way the proxy is to vote on this Resolution; or

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

2. RESOLUTION 2 - RE-ELECTION OF DIRECTOR – 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 Listing Rule 14.4, article 6.3 of the Constitution and for all other purposes, Michael Bowen, Director, retires and being eligible, is re-elected as a Director on the terms and conditions in the Explanatory Memorandum."

3. RESOLUTION 3 – APPROVAL OF INDEMNIFIED PERSONS' 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 Chapter 2D of the Corporations Act and for all other purposes approval be given to the Company to:

(a) indemnify each Indemnified Person, 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 Indemnified Person 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 Indemnified Person is at all times covered under an insurance policy for the period of seven years from the date that the Indemnified Person ceases to hold Office (Insurance Run-Off Period), which will be on terms not materially less favourable to the Indemnified Person 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 Indemnified Person with access, upon the termination of their Office, for a period of not less than seven years following that termination, to any Group entity 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 and Prohibition

The Company will disregard any votes cast on this Resolution by an Indemnified Person 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 by writing that specifies the way the proxy is to vote on this Resolution; or

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

4. RESOLUTION 4 – RENEWAL OF PROPORTIONAL TAKEOVER PROVISIONS

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

"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: 18 October 2019

IMF BENTHAM
INTERNATIONAL LITIGATION FUNDING

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 Plaza Hotel Sydney, 27 O'Connell Street, Sydney NSW 2000 on Wednesday, 20 November 2019 at 9.30 am (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 2:	Action to be taken by Shareholders
Section 3:	Annual Report
Section 4:	Resolution 1 - Adoption of Remuneration Report
Section 5:	Resolution 2 – Re-election of Director – Mr Michael Bowen
Section 6:	Resolution 3 - Approval of Indemnified Persons' Deeds of Indemnity, Insurance and Access
Section 7:	Resolution 4 - Renewal of Proportional Takeover Provisions
Schedule 1:	Definitions
Schedule 2:	Proportional Takeover Provisions

A Proxy Form is enclosed with this Notice.

2. 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 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 up to 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.

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. 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 Company's 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. Please note that each question will not necessarily be individually addressed at the Meeting or answered individually after the Meeting.

4. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

4.1 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 68 to 77 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, the Company's variable remuneration framework, which was first implemented in the 2016 Financial Year, includes both short term and long-term incentives. 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.

Whilst the Company recorded a consolidated loss after tax and non-controlling interest of $(25.4) million for the financial period ending 30 June 2019, a number of other performance metrics reflected the material growth of the business over the period between 1 July 2016 to 30 June 2019, including:

(a) growth in EPV of the IMF portfolio from approximately $3.4 billion to $9.5 billion, being approximately 179%;

(b) a total of 78 new investments; and

(c) IMF's funds under management grew from $217.1 million to $1,842.1 million, representing a 749% growth.

The Company continues to execute on its diversification strategy and notably:

(a) during 2019, the number of full-time employees (**FTE**) investment professionals increased from 32 to 43 and total headcount by 33 FTE to 44;

(b) the number of offices globally increased, with the addition of the Montreal office in Quebec; and

(c) continued drive to explore investment opportunities in new markets and drive the overall growth in the global dispute resolution market.

The Company recognises that portfolio growth is only part of the equation and that the ultimate target of the diversification strategy is to achieve stable net portfolio growth with more regularised earnings, acknowledging that this target will always be subject to the vagaries of the timing of investment completions which the Company does not control. The Company notes that in respect of FY20, IMF has announced settlements or favourable judgments of a number of investments. IMF announced in its investment portfolio report at 30 September 2019, dated 14 October 2019, that it had recognised $87.6 million from these completions with further amounts expected to be recognised in FY20.

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.

The Directors recommend that Shareholders vote **IN FAVOUR** of Resolution 1.

4.2 Variable Remuneration

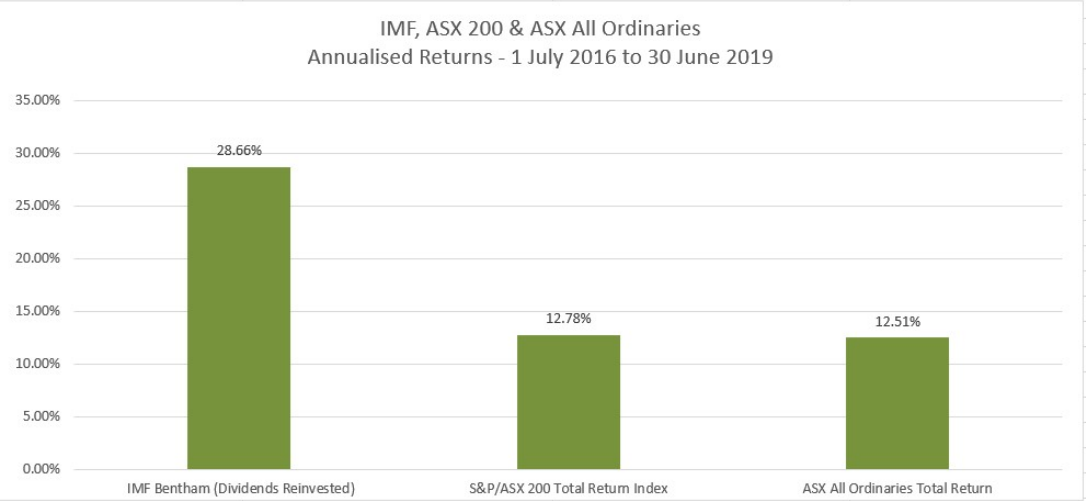
The Company's variable remuneration framework (comprising the "at risk" component of remuneration) has been designed such that it is directly linked to Company performance, which is measured by reference to objectives and key performance indicators.

The STIP is linked to specific financial and non-financial measures. The Company's reported results for the 2019 financial year, which reflected the Company's final phases of its business strategy transition, resulted in no STIP being awarded to senior staff, notwithstanding the achievement of some major strategic milestones noted above.

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. LTIP participants were issued with a number of Performance Rights in respect of the 2017 Financial Year, determined by reference to their Total Fixed Remuneration and the Company VWAP at 1 July 2016 periods. Performance Rights only vest if certain pre-determined performance conditions are achieved over the course of the three year performance period. The performance conditions have been carefully devised to reward the creation of Shareholder value, motivating LTIP participants to work collectively to achieve positive results for the Company and Shareholders.

The three-year performance assessment period for the Performance Rights issued in respect of the 2017 Financial Year ended on 30 June 2019. The performance conditions were fully satisfied, with IMF ranking above 75% within the applicable Comparator Group and achieving a compound annual growth rate in its investment portfolio in excess of the 7% hurdle. As a result, the related Performance Rights, save for those which lapsed following holders ceasing employment with the Group Company, will be fully vested and the Company anticipates issuing 4,972,255 shares in satisfaction of such vested rights.

As noted above, the LTIP is premised upon creating an alignment of interests between senior employees and Shareholders. Over the applicable performance period, being 1 July 2016 to 30 June 2019, IMF's share price increased from $1.50 to $2.92, representing a 95% share price appreciation. By way of comparative analysis, IMF materially outperformed the major indices on an annualised basis over this period, as detailed below:



Source: Thomson Reuters

As further Performance Rights come up for assessment each year, the Board will closely monitor the on-going alignment between shareholder and participant outcomes in order to ensure that the LTIP performance conditions are optimally aligned to shareholder interests.

4.3 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.

4.4 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 2018 annual general meeting. Please note if the Remuneration Report receives a Strike at this Meeting and if a second Strike is received at the 2020 annual general meeting, this may result in the re-election of the Board.

5. RESOLUTION 2 - RE-ELECTION OF DIRECTOR – MR MICHAEL BOWEN

In accordance with Listing Rule 14.4, a director must not hold office (without re-election) past the third annual general meeting following the director's appointment or 3 years, whichever is longer.

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

Mr Michael Bowen is a long serving non-executive Director. Mr Bowen has a deep knowledge and understanding of the corporate history of the Company which the Board considers to be an important attribute to retain following the retirement of two long serving non-executive directors in the past two years. Mr Bowen 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 a Bachelor of Laws, Jurisprudence and Commerce. He has been admitted as a barrister and solicitor of the Supreme Court of Western Australia and is a Certified Practicing 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 uses a number of different law firms for legal services, DLA Piper is the Company's primary Australian adviser. Mr Bowen recuses himself from any Board discussions with regard to the service provided by DLA Piper.

The Company believes Mr Bowen is independent due to his capacity to bring an independent judgment on Company issues and act in the best interests of the Company and Shareholders.

The Board (excluding Mr Bowen) supports the re-election of Mr Bowen and recommends that Shareholders vote **IN FAVOUR** of Resolution 2.

6. RESOLUTION 3 – APPROVAL OF INDEMNIFIED PERSONS' DEEDS OF INDEMNITY, INSURANCE AND ACCESS

6.1 General

Each of Mr Paul Rand and Ms Naomi Loewith (collectively, the **Indemnified Persons**) have entered into a deed of indemnity, insurance and access with the Company (**Deed of Indemnity, Insurance and Access**) prior to the 2019 annual general meeting of the Company.

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 the 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.

The Directors of the Company each of whom has no interest in the outcome of Resolution 3, recommends Shareholders vote in favour of Resolution 3 as they consider, given the duties and responsibilities of each Indemnified Person, they should be suitably protected from certain claims made against them in relation to the period of their office.

6.2 Summary of the Deed of Indemnity, Insurance and Access

The Company has entered into Deeds of Indemnity, Insurance and Access which require:

(a) the Company to indemnify each Indemnified Person during their Office and after the cessation of that Office, in respect of certain claims made against that Indemnified Person 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 Indemnified Person 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 Indemnified Person with access, upon ceasing to hold Office and for a period of up to seven years following that cessation, to any Group entity records which are either prepared by or provided to the Indemnified Person during the Retention Period.

6.3 Summary of indemnity and insurance provisions in the Corporations Act

In considering Resolution 3, 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 3 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 the Australian Securities and Investments Commission 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 officer 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.

6.4 Shareholder approval

Resolution 3 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 Board considers 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 entity 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) Recommendation

The Directors recommend that Shareholders vote **IN FAVOUR** of Resolution 3.

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 this Resolution.

7. RESOLUTION 4 – RENEWAL OF PROPORTIONAL TAKEOVER PROVISIONS

7.1 General

Resolution 4 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 2) (**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 18 November 2019 (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.

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 4.

IMF BENTHAM
INTERNATIONAL LITIGATION FUNDING

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 2019.

Approving Resolution has the meaning given in Section 1 of Schedule 2.

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

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

Bid Share 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 VWAP means the VWAP of fully paid ordinary shares in the capital of the Company 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, selected by the Remuneration Committee with effect from the applicable Start Date, and each being in the diversified financial industry sector, listed on ASX and having a market capitalisation of between 50% and 200% of the Company's market capitalisation on the applicable date of invitation under the LTIP, save that the Remuneration Committee may at any time thereafter during the relevant Performance Period, add any other company or entity to such group which satisfies the above criteria (as at the date of such addition) and may remove any company or entity within the group which no longer satisfies such criteria (as at the date of such removal), save that where such removal results in the group comprising less than 6 companies and entities, the Remuneration Committee shall, to the extent such company or entity exists, add another company or entity to such group which satisfies the above criteria (as at the date of such addition) in order to maintain, so far as possible, that the group comprises a minimum of 6 companies or entities.

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

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

Deadline has the meaning given in Section 1 of Schedule 2.

Deed of Indemnity, Insurance and Access has the meaning given in section 6.1 of this Notice.

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.

EPV means estimated portfolio value which the Company determines, for investments where the funding entity earns a percentage of the resolution proceeds as a funding commission, as the current estimate of the claim's recoverable amount after considering the perceived capacity of the defendant to meet the claim. It is not necessarily the amount being claimed by the claimants, nor is it an estimate of the return to the funding entity if the investment is successful. For an investment where the funding entity earns a funding commission calculated as a multiple of capital invested, the Company estimates the likely return to the funding entity and grosses this up using the Company's Long-Term Conversion Rate. All such estimates are subject to change over time for a number of reasons, including, but not limited to, changes in circumstances and knowledge relating to an investment, partial recovery and, where applicable, fluctuations in exchange rates between the applicable local currency and the Australian dollar.

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.

Group Company means any one of the Company or a related body corporate (as defined in the Corporations Act) of the Company.

Indemnified Persons has the meaning given in section 6.1 of this Notice.

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 the ASX.

Long-Term Conversion Rate is 15% of EPV, namely past performance indicates that the Company's litigation funding investments have generated average gross income of approximately 15% of the EPV at the time it is completed.

LTIP means the long-term incentive plan of the Company.

Meeting has the meaning given in the introductory paragraph on page 2 of this Notice.

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

Officer has the same meaning, as the context requires, given in paragraphs (a) and (b) of the definition of "officer" of a corporation, or in paragraphs (a) and (b) of the definition of "officer" of an entity that is neither an individual nor a corporation, in each case in section 9 of the Corporations Act.

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 an LTIP participant and ending 36 months later.

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

Proxy Form means the proxy form attached to this Notice.

Proportional Takeover Provisions has the meaning given in section 7.1 of this Notice.

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

Remuneration Report means the remuneration report of the Company contained in the Directors' Report in respect of the Financial Year ending on 30 June 2019.

Resolution means a resolution referred to in this Notice.

Shareholder means a shareholder of the Company.

Start Date means the first day of a Performance Period.

Strike has the meaning given in Section 4.4 of the Explanatory Memorandum.

STIP means the short term incentive plan of the Company.

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.

Voters has the meaning given in Section 1 of Schedule 2.

VWAP has the meaning given to the phrase 'volume weighted average market price' in the listing rules of ASX.

IMF BENTHAM
INTERNATIONAL LITIGATION FUNDING

Schedule 2 - 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 BENTHAM
INTERNATIONAL LITIGATION FUNDING
ABN 45 067 298 088

SAMPLE ONLY

LODGE YOUR VOTE

ONLINE
www.linkmarketservices.com.au

BY MAIL
IMF Bentham Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 Australia

BY FAX
+61 2 9287 0309

BY HAND
Link Market Services Limited
1A Homebush Bay Drive, Rhodes NSW 2138

ALL ENQUIRIES TO
Telephone: 1300 554 474 Overseas: +61 1300 554 474

X99999999999

PROXY FORM

I/We being a member(s) of IMF Bentham Limited] and entitled to attend and vote hereby appoint:

STEP 1

APPOINT A PROXY

☐ **the Chairman of the Meeting (mark box)**

OR if you are **NOT** appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate you are appointing as your proxy

or failing the person or body corporate named, or if no person or body corporate is named, the Chairman of the Meeting, as my/our proxy to act on my/our behalf (including to vote in accordance with the following directions or, if no directions have been given and to the extent permitted by the law, as the proxy sees fit) at the Annual General Meeting of the Company to be held at **9:30am (AEDT) on Wednesday, 20 November 2019 at The Marble Room, Radisson Blu Plaza Hotel Sydney, 27 O'Connell Street, Sydney NSW 2000** (the **Meeting**) and at any postponement or adjournment of the Meeting.

Important for Resolution 1: If the Chairman of the Meeting is your proxy, either by appointment or by default, and you have not indicated your voting intention below, you expressly authorise the Chairman of the Meeting to exercise the proxy in respect of Resolution 1, even though the Resolution is connected directly or indirectly with the remuneration of a member of the Company's Key Management Personnel (**KMP**).

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.

STEP 2

VOTING DIRECTIONS

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the Meeting.

Please read the voting instructions overleaf before marking any boxes with an ☒

Resolutions	For	Against	Abstain*
1 Adoption of Remuneration Report			
2 Re-election of Director – Michael Bowen			
3 Approval of indemnified persons' deeds of indemnity, insurance and access			
4 Renewal of proportional takeover provisions			

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

STEP 3

SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED

Shareholder 1 (Individual)	Joint Shareholder 2 (Individual)	Joint Shareholder 3 (Individual)
Sole Director and Sole Company Secretary	Director/Company Secretary (Delete one)	Director

This form should be signed by the shareholder. If a joint holding, either shareholder may sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the *Corporations Act 2001* (Cth).

HOW TO COMPLETE THIS SHAREHOLDER PROXY FORM

YOUR NAME AND ADDRESS

This is your name and address as it appears on the Company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your shares using this form.**

APPOINTMENT OF PROXY

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name of that individual or body corporate in Step 1. A proxy need not be a shareholder of the Company.

DEFAULT TO CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote those proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted according to the instructions set out in this Proxy Form, including where the Resolution is connected directly or indirectly with the remuneration of KMP.

VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company's share registry or you may copy this form and return them both together.

To appoint a second proxy you must:

(a) on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and

(b) return both forms together.

SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided:

Individual: where the holding is in one name, the holder must sign.

Joint Holding: where the holding is in more than one name, either shareholder may sign.

Power of Attorney: to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, 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 indicate the office held by signing in the appropriate place.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate "Certificate of Appointment of Corporate Representative" must be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the Company's share registry or online at www.linkmarketservices.com.au.

LODGEMENT OF A PROXY FORM

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by **9:30am (AEDT) on Monday, 18 November 2019,** being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

Proxy Forms may be lodged using the reply paid envelope or:

ONLINE

www.linkmarketservices.com.au

Login to the Link website using the holding details as shown on the Proxy Form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, shareholders will need their "Holder Identifier" - Securityholder Reference Number (SRN) or Holder Identification Number (HIN).

BY MOBILE DEVICE

QR Code

Our voting website is designed specifically for voting online. You can now lodge your proxy by scanning the QR code adjacent or enter the voting link **www.linkmarketservices.com.au** into your mobile device. Log in using the Holder Identifier and postcode for your shareholding.

To scan the code you will need a QR code reader application which can be downloaded for free on your mobile device.

BY MAIL

IMF Bentham Limited]
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235
Australia

BY FAX

+61 2 9287 0309

BY HAND

delivering it to Link Market Services Limited*
1A Homebush Bay Drive
Rhodes NSW 2138

* During business hours (Monday to Friday, 9:00am–5:00pm)

IF YOU WOULD LIKE TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING, PLEASE BRING THIS FORM WITH YOU. THIS WILL ASSIST IN REGISTERING YOUR ATTENDANCE.