

Bentham IMF Bonds Prospectus



Issuer

Bentham IMF Limited ABN 45 067 298 088

Lead Manager



EVANS &
PARTNERS

Date of Prospectus:

7 April 2014

Important Notices

Prospectus

This Prospectus relates to the offer by Bentham IMF Limited ABN 45 067 298 088 (**Bentham IMF**) of Bentham IMF Bonds to raise \$50m (**Offer**).

This Prospectus is dated 7 April 2014 and a copy of this Prospectus was lodged with Australian Securities and Investments Commission (**ASIC**) on that date. This Prospectus expires on the date which is 13 months after 7 April 2014 (**Expiry Date**) and no Bentham IMF Bonds will be issued on the basis of this Prospectus after the Expiry Date.

This Prospectus is a vanilla bonds prospectus for an offer of Bentham IMF Bonds and has been prepared in accordance with Chapter 6D of the Corporations Act. This Prospectus does not contain the same level of disclosure as an initial public offering prospectus and is subject to the special content rules under section 713 of the Corporations Act (as modified by ASIC Class Order [CO 10/321], as amended).

This Prospectus contains important information which a potential investor should consider before making any decision to invest in Bentham IMF Bonds. It also shows you where you can obtain more information on particular matters and background information on Bentham IMF.

Neither ASIC nor ASX takes any responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

This Prospectus is only relevant for investors and potential investors in Bentham IMF Bonds and should not be used for any other purposes.

Documents relevant to the Offer

The following documents are relevant to the Offer and can be obtained from www.benthamimflimited.com.au during the Offer Period:

- (i) the full Terms of Bentham IMF Bonds (see also the Appendix);
- (ii) the Trust Deed (see also Section 4.6 for a summary of the principal provisions); and
- (iii) the General Security Deed (see also Section 4.7 for a summary of the principal provisions).

It is important that you read and consider the information in this Prospectus (including the Terms) in full before deciding to invest in Bentham IMF Bonds.

Exposure period

The Corporations Act prohibits Bentham IMF from processing Applications in the seven day period after the date of lodgement of this Prospectus (**Exposure Period**). This period may be extended by ASIC by up to a further seven days. This period is to enable this Prospectus to be examined by market participants prior to the raising of funds. The examination may result in the identification of certain deficiencies in this Prospectus in which case any Application may need to be dealt with in accordance with Section 724 of the Corporations Act. Applications received during the Exposure Period will not be processed until after the expiry of that period. No preference will be conferred on Applications received during the Exposure Period.

Status of Bentham IMF Bonds

Bentham IMF Bonds are interest bearing debt obligations issued by Bentham IMF which are secured pursuant to the General Security Deed and are not a bank deposit.

The Bentham IMF Bonds are "secured notes" for the purposes of section 283BH of the Corporations Act (as modified by ASIC Class Order [CO 12/1482]). Holders of Bentham IMF Bonds rank behind any creditors preferred by law and other prior ranking Permitted Encumbrances and *pari passu* with any lender pursuant to a Permitted Secured Finance Arrangement. See Section 1.7 "Ranking".

Investment products such as Bentham IMF Bonds are subject to risks which could affect their performance, including loss of investment and income. Bentham IMF does not guarantee the market price of Bentham IMF Bonds and/or any particular rate of return.

If you choose to invest in Bentham IMF Bonds, you will be lending money to Bentham IMF and will be exposed to the risk that Bentham IMF may be unable to repay that money at the Maturity Date or on any Redemption Date.

Information about the key risks of investing in Bentham IMF Bonds is detailed in Section 3 "Key Risks of Bentham IMF Bonds".

No representations other than in this Prospectus

No person is authorised to provide any information or to make any representation in connection with the Offer that is not contained in this Prospectus. Any information or representation not contained in this Prospectus may not be relied upon as having been authorised by Bentham IMF.

Except as required by law, and only to the extent so required, neither Bentham IMF nor any other person warrants or guarantees the future performance of Bentham IMF, or any return on any investment made pursuant to this Prospectus.

Responsibility Statement by Trustee

The Trustee:

- (i) has not authorised or caused the issue, submission, dispatch or provision of this Prospectus and does not make any statement or purport to make any statement in this Prospectus or any statement on which a statement in this Prospectus is based;
- (ii) nor any of its directors, employees, officers, affiliates, agents, advisors, intermediaries or related bodies corporate (each a **related person**) assumes any responsibility for the accuracy or completeness of any information contained in this Prospectus;
- (iii) to the maximum extent permitted by law expressly disclaims all liability in respect of, makes no representation or any statement regarding, and takes no responsibility for, any part of this Prospectus, or any statements in, or omissions from this Prospectus, other than the references to its name and the statement(s) and/or report(s) (if any) specified below and included in this Prospectus with its written consent;
- (iv) has given, and has not, before the lodgement of this Prospectus with ASIC withdrawn, its written consent to be named in this Prospectus in the form and content in which it is named;
- (v) nor any related person makes any representation as to the truth and accuracy of the contents of this Prospectus;
- (vi) has relied on Bentham IMF for the accuracy of the contents of this Prospectus; and
- (vii) nor any related person makes any representation or warranty as to the performance of the Bentham IMF Bonds or the payment of interest or Redemption of Bentham IMF Bonds.

Prospectus does not provide investment advice

The information provided in this Prospectus is not investment advice and has been prepared without taking into account your investment objectives, financial situation or particular needs (including financial and taxation issues). It is important that you read and consider the information in this Prospectus (including the Terms) in full before deciding to invest in Bentham IMF Bonds and consider the risks that could affect the performance of Bentham IMF Bonds.

If you have any questions, you should seek advice from your financial adviser or other professional adviser before deciding to invest in Bentham IMF Bonds.

Obtaining a Prospectus and Application Form

Paper copies of this Prospectus and an Application Form can be obtained free of charge during the Offer Period by calling the Company or Emma Simson from Evans and Partners on +613 9631 9802 (Monday to Friday – 9.00am to 5.00pm, Sydney time).

This Prospectus (and, during the Offer Period, the Application Forms for the Broker Firm Offer and the Institutional Offer) can also be obtained electronically from www.benthamimflimited.com.au. If you access an electronic copy of this Prospectus, the following conditions apply:

- (i) the Prospectus is available to residents of Australia accessing and downloading, or printing, the electronic Prospectus in Australia;
- (ii) you must access and download the electronic Prospectus in full; and
- (iii) your Application will only be valid where you have completed an Application Form that was attached to, or accompanied, the electronic Prospectus. By lodging an Application, you declare that you were given access to the electronic Prospectus together with the Application Form.

Restrictions on foreign jurisdictions

The distribution of this Prospectus, and the offer or sale of Bentham IMF Bonds, may be restricted by law in certain jurisdictions. Persons who receive this Prospectus outside Australia must inform themselves about and observe all such restrictions. Nothing in this Prospectus is to be construed as authorising its distribution, or the offer or sale of Bentham IMF Bonds, in any jurisdiction other than Australia without the prior express approval of Bentham IMF and the Lead Manager and Bentham IMF does not accept any liability in that regard.

Further, Bentham IMF Bonds may not be offered or sold, directly or indirectly, and neither this Prospectus nor any other offering material may be distributed or published, in any jurisdiction except under circumstances that will result in compliance with any applicable law or regulations.

Bentham IMF reserves the right to offer Bentham IMF Bonds under the Offer to investors outside Australia where to do so without a prospectus or other formal document being prepared would not be in breach of the securities law requirements of the relevant jurisdiction.

This Prospectus does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the US. Neither this Prospectus nor any Application Forms or other materials relating to the Offer may be distributed in the US. Applicants will be required to make certain representations, warranties and agreements regarding the foregoing and related matters when completing an Application Form to subscribe for Bentham IMF Bonds.

Financial information and forward looking statements

Section 2 sets out in detail the financial information referred to in this Prospectus. The basis of preparation of that information is set out in Section 2.3.

All financial amounts contained in this Prospectus are expressed in Australian dollars unless otherwise stated.

Any discrepancies between totals and sums of components in tables contained in this Prospectus are due to rounding.

This Prospectus contains forward looking statements which are identified by words such as "may", "could", "believes", "estimates", "expects", "intends" and other similar words that involve risks and uncertainties.

Any forward looking statements are subject to various risk factors that could cause Bentham IMF's actual results to differ materially from the results expressed or anticipated in these statements.

Forward looking statements should be read in conjunction with risk factors as set out in Section 3, and other information in this Prospectus.

Defined words and expressions

Some words and expressions used in this Prospectus have defined meanings. These words and expressions are capitalised and are defined in Section 6 "Glossary".

A reference to \$ or cents in this Prospectus is a reference to Australian currency. A reference to time in this Prospectus is a reference to Sydney, New South Wales, Australia time.

If you have any questions about Bentham IMF Bonds or the Offer, you should seek advice from your financial adviser or other professional adviser. You can also call the Company or Emma Simson from Evans and Partners on +613 9631 9802 (Monday to Friday – 9.00am to 5.00pm, Sydney time) during the Offer Period.

ASIC and ASX guides for retail investors

ASIC has published a guide for retail investors who are considering investing in bonds, such as Bentham IMF Bonds, called "Investing in corporate bonds?" (**ASIC Guide**). A free copy of the ASIC Guide can be obtained from ASIC's MoneySmart website at www.moneysmart.gov.au/publications or by calling ASIC on 1300 300 630 (within Australia) or on +61 3 5177 3988 (international). A free copy of the ASIC Guide can also be obtained from www.benthamimflimited.com.au during the Offer Period.

ASX has published a guide that may be useful to prospective investors considering whether to invest in Bentham IMF Bonds. The guide is entitled "Understanding Bonds", and is available from http://www.asx.com.au/documents/products/Understanding_Bonds-_AGB_web_version.pdf.

The ASIC and ASX guides apply to a range of different and varying securities and do not specifically consider the terms of Bentham IMF Bonds.

Further information about Bentham IMF and Bentham IMF Bonds

Bentham IMF is a disclosing entity for the purposes of the Corporations Act and as a result, is subject to regular reporting and disclosure obligations under the Corporations Act and Listing Rules, including an obligation to lodge half-yearly and annual financial reports. Bentham IMF must notify ASX immediately if it becomes aware of information about the Company that a reasonable person would expect to have a material effect on the price or value of its securities, subject to limited exceptions.

Copies of documents lodged with ASIC in relation to Bentham IMF may be obtained from, or inspected at, an ASIC office. You have the right to obtain a copy of these documents, including Bentham IMF's annual financial report for the year ended 30 June 2013 and the half-year financial report for the half-year ended 31 December 2013. Copies of all continuous disclosure notices lodged by Bentham IMF after the annual financial report for the year ending 30 June 2013 and before lodgement of this Prospectus with ASIC are available on ASX's website www.asx.com.au.

In addition to the information in this Prospectus, other important information in relation to Bentham IMF and Bentham IMF Bonds will be available:

- from www.benthamimflimited.com.au both during the Offer Period and following the Issue Date; and
- on ASX's website www.asx.com.au during the term of Bentham IMF Bonds and is expected to continue to be available on ASX's website after the Bentham IMF Bonds have matured.

This information includes Bentham IMF's:

- annual and half-year financial reports, including the annual financial report for the year ending 30 June 2013 and half-year financial report for the half-year ending 31 December 2013;
- quarterly reports about Bentham IMF Bonds that are provided to ASIC and the Trustee in accordance with the requirements of section 283BF of the Corporations Act or quarterly reports containing material information from these reports;
- continuous disclosure notices submitted to ASX; and
- other half-year and annual updates of any key financial disclosures (which will be included in Bentham IMF's annual or half-year financial reports), such as:
 - details of any debt ranking ahead or proposed to rank ahead of Bentham IMF Bonds;
 - whether Bentham IMF has materially breached any loan covenants or debt obligations; and
 - key financial metrics for Bentham IMF as set out in Section 2.3 (b) of this Prospectus.

Email notification of certain new information

If you want to receive an email when Bentham IMF announces or publishes new information about Bentham IMF Bonds on the Bentham IMF website or with ASX, you may elect to do so by providing your email address to Bentham IMF's Registry, Computershare.

Chairman's Letter

7 April 2014

Dear Investor

Offer of Bentham IMF Bonds

Bentham IMF is pleased to offer you the opportunity to invest in Bentham IMF Bonds, new five-year debt securities which are to be listed on ASX. Bentham IMF Bonds are different to ordinary shares in Bentham IMF, and Bentham IMF intends to raise \$50m by issuing Bentham IMF Bonds.

Holders of Bentham IMF Bonds will be entitled to receive quarterly interest payments and repayment of the Face Value when the Bentham IMF Bonds mature on 30 June 2019. The interest rate will be a variable rate based on the Bank Bill Rate plus a fixed margin to be determined under the Bookbuild.

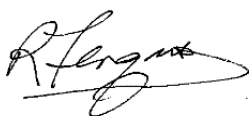
The proceeds of the Offer will primarily be used to increase financial flexibility and for working capital purposes, including in relation to Bentham IMF's growth objectives in Australia, the US, the UK and Netherlands markets.

Full details of this opportunity, including the terms of issue of the Bentham IMF Bonds and the risks associated with the investment, are set out in this Prospectus. Please read it carefully before deciding whether to invest in Bentham IMF Bonds.

If you have any questions about the Offer please call the Company or Emma Simson from Evans and Partners on +613 9631 9802 (Monday to Friday – 9.00am to 5.00pm, Sydney time). If you are uncertain whether Bentham IMF Bonds are a suitable investment for you, you should consult your financial or other professional adviser.

On behalf of the Board of Bentham IMF, I invite you to consider this new investment opportunity.

Yours sincerely



Mr Rob Ferguson
Chairman
Bentham IMF Limited

Key Dates

Key dates for the Offer

Lodgement of Prospectus with ASIC	Monday 7 April 2014
Completion of Bookbuild to determine Interest Rate and Allocations to Institutional Investors and Participating Brokers	Monday 14 April 2014
Announcement of the Bookbuild result (including the Margin)	Tuesday 15 April 2014
Opening date for the Offer and lodgement of Replacement Prospectus with ASIC	Tuesday 15 April 2014
Closing date for the Broker Firm Offer	Wednesday 23 April 2014
Issue Date	Thursday 24 April 2014
Despatch of Holding Statements	Tuesday 29 April 2014
Bentham IMF Bonds commence trading on ASX on normal settlement basis	Wednesday 30 April 2014

Key dates for Bentham IMF Bonds

First Interest Payment Date ¹	8 July 2014
Maturity Date	30 June 2019

Notes

¹ Interest is scheduled to be paid on the quarterly Interest Payment Dates (8 January, 8 April, 8 July and 8 October) until the Maturity Date or any earlier Redemption Date. If any of these scheduled dates is not a Business Day, then the Interest Payment Date will be adjusted in accordance with the Modified Following Business Day Convention. The first Interest Payment Date will be 8 July 2014.

Dates may change

The key dates for the Offer are indicative only and subject to change without notice. Bentham IMF may, in consultation with the Lead Manager, vary the timetable, including to close the Offer early, extend the Offer, or to withdraw the Offer at any time prior to Issue. If any of the dates are changed, subsequent dates may also change. You are encouraged to lodge your Application as soon as possible after the Opening Date.

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Section 1

Summary of Bentham IMF Bonds

The following is a summary of the Bentham IMF Bonds. The full Terms are contained in the Appendix. Rights and liabilities attaching to Bentham IMF Bonds may also arise under the Corporations Act, the Listing Rules and other applicable laws.

As this is only a summary, it is important that you read, and consider the information in this Prospectus (including the Terms) in full before deciding to invest in Bentham IMF Bonds. If you have any questions, you should seek advice from your financial adviser or other professional adviser before deciding to invest in Bentham IMF Bonds.

1.1 General		For more information
Issuer	Bentham IMF Limited ABN 45 067 298 088 (formerly IMF (Australia) Ltd) (Bentham IMF). Bentham IMF is a public listed company whose principal activities are the investigation, management and funding of litigation and arbitration claims in Australia and other jurisdictions. Bentham IMF offers funding for litigation claims with a claim value of at least \$5m and for arbitration claims of at least \$10m. Bentham IMF is the largest litigation funder in Australia. Bentham IMF has a market capitalisation of approximately \$297m (as at 4 April 2014), (ASX code: IMF). Key information on Bentham IMF is provided in Section 2, including information on its business profile (Section 2.1), information on its Directors and senior management (Section 2.2) and financial information (Section 2.3).	Section 2
Bentham IMF Bonds	Interest bearing debt obligations, issued by Bentham IMF, with Security over the assets of Bentham IMF. Each Bentham IMF Bond is issued on and subject to the provisions of the Trust Deed (incorporating the Terms) and the General Security Deed and the Priority Deed (to the extent any Permitted Secured Finance Arrangement has been entered into).	Section 4.6 and the Appendix
Face Value	\$100 per Bentham IMF Bond.	
Currency	Australian dollars.	
Term	Five years.	
Maturity Date	30 June 2019 (unless Redeemed early).	Section 1.4
Key terms	- Term of five years. - Floating interest rate equal to the sum of the Bank Bill Rate plus the Margin. - Margin to be determined under the Bookbuild. - Interest paid quarterly in arrears. - Interest paid as 100% cash. - Interest is not deferrable by Bentham IMF nor are interest payments discretionary. - Bentham IMF Bonds rank equally and without preference or priority among themselves and with any Permitted Secured Finance Arrangement (none currently in place) and behind any indebtedness secured by a prior ranking Permitted Encumbrance (including, without limitation, any Security granted in relation to a working capital facility of Bentham IMF of up to \$10m and any cross charges granted over interests in Joint Venture Arrangements) and any Overseas Asset Claim (being a claim in respect of a Bentham IMF asset located outside of Australia which ranks in priority to, or equally with, the Bentham IMF Bonds as a result of the laws of the country where such asset is located). - By virtue of being secured, the Holders will rank in priority to all unsecured and subordinated payment obligations, except obligations mandatorily preferred by law. - Bentham IMF is restricted from granting prior ranking Security over any Bentham IMF assets irrespective of location, save as set out in Section 1.5 "Restriction on Bentham IMF Secured Indebtedness". - Bentham IMF Bonds may be sold on ASX prior to maturity at the prevailing market price.	Clause 2 of the Terms and Sections 1.3 and 5.2 Sections 1.6, 4.6(m) and 4.7 and Clause 4 of the Terms
Key risks	You should read Section 3 "Key Risks of Bentham IMF Bonds" in full before deciding to invest.	

	Key risks associated with Bentham IMF Bonds outlined in that Section include: - The market price of Bentham IMF Bonds may fluctuate up or down due to various reasons including many factors relating to markets generally (and accordingly beyond the control of Bentham IMF). Bentham IMF Bonds may trade below, at or above their Face Value. Holders who sell Bentham IMF Bonds at a market price below the amount paid to acquire those Bentham IMF Bonds will lose some of their money invested in Bentham IMF Bonds. - The Interest Rate is a floating rate, equal to the sum of the Bank Bill Rate plus the fixed Margin. The Bank Bill Rate will fluctuate and therefore the Interest Rate will fluctuate. Over the term of the Bentham IMF Bonds, the Interest Rate may be lower or higher than the initial Interest Rate on the Issue Date. - The market for Bentham IMF Bonds may not be liquid. If liquidity is low, Holders may be unable to sell their Bentham IMF Bonds at an acceptable price, or at all, and there is a risk that the market price will become more volatile in general. - Bentham IMF may default on payment of the Face Value or the Interest in which case Holders may not receive some or all of the money that they invested in Bentham IMF Bonds or Interest that is due to be paid to them. - Holders of Bentham IMF Bonds are secured creditors, however the claims of Holders will rank after the claims of any prior ranking Permitted Encumbrances and creditors preferred by law and after or equally with any Overseas Asset Claims and equally among themselves and any lenders pursuant to Permitted Secured Finance Arrangements. - Subject to certain restrictions, Bentham IMF may issue further Bentham IMF Bonds and may incur further secured indebtedness, which may include, without limitation, debt instruments on similar terms to the Bentham IMF Bonds which will rank equally with the Bentham IMF Bonds (see Section 4.6(m) for further details of the Permitted Secured Finance Arrangements), but excludes issuing any other secured debt securities of a shorter maturity than the Bentham IMF Bonds. The issue of further secured indebtedness by Bentham IMF may have the effect of reducing the amount that Holders would receive on a winding up and may have an adverse effect on the market price or liquidity of Bentham IMF Bonds. - The Bentham IMF Bonds Security granted to the Trustee in favour of the Holders in respect of the Bentham IMF Bonds is over the assets of Bentham IMF. Holders do not have Security over the assets of the Subsidiaries themselves and are not creditors of the Subsidiaries nor are there any restrictions on the rights of the Subsidiaries to incur financial indebtedness or to grant Security over their assets. Some of the assets of Bentham IMF are highly illiquid and Bentham IMF is permitted to dispose, in the ordinary course of business, of any Circulating Assets which are subject to the Bentham IMF Bonds Security. In addition, Security granted over any Joint Venture Arrangements shall be subject to the terms of the applicable governing contracts. There is no assurance that on a winding up of Bentham IMF Holders would receive the Face Value and any accrued but unpaid Interest. - Holders may only require that their Bentham IMF Bonds be Redeemed early in limited circumstances and Bentham IMF may only Redeem Bentham IMF Bonds if a Tax Event or Clean Up Event occurs. - Generally, only the Trustee is able to take action directly against Bentham IMF. Key risks associated with Bentham IMF's business outlined in that Section include: - Bentham IMF depends substantially on its executive Directors, senior management and key personnel. There can be no assurance that there will be no detrimental impact on Bentham IMF if multiple Directors, managers or employees cease their employment. - Risks specific to Bentham IMF cases include poor case selection, remaining in unsuccessful cases, time and expense, inability of defendants to pay judgements, lost cases and changes in the law. - The Commonwealth and State governments have not announced any present intention to further regulate the litigation funding industry but no assurance can be given that regulation will not change in the future and adversely affect Bentham IMF's business and financial performance. - Bentham IMF has agreed to fund cases offshore in the US and the UK and may agree to fund other cases in these and other jurisdictions. The selection and management of such cases can be more difficult than the selection and management of Australian cases and any mismanagement may cause loss to Bentham IMF. - Joint ventures form part of Bentham IMF's growth strategies. There can be no assurance that any Joint Venture Arrangements will be successful. Bentham IMF may be unable to control the actions of its joint venture partners and therefore cannot guarantee that the Joint Venture Arrangements will be operated or managed in accordance with Bentham IMF's preferred direction or strategy. Joint venture partners may default on their obligations or the Joint Venture Arrangement may be terminated in circumstances outside the control of	Section 3.1 Section 3.1(a) Sections 1.3 and 3.1(b) Section 3.1(c) Sections 3.1(d) and 4.6 Section 3.1(e) and Clause 4 of the Terms Section 3.1(f) and Clause 9.4 of the Terms Sections 1.4, 3.1(g) and 3.1(h) and Clause 3 of the Terms Section 3.1(i) Section 3.2 Section 3.2(a) Section 3.2(b) Section 3.2(d) Section 3.2(b)
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Minimum aggregate subscription amount	Bentham IMF, either of which may have a materially adverse impact on the value of Bentham IMF's interest in the Joint Venture Arrangement. In addition, Bentham IMF may not be able to fulfil its obligations under the applicable Joint Venture Arrangements which may result in a joint venture partner being able to compulsorily purchase Bentham IMF's interests in the applicable Joint Venture Arrangement at a discount to market value. The minimum aggregate subscription for Bentham IMF Bonds is \$50m. If this amount is not raised under the Offer, the Bentham IMF Bonds will not be issued and all Application Monies will be returned (without interest) to Applicants as soon as practicable.	
1.2 Offer		For more information
Offer size	\$50m.	
Use of proceeds	The net proceeds of the Offer will primarily be used to increase financial flexibility and for working capital purposes, particularly in relation to Bentham IMF's growth objectives in Australia, the US, the UK and Netherlands markets.	Section 2.3(d)
Offer structure	The Offer comprises: - Broker Firm Offer; and - Institutional Offer.	Section 5
Minimum Application	200 Bentham IMF Bonds (\$20,000) and thereafter in multiples of 10 Bentham IMF Bonds (\$1,000).	Section 5.1
1.3 Interest		For more information
Interest Rate	The Interest Rate for each Interest Period is equal to the sum of the Bank Bill Rate, which is a variable rate, plus the Margin. Interest will accrue in arrears. The Margin will be determined under the Bookbuild. The Bank Bill Rate is set on the first Business Day of each Interest Period. The first Interest Rate will be calculated on the Settlement Date. The Bank Bill Rate is the primary benchmark interest rate for the Australian money market. It is based on an average of rates at which major Australian financial institutions lend short term cash to each other over a three month period. It changes to reflect supply and demand in the cash and currency markets. Historical 3 Month BBSW  — 3 month BBSW Note: This chart shows historical movements in the Bank Bill Rate. Past levels are not necessarily indicative of future levels.	Clause 2.2 of the Terms
Calculation of Interest	Interest for each Interest Period is calculated using the following formula: $\text{Interest} = \text{Face Value} \times \text{Interest Rate} \times \text{number of days in the Interest Period} / 365.$ For example, if the Bank Bill Rate was 2.69% per annum, the Margin was 4.2% and the Interest Period was 90 days in length, the Interest for the relevant Interest Period would be calculated as follows: $\$100 \times 6.89\% \times 90 / 365 = \$1.70 \text{ per Bentham IMF Bond.}$ Bentham IMF will announce to ASX the applicable Interest Rate and the amount of Interest for each Interest Period. This announcement will be made as soon as practicable after Bentham IMF makes its determination, but no later than the fifth Business Day following the end of each Interest Period. Information about the Interest Rate can also be obtained at www.benthamimflimited.com.au following the completion of the Offer Period.	

Interest Payment Dates	Interest will be paid quarterly in arrears on the following dates each year as well as on the Maturity Date, or any earlier Redemption Date: - 8 January; - 8 April; - 8 July; and - 8 October. If any of these scheduled dates is not a Business Day, then the Interest Payment Date will be determined in accordance with the Modified Following Business Day Convention. The first Interest Payment Date will be 8 July 2014.	Clauses 2.1 and 10 of the Terms
Payments	Interest will be paid to Holders whose details are recorded with the Registry at 7.00pm on the Record Date (which is eight days prior to the end of the relevant Interest Period or as otherwise required by ASX). Payments of Face Value and Interest will be paid to Holders by electronic transfer to a bank account in Australia maintained with a financial institution nominated by the Holder unless otherwise agreed in writing with Bentham IMF. Information about the Australian tax consequences of receiving payments of Interest (including potential withholdings from such payments on account of tax) is in Section 4.3 "Australian taxation summary".	Section 5.4(d) Section 4
Interest payments are mandatory	Interest payments are not deferrable and are mandatory. Non-payment will constitute an Event of Default.	Section 1.6 and Clause 5.1 of the Terms
1.4 Repayment of Face Value		For more information
Repayment of Face Value on the Maturity Date	On the Maturity Date, Holders will receive: - the Face Value; plus - the final payment of Interest for the period from (and including) the first day of the applicable Interest Period to (but excluding) the Maturity Date, unless the Bentham IMF Bonds are Redeemed early in the circumstances set out below.	Clause 3.1 of the Terms
Early Redemption rights for Bentham IMF	Bentham IMF will only have the right to Redeem the Bentham IMF Bonds prior to the Maturity Date following the occurrence of a Tax Event or a Clean Up Event. A "Tax Event" will occur, in summary, if any interest payment would not be deductible for tax purposes as a result of a change in law or Bentham IMF is required to gross up an interest payment. A "Clean Up Event" will occur, in summary, if less than 10% of the value of Bentham IMF Bonds originally Issued remain on issue. On Redemption, Holders will be entitled to be paid the Face Value of each Bentham IMF Bond and any accrued Interest.	Clauses 3.2 and 8.2 of the Terms
Early Redemption rights for Holders in limited circumstances	Generally, Holders will be able to sell Bentham IMF Bonds on ASX at the prevailing market price. Holders of Bentham IMF Bonds will only have the right to require Redemption prior to the Maturity Date following the occurrence of a Change of Control Event or a Delisting Event. A "Change of Control Event" will occur, in summary, if a person and their associates come to have a relevant interest in more than 50% of the voting shares of Bentham IMF. A "Delisting Event" will occur, in summary, if the Bentham IMF Bonds cease to be quoted on ASX, or if trading of the Bentham IMF Bonds on ASX is suspended for more than 15 consecutive Business Days. Bentham IMF must inform Holders and make an announcement to ASX if a Change of Control Event or a Delisting Event occurs.	Clauses 3.3 and 3.4 of the Terms
1.5 Security and Investor Protections		For more information
Security	The Bentham IMF Bond Security is a Security over all of the present and after-acquired property of Bentham IMF which Bentham IMF considers is sufficient and reasonably likely to be sufficient to meet the liability for the repayment of the Bentham IMF Bonds and all liabilities that may have or may be incurred and rank in priority to, or equally with the Bentham IMF Bonds. Notwithstanding this, Holders should be aware that the Bentham IMF Bond Security is subject to a number of limitations, as set out below, including the scope of the Security and certain prior ranking encumbrances, the ability of Bentham IMF to dispose of its assets, the obligation to register the Bentham IMF Bond Security only in Australia and the Security over Joint Venture Arrangements being subject to the terms of the governing documents of such arrangements. As a result of these limitations, it is possible that following an Event of Default the realisable value of the Bentham IMF Bond Security may be insufficient to repay the Bentham IMF Bonds in full. The Bentham IMF Group is structured, like many other listed corporate groups, with Bentham IMF as the head holding company that holds (directly or indirectly) all of the Bentham IMF Group's equity interests in its Subsidiaries and incorporated Joint Venture Arrangements. Accordingly, the assets of Bentham IMF comprise	Section 1.7

	investments in cases, cash, receivables from third parties, the benefit of insurance contracts, receivables from Subsidiaries and any incorporated Joint Venture Arrangements and the equity interests in Subsidiaries and Joint Venture Arrangements. Bentham IMF Bonds are secured by a security interest over all present and after-acquired property of Bentham IMF. The Bentham IMF Bond Security does not grant Holders Security over the assets of the Subsidiaries or any incorporated Joint Venture Arrangements themselves and Holders are not creditors of the Subsidiaries or any such incorporated Joint Venture Arrangements (see Section 1.7 for further detail of the implications of this, including on a winding up of Bentham IMF). The Bentham IMF Bond Security ranks in priority to any other Encumbrance, other than any creditors mandatorily preferred by law and any prior ranking Permitted Encumbrance or Overseas Asset Claim and ranks equally with the Security created pursuant to Permitted Secured Finance Arrangements. Save for certain real property interests and shares in Subsidiaries, the Bentham IMF Bond Security is over Circulating Assets and therefore Holders claims on a winding up of Bentham IMF would be subject to the claims of all creditors preferred by law. The Bentham IMF Bond Security will be registered in Australia and hence given full legal effect in Australia. Bentham IMF is not obliged to register the Bentham IMF Bond Security in other jurisdictions and therefore to the extent Bentham IMF does not register the Bentham IMF Bond Security in a jurisdiction in which it has assets the Bentham IMF Bond Security will rank equally or behind any Overseas Asset Claim. Under the terms of the Bentham IMF Bond Security, subject to (among other things) an Event of Default not having occurred, Bentham IMF may dispose of any Circulating Assets in the ordinary course of business and may dispose of any interests in Joint Venture Arrangements at any time (including, without limitation, after an Event of Default) in accordance with the default provisions of such arrangements. Subject to the enforceability and ranking of the Bentham IMF Bond Security in the applicable jurisdiction, Holders would have access in a winding up of Bentham IMF, as secured creditors, to the shares Bentham IMF holds in its Subsidiaries and any incorporated Joint Venture Arrangements, but, in each case, not to the assets of the Subsidiaries or the incorporated Joint Venture Arrangements. Irrespective of the enforceability or ranking of the Bentham IMF Bonds Security outside of Australia, on a winding up of a Subsidiary or an incorporated Joint Venture Arrangement, a Holder would not receive any value for the shares unless creditors of the relevant Subsidiary or joint venture company were satisfied in full and, in the case of a Joint Venture Arrangement, any enforcement of Bentham IMF Bond Security would be subject to the terms of the particular joint venture arrangements, which may for example following an Event of Default, contain compulsory acquisition rights for a joint venture counterparty to acquire Bentham IMF's interests in the applicable Joint Venture Arrangements at less than market value and/or entirely subject to deferred consideration. Except for Permitted Encumbrances (including Permitted Secured Finance Arrangements), Bentham IMF will not create or permit to subsist (other than Security mandatorily created by law in any jurisdiction) any Security for any indebtedness which ranks equal to or in priority to the Bentham IMF Bonds. Note that this does not restrict any Subsidiary of Bentham IMF. Permitted Encumbrances include, without limitation, any Security granted in relation to a working capital facility of Bentham IMF of up to \$10m and any cross charges granted over interests in Joint Venture Arrangements. The aggregate of the Bentham IMF Bonds and any Permitted Secured Finance Arrangements may not be greater than \$150m (excluding accrued by unpaid interest in the ordinary course). The rights of the Trustee and Holders to take action against Bentham IMF upon the occurrence of an Event of Default are subject to restrictions set out in the General Security Deed and the Trust Deed and, to the extent a Permitted Secured Finance Arrangement has been entered into, the Priority Deed. Refer to Section 4.6 for a summary of the Trust Deed, to Section 4.7 for a summary of the General Security Deed and to Section 4.8 for a summary of the Priority Deed. The Bentham IMF Bonds are "secured notes" for the purposes of section 283BH of the Corporations Act (as modified by ASIC Class Order [CO 12/1482]). Pursuant to ASIC Class Order [CO 12/1482] a debenture is a 'secured note' in circumstances where the repayment of all money that has been, or may be, deposited or lent under the debentures has been secured by a first ranking security interest in favour of the trustee over the whole or any part of the property of the borrower and the property that constitutes the security for the security interest is sufficient and is reasonably likely to be sufficient to meet the liability for the repayment of all such money and all liabilities that may have or may be incurred and rank in priority to, or equally with, that liability. The Bentham IMF Bond Security and the value of the Secured Property may be affected by the financial position or performance of subsidiaries and related body corporates.	Section 4.6 Sections 4.6 and 4.8
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Dividend and Capital Stopper	Bentham IMF undertakes that for as long as Bentham IMF Bonds remain on issue it shall not distribute, without the consent of the Trustee, any amounts to Shareholders in any way whatsoever, including without limitation, by way of dividend (whether in cash or in specie), share buy-back, reduction of capital, bonus securities issue or otherwise, where the Current Resources of the Bentham IMF Group are, or would be, following the completion of such Distribution, less than or equal to 75 percent of Issuer Group Indebtedness. As at 28 February 2014 (adjusted to reflect the issue of \$50m of Bentham IMF Bonds), the Current Resources of the Bentham IMF Group are \$169m, being 338% of the indicative Issuer Group Indebtedness post the issue of Bentham IMF Bonds under the Offer of \$50m. Bentham IMF does not give any assurance that the Current Resources of the Bentham IMF Group will remain in excess of 75 percent of Issuer Group Indebtedness.	Section 4.6(m)
Restriction on Bentham IMF Secured Indebtedness	Holders have the benefit of certain restrictions to Bentham IMF's ability to raise further secured debt. Bentham IMF is prohibited from creating and issuing any further Bentham IMF Bonds or granting any Security in respect of indebtedness which would rank equally with, or in priority to, the Bentham IMF Bonds, other than in specified circumstances. Bentham IMF is permitted to incur secured indebtedness that ranks equally with the Bentham IMF Bonds (including issuing further Bentham IMF Bonds, but excluding issuing any other secured debt securities of a shorter maturity than the Bentham IMF Bonds), if as at the date of the incurrence of the relevant secured indebtedness the aggregate of the outstanding Bentham IMF Bonds and any equal ranking secured indebtedness does not exceed \$150m and the Current Resources of the Bentham IMF Group are not less than 75% of the Issuer Group Indebtedness (calculated on a post-incurrence basis). See Section 4.6(m) "Trust Deed – Permitted Secured Finance Arrangement" for further details of the restrictions. Neither the above restrictions nor anything else in the Transaction Documents prohibits the ability of Bentham IMF to issue unsecured debt, nor does it restrict the ability of the Subsidiaries to issue secured or unsecured debt or to grant Security in relation to borrowing by Bentham IMF. Any unsecured borrowing by Bentham IMF or secured or unsecured borrowing by the Subsidiaries will constitute "Group Indebtedness" for the purposes of any future requirements to satisfy the test set out in the preceding paragraph. In addition, Bentham IMF may grant any Security which constitutes a Permitted Encumbrance, including a Security in relation to a working capital facility of no more than \$10m. Such Permitted Encumbrances would rank in priority to the Bentham IMF Bond Security.	Section 4.6(m)
1.6 Event of Default		For more information
Event of Default	Each of the following is an "Event of Default" in relation to Bentham IMF Bonds: - Bentham IMF fails to pay within 10 Business Days after the due date any amount payable by it under any Bentham IMF Bond; - Bentham IMF fails to comply with any of its other obligations under the Trust Deed or any other Transaction Document and such failure remains unremedied for a period of 30 Business Days after Bentham IMF has received written notice from the Trustee in respect of the failure; - any Financial Indebtedness of Bentham IMF becomes payable or repayable prior to its stated maturity due to the occurrence of a default event (however described) or had not been paid or repaid when due nor within any applicable grace period, and such Financial Indebtedness exceeds \$10m, and in each case is not settled within 15 Business Days of the Issuer becoming required to pay such amount; - any amount pursuant to a Permitted Secured Finance Arrangement becomes payable or repayable by Bentham IMF prior to its stated maturity due to the occurrence of a default event (however described) and any applicable grace period has expired; - an Insolvency Event occurs in respect of Bentham IMF; - if it is or becomes unlawful for Bentham IMF to perform any of its payment obligations under the Bentham IMF Bonds; and - the General Security Deed is terminated.	Clause 5 of the Terms

Consequence of Event of Default	If an Event of Default occurs, the Trustee may: - by written notice to Bentham IMF declare the Face Value (together with all accrued but unpaid Interest (if any)) applicable to each Bentham IMF Bond held by the Holders to be due and payable immediately; - take such actions, steps or proceedings against Bentham IMF as it sees fit to enforce the Bentham IMF Bonds and the General Security Deed, subject to any Priority Deed; - prove in any liquidation of Bentham IMF; or - commence proceedings for the winding up of Bentham IMF. The Trustee is not obliged to take any of the foregoing actions unless the Trustee is instructed to do so by a Special Resolution of Holders and indemnified for any costs, fees and loss and is not otherwise prohibited from taking such action.	Clause 5 of the Terms																																			
1.7 Ranking		For more information																																			
Ranking on winding up	If Bentham IMF becomes unable to meet its obligations or suspends any payments it is required to make, Holders' claims will rank after the claims of any prior ranking Permitted Encumbrances and any Overseas Asset Claim and any creditors mandatorily preferred by law and, subject to the terms of any Priority Deed, equally with the claims of any lender pursuant to a Permitted Secured Finance Arrangement, but ahead of all unsecured creditors, subordinated creditors and holders of ordinary shares. Consequently, in the event of a winding up of Bentham IMF, Holders will be entitled to receive repayment of the Face Value applicable to each Bentham IMF Bond held by the Holders and any accrued but unpaid Interest only after any debts of Bentham IMF that are mandatorily preferred by law are paid in full and those applicable to any prior ranking Permitted Encumbrance and/or any Overseas Asset Claim. In addition, the realisation of any value from Security granted over any Joint Venture Arrangements shall be subject to the terms of such arrangements. Repayment to the Holders shall also be subject to the remaining realised proceeds being distributed between the Holders and the lenders pursuant to any Permitted Secured Finance Arrangement on a pari passu basis in accordance with the terms of the Priority Deed.	Section 1.5 as well as "Further issues of securities" in Sections 1.8 and 4.6.																																			
Illustration of ranking of Bentham IMF's obligations in respect of existing debt arrangements and equity	The table below illustrates how Bentham IMF Bonds would rank upon winding up of Bentham IMF against Bentham IMF's obligations in respect of existing debt arrangements and equity. This is a simplified capital structure and does not specifically identify every type of Security issued by Bentham IMF or every potential claim against Bentham IMF in a winding up. Subsidiaries and joint venture vehicles may have other liabilities, including secured or unsecured indebtedness, trade and other payables. The extent of liabilities of Subsidiaries and joint venture vehicles, both secured and secured, could affect the value of the Bentham IMF Bond Security and the return to Holders in a winding up of Bentham IMF. In addition, Security over Joint Venture Arrangements is subject to the terms of the applicable arrangements. For further information on the amount of these liabilities as at 28 February 2014, see Section 2.3. <table><tr><th>Type</th><th>Existing debt arrangements, and equity</th><th>Amount</th></tr><tr><td>Higher ranking</td><td>Permitted Encumbrances¹</td><td>Permitted Working Capital Facility</td><td>Up to \$10.0m</td></tr><tr><td></td><td>Overseas Asset Claims²</td><td></td><td></td></tr><tr><td></td><td>Bentham IMF Bonds</td><td>Bentham IMF Bonds</td><td>\$50.0m (capped at the Secured Debt Limit of \$150.0m)</td></tr><tr><td></td><td>Permitted Secured Finance Arrangements³</td><td></td><td></td></tr><tr><td></td><td>Overseas Asset Claims²</td><td></td><td></td></tr><tr><td></td><td>Unsecured debt</td><td>None</td><td>\$0</td></tr><tr><td></td><td>Subordinated, unsecured debt and hybrid instruments</td><td>None</td><td>\$0</td></tr><tr><td>Lower ranking</td><td>Ordinary equity</td><td>Bentham IMF ordinary shares</td><td>\$297m⁴/\$192m⁵</td></tr></table>	Type	Existing debt arrangements, and equity	Amount	Higher ranking	Permitted Encumbrances ¹	Permitted Working Capital Facility	Up to \$10.0m		Overseas Asset Claims ²				Bentham IMF Bonds	Bentham IMF Bonds	\$50.0m (capped at the Secured Debt Limit of \$150.0m)		Permitted Secured Finance Arrangements ³				Overseas Asset Claims ²				Unsecured debt	None	\$0		Subordinated, unsecured debt and hybrid instruments	None	\$0	Lower ranking	Ordinary equity	Bentham IMF ordinary shares	\$297m ⁴ /\$192m ⁵	Section 2.3
Type	Existing debt arrangements, and equity	Amount																																			
Higher ranking	Permitted Encumbrances ¹	Permitted Working Capital Facility	Up to \$10.0m																																		
	Overseas Asset Claims ²																																				
	Bentham IMF Bonds	Bentham IMF Bonds	\$50.0m (capped at the Secured Debt Limit of \$150.0m)																																		
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	Subordinated, unsecured debt and hybrid instruments	None	\$0																																		
Lower ranking	Ordinary equity	Bentham IMF ordinary shares	\$297m ⁴ /\$192m ⁵																																		

	1. The indebtedness secured by Permitted Encumbrances as at 28 February 2014 is approximately \$2.5m. 2. An Overseas Asset Claim would have the effect of ranking ahead of or equally with the Bentham IMF Bond Security in respect of that applicable Bentham IMF non-Australian asset. 3. There are no Permitted Secured Finance Arrangements at the date of this Prospectus. 4. Based on market capitalisation as at 4 April 2014 5. Amount calculated as at 28 February 2014, adjusted to reflect the items set out in Section 2.3.	
1.8 Other		For more information
No voting rights for Holders	Holders do not have a right to vote at meetings of Shareholders. However, Holders are entitled to vote on certain matters that affect their rights under the Trust Deed.	
Further issues of debt securities	Bentham IMF has the right to issue additional Bentham IMF Bonds if following such an issue the Current Resources of the Group would not be less than 75 per cent of the Group Indebtedness and the Secured Debt Limit would not be exceeded. Such additional Bentham IMF Bonds would share the Bentham IMF Bond Security with existing Holders and therefore rank pari passu in all respects with the existing Bentham IMF Bonds. Bentham IMF also has the right to issue additional debt securities which may be secured or unsecured, this includes other series of bonds which may be on similar terms to Bentham IMF Bonds, however to the extent such bonds or debt instruments are secured they must either rank behind the Bentham IMF Bonds or constitute a Permitted Secured Finance Arrangement and therefore have the same or a longer maturity date and rank equally with the Bentham IMF Bonds subject to the terms of a Priority Deed. A holding of Bentham IMF Bonds does not confer any right to participate in further issues of securities by Bentham IMF.	Sections 1.5, 3.1(e) and (f) and Clause 9.4 of the Terms
Taxation consequences for investors	You should seek professional tax advice that takes into account your particular circumstances before deciding whether to invest in Bentham IMF Bonds.	Section 4.3
Fees and charges	No fees, charges, brokerage, commission or stamp duty is payable by you on your application for Bentham IMF Bonds. You may be required to pay brokerage if you sell your Bentham IMF Bonds after Bentham IMF Bonds are quoted on ASX.	
ASX quotation	Bentham IMF will apply for quotation of Bentham IMF Bonds on ASX. It is expected that Bentham IMF Bonds will be quoted under the code "Bentham IMFHA". If Bentham IMF does not make an application within seven days after the date of this Prospectus, or ASX does not approve quotation of the Bentham IMF Bonds within three months after the date of this Prospectus, Bentham IMF Bonds will not be issued and all Application Monies will be returned (without interest) to Applicants as soon as practicable in accordance with the requirements of the Corporations Act.	
Amendment of Terms	Bentham IMF may, without the consent of Holders or the Trustee, amend the Terms to address or correct any ambiguity or any manifest error; or to comply with applicable laws, if in the opinion of Bentham IMF the amendment is not materially prejudicial to the interests of Holders as a whole. Other amendments may only be made to the Terms with consent obtained through a properly convened meeting of Holders pursuant to the Trust Deed.	Clauses 9.2 and 9.3 of the Terms
Trust Deed	Each Bentham IMF Bond is issued on and subject to the provisions of the Trust Deed (including the Terms) and the General Security Deed and to the extent a Permitted Secured Finance Arrangement has been entered into, a Priority Deed.	Section 4.6
Trustee	Australian Executor Trustees was appointed as Trustee pursuant to the Trust Deed. The Trust Deed provides for the obligations of Bentham IMF and the Trustee to Holders in relation to the Bentham IMF Bonds. All rights in relation to the Bentham IMF Bonds may generally only be enforced by the Trustee in accordance with the Trust Deed.	Section 4.6
Governing law	New South Wales, Australia.	

If you have any questions about Bentham IMF Bonds or the Offer, you should seek advice from your financial adviser or other professional adviser. You can also call the Company or Emma Simson from Evans and Partners on +613 9631 9802 (Monday to Friday 9.00am – 5.00pm, Sydney time) during the Offer Period.

Section 2

Overview of Bentham IMF

2.1 Business profile

Litigation funding overview and history

Litigation funding is the provision of funding to meet the costs of conducting litigation with the assumption by the funder of the adverse cost risk (adverse costs are the costs payable to the other side if the litigation is unsuccessful). In the event that the case is successful, the funder receives reimbursement of the sum it has paid and a percentage of the recoveries. Litigation funding may also provide partial funding, such as a proportion of costs or payment of disbursements only.

Numerous cases in Australia and elsewhere have supported the concept of litigation funding. In 2006 the High Court of Australia handed down a decision in favour of litigation funding – *Campbells Cash and Carry Pty Limited v Fostif Pty Limited*. The High Court held that, in principle, litigation funding provides access to justice, is supportive of the court's process and is consistent with public policy.

Company overview

Bentham IMF Limited was previously known as IMF (Australia) Ltd and is the largest litigation funder in Australia and the first to be listed on the Australian Securities Exchange (ASX: IMF).

Bentham IMF's principal activities are the investigation, management and funding of litigation and arbitration claims in Australia and other jurisdictions (in particular the US, the UK and the Netherlands). Bentham IMF offers funding for litigation claims with a claim value of at least AUD\$5m and, for arbitration claims, a claim value of at least AUD\$10m.

Bentham IMF changed its name on 28 November 2013 to reflect its growing international presence. The name "Bentham IMF" recognises the memory of Jeremy Bentham, the nineteenth century jurist and social reformer who was among the first to support the utility of litigation funding.

Bentham IMF has a market capitalisation of approximately \$297m (as at 4 April 2014).

Examples of the types of matters which Bentham IMF will fund include:

- commercial/corporate disputes including litigation arising from disputes relating to contracts, intellectual property and allegations of misleading and deceptive conduct;
- claims by insolvency practitioners including claims pursuing voidable transactions (uncommercial transactions/related party transactions), insolvent trading and actions arising from misfeasance by company officers;
- class action litigation including securities class actions and class actions arising from cartel behaviour, financial services and product liability;
- domestic and international arbitrations; and
- large scale personal injury claims.

Bentham IMF services

Bentham IMF provides the following services in Australia and in other jurisdictions:

- funding for litigation/arbitration and investigations preliminary to litigation/arbitration;
- payment of adverse costs orders;
- strategic planning, monitoring and managing of litigation/arbitration;
- factual investigation; and
- assistance in facilitating settlements and maximizing the value of each claim.

Although Bentham IMF's business began in Australia, Bentham IMF offers its services in other jurisdictions, including the UK, mainland Europe, Canada, South Africa, New Zealand and Asia. In August 2011, Bentham IMF established a Subsidiary based in New York which provides funding for large disputes in the US. A further office was opened in Los Angeles in August 2013.

Bentham IMF does not provide legal advice of any sort.

As announced on 26 March 2014, Bentham IMF has entered into a joint venture arrangement comprising co-funding arrangements and the establishment of an incorporated joint venture with subsidiary entities of funds managed by Elliott Management Corporation (**Elliott**), a US-based investment advisory firm, and its affiliates. These funds have billions of U.S. dollars in funds under management globally.

Bentham IMF has agreed to offer Elliott the opportunity to jointly fund cases in the Asia Pacific region with an initial budget of more than \$8.5m. If Elliott elects to co-fund a case, the parties have agreed to meet the funding costs of that case equally and in return they have agreed to share in any recoveries on an equal basis. In addition, Bentham IMF will receive a fee for case management services provided to Elliott in connection with the co-funded cases. Bentham IMF and Elliott will jointly guarantee their respective funding obligations to litigants (including adverse cost exposure).

The incorporated joint venture, Bentham Ventures B.V., will fund cases throughout Europe but primarily in the UK and the Netherlands. Bentham IMF's current expectation is for the joint venture to continue for an initial term of 5 years (subject to certain exceptions) and, thereafter, until such time as determined by the joint venture shareholders. Each of Bentham IMF and Elliott have agreed to provide half of the funding costs and operational expenses of Bentham Ventures B.V. and in return have agreed to share in the profits and losses on an equal basis. As shareholders, they will also have equal board nomination rights. London based Bentham Europe Ltd, a wholly owned subsidiary of Bentham Ventures B.V, will identify, evaluate and recommend funding opportunities to the joint venture. Bentham IMF will provide Bentham Europe Ltd with certain consultancy services for a fee. Bentham IMF and Elliott will jointly guarantee Bentham Ventures B.V.'s funding obligations to litigants (including adverse cost exposure).

Benefits of Bentham IMF and litigation funding

Litigation funding is a valuable resource where a person or company:

- has a good claim but no money to pursue it; or
- cannot provide security to meet a security for costs order; or
- wishes to reduce the financial risk associated with litigation; or
- is concerned about being exposed to pay the other side's costs.

The benefits Bentham IMF strives to deliver include:

- fast decisions with simple and flexible funding terms;
- direct contact with decision makers who are experts in their field;
- our accurate appraisal of the claim;
- a proactive approach focused on achieving the best possible outcomes; and
- management of the litigation and cost control.

Clients

Bentham IMF's clients include multinational corporations, ASX200 companies, small and medium enterprises, individuals and insolvency practitioners. Bentham IMF's commercial clients span a range of sectors and industries, including financial services, superannuation funds, manufacturing, retail, mining, energy and resources, health, tourism, transport and pharmaceuticals.

Bentham IMF's clients are in both Australia and overseas.

Bentham IMF business model

From any recoveries in a case Bentham IMF recoups its payments and receives a percentage of recoveries plus a management fee. Generally, the percentage is set on a sliding scale so that if the case settles early, the amount payable is less. The percentage payable depends on the circumstances of the case; for example the strength of the case, the cost involved in pursuing the matter to a successful conclusion and the time it will take for the matter to come to trial.

There is no amount payable to Bentham IMF if the case is not successful.

Bentham IMF's track record

Bentham IMF has been operating in various forms since 1998. It has the longest operating history and track record of any litigation funder in Australia.

The following statistics summarise Bentham IMF's performance since listing as at 28 February 2014

155 cases commenced and completed since listing with an average investment period of 2.3 years

- Generated revenue of \$1.4bn:
 - o \$919m to clients;
 - o \$498m to Bentham IMF comprising:
 - \$172m reimbursement of costs (12%);
 - \$325m net revenue to Bentham IMF (excluding overheads) (23%);
 - o Gross Return On Investment of 285%
- Lost cases cost \$15.8m including adverse costs
- Withdrawals cost \$4.1m
- Losses and withdrawals cost 3.2% of Bentham IMF's revenue

The above statistics are reviewed by Bentham IMF's auditors, Ernst & Young, every 6 months (every 30 June and 31 December).

Bentham IMF's investment portfolio

Bentham IMF continues to aim to increase cases under management beyond \$2bn.

Investment portfolio as at 31 December 2013

Claim Value Range	Est. Claim Value (a) \$'000s	No of Cases	% of Total Value	Possible Completion FY2014 (b) \$'000s	Possible Completion FY2015 (b) \$'000s	Possible Completion FY2016 (b) \$'000s
<\$10m	27,000	5	1%	5,000	22,000	0
\$10m - \$50m	410,000	15	21%	155,000	160,000	95,000
>\$50m	1,505,000	10	78%	280,000	725,000	500,000
Total Portfolio	1,942,000	30	100%	440,000	907,000	595,000

Notes:

- This is the Company's current best estimate of the claims recoverable amount (or remaining recoverable amount if there has been a partial recovery). It considers, where appropriate, the perceived capacity of the defendant to pay the amount claimed. It is not necessarily the same as the amount being claimed by the Company's client/s in the matter. It is also not the estimated return to the Company from the matter if it is successful. No estimated claim value has been included for any contingently funded matters until all conditions are fulfilled.
- The possible completion period is the Company's current best estimate of the period in which the case may be finalised. The case may finalise earlier or later than in this period. Completion means finalisation of the litigation by either settlement or judgement for or against the funded client. It may not follow that the financial result will be accounted for in the year of finalisation. Completion estimates are prepared and announced on a quarterly basis.
- Cases which have settled subject to a condition or to Court approval remain in the portfolio at their original value until the condition is fulfilled or approval is given.
- No estimated claim value has been included for the Brisconnections case as this case has been conditionally funded.

Investment portfolio history

Bentham IMF has exceeded its expectation of generating income of 15% of the claim value included in the investment portfolio.

Matters Completed in the Financial Year	FY2009	FY2010	FY2011	FY2012	FY2013
Claim value included in the investment portfolio	\$437m	\$247m	\$339m	\$564m	\$243m
Total income to Bentham IMF	\$63m	\$46m	\$58m	\$118m	\$44m
Bentham IMF's income as a % of claim value	14%	19%	17%	21%	18%

Corporate strategy

Bentham IMF's core business strategies in Australia include building the investment portfolio. Bentham IMF also intends to expand its offshore business operations by growing its business in the US, the UK and the Netherlands. Funding of international arbitration, construction cases and CPDO/CDO cases remain a focus.

Bentham IMF's objective is to increase cases under management beyond \$2bn.

2.2 Directors and senior management

Board of Directors

Bentham IMF's Board of Directors is highlighted below.

Robert Ferguson – Non-Executive Chairman



Robert Ferguson was appointed Non-Executive Director on 26 November 2004 and was Executive Chairman and Chief Executive Officer between 18 June 2007 and 18 March 2009. On 19 March 2009 he resumed his role as Non-Executive Chairman.

Mr Ferguson graduated from Sydney University B.Ec (Hons). He commenced employment in 1971 with Bankers Trust Australia Ltd and was its CEO between 1985 and 1999 and Chairman from 1999 to 2001. Mr Ferguson:

- was a director of Westfield Holdings Ltd from 1994 to 2004;
- was chairman and non-executive director of Vodafone Australia until November 2002;
- was a director of Racing NSW from 2004 to 2009;
- was chairman of MoneySwitch Limited from 14 November 2005 to 18 February 2010. He continues as a non-executive director since 18 February 2010;
- is deputy chair of the Sydney Institute, from April 1998;
- is a director of the Lowy Institute, from April 2003;
- has been chairman of GPT Group since 10 May 2010 and prior to this was a director and deputy chair from 25 May 2009;

- has been chairman of Primary Health Care since 1 July 2009;
- is a director of Watermark Market Neutral Fund, since 25 May 2013.

During the past three years he has not served as a director of any listed company other than those noted above.

Hugh McLernon - Managing Director



Hugh McLernon is a lawyer by training. He holds a Bachelor of Laws degree from the University of Western Australia. After graduation he worked as a Crown Prosecutor for eight years and then as a barrister at the independent bar for a further nine years, before joining Clayton Utz for three years as the litigation partner.

In 1988, Mr McLernon retired from legal practice and introduced the secondary life insurance market into Australia through the Capital Life Exchange. He also pioneered the funding of large-scale litigation into Australia through McLernon Group Limited. From 1996 to 2001 also, Mr McLernon was the Managing Director of the Hill Group of companies which operates in the finance, mining, property, insurance and investment arenas of Australia.

Mr McLernon has been an Executive Director of Bentham IMF since December 2001 and was the inaugural Managing Director through to December 2004. He became the Managing Director again on 18 March 2009.

During the past three years he has not served as a director of any other listed company.

John Walker – Executive Director – Director of Marketing



John Walker obtained a Bachelor of Commerce degree from Melbourne University in 1981, with qualifications as an accountant and economist.

He then practiced accountancy with Deloitte Haskins and Sells (as it then was) prior to completing a Bachelor of Laws degree at Sydney University in 1986. Between 1987 and 1998, Mr Walker practiced as a commercial litigator in Sydney.

In 1998, Mr Walker incorporated Insolvency Management Fund Pty Ltd and was the inaugural Managing Director until the entity was purchased by Bentham IMF in 2001. Since then, Mr Walker has been an Executive Director of Bentham IMF and was its Managing Director between December 2004 and June 2007.

During the past three years he has not served as a director of any other listed company.

Clive Bowman – Executive Director – Director of Operations



Clive Bowman has a degree in Economics and an honours degree in Law from the Australian National University. He also holds a graduate diploma in Applied Finance and Investment from the Securities Institute of Australia and has completed the Insolvency Practitioners Association of Australia (IPAA) Advanced Insolvency course.

Mr Bowman began his career at law firm Minter Ellison and then moved to Denton Hall (now SNR Denton) in London, where he continued to practice as a litigation lawyer. In 1997 Mr Bowman became involved in litigation funding and has been with Bentham IMF since its listing.

Mr Bowman became an Executive Director of Bentham IMF on 23 February 2011 and heads up Bentham IMF's case selection committee and investment managers committee.

During the past three years he has not served as a director of any other listed company.

Alden Halse - Non-executive Director



Alden Halse is a Chartered Accountant and was a long-term principal of national chartered accountancy firm, Ferrier Hodgson.

Over the last 20 years he has lectured and written extensively in relation to directors' duties, corporate governance issues and corporate and personal insolvency issues. Mr Halse:

- is an associate member of the Institute of Chartered Accountants, the IPAA and the Australian Institute of Company Directors;
- is a past president and current councillor of the Royal Automobile Club of WA (Inc);

- is a non-executive director of RACWA Holdings Pty Ltd;
- is chairman of RAC Insurance Pty Limited, Western Australia's largest home and motor insurer; and
- was a non-executive director of Count Financial Ltd (resigned on 29 November 2011).

Mr Halse is the Chairman of the audit committee and a member of the remuneration committee.

During the past three years he has not served as a director of any listed company other than those noted above.

Michael Bowen - Non-executive Director



Michael Bowen graduated from the University of Western Australia with Bachelors of Law, Jurisprudence and Commerce. He has been admitted as a barrister and solicitor of the Supreme Court of Western Australia and is an Associate and Certified Practicing Accountant of the Australian Society of Accountants. Mr Bowen:

- is a partner of the law firm Hardy Bowen, practicing primarily corporate, commercial and securities law with an emphasis on mergers, acquisitions, capital raisings and resources; and
- supports the Managing Director on matters concerning the corporations law.

During the past three years he has also served as a director of the following listed companies:

- MOD Resources Ltd (formerly Medical Corporation Australasia Limited) (appointed 18 October 2004, resigned 13 April 2011); and
- Sherwin Iron Limited (formerly Batavia Mining Limited) (appointed on 28 November 2008, resigned 20 July 2011).

Wendy McCarthy AO – Non-executive Director



Wendy McCarthy AO was appointed a non-executive director of Bentham IMF Limited on 11 December 2013.

An experienced company director, Ms McCarthy has an extensive record of achievement in business, government and the not-for-profit sector. Her previous leadership roles included eight years as Deputy Chair of the Australian Broadcasting Corporation and a decade as Chancellor of the University of Canberra. Ms McCarthy currently chairs a wide range of organisations including Headspace - Australia's National Youth Mental Health Foundation, Circus Oz and McGrath Estate Agents. She is also a director of national not-for-profit childcare operator, Goodstart Childcare.

In 1989 Ms McCarthy was appointed an Officer of the Order of Australia for outstanding contributions to community affairs, women's affairs and the Bicentennial celebrations (having served as a senior executive with the National Bicentennial Authority).

Diane Jones – Company Secretary, Chief Operating Officer and Chief Financial Officer



Diane Jones has been the Company Secretary since 14 June 2006. She has been a member of the Institute of Chartered Accountants for over 20 years and holds a Masters of Business Administration degree and a Bachelor of Economics degree from the University of Sydney. After graduating Ms Jones spent ten years with a big four accounting firm before moving to a consulting and private equity firm as a consultant and their Chief Financial Officer. Ms Jones is Bentham IMF's Chief Operating Officer whilst retaining her previous roles as Chief Financial Officer and Company Secretary.

Senior Management

Bentham IMF's management team is led by Managing Director, Hugh McLernon. Details for Bentham IMF's investment managers are listed on Bentham IMF's website at www.benthamimflimited.com.au.

2.3 Financial information

(a) Historical and Pro Forma Financial Information

(i) Overview

This Section contains historical and pro forma historical financial information of Bentham IMF (the **Financial Information**), which is comprised of the following:

- historical audited consolidated statement of comprehensive income for the year ended 30 June 2013, historical reviewed consolidated statement of comprehensive income for the half-year ended 31 December 2013 and historical reviewed consolidated statement of comprehensive income for the period ended 28 February 2014; and
- historical audited consolidated statement of financial position for the year ended 30 June 2013, historical reviewed consolidated statement of financial position for the half-year ended 31 December 2013 (together with a pro forma consolidated statement of financial position for that period which assumes completion of the Offer was at 31 December 2013, net of transaction costs) and historical reviewed consolidated statement of financial position for the period ended 28 February 2014 (together with a pro forma consolidated statement of financial position for that period which assumes completion of the Offer was at 28 February 2014, net of transaction costs).

Bentham IMF is a disclosing entity for the purposes of the Corporations Act and, as a result, is subject to regular reporting and disclosure obligations under the Corporations Act and the Listing Rules, including an obligation to lodge half-yearly and annual financial reports with ASIC.

Bentham IMF's most recent financial report was for the half-year ended 31 December 2013 (**2014 Half Yearly Report**) and the most recent annual financial report was for the year ended 30 June 2013 (**2013 Annual Report**). The Company also requested that its auditors, Ernst & Young, undertake a review of the period ended 28 February 2014. The reviewed information for this period is also presented in this prospectus.

Copies of the 2014 Half Yearly Report and the 2013 Annual Report can be obtained from www.benthamimflimited.com.au. Copies of announcements lodged with ASX since the date of the 2014 Half Yearly Report and announcements to be lodged during the term of the Bentham IMF Bonds can also be obtained from www.asx.com.au and www.benthamimflimited.com.au.

The Financial Information should be read in conjunction with the notes set out in the 2013 Annual Report, the notes set out in the 2014 Half Yearly Report, the risks described in Section 3 and other information contained in this Prospectus.

Bentham IMF's Directors are responsible for the preparation and presentation of the Financial Information.

(ii) Basis of preparation

The Financial Information in this Section 2.3(a) has been prepared in accordance with the recognition and measurement principles prescribed in Australian Accounting Standards and other mandatory professional reporting requirements in Australia. The Financial Information is presented in an abbreviated form and does not contain all of the disclosures required by Australian Accounting Standards in an annual financial report prepared in accordance with the Corporations Act.

The Financial Information has been derived from:

- the 2014 Half Yearly Report which was reviewed by Ernst & Young in accordance with Australian Auditing Standards;
- the 2013 Annual Report which was audited by Ernst & Young in accordance with Australian Auditing Standards; and
- the consolidated accounts of Bentham IMF for the period ended 28 February 2014 which was reviewed by Ernst & Young in accordance with Australian Auditing Standards.

The auditor's opinion issued to Bentham IMF in relation to the 2013 Annual Report was unqualified. The auditor's review conclusion issued to Bentham IMF in relation to each of the 2014 Half Yearly Report and the reviewed Financial Information as at 28 February 2014 was unmodified.

The pro forma Financial Information detailed below has been prepared by the Directors and assumes completion of the Offer at the end of the relevant period, being 31 December 2013 and 28 February 2014 respectively. The accounting policies used in preparation of the Financial Information detailed below are consistent with those set out by Bentham IMF in its 2013 Annual Report and the 2014 Half Yearly Report.

(iii) Consolidated Statement of Comprehensive Income

Set out below is the consolidated statement of comprehensive income:

	Year Ended 30-Jun-13 \$	Period Ended 31-Dec-13 \$	Period Ended 28-Feb-14 \$
Continuing Operations			
Revenue	2,971,843	1,193,668	1,506,351
Other income	24,625,335	17,674,088	11,902,366
Total Income	27,597,178	18,867,756	13,408,717
Finance costs	(146,508)	(1,018,658)	(1,031,532)
Depreciation expense	(246,362)	(108,635)	(145,278)
Employee benefits expense	(4,692,615)	(2,192,660)	(3,157,187)
Corporate and office expense	(1,647,113)	(1,431,507)	(1,745,503)
Other expenses	(723,697)	(510,926)	(634,795)
Profit From Continuing Operations Before Income Tax	20,140,883	13,605,370	6,694,422
Income tax expense	(6,326,816)	(4,478,020)	(2,446,810)
Net Profit for the Year	13,814,067	9,127,350	4,247,612
Other Comprehensive Income			
Items that may be subsequently reclassified to profit and loss:			
Net fair value gains/(loss) on available-for-sale financial assets	-	-	-
Transfer from net unrealised gains reserve to profit and loss upon disposal of available-for-sale assets	(30,332)	-	-
Other comprehensive income for the year, net of tax	(30,332)	-	-
Total Comprehensive Income for the Period	13,783,735	9,127,350	4,247,612

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes as set out in the 2013 Annual Report and the 2014 Half Yearly Report.

(iv) Consolidated Statement of Financial Position

Set out below is the consolidated statement of financial position:

	Audited Year Ended 30-Jun-13 \$	Reviewed Period Ended 31-Dec-13 \$	Pro-Forma Period Ended 31-Dec-13 \$	Reviewed Period Ended 28-Feb-14 \$	Pro-Forma Period Ended 28-Feb-14 \$
ASSETS					
Current Assets					
Cash and cash equivalents	67,984,284	85,823,869	133,999,449	74,139,527	122,315,106
Trade and other receivables	23,927,978	36,919,584	36,919,584	47,602,903	47,602,903
Other assets	94,015	198,721	198,721	152,260	152,260
Total Current Assets	92,006,277	122,942,174	171,117,754	121,894,690	170,070,269
Non-Current Assets					
Trade and other receivables	15,252,854	14,934,822	14,934,822	14,568,581	14,568,581
Plant and equipment	622,425	587,570	587,570	551,563	551,563
Financial assets	18,890	25,962	25,962	25,962	25,962
Intangible assets	86,127,315	98,502,505	98,502,505	88,082,372	88,082,372
Total Non-Current Assets	102,021,484	114,050,859	114,050,859	103,228,478	103,228,478
TOTAL ASSETS	194,027,761	236,993,033	285,168,613	225,123,168	273,298,747
LIABILITIES					
Current Liabilities					
Trade and other payables	7,833,156	11,220,692	11,220,692	4,967,337	4,967,337
Income tax (receivable)/payable	(1,540,364)	760,496	760,496	573,308	573,307
Provisions	1,644,718	1,227,901	1,227,901	3,757,232	3,757,232
Other liabilities	74,555	74,555	74,555	62,129	62,129
Total Current Liabilities	8,012,065	13,283,644	13,283,644	9,360,006	9,360,005
Non-Current Liabilities					
Provisions	229,026	418,039	418,039	436,619	436,619
Convertible notes	36,324,499	-	-	-	-
Bonds	-	-	48,175,580	-	48,175,580
Other liabilities	205,026	167,749	167,749	167,749	167,749
Deferred income tax liabilities	23,752,761	26,187,799	26,187,799	23,102,730	23,102,730
Total Non-Current Liabilities	60,511,312	26,773,587	74,949,167	23,707,098	71,882,678
TOTAL LIABILITIES	68,523,377	40,057,231	88,232,811	33,067,104	81,242,683
NET ASSETS	125,504,384	196,935,802	196,935,802	192,056,064	192,056,064
EQUITY					
Contributed equity	41,912,195	110,376,732	110,376,732	110,376,732	110,376,732
Reserves	7,235,936	7,235,936	7,235,936	7,235,936	7,235,936
Retained earnings	76,356,253	79,323,134	79,323,134	74,443,396	74,443,396
TOTAL EQUITY	125,504,384	196,935,802	196,935,802	192,056,064	192,056,064

The above statement should be read in conjunction with the accompanying notes as set out in the 2013 Annual Report and the 2014 Half Yearly Report.

(v) Reviewed Financial Information and Pro Forma Adjustments

The reviewed consolidated statement of comprehensive income and consolidated statement of financial position for the period ended 28 February 2014 detailed in (iv) above reflects the following material items since the reviewed 2014 Half Yearly Report:

- adjustments required to reflect the Bank of Queensland judgment, announced on 13 February 2014. These adjustments reduced the carrying value of the intangible assets by \$12.7m and increased the amount of the current provision by \$2.5m in the consolidated statement of financial position. A corresponding tax adjusted loss of \$10.6m has been recorded in the consolidated statement of comprehensive income;
- the settlement of the Downer case, announced on 27 February 2014 and 3 April 2014. These adjustments reduced the carrying value of the intangible assets by \$1.3m in the consolidated statement of financial position. A corresponding tax adjusted profit of \$7.5m has been recorded in the consolidated statement of comprehensive income; and
- general business trading between 1 January 2014 and 28 February 2014.

The pro forma adjustments noted in (iv) above have been made to the reviewed consolidated statement of financial position for the period ending 31 December 2013 to reflect the issue of \$50m of the Bentham IMF Bonds and transaction costs of approximately \$1.8m as if the Offer completed on 31 December 2013 by:

- increasing the carrying value of the cash and cash equivalents assets by \$50m (less the transaction costs); and
- increasing the amount of the non-current liabilities by \$50m (less capitalised transaction costs).

The pro forma adjustments noted in the table (iv) above have been made to the reviewed consolidated statement of financial position for the period ending 28 February 2014 reflect the issue of \$50m of the Bentham IMF Bonds and transaction costs of approximately \$1.8m as if the Offer completed on 28 February 2014 by:

- increasing the carrying value of the cash and cash equivalents assets by \$50m (less the transaction costs); and
- increasing the amount of the non-current liabilities by \$50m (less capitalised transaction costs).

(b) Relevant financial ratios

The ratios included below have been calculated based on:

- the reviewed statement of financial position for the half-year ended 31 December 2013 (together with a pro forma statement of financial position for that period which assumed completion of the Offer as at 31 December 2013, including transaction costs); and
- the reviewed statement of financial position for the period ended 28 February 2014 (together with a pro forma statement of financial position for that period which assumed completion of the Offer as at 28 February 2014, including transaction costs).

	Reviewed Period Ended	Pro- Forma Period Ended	Reviewed Period Ended	Pro-Forma Period Ended
	31-Dec-13	31-Dec-13	28-Feb-14	28-Feb-14
Gearing ratio:	0.2	0.4	0.2	0.4
Interest cover:	N/A ¹	N/A ¹	N/A ¹	N/A ¹
Working capital ratio:	9.3	12.9	13.0	18.2

1. Refer to the Interest Cover summary below for the basis for "N/A".

Gearing Ratio

$$\text{Gearing Ratio} = \frac{\text{Total liabilities}}{\text{Total equity}}$$

The Gearing Ratio is required to be included in this document by the Corporations Act (as modified by ASIC Class Order [CO 10/321], as amended). It indicates the extent to which the assets of Bentham IMF are funded by debt. Generally, a higher ratio indicates greater use of borrowings to fund a business.

Interest Cover

$$\text{Interest Cover} = \frac{\text{EBITDA}}{\text{Net interest expense}}$$

Interest Cover gives an indication of Bentham IMF's ability to meet its interest payments from earnings. It therefore provides important information about Bentham IMF's financial sustainability and the risks associated with Bentham IMF's level of borrowings. A low Interest Cover may indicate that Bentham IMF could face difficulties in servicing its debt if earnings decrease or interest rates increase.

The application of AASB 123 *Borrowing Costs* is expected to result in the capitalisation of interest associated with the Bentham IMF Bonds as Bentham IMF's intangible assets are expected to be deemed as qualifying assets. Accordingly, in

applying the above formula for Interest Cover, a negative value Interest Cover arises on the basis that it is expected that interest income will exceed the interest expense in the consolidated income statement.

Working Capital Ratio

$$\text{Working Capital Ratio} = \frac{\text{Current assets}}{\text{Current liabilities}}$$

A Working Capital Ratio indicates whether an issuer has sufficient short-term assets to meet its short-term liabilities. Generally, a higher ratio indicates a greater ability to meet liabilities over the short term (including unexpected liabilities).

(c) Approach to capital management

Bentham IMF's capital risk management approach is to maintain a capital structure for the business which ensures sufficient liquidity and support for the business operations, maintains shareholder and market confidence, provides stakeholder returns, and positions the business for future growth.

Section 3

Key Risks of Bentham IMF Bonds

Introduction

By investing in Bentham IMF Bonds you will be lending money to Bentham IMF and may be exposed to a number of risks which can be broadly classified as risks associated with Bentham IMF Bonds and risks associated with Bentham IMF's business that may affect Bentham IMF Bonds.

This Section describes potential risks associated with Bentham IMF's business and risks associated with an investment in Bentham IMF Bonds and Bentham IMF. It does not purport to list every risk that may be associated with an investment in Bentham IMF Bonds now or in the future and the occurrence or consequences of some of the risks described in this Section are partially or completely outside the control of Bentham IMF, its Directors and senior management team. The selection of risks has been based on an assessment of a combination of the probability of the risk occurring and impact of the risk if it did occur. This assessment is based on the knowledge of the Directors as at the date of this Prospectus but there is no guarantee or assurance that the importance of different risks will not change or other risks emerge.

Investors should note that past performance is not always a reliable indicator of future performance.

Before applying for Bentham IMF Bonds, you should satisfy yourself that you have a sufficient understanding of these matters and should consider whether Bentham IMF Bonds are a suitable investment for you, having regard to your own investment objectives, financial circumstances and taxation position. If you do not understand any part of this Prospectus or are in any doubt as to whether to invest in Bentham IMF Bonds or not, it is recommended that you seek professional guidance from your solicitor, accountant or other independent and qualified professional adviser before deciding whether to invest.

3.1 Risks associated with Bentham IMF Bonds

(a) The market price of Bentham IMF Bonds may fluctuate

Bentham IMF will apply for quotation of Bentham IMF Bonds on ASX. The market price of Bentham IMF Bonds on ASX may fluctuate due to various factors, including:

- changes in Australian and international economic conditions, interest rates, credit margins, inflation rates and foreign exchange rates;
- the performance or financial position of Bentham IMF;
- movements in the market price of equity and/or other debt issued by Bentham IMF or by other issuers;
- changes in investor perceptions and sentiment in relation to Bentham IMF or the litigation funding industry; and
- other major Australian and international events such as hostilities, tensions and acts of terrorism.

The market price for Bentham IMF Bonds may also be negatively impacted by interest rate fluctuations and low liquidity as described in Sections 3.1 (b) and (c) below.

It is possible that Bentham IMF Bonds may trade at a market price below the Face Value and that the market price of Bentham IMF Bonds may be more sensitive than that of ordinary shares to changes in interest rates, credit margins and other market prices.

If Bentham IMF Bonds trade at a market price below the amount at which you acquired them, there is a risk that if you sell them prior to the Maturity Date, you may lose some of the money you invested.

Bentham IMF does not guarantee the market price of Bentham IMF Bonds.

(b) The Interest Rate will fluctuate

The Interest Rate is a floating rate, equal to the sum of the Bank Bill Rate plus the fixed Margin. The Bank Bill Rate will fluctuate and therefore the Interest Rate will fluctuate. Over the term of the Bentham IMF Bonds, the Interest Rate may be lower or higher than the initial Interest Rate on the Issue Date.

If the Interest Rate decreases, there is a risk that the return on the Bentham IMF Bonds may become less attractive compared to returns on other investments, including investments which carry fixed interest rates.

Bentham IMF does not guarantee any particular rate of return on Bentham IMF Bonds.

(c) The liquidity of Bentham IMF Bonds may be low

The market for Bentham IMF Bonds may not be liquid.

If liquidity is low, there is a risk that, if you wish to sell your Bentham IMF Bonds prior to the Maturity Date, you may not be able to do so at a price acceptable to you, or at all, and there is a risk that the market price will become more volatile in general.

Bentham IMF does not guarantee that you will be able to sell your Bentham IMF Bonds.

(d) Bentham IMF may default on payment of Face Value or Interest

Depending upon its performance and financial position, Bentham IMF may default on payment of some or all of the Face Value or Interest on Bentham IMF Bonds.

If Bentham IMF does not pay some or all of the Face Value or Interest as and when payable under the Terms, then you may not receive some or all of the money you invested in Bentham IMF Bonds or Interest that is due to be paid to you.

(e) Holders of Bentham IMF Bonds are secured creditors of Bentham IMF but will rank behind prior ranking Permitted Encumbrances and creditors preferred by law

The Bentham IMF Group is structured, like many other listed corporate groups, with Bentham IMF as the head holding company that holds (directly or indirectly) all of the Bentham IMF Group's equity interests in its Subsidiaries and incorporated joint ventures. Accordingly, the assets of Bentham IMF comprise investments in cases, cash, receivables from third parties, benefit of insurance contracts, receivables from Subsidiaries and any incorporated joint venture entities and the equity interests in Subsidiaries and such joint venture interests.

Bentham IMF Bonds are secured by a security interest over all present and future-acquired property of Bentham IMF. Holders do not have Security over the assets of the Subsidiaries or any incorporated joint ventures themselves and are not creditors of the Subsidiaries or any joint venture companies. The Subsidiaries are not restricted under the Transaction Documents from incurring indebtedness whether secured or unsecured or from granting any other Security in relation to its own obligations or those of another member of the Bentham IMF Group.

If Bentham IMF becomes unable to meet its obligations or suspends any payments it is required to make, Holders' claims will rank after any prior ranking Permitted Encumbrances and any creditor mandatorily preferred by law in any jurisdiction and, subject to the Priority Deed, equally with lenders pursuant to any Permitted Secured Finance Arrangements. Subsidiaries may also have other liabilities which may be secured or unsecured and could affect the value of the Bentham IMF Bond Security and the return to Holders in a winding up of Bentham IMF.

If there are insufficient assets to satisfy Holders' claims and lenders' claims pursuant to any Permitted Secured Finance Arrangement after satisfying any prior ranking Permitted Encumbrances and creditors preferred by law, there is a risk that you may lose some or all of the money you invested in Bentham IMF Bonds and any Interest that has accrued but remains unpaid.

(f) The Bentham IMF Bond Security may not be enforceable, or may not have the intended priority in respect of assets outside of Australia

Bentham IMF owns assets which are located outside of Australia, including shares in a Subsidiary and interests in a Joint Venture Arrangement, and may hold other assets outside of Australia during the term of the Bentham IMF Bonds. The Bentham IMF Bond Security will be registered in Australia and perfected in accordance with applicable Australian law but may not be registered or steps taken to perfect such Security over assets of Bentham IMF in any other jurisdiction. As a result, it is possible that the Bentham IMF Bond Security may not constitute an enforceable security interest over assets of Bentham IMF located outside of Australia or that any such Security may be subject to prior ranking Security created either by law or otherwise in those jurisdictions outside Australia where such Bentham IMF assets are located. As a result Holders should not rely upon the ability to enforce the Bentham IMF Bond Security in respect of any Bentham IMF assets located outside of Australia and may rank as unsecured creditors in the winding-up of the Company with respect to such assets located outside of Australia.

The value of Bentham IMF's Subsidiary located outside of Australia and Joint Venture Arrangements reflected in the accounts of Bentham IMF as at 28 February 2014 is \$7.6m and \$nil respectively.

(g) The realisation of the Bentham IMF Bond Security following an Event of Default may not be sufficient to repay the Face Value and any accrued but unpaid Interest

Upon an enforcement of the Bentham IMF Bond Security following an Event of Default and subject to the enforceability and ranking of the Bentham IMF Bond Security in the applicable jurisdiction, Holders will have access to the property secured by the General Security Deed. This property consists of all Bentham IMF's present and after acquired property. At present this mainly comprises the following:

- Bentham IMF's investments in cases, however, the realisable value from these investments at the time of an Event of Default may not reflect the long term value of such investments should they be held and conducted in accordance with Bentham IMF's ordinary course of business. Such investments are highly illiquid and may require substantial further funding in order to realise any value from them. In addition, any Joint Venture Arrangements will be subject to the terms of such arrangements which may include the right of the joint venture partner to purchase Bentham IMF's interest in such Joint Venture Arrangements following an Event of Default at a price which may be less than market value and/or entirely subject to deferred consideration;
- Current Resources, however, there are no restrictions in the Transaction Documents on Bentham IMF's ability to deal in Current Resources in the ordinary course of business and hence there can be no assurance with regard to the Bentham IMF's cash level from time to time or the realisable value of the other assets comprising Current Resources which, in the case of Receivables, will be subject to credit risk;
- Bentham IMF's insurance contracts, however, there may be no realisable value in these insurance contracts following an Event of Default and the contracts may be subject to termination rights which are triggered at the time of an Event of Default which may impact any value which is realisable from the contract;
- the shares Bentham IMF holds in its Subsidiaries and in any incorporated Joint Venture Arrangements, but, in each case, not to the assets of the Subsidiaries or the incorporated Joint Venture Arrangement. On a winding up of a Subsidiary or an incorporated Joint Venture Arrangement, a Holder would not receive any value for the shares unless creditors of the relevant Subsidiary were satisfied in full and, in the case of a Joint Venture Arrangement, any enforcement of Bentham IMF Bond Security would be subject to the terms of the particular Joint Venture Arrangements, which may for example following an Event of Default, contain compulsory acquisition rights for a joint venture counterparty to acquire Bentham IMF's interests in the applicable joint venture at less than market value and/or entirely on deferred consideration terms. The shares in the Subsidiaries are highly

illiquid and the liquidity of any Joint Venture Arrangements owned by Bentham IMF is subject to the terms of the applicable Joint Venture Arrangement; and

- under the terms of the Bentham IMF Bond Security, subject to an Event of Default not having occurred, Bentham IMF may dispose of any Circulating Asset (which comprise all the Bentham IMF Bond Security, save for Shares in Subsidiaries) in the ordinary course of business and may dispose of any interests in Joint Venture Arrangements at any time in accordance with the default provisions of such arrangements.

Based on the above, there is no assurance or guarantee that the value of the Bentham IMF Bond Security upon realisation would be sufficient to repay the Face Value and any accrued but unpaid Interest.

(h) Holders of Bentham IMF Bonds may share the Bentham IMF Bond Security equally with holders of further Bentham IMF Bonds and lenders pursuant to any Permitted Secured Finance Arrangements

Holders have the benefit of certain restrictions to Bentham IMF's ability to raise further secured debt.

Bentham IMF is prohibited from creating and issuing any further Bentham IMF Bonds or granting any Security in respect of indebtedness which would rank equally with, or in priority to, the Bentham IMF Bonds, other than in specified circumstances. Bentham IMF is permitted to incur secured indebtedness that ranks equally with the Bentham IMF Bonds (including issuing further Bentham IMF Bonds, but excludes issuing any other secured debt securities of a shorter maturity than the Bentham IMF Bonds), if as at the date of the incurrence of the relevant secured indebtedness the aggregate of the outstanding Bentham IMF Bonds and any equal ranking secured indebtedness does not exceed \$150m and the Current Resources of the Bentham IMF Group are not less than 75% of the Issuer Group Indebtedness (calculated on a post-incurrence basis). See Section 4.6(m) "Trust Deed – Permitted Secured Finance Arrangement" for further details of the restrictions.

The issue of further Bentham IMF Bonds or the incurrence of any indebtedness pursuant to Permitted Secured Finance Arrangements would increase the risk of there being insufficient assets to satisfy in full Holders' claims and lenders' claims pursuant to any Permitted Secured Finance Arrangement after satisfying any prior ranking Permitted Encumbrances and creditors preferred by law and hence there is a risk that you may lose some or all of the money you invested in Bentham IMF Bonds and any Interest that has accrued but remains unpaid.

(i) Holders may only request that their Bentham IMF Bonds be Redeemed early in limited circumstances

Holders of Bentham IMF Bonds may only request Redemption of their Bentham IMF Bonds prior to the Maturity Date where there is a Change of Control Event or a Delisting Event. Alternatively, to realise your investment, you may be able to sell your Bentham IMF Bonds on ASX at the prevailing market price but, depending on market conditions at the time, it is possible that Bentham IMF Bonds may be trading at a market price below the Face Value and/or the market for Bentham IMF Bonds may not be liquid.

(j) Bentham IMF may Redeem Bentham IMF Bonds if a Tax Event or a Clean Up Event occurs

Bentham IMF has the right to Redeem Bentham IMF Bonds if a Tax Event or a Clean Up Event occurs.

Depending on market conditions at the time, you may not be able to reinvest the amount you receive on Redemption at a similar rate of return to the rate of return you expected on your Bentham IMF Bonds if you had held them until the Maturity Date.

(k) Limited Holder rights

In the event that Bentham IMF defaults on the payment of Face Value or Interest, only the Trustee is able to take action directly against Bentham IMF. Holders' rights are limited to voting in meetings of Holders to request the Trustee to take action. Refer to Section 4.6 for more information.

(l) Taxation considerations

A summary of potential Australian taxation implications for Holders is set out in Section 4.3. This is a general summary and is not intended to provide specific advice in relation to the circumstances of any particular investor. Accordingly, Holders should seek independent advice in relation to their own individual taxation circumstances.

(m) Corporate actions

The Terms do not provide Holders with any rights in the event that Bentham IMF undertakes any transactions that may involve the restructure of the Bentham IMF Group – such as asset disposals or acquisitions or other corporate transactions. Any such transactions would only give rise to rights for Holders if they constitute a Change of Control Event or a Delisting Event (see Section 1.4 and Clauses 3.3 and 3.4 of the Terms)).

3.2 Risks associated with Bentham IMF Group's business that may affect Bentham IMF Bonds

(a) Reliance on key personnel

Bentham IMF depends substantially on its executive directors and senior management and key personnel to oversee the day-to-day operations and the strategic management of Bentham IMF. There can be no assurance given that there will be no detrimental impact on Bentham IMF if multiple directors or employees cease their employment.

(b) Risks specific to Bentham IMF Cases

Poor case selection

The central task in Bentham IMF's business is to choose successful cases. If poor case selection occurs then this will cause loss to Bentham IMF through payment of the client's legal expenses and payment of the successful defendant's costs (in jurisdictions where this is relevant).

Remaining in unsuccessful cases

It is sometimes the position that cases turn out to be less prospective as the litigation proceeds after the initial assessment. While Bentham IMF has a unilateral right of termination under its funding agreements, if Bentham IMF fails to terminate such funding then loss will occur to Bentham IMF.

Time and expense

If Bentham IMF fails to control expenditure on individual cases beyond the proposed budget or such cases take materially longer than originally indicated, then loss may be caused to Bentham IMF.

Inability of defendants to pay judgements

Part of the case selection process involves an assessment by Bentham IMF of the ability of the defendant to pay a judgment if the case is successful. If Bentham IMF fails to properly carry out its assessment of the defendant's ability to pay, or that ability deteriorates after funding is in place, then this will cause loss to Bentham IMF even if the case is successful.

Lost cases

If selected cases are unsuccessful then this will result in the loss of funds paid on behalf of clients and will also result in costs being paid to the successful defendant. The ratio of unsuccessful to successful cases depends upon the initial case selection and the oversight of the cases after that selection.

Changes in the law

It is possible that statute law or the interpretation of the common law may change in a way which is adverse to the interests of Bentham IMF. There are now numerous court decisions in Australia and elsewhere (both single Judge and Courts of Appeal) supporting the business model of Bentham IMF, but it is possible that higher courts may disagree with existing authorities and such decisions may impact adversely on Bentham IMF's business model.

Offshore investment

The Company has invested in litigation funding agreements in countries other than Australia. The Company has agreed to fund cases in the US and the UK and may agree to fund other cases in these and other jurisdictions such as Singapore, Hong Kong, New Zealand, the Netherlands and Canada in the future. The management of such cases can be more difficult than the management of Australian cases and the law different to Australian law and any mismanagement may cause loss to Bentham IMF.

(c) Economic risks

General economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse affect on Bentham IMF's activities, as well as on its ability to fund those activities. If Bentham IMF's offshore operations become significantly larger, these economic risks, and in particular risks associated with currency exchange rates, may increase.

(d) Government regulation

The Commonwealth and State governments have not announced any present intention to further regulate the litigation funding industry but no assurance can be given that regulation in Australia and overseas will not change in the future and adversely affect Bentham IMF's business and financial performance. The Productivity Commission's enquiry into access to justice initiated by the Federal Government on 26 June 2013 may make recommendations concerning the further regulation of litigation funding.

(e) Judicial decisions

To date, the courts have generally found in favour of litigation funding arrangements in Australia but the courts, in Australia or overseas, will continue to oversee the development of the litigation funding industry and adverse decisions may impact on the business of Bentham IMF.

(f) Multiple Defendants

In some cases there may be multiple defendants, or defendants may add third parties to the funded litigation, potentially increasing adverse costs if the litigation is unsuccessful.

(g) Technology

Bentham IMF is dependent on technological services for its case management system. These systems may fail or may not operate properly. Bentham IMF may fail to keep its technology up to date with the resultant loss of business opportunities.

(h) Competition

Bentham IMF currently has a handful of competitors in the Australian litigation funding market, including overseas

based competitors. There are also at least two other litigation funders vying for a multinational litigation funding business. As time passes and litigation funding becomes more widespread, further competition will develop, and such competition may impact on the performance of Bentham IMF.

(i) Growth

Bentham IMF is currently pursuing a strategy of international expansion, having recently opened an office in Los Angeles and entered into a Joint Venture Arrangement (see Section 2.1) which will establish an office in London. There are always risks attendant upon growth strategies. There is a risk, for instance, that Bentham IMF may mismanage its growth strategy.

(j) Joint Ventures

Joint Venture Arrangements form part of Bentham IMF's growth strategies. There can be no assurance that these Joint Venture Arrangements will be successful.

Subject to the relevant Joint Venture Arrangements, Bentham IMF may be unable to control the actions of its joint venture partners and therefore cannot guarantee that the Joint Venture Arrangements will be operated or managed in accordance with Bentham IMF's preferred direction or strategy. The Joint Venture Arrangements may contain deadlock provisions which result in the joint venture counterparty being able to acquire Bentham IMF's interest in the joint venture at a pre-determined value or based upon a formula which may or may not be equal to market value and/or entirely subject to deferred consideration.

Bentham IMF's joint venture partners may breach the terms of the applicable Joint Venture Arrangement which may have a material adverse impact on the value of the joint venture. Any remedies in the event of breach may be subject to the terms of the Joint Venture Arrangement, the creditworthiness of the joint venture partner and any guarantors and the applicable law of the Joint Venture Arrangement and the ability to enforce any legal remedy in the applicable jurisdiction of the joint venture partner or guarantor. As a result, any remedy may be insufficient to mitigate any loss suffered by Bentham IMF and in particular Bentham IMF is unlikely to recover any potential future earnings due to the speculative nature of any such claim for damages.

Further, the Bentham IMF Bond Security granted over Bentham IMF's rights and interests in any such Joint Venture Arrangements may be subject to cross default provisions in respect of the Bentham IMF Bonds and hence any default under the Bentham IMF Bonds may trigger rights of the joint venture partner to acquire Bentham IMF's rights and interests in the joint venture at a discount to the market value of such interests. In the event this occurred, this would increase the risk that the realised value of the Bentham IMF Bond Security may be insufficient to repay the Face Value and any accrued but unpaid interest on the Bentham IMF Bonds.

In addition, Bentham IMF may not be able to fulfil its obligations under the applicable Joint Venture Arrangements which may result in a joint venture party being able to compulsorily purchase Bentham IMF's interests in the applicable joint venture at a discount to market value. Any such occurrence would reduce the value of the Bentham IMF Bond Security.

Importantly, depending upon the structure of any incorporated Joint Venture Arrangements and Bentham IMF's control rights, if any, the joint venture entities may not constitute Subsidiaries and as a result any Current Resources or Financial Indebtedness of such entities will not be included in the calculation of the Issuer Group's Current Resources and Financial Indebtedness when determining the ability of Bentham IMF to issue a Distribution, further Bentham IMF Bonds or undertake a Permitted Secured Finance Arrangement. However, the Current Resources and/or Financial Indebtedness of Bentham IMF which relate to the investments in any Joint Venture Arrangement will be included in the calculation.

The proportion of Bentham IMF's business operated via joint ventures may materially increase during the term of the Bentham IMF Bonds and if this were to occur, the significance of the risks highlighted above would increase proportionally.

Section 4

Other Information

4.1 No breaches of loan covenants or debt obligations

Bentham IMF has not materially breached any loan covenants or capital market debt obligations in the two years prior to the date of this Prospectus.

4.2 Compliance with Chapter 2M and section 674 of the Corporations Act

As at the date of this Prospectus, Bentham IMF has complied with the provisions of Chapter 2M of the Corporations Act as they apply to Bentham IMF and with section 674 of the Corporations Act.

4.3 Australian taxation summary

The information contained in this Section is of a general nature only and does not take into account the specific circumstances of any Applicant. This summary is not intended, and should not be relied upon, as specific Australian taxation advice to any individual Applicant. The comments in this summary are of a general nature only, may not apply to your specific circumstances, and cannot be relied upon for accuracy or completeness.

Potential investors in Bentham IMF Bonds should seek and rely on their own professional taxation advice, specific to their particular circumstances, in relation to the taxation consequences of being a Holder. Neither Bentham IMF, nor any of its officers or advisers, accepts liability or responsibility with respect to such consequences or the reliance by any Applicant on any part of the following summary.

This summary only addresses the Australian tax position of Holders who:

- are either Australian resident taxpayers (**Australian Holders**) or certain non-Australian residents (**Non-resident Holders**);
- acquire the Bentham IMF Bonds via the Offer;
- do not hold the Bentham IMF Bonds on behalf of any other person or entity;
- acquire and hold their Bentham IMF Bonds on capital account;
- in the case of Australian Holders, do not acquire the Bentham IMF Bonds in carrying on a business through a permanent establishment outside Australia; and
- in the case of Non-resident Holders, do not acquire the Bentham IMF Bonds in carrying on a business in Australia through a permanent establishment in Australia.

Other Holders may have different taxation consequences not addressed in this Section.

This summary has been prepared based on the Australian income tax laws as at the date of this Prospectus. Holders should note that the law and administrative practice may change at any time. Any such change may adversely affect Holders. All references to legislative provisions are to provisions of the 1997 Act and the 1936 Act unless otherwise indicated.

(a) Character of Bentham IMF Bonds and Division 230

The Bentham IMF Bonds should be debt interests (not equity interests) for tax purposes. As such:

- Interest on the Bentham IMF Bonds should not be frankable; and
- the interest withholding tax rules should prima facie apply to Interest paid to Non-resident Holders.

Division 230 contains comprehensive rules for the taxation of financial arrangements. Broadly, where Division 230 applies, the gain from a financial arrangement will be assessable, the loss from a financial arrangement may be deductible, and the timing recognition of the gain or loss will be determined in accordance with one of the methods set out in Division 230.

The Bentham IMF Bonds should be financial arrangements and, as the Bentham IMF Bonds should not also be equity interests, they should not otherwise be generally excluded from the operation of Division 230. Where a Holder is subject to Division 230, these rules should operate to tax gains from the Bentham IMF Bonds on an accruals or realisation basis unless an alternative timing method is chosen.

Division 230 can apply to both Australian Holders and Non-resident Holders. Division 230 should not apply to Holders who are:

- individuals;
- complying superannuation funds with a turnover and assets of less than \$100m; or
- companies with a turnover and financial assets of less than \$100m and total assets of less than \$300m,

unless the Holder elects for the provisions of Division 230 to apply.

As the operation of the rules in Division 230 is complex and the application of Division 230 will depend upon the facts and circumstances of each Holder, Holders should obtain independent tax advice applicable to their personal circumstances.

(b) Interest Payments

(i) Australian Holders

Australian Holders will be required to include Interest on the Bentham IMF Bonds in their assessable income.

Where Division 230 applies to them, an Australian Holder will be required to recognise the Interest payments in accordance with the appropriate rules and timing methods in Division 230.

If Division 230 does not apply, the Interest should generally be recognised on a cash receipts basis.

(ii) Non-resident Holders

Subject to the application of any relevant Tax Treaty, Non-resident Holders will generally be subject to interest withholding tax at a rate of 10% on any Interest received.

However, Bentham IMF intends to issue the Bentham IMF Bonds in a manner which will satisfy the provisions of section 128F. Where the issue of Bentham IMF Bonds does satisfy the provisions of section 128F, Interest paid to Non-resident Holders will not be subject to interest withholding tax.

The interest withholding tax exemption in section 128F will not apply to Interest paid to Non-resident Holders who are associates of Bentham IMF.

A Non-resident Holder will not otherwise be subject to Australian tax on Interest which is subject to interest withholding tax or exempt from interest withholding tax under section 128F.

(c) Disposal of Bentham IMF Bonds

(i) Australian Holders

Broadly, Australian Holders will be required to include any gain on the disposal of the Bentham IMF Bonds in their assessable income and should be entitled to a deduction for any loss realised on the disposal of the Bentham IMF Bonds. That is, the gain or loss should be on revenue account for the reasons set out below.

Where Division 230 applies, an Australian Holder will be required to calculate the gain or loss having regard to the Interest received, the disposal proceeds and the cost to the Australian Holder of the Bentham IMF Bonds. Any gain or loss will be recognised in accordance with the appropriate rules and timing and adjustment methods in Division 230.

If Division 230 does not apply, the Bentham IMF Bonds should be traditional securities and the gain or loss should equal the difference between the disposal proceeds and the cost to the Australian Holder of the Bentham IMF Bonds. The gain or loss should generally be recognised in the income year in which the disposal occurs.

Although the disposal will also result in a CGT event, any capital gain or loss should be disregarded to the extent it is recognised in the manner described above (i.e. on revenue account).

(ii) Non-resident Holders

Non-resident Holders should only be subject to Australian tax on a gain realised on the disposal of the Bentham IMF Bonds if that gain is Australian sourced income. Whether a gain is Australian sourced income will depend on the precise facts and circumstances.

Where a gain on disposal is Australian sourced income, the calculation and recognition of the gain or loss will be determined under Division 230 or the rules relating to traditional securities.

A Non-resident Holder may nonetheless be eligible for relief from Australian tax if the Non-resident Holder is a resident of a country which has a double tax agreement with Australia.

Although the disposal will also result in a CGT event, any capital gain should be disregarded.

(d) TFN / ABN Withholding

A Holder may provide Bentham IMF with their Australian TFN or, in certain circumstances, their ABN or notify Bentham IMF of an exemption. A Holder is not required to provide Bentham IMF with their TFN, ABN or exemption details.

If a TFN or ABN or exemption details are not provided, Bentham IMF will be required to withhold an amount on account of tax from any Interest payments at a rate of 46.5%.

Bentham IMF will not be required to withhold an amount on account of tax from Interest paid to Non-resident Holders where the Interest is subject to interest withholding tax or exempt from interest withholding tax under section 128F.

(e) GST

GST is not payable on the issue, receipt, disposal or Redemption of Bentham IMF Bonds.

GST is not payable in relation to the payment of Face Value or Interest by Bentham IMF.

(f) Stamp Duty

No stamp duty should be payable by a Holder on the issue, receipt, disposal or Redemption of Bentham IMF Bonds.

4.4 Electronic access to the Prospectus

This Prospectus is available to Australian resident investors in electronic form at www.benthamimflimited.com.au. The following conditions apply if this Prospectus is accessed electronically:

- you must download the entire Prospectus;
- your Application will only be considered where you have applied on an Application Form that was attached to or accompanied by a copy of the Prospectus; and
- the Prospectus is available electronically to you only if you are accessing and downloading or printing the electronic copy of the Prospectus in Australia.

During the Offer Period, you can also request a free paper copy of this Prospectus and an Application Form by calling the Company or Emma Simson from Evans and Partners on +613 9631 9802 (Monday to Friday – 9.00am to 5.00pm, Sydney time).

The Corporations Act prohibits any person from passing the Application Form on to another person unless it is attached to, or accompanied by, a printed copy of this Prospectus or the complete and unaltered electronic version of this Prospectus.

Your application will only be considered where you have applied pursuant to an Application Form (either electronic or paper) that was attached to, or accompanied by, a copy of the Prospectus, and have provided your Application Monies.

4.5 Rights and liabilities of the securities being offered

The rights and liabilities attaching to Bentham IMF Bonds are contained in the Terms and the Trust Deed. The Terms are set out in the Appendix and a summary is provided in Section 1. A summary of the Trust Deed is set out below.

Rights and liabilities attaching to Bentham IMF Bonds may also arise under the Corporations Act, Listing Rules and other applicable laws.

4.6 Trust Deed

Bentham IMF and the Trustee have entered into a trust deed, constituted under New South Wales law, and dated 7 April 2014 (**Trust Deed**) which includes the Terms as a schedule. The Terms are also set out in the Appendix.

Bentham IMF will provide a copy of the Trust Deed upon request free of charge to potential investors during the period until the Issue Date and thereafter to Holders. A copy of the Trust Deed can be obtained free of charge by any person who requests it during the Offer Period, by calling the Company or Emma Simson from Evans and Partners on +613 9631 9802 (Monday to Friday – 9.00am to 5.00pm, Sydney time).

The Trustee has agreed to act as the trustee of the assets and rights held on trust for Holders (as described below) pursuant to the terms of the Trust Deed. Bentham IMF Bonds will be issued subject to the terms and conditions in the Trust Deed.

The Trustee is not responsible for monitoring compliance by Bentham IMF with its covenants and obligations under the Trust Deed or any other activities or status of Bentham IMF except as required by law. In this regard, the Trustee is subject to certain statutory duties imposed on it under Chapter 2L of the Corporations Act including:

- to exercise reasonable diligence to ascertain whether:
 - the property of Bentham IMF that is or should be available will be sufficient to repay the amounts lent by Holders in respect of Bentham IMF Bonds;
 - Bentham IMF has breached the Terms, the Trust Deed or the provisions of Chapter 2L of the Corporations Act; and
- unless the Trustee is satisfied the breach will not materially prejudice Holders, it must do everything in its power to ensure Bentham IMF remedies such a breach.

The following is a summary only of the principal provisions of the Trust Deed:

(a) Priority of the Trustee

Prior to the enforcement of the terms of the General Security Deed, all moneys that are received by the Trustee under the Trust Deed will be applied first in payment of any amounts owing to the Trustee in connection with the Trust Deed, secondly in or towards payment of all amounts of Interest due but unpaid under the Bentham IMF Bonds to the relevant Holders and third in or towards payment of all amounts of principal due but unpaid under the Bentham IMF Bonds to the relevant Holders. The balance (if any) of the money remaining after those payments will be returned to Bentham IMF. See Section 4.7 "General Security Deed" in relation to the priority following enforcement of the General Security Deed.

(b) Appointment of Trustee and declaration

The Trustee holds on trust for Holders:

- a trust settlement sum of \$10.00;

- the right to enforce Bentham IMF's duty to repay under the Bentham IMF Bonds;
- the right to enforce Bentham IMF's obligation to pay all other amounts payable under the Bentham IMF Bonds;
- the right to enforce the General Security Deed granted as security for the repayment of the Bentham IMF Bonds;
- the right to enforce any other duty or obligation that Bentham IMF has under the Terms, the Trust Deed or under the General Security Deed or Chapter 2L of the Corporations Act; and
- any other property held by the Trustee on trust under the Trust Deed (including, without limitation, the benefit of any covenants, undertakings, representations, warranties, rights, powers, benefits or remedies in favour of the Trustee under the Transaction Documents).

(c) Bentham IMF obligations and undertakings

Bentham IMF is obligated to, amongst other things:

- pay the amount due and payable in respect of the Bentham IMF Bonds under and in accordance with the Trust Deed;
- comply with its obligations under the Terms;
- comply with all statutory and regulatory requirements applicable to it (including under Chapter 2L of the Corporations Act) to the extent they relate to obligations under the Trust Deed, where failure to do so would be likely to have a material adverse effect on the business, property, condition or operations of Bentham IMF, or the ability of Bentham IMF to perform its obligations under the Trust Deed, or the validity or enforceability of the whole or any material part of the Trust Deed or any rights or remedies of the Holders (or the Trustee on behalf of the Holders) under the Trust Deed; and
- register each Trustee Security in Australia only in relation to all Secured Property.

Bentham IMF has undertaken, amongst other things:

- that save in respect of a Permitted Encumbrance, whilst any Bentham IMF Bond indebtedness remains outstanding, not to create or permit to subsist any Security over any secured property as security for any indebtedness which ranks equal to or in priority to the Bentham IMF Bond Security;
- not to make a Distribution, where the Current Resources of the Issuer Group are, or would be following completion of the Distribution, less than or equal to 75 percent of the Issuer Group Indebtedness; and
- not to dispose of, or agree to dispose of, any secured property, except disposals of any Circulating Asset in accordance with the terms of the General Security Deed or with the consent of the Trustee.

(d) Trustee undertakings

The Trustee has undertaken that it will, amongst other things:

- comply with its duties under Chapter 2L of the Corporations Act;
- act honestly and in good faith and exercise the diligence and prudence that a person carrying the business of a professional trustee would exercise; and
- keep appropriate records and keep the assets of the Trust separate from all other assets of the Trustee.

(e) Trustee Limitation of Liability and Indemnity

The Trustee is not liable to Bentham IMF, the Holders or any other person in any capacity other than as trustee of the Trust Deed, except where the Trustee acts fraudulently, negligently or wilfully defaults under the Trust Deed. The Trustee, its officers, directors, employees and attorneys are entitled to be indemnified by Bentham IMF and out of the property of the Trust Fund in respect of, amongst others, all costs, losses, expenses, demands or claims suffered by the Trustee in the execution of the Trust or any powers, authorities or discretions vested in the Trustee under the Transaction Documents.

(f) Action by Trustee

The Trustee is required at all times, to act in accordance with its obligations under the Terms, the Trust Deed, the Corporations Act and applicable law.

Subject to the Trust Deed and the Transaction Documents, the Trustee need not take any action to enforce the Trust Deed or any other Transaction Document in accordance with their respective terms unless all of the following conditions are met:

- the Trustee is requested to take action by a Special Resolution; and
- the Trustee is indemnified to its reasonable satisfaction against:
 - all actions, proceedings, claims and demands to which the Trustee may render itself liable by taking such action;
 - all costs, charges, fees and expenses which the Trustee may incur in taking the action; and
 - all management time spent by employees or officers of the Trustee in relation to such action; and
- the action is not prohibited under the Trust Deed and the Trustee is not restricted or prohibited by any order of any competent court or any applicable law.

(g) Direct action by Holder

No Holder is entitled to proceed directly against Bentham IMF to enforce any right or remedy under or in respect of any Bentham IMF Bond, unless the Trustee, having become bound to proceed, fails to do so within a reasonable period and such failure is continuing.

(h) Fees and expenses

Under the Trust Deed, Bentham IMF will pay the Trustee by way of a fee for its services such amounts as may be agreed between Bentham IMF and the Trustee. The agreed fees are an initial establishment fee of \$5,000 and an annual fee of \$25,000 for Bentham IMF Bonds issued up to \$25m plus \$100 per \$1m of Bentham IMF Bonds issued above \$25m and \$2,500 for each priority deed entered into. All such amounts are exclusive of GST. Bentham IMF will also pay the Trustee's costs and expenses arising out of, among other things, the Trustee acting as trustee under the Trust Deed (including reasonable legal fees, costs and disbursements) as well as additional fees for any enforcement action that the Trustee takes in relation to the Trust Deed following the occurrence of an Event of Default or any duties agreed by Bentham IMF to be outside the scope of the normal duties of the Trustee.

(i) Retirement and removal

The Trustee may retire by giving written notice to Bentham IMF, which will not be effective until 60 days after the date of the notice has passed and provided that the appointment of a new trustee is effective. The Trustee may be removed by Bentham IMF if, among other things:

- the Trustee cannot be a trustee under section 283AC of the Corporations Act;
- the Trustee has acted fraudulently, negligently or is in wilful default, or in breach of section 283DA of the Corporations Act for failure to show the degree of care and diligence required of a trustee, and where such breach is capable of rectification, the Trustee has not rectified the breach within 7 Business Days of receiving a notice from Bentham IMF of its occurrence;
- any licence, consent, authorisation or similar thing the Trustee is required to hold to carry out its obligations under the Trust Deed is revoked or not renewed;
- Bentham IMF is requested to do so by a meeting of Holders called under the Trust Deed; or
- the Trustee becomes subject to an Insolvency Event.

Prior to the expiry of the Trust Bentham IMF must appoint a new trustee following the retirement or removal of the Trustee.

(j) Meetings

A meeting of Holders has the power, by Holder Resolution to:

- give directions to the Trustee as to; or
- authorise, ratify or confirm anything the Trustee has done or omitted to do in respect of,

the performance or exercise of any of its duties, rights, powers and remedies under the Trust Deed or Bentham IMF Bonds, or any other instrument to which the Trustee is or becomes a party in its capacity as trustee under the Trust Deed.

The Holders may by Special Resolution, approve the release of the Trustee from liability for anything done or omitted to be done by the Trustee or any other person.

Each Holder is entitled to one vote on a show of hands. On a poll, each Holder is entitled to one vote for each Bentham IMF Bond that the person holds.

(k) Alteration

Subject to all applicable laws, Bentham IMF and the Trustee may jointly amend the Trust Deed:

- pursuant to a Holder Resolution or Special Resolution, as applicable; or
- without the consent of Holders, if Bentham IMF and the Trustee are each of the opinion that such amendments:
 - (i) of a formal or technical or minor nature;
 - (ii) made to cure any ambiguity or correct any manifest error;
 - (iii) necessary or expedient to enable the Bentham IMF Bonds to be listed on any stock exchange or offered for subscription or for sale under applicable laws; or
 - (iv) necessary to comply with the provisions of any statute or requirements of any statutory authority or the requirements of any securities exchange on which Bentham IMF may propose to seek listing of the Bentham IMF Bonds,and, in the case of (iii) and (iv), is not otherwise materially prejudicial to the interests of Holders as a whole.

(l) Issue of further Bentham IMF Bonds

Bentham IMF may issue further Bentham IMF Bonds, without the consent of the Trustee or the Holder, having the same Terms (except in relation to the Issue Date, the first Interest Period, the first Interest Payment Date and the amount to be paid in respect of the first payment of Interest). Such bonds shall be consolidated and form a single series and rank *pari passu* with the Bentham IMF Bonds then outstanding. Such right to issue further Bentham IMF bonds is subject to the aggregate of the Bentham IMF Bonds in issue and any Permitted Secured Finance Arrangements (see Section 4.6(m)) following the proposed issue not exceeding \$150m and, following the proposed issue, the Current Resources of the Issuer Group not being less than 75 percent of the Issuer Group Indebtedness.

(m) Permitted Secured Finance Arrangements

Bentham IMF is permitted to incur secured indebtedness which ranks *pari passu* with the Bentham IMF Bonds, excluding issuing any other secured debt securities of a shorter maturity than the Bentham IMF Bonds subject to the satisfaction of the following:

- the aggregate of the Bentham IMF Bonds on issue and any Permitted Secured Finance Arrangements following the incurrence of such proposed secured indebtedness, not exceeding \$150m;
- the Current Resources of the Issuer Group not being less than 75 percent of the Issuer Group Indebtedness following the incurrence of the proposed secured indebtedness;
- the indebtedness is secured by a general security deed granted by Bentham IMF over all or substantially all of its assets; and
- the Trustee, Bentham IMF and the proposed lender or provider of indebtedness have, prior to the creation of any Security, entered into a Priority Deed, which is appended to the Trust Deed and regulates the rights of the Trustee and a lender pursuant to a Permitted Finance Arrangement with regard to the pari passu sharing of the realisation proceeds following the exercise of the Bentham IMF Bond Security. The Priority Deed includes an automatic Event of Default which ensures that all indebtedness subject to the Priority Deed will be capable of enforcement should any single indebtedness become due and payable by reason of an Event of Default.

4.7 General Security Deed

Bentham IMF and the Trustee have entered into a general security deed, constituted under New South Wales law, and dated 7 April 2014 (**General Security Deed**).

Bentham IMF will provide a copy of the General Security Deed upon request free of charge to potential investors during the period until the Issue Date and thereafter to Holders. A copy of the General Security Deed can be obtained free of charge by any person who requests it during the Offer Period, by calling the Company or Emma Simson from Evans and Partners on +613 9631 9802 (Monday to Friday – 9.00am to 5.00pm, Sydney time).

The following is a summary only of the principal provisions of the General Security Deed.

(a) Grant of Security Interest

Bentham IMF grants a security interest to the Trustee in all its present and after-acquired property including:

- its assets and undertaking and any uncalled or unpaid share capital or premiums of Bentham IMF;
- anything in respect of which Bentham IMF has a sufficient right or interest to grant a security interest under the PPSA or any other law; and
- anything else in which Bentham IMF has a sufficient right to be able to grant a security interest.

The security interests granted secure the due and punctual payment of the Secured Moneys.

(b) Nature and Priority

Each security interest granted by Bentham IMF under the General Security Deed ranks in priority before any other Encumbrance other than:

- any Security mandatorily preferred by law;
- any Permitted Encumbrance that ranks in priority to it by operation of law or otherwise;
- any Permitted Secured Finance Arrangement (see Section 4.6(m) "Trust Deed") that ranks equally to it in accordance with a Priority Deed; and
- as otherwise set out in the Trust Deed.

Each security interest under the General Security Deed operates as a mortgage over all freehold and leasehold property and any other interest in land or real property, save for ordinary course of business commercial leases of office premises of a duration of less than 21 years and as a charge over all other Secured Property.

Each security interest in relation to non-PPSA Secured Property will operate as:

- a floating charge over all present and future Circulating Assets; and
- as a fixed charge over all other non-PPSA Secured Property.

(c) Dealing with and disposal of Secured Property

Bentham IMF undertakes to the Trustee that it shall not without the Trustee's prior written consent, save for any Permitted Encumbrance, create or permit to subsist any Security over any Secured Property as Security for any indebtedness which ranks equally to or in priority to the security interest granted under the General Security Deed.

Bentham IMF undertakes to the Trustee that it will not dispose of (or agree to dispose of) any of the Secured Property (either in a single transaction or in a series of transactions whether related or not and whether voluntary or involuntary) except disposals made:

- of any Circulating Asset in the ordinary course of business of Bentham IMF;
- of any interests whatsoever in Joint Venture Arrangements in accordance with any default provisions contained in the governing documents in respect of such interests, as in force from time to time and for the avoidance of doubt this provision shall apply notwithstanding any enforcement of the rights under the General Security Deed by the Trustee or any administrator or receiver appointed on behalf of the Trustee; or
- with the consent of the Trustee which consent must not be unreasonably withheld.

(d) Representations and Warranties

The General Security Deed contains standard representations and warranties from Bentham IMF of a kind commonly contained in deeds of this type with respect to Bentham IMF's authority to enter into the General Security Deed, Bentham IMF's title to the Secured Property and the state of Bentham IMF's business.

(e) General Undertakings

The General Security Deed contains a number of undertakings given by Bentham IMF to the Trustee including undertakings regarding the protection of the Secured Property, maintenance of Bentham IMF's business and corporate existence, and maintenance, protection and insurance of the Secured Property. These include that Bentham IMF must notify the Trustee of:

- an Event of Default or event which with the giving of notice or lapse of time would be likely to become an Event of Default; and
- all litigation, arbitration or similar proceedings to which it is a party the adverse determination of which would affect its ability to fulfil its obligations under the General Security Deed.
-

The general undertaking given by Bentham IMF to the Trustee includes the following, except to the extent that the Trustee otherwise consents in writing it shall:

- duly and punctually perform its covenants and undertakings under the Trust Deed and General Security Deed;
- give promptly to the Trustee the information and documents which the Trustee reasonably requests from time to time in connection with the General Security Deed and the business, property or financial condition of Bentham IMF; and
- to the extent within its control, do everything necessary to ensure that no Event of Default occurs.

(f) Undertakings relating to Secured Property

The undertakings in relation to Secured Property given by Bentham IMF to the Trustee include the following, except to the extent that the Trustee otherwise consents in writing:

- it shall pay when due all outgoings payable by it in respect of the Secured Property other than outgoings which are being contested in good faith; and
- it shall at its own cost and in its own name and with the Trustee's interest as chargee noted on the policy or policies insure such of its interest in Secured Property as is of an insurable nature and keep it insured for full replacement value against loss or damage by such risks as are normally insured against, by a company of substantially comparable type and scale.

(g) Powers on Enforcement

To the extent permitted by law, while an Event of Default is subsisting, the Trustee or any Officer of the Trustee may exercise certain power, including any of the following:

- seize, take and retain possession of, get in and manage the Secured Property;
- sell any of the Secured Property;
- grant or take put or call options;
- carry on or concur in carrying on any business;
- acquire in any manner any asset, after which it will be included in the Secured Property;
- maintain and improve the Secured Property;
- raise money;
- lend money or provide financial accommodation;
- employ or discharge any person as employee, contractor, agent, professional adviser, consultant or auctioneer;
- perform and enforce agreements;
- vary, rescind, or terminate any document or agreement;
- take insolvency proceedings;
- take proceedings; and
- execute documents on behalf of Bentham IMF,

without any need to take possession and without being liable as Trustee in possession. It may also exercise those powers through one or more agents, in which case anything done or incurred by an agent will be taken to be done or incurred by the Trustee.

(h) Application of money received

All money received by the Trustee, receiver, attorney or any other person acting of their behalf under the General Security Deed shall be applied in the following manner and order, subject to the terms of the Priority Deed:

- first: all costs, charges and expenses of the Trustee or any receiver or attorney which are incurred in or are incidental to the actual or attempted exercise or performance of a Power or otherwise in relation to any Trust Deed or General Security Deed;
- second: any other outgoings which the Trustee or any receiver or attorney thinks fit to pay;
- third: any Receiver remuneration in connection with exercising or preserving rights (or considering doing so) in connection with any Transaction Document;
- fourth: to each holder of an Encumbrance of which any Trustee is aware and which has priority in relation to the

- relevant Secured Property, to the extent, and in order, of priority;
- fifth: in payment to the Trustee towards satisfaction of the Secured Moneys, and applied against interest, principal or any other amount the Trustee, the receiver or the attorney thinks fit;
- sixth: to each holder of an Encumbrance of which any Trustee is aware and which ranks after the General Security Deed in relation to the relevant Secured Property, to the extent, and in order, of priority; and
- seventh: the surplus (if any) belongs to Bentham IMF. The surplus will not carry interest.

4.8 Priority Deed

The Priority Deed is attached as a schedule to the Trust Deed. As a condition precedent to Bentham IMF being entitled under the Trust Deed to enter into a Permitted Secured Finance Arrangement, a Priority Deed is required to be entered into by the Trustee and the lender or trustee in respect of the Permitted Secured Finance Arrangement. The purpose of the Priority Deed is to ensure that claims of lenders pursuant to Permitted Secured Finance Arrangements rank equally with claims of Holders of Bentham IMF Bonds. Under the terms of the Priority Deed to the extent that more than one Permitted Finance Arrangement is entered into, a second Priority Deed is required to be entered into by all secured lenders or applicable trustees and such Priority Deed supersedes in its entirety the first Priority Deed.

(a) Priority of security interests

The Existing Secured Parties and the Additional Secured Party agree that notwithstanding the terms of any security agreements, or any rule of law or equity to the contrary, any Realisation Proceeds received by a Secured Party shall be allocated in the following order of priority:

- first: all fees, costs, charges and expenses of each Secured Party or any receiver or attorney appointed by the Secured Party which are incurred in or are incidental to the actual or attempted exercise or performance of a Power;
- second: any other outgoings which each Secured Party or any receiver or attorney thinks fit to pay.
- third: the remuneration of any receiver appointed by each Secured Party in connection with exercising or preserving rights (or considering doing so) in connection with such Secured Party's Security Agreement;
- fourth: to each holder of a Security (not being a party to the Priority Deed) of which any Secured Party is aware and which has priority in relation to the relevant Secured Property, to the extent, and in order, of priority;
- fifth: rateably among the Secured Parties according to and up to the Secured Money outstanding in respect of each Secured Party (such Secured Money for the purposes of this paragraph shall include, amounts contingently owing or owing in the future, if such amounts have been declared due before their stated maturity towards satisfaction of the Secured Money in accordance with the order of application set out in the relevant Security Agreement);
- sixth: to each holder of a Security of which any Secured Party is aware and which ranks after the Security Agreements of the parties to the Priority Deed in relation to the relevant Secured Property, to the extent, and in order, of priority; and
- seventh: the surplus (if any) belongs to the Company. The surplus will not carry interest.

(b) Exercise of default powers

A Secured Party may exercise its rights under its Security to recover payment of any Secured Money at any time in any manner that the Secured Party thinks fit. For the avoidance of doubt, a Secured Party's right may be exercised only in accordance with the terms and conditions of its Security.

(c) Account of Proceeds

Each Secured Party undertakes to the other Secured Parties that in respect of the realisation proceeds, it shall account to the other secured parties in accordance with the priority of claims listed in (a) above.

4.9 Offer Management Agreement

Bentham IMF and the Lead Manager have entered into the offer management agreement (**OMA**).

Pursuant to the terms of the OMA:

- Bentham IMF appointed the Lead Manager to arrange the Offer and act as settlement agent for the Offer;
- the Lead Manager has agreed to use its reasonable endeavours to procure offers to subscribe for Bentham IMF Bonds in accordance with this Prospectus and the timetable set out in the OMA, including by conducting the Bookbuild described in this Prospectus, and to manage the completion of the issue of the Bentham IMF Bonds under the Offer; and
- the Lead Manager will provide settlement support for the settlement obligations under the Institutional Offer and the Broker Firm Offer.

The following is a summary only of the principal provisions of the OMA.

(a) Fees

The Lead Manager shall be paid a fee equivalent to 3% of the total amount raised under the Offer (exclusive of GST). In addition, Bentham IMF must reimburse the Lead Manager for all reasonable agreed out-of-pocket expenses (including

but not limited to travel costs and disbursements) and legal costs incurred by the Lead Manager in connection with the Offer.

The Lead Manager is responsible for paying all pay-away fees, including selling fees or other commissions or fees payable to Participating Brokers.

(b) Representations and warranties

Bentham IMF gives various representations, warranties and undertakings to the Lead Manager, including that the Prospectus complies with the Corporations Act (as modified by ASIC Class Order [CO 10/321]) and the Listing Rules.

Bentham IMF also represents and warrants that, with the exception of the Bentham IMF Bonds (and any other issue referred to or contemplated by this Prospectus), it will not issue, agree or offer to issue, any publicly tradeable debentures or debt securities that rank equally with the Bentham IMF Bonds or any tradeable debentures or debt securities that are proposed to be (or are likely to be) listed for quotation on ASX as one class with the Bentham IMF Bonds issued under the Offer, without the prior consent of the Lead Manager, during the period commencing on the Issue Date and ending six months after the Issue Date.

(c) Indemnity

Bentham IMF agrees to indemnify the Lead Manager and certain parties affiliated with them against claims, demands, actions, damages, losses, costs, expenses or liabilities incurred in connection with the Offer. This indemnity does not apply to the extent to which any liability is finally judicially determined by a court of competent jurisdiction to have resulted from the gross negligence (except to the extent contributed to by Bentham IMF or its officers or employees), recklessness, fraud or wilful misconduct of the Lead Manager (or the other affiliated indemnified parties) or any director, officer, employee or partner of the Lead Manager (or the other affiliated indemnified parties).

(d) Termination Events

The Lead Manager may terminate its obligations under the OMA by giving notice in writing to Bentham IMF, if any one or more of the following events occur before the Issue Date:

- at 4.00pm on 2 consecutive Business Days, the average mid-rate for the iTraxx Australia Index of a term of 5 years is 55% or more above its level as at the close of business on the Business Day immediately before the date of the OMA.
- the Company fails to lodge the Prospectus with ASIC on or before 7 April 2014 in a form approved by the Lead Manager.
- ASX makes an official statement to any person, or indicates to the Company or the Lead Manager that ASX will not grant quotation of the Bentham IMF Bonds to be issued under the Offer.
- the Company fails to comply in any material way with any of the following:
 - a provision of its constitution;
 - a provision of the Trust Deed;
 - any of the Terms;
 - the Corporations Act or any other statute;
 - ASIC Class Order [CO 10/321]; or
 - the Listing Rules,except to the extent that compliance with any applicable law has been waived, or an exemption granted, by a government agency having authority to do so.
- a statement in any confirmation certificate required to be given under the OMA is untrue or incorrect in a material respect or there is a material omission from any confirmation certificate.
- without limiting any other termination event:
 - ASIC applies for an order under section 1324B of the Corporations Act in relation to the Prospectus and the application is not dismissed or withdrawn before the Closing Date;
 - a person (other than the Lead Manager) gives a notice under section 730 of the Corporations Act in relation to the Prospectus;
 - ASIC gives notice of intention to hold a hearing in relation to the Prospectus under section 739(2) of the Corporations Act or makes an interim order under section 739(3) of the Corporations Act, except where such notice, interim order or order does not become public and is withdrawn within two Business Days; or
 - any person (other than the Lead Manager) who consented to being named in the Prospectus withdraws that consent.
- the Lead Manager reasonably forms the view that a supplementary or replacement document (excluding the replacement prospectus) must be lodged with ASIC under section 719 of the Corporations Act and the Company does not lodge a supplementary or replacement document in the form, with the content and within the time reasonably required by the Lead Manager.
- any of the following occurs:
 - an application is made by ASIC for an order under Part 9.5 in relation to the Prospectus or ASIC commences any investigation or hearing under Part 3 of the Australian Securities and Investments Commission Act 2001 (Cth) in relation to the Prospectus; or
 - any person (other than a Lead Manager) gives a notice under section 733(3) of the Corporations Act or any person who has previously consented to the inclusion of its name in the Prospectus (or any replacement prospectus or supplementary prospectus) or to be named in the Prospectus (or any replacement prospectus or supplementary prospectus) withdraws that consent.
- an insolvency event occurs with respect to Bentham IMF or any other member of the Bentham IMF Group or

there is an act or omission which is likely to result in an insolvency event occurring with respect to Bentham IMF or any other member of the Bentham IMF Group.

- a change to the board of directors, the Chief Executive Officer or the Chief Financial Officer of the Company occurs (except as disclosed in the Prospectus).
- other than as disclosed in the Prospectus, the Company or a related body corporate charges or agrees to charge, the whole, or a substantial part of its business or property.
- any event specified in the OMA (including the timetable) up to and including the Closing Date is delayed without the prior written consent of the Lead Manager by more than one Business Day or any event specified in the OMA (including in the timetable) from (but excluding) the Closing Date is delayed without the prior written consent of the Lead Manager by more than three Business Days. This does not apply to a delay in the timetable caused by ASIC extending the exposure period in accordance with section 727(3) of the Corporations Act.
- Bentham IMF does not give the Lead Manager a confirmation certificate on the Settlement Date.

The Lead Manager may also terminate its obligations under the OMA if any of the following events occurs, provided that the Lead Manager determines reasonably and in good faith that the event: (a) has or would be likely to have had a material adverse effect on the success of the Offer (including Completion), or the ability of the Lead Manager to market, promote or settle the Offer; or (b) could create a liability for the Lead Manager under the Corporations Act or any other applicable law:

- any of the following occurs which does or is likely to prohibit, restrict or regulate the Offer:
 - the introduction of legislation into the parliament of the Commonwealth of Australia or of any State or Territory of Australia; or
 - the public announcement of prospective legislation or policy by the Federal Government or the Government of any State or Territory (other than legislation or policy which has been publicly announced or is generally known to the market before the date of the OMA).
- a significant or material contract referred to in the Prospectus is, without the prior written consent of the Lead Manager:
 - breached by the Company or a related body corporate; or
 - terminated (whether by breach or otherwise).
- the Company:
 - changing in a material respect the terms of the Offer as set out in the Prospectus (or any replacement prospectus or supplementary prospectus) without the prior written consent of the Lead Manager; or
 - changing in a material respect the Terms without the prior written consent of the Lead Manager.
- the Company is in default of any of the terms and conditions of the OMA or breaches any warranty, undertaking or covenant given or made by it under the OMA and that default or breach is either incapable of remedy or is not remedied within ten Business Days after being given notice to do so by the Lead Manager.
- the Company or a related body corporate alters its capital structure without the prior written consent of the Lead Manager, other than as contemplated in the Prospectus.
- the constitution or any other constituent document of the Company, the Trust Deed or the Terms is amended (other than the inclusion in the Trust Deed and the Terms of the Margin following its determination in accordance with the OMA or any consequential amendments) without the prior written consent of the Lead Manager.
- the Company or a related body corporate seeks the approval of shareholders under section 260B of the Corporations Act, without the prior written consent of the Lead Manager.
- the Company or a related body corporate:
 - disposes, or agrees to dispose, of the whole, or a substantial part, of its business or property other than as contemplated in the Prospectus; or
 - ceases or threatens to cease to carry on business,
 in either case without the prior written consent of the Lead Manager.
- there is an outbreak of hostilities (whether or not war or a national emergency has been declared) not presently existing, or a major escalation in existing hostilities occurs, or a major act of terrorism occurs in or involving any one or more of the following:
 - Australia;
 - the UK;
 - the US;
 - the Peoples Republic of China;
 - any member country of the European Union;
 - South Korea; and
 - Japan;
 or involving any diplomatic, military, commercial or political establishment of any of those countries elsewhere in the world.
- any adverse change occurs in the assets, liabilities, financial position or performance, profits, losses or prospects of the Company, including any adverse change in the assets, liabilities, financial position or performance, profits, losses or prospects of the Company from those disclosed in the Prospectus.
- without limiting any other termination event:
 - there is an omission from the Prospectus of information required to be included by the Corporations Act or ASIC Class Order [CO 10/321] to be included in the Prospectus;
 - the Prospectus contains a misleading or deceptive statement;
 - a statement in the Prospectus becomes misleading or deceptive;
 - a forecast in the Prospectus becomes incapable of being met or unlikely to be met in the projected time; or
 - the Prospectus does not comply with section 710, 711, 715A or 716 of the Corporations Act, the Listing

- Rules or any other applicable laws or regulations.
- the due diligence report or any other information supplied by or on behalf of the Company to the Lead Manager in relation to the Bentham IMF Bonds, the Company or the Offer, is untrue, incorrect, misleading or deceptive.
- any of the following occur:
 - a director, the Chief Executive Officer or the Chief Financial Officer of the Company is charged with an indictable offence relating to a financial or corporate matter;
 - any governmental agency commences any public action against the Company or any of its directors or senior managers in their capacity as directors or senior managers of the Company;
 - any director or senior manager of the Company is disqualified from managing a corporation under Part 2D.6 of the Corporations Act; or
 - the Company or a director or senior manager of the Company engages in any fraudulent conduct or activity.
- a force majeure affecting the Company's business or its obligations under the OMA lasting in excess of 7 days occurs.
- there is:
 - a suspension or limitation in trading in all securities quoted or listed on ASX, the New York Stock Exchange, the Hong Kong Stock Exchange or the London Stock Exchange for at least one day on which that exchange is open for trading;
 - a general moratorium on commercial banking activities in Australia, the US, the UK, the European Union, Canada, Japan, the Republic of China or Hong Kong is declared by the relevant authorities in those places, or there is a disruption in commercial banking or securities settlement or clearance services in those places;
 - a disruption or crisis to the existing financial markets, political or economic conditions of, or currency exchange rates or controls in Australia, the US, the UK, the European Union, Canada, Japan, the Republic of China or Hong Kong or the international financial markets or any disruption or crisis in national or international political, financial or economic conditions; or
 - after the date of the OMA, a change or development (other than a change or development which has been publicly announced or is generally known to the market before the date of the OMA) involving a prospective adverse change in taxation affecting the Company, its shares or the Bentham IMF Bonds occurs.

4.10 ASX Relief

Bentham IMF has received confirmation from ASX that ASX will classify the Bentham IMF Bonds as debt securities.

4.11 Interests of advisers

Evans and Partners has acted as Lead Manager of the Offer, in respect of which they will receive fees set out in Section 4.9(a). The Lead Manager will be responsible for paying:

- Participating Brokers a broker distribution fee of 1.0% of the total amount raised under the Broker Firm Offer to Participating Brokers (to be apportioned among the Participating Brokers based on the number of Bentham IMF Bonds allocated to each of the Participating Brokers); and
- Cornerstone commitment fees to certain Institutional Investors as described in Section 4.12.

Hardy Bowen has acted as Bentham IMF's Australian legal adviser in relation to the Offer. In respect of this work, Hardy Bowen will be paid approximately \$180,000 (excluding disbursements and GST) for work performed by it until the date of this Prospectus. Further amounts may be paid to Hardy Bowen in accordance with its time-based charges.

Ernst & Young has acted as Bentham IMF's auditors and tax adviser to the Offer. In respect of this work, Ernst & Young will be paid approximately \$35,000 (excluding GST and disbursements) for work performed by it until the date of this Prospectus. Further amounts may be paid to Ernst & Young in accordance with its time-based charges.

Australian Executor Trustees Limited will be paid an establishment fee of \$5,000 plus an annual fee of \$27,500 in respect of acting as trustee in respect of the Bentham IMF Bonds.

Other than as disclosed in this Prospectus:

- no person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus; and
- no promoter or underwriter of the Offer or financial services licensee named in this Prospectus as a financial services licensee involved in the Offer, holds at the date of this Prospectus, or has held in the two years before that date, an interest in:
 - the Offer; or
 - any property acquired or proposed to be acquired in connection with the Offer.

Other than as disclosed in this Prospectus, no person has been paid or agreed to be paid any amount, nor has any benefit been given or agreed to be given to any such persons, for services provided by them in connection with the Offer.

4.12 Cornerstone investors

Certain Institutional Investors have, prior to the lodgement of the Prospectus with ASIC on 7 April 2014, committed to the Lead Manager to apply for Bentham IMF Bonds on the same terms as all other investors. The Lead Manager will pay these Institutional Investors (but not any other investors that subsequently give commitments to invest under the Bookbuild (refer to Section 5.2)):

- 0.25% of the amount they committed to and that is then allocated to them; and
- a further 0.25% of the amount allocated to them provided they continue to hold that allocation for three months after the Issue Date.

Any payments made by the Lead Manager to Institutional Investors, in the manner contemplated above, will be out of the fees paid to the Lead Manager by Bentham IMF under the Offer.

4.13 Interests of Directors

Other than as set out in this Prospectus, no Director holds, at the time of lodgement of this Prospectus with ASIC, or has held in the two years before lodgement of this Prospectus with ASIC, an interest in:

- the formation or promotion of Bentham IMF;
- the Offer; or
- any property acquired or proposed to be acquired by Bentham IMF in connection with its formation or promotion or with the Offer.

Other than as set out in this Prospectus, no amount (whether in cash, ordinary shares or otherwise) has been paid or agreed to be paid, nor has any benefit been given, or agreed to be given to any Director or proposed Director:

- to induce a person to become, or qualify as, a Director; or
- for services provided by a Director or proposed Director in connection with the formation or promotion of Bentham IMF or the Offer.

Interest in Bentham IMF securities

The Directors at the date of this Prospectus had the following relevant interests in issued securities of Bentham IMF:

Director	Number of Ordinary Shares
Robert Ferguson	1,853,000
Hugh McLernon	7,755,991
John Walker	4,958,292
Clive Bowman	1,013,941
Alden Halse	879,780
Michael Bowen	845,098
Wendy McCarthy AO	nil
Total	17,306,102

Directors' fees

Fees and payments to non-executive Directors reflect the demands which are made on, and the responsibilities of, the non-executive Directors. Non-executive Directors' fees and payments totalled \$260,000 (including superannuation) for the year ended 30 June 2013. At the 2013 Annual General Meeting shareholders approved payments up to \$500,000 to non-executive Directors.

There are no retirement allowances for non-executive Directors, nor do they participate in any incentive programs. Non-executive Directors may, however, elect to have a portion of their remuneration paid into their personal superannuation plans.

Participation in the Offer

Directors (and their associates) may participate in the issue of Bentham IMF Bonds and have indicated an intention to apply for approximately \$4.5m of Bentham IMF Bonds.

4.14 Dealings in Bentham IMF Bonds

Bentham IMF or any other member of Bentham IMF Group may subscribe for, purchase or resell Bentham IMF Bonds from time to time.

4.15 Privacy

Bentham IMF collects personal information from you in order to process your Application, administer your investment and keep in touch with you about your investment.

Bentham IMF may disclose this information on a confidential basis to its Subsidiaries as well as agents, contractors and third party service providers that provide services on its behalf (for example, the Registry and a printing firm or mailhouse engaged to print and mail statements to you).

Your personal information may also be used and disclosed from time to time to inform you about products and services offered by Bentham IMF which it considers may be of interest to you. If you do not wish to receive this information, please contact the Registry. Your consent will remain current until you advise Bentham IMF otherwise.

If you used a financial adviser who recommended your investment in Bentham IMF Bonds then details of your investment may be provided to that adviser.

Bentham IMF will also disclose your information if required to do so by law or if you consent to or request the disclosure.

If you think Bentham IMF's records of your personal information are incorrect or out of date, it is important that you contact Bentham IMF so that your records can be corrected. You may (subject to permitted exceptions) access the personal information Bentham IMF holds about you at any time by contacting the Registry in writing. Bentham IMF is permitted to charge a fee for such access but does not intend to do so.

You may choose not to give your personal information or to limit the information you provide to Bentham IMF. Depending on the type of information you withhold, Bentham IMF may not be able to process your Application efficiently (if at all), or make payments to you.

4.16 Diagrams

Diagrams appearing in this Prospectus are illustrative only and may not be drawn to scale. Unless otherwise stated, all data contained in charts, graphs and tables are based on information available at the date of the Prospectus.

4.17 Consents to be named

Each of the parties named below (**Consenting Parties**) has given its written consent to be named in this Prospectus in the form and context in which it is named and has not, at the date of this Prospectus, withdrawn its consent:

- Evans and Partners as lead manager;
- Hardy Bowen as legal adviser;
- Ernst & Young as tax adviser;
- Ernst & Young as auditor;
- Australian Executor Trustees Limited as trustee; and
- Computershare Investor Services Pty Limited.

None of the Consenting Parties have made any statement that is included in this Prospectus or any statement on which a statement made in this Prospectus is based. Each Consenting Party expressly disclaims all liability in respect of, makes no representations regarding, and takes no responsibility for, any statements in, or omissions from, this Prospectus.

4.18 Copies of documents

Copies of documents lodged with ASIC in relation to the Bentham IMF (not being documents referred to in section 1274(2)(a) of the Corporation Act) may be obtained from, or inspected at, an office of ASIC. The Company will provide free of charge to any person who requests it during the Offer Period, a copy of:

- the 2013 Annual Report of Bentham IMF for the period ended 30 June 2013 being the last financial period for which an annual financial report was lodged with ASIC in relation to Bentham IMF before the issue of this Prospectus; and
- the following continuous disclosure notices given by Bentham IMF to notify ASX of information relating to Bentham IMF since Bentham IMF lodged its 2013 Annual Report for the period ended 30 June 2013 and before the date of issue of this Prospectus:

Date Lodged	Subject of Announcement	Date Lodged	Subject of Announcement
21.08.2013	Investor Presentation	27.11.2013	Update – Brisbane Flood Victims
03.09.2013	Bank Fees Update	28.11.2013	AGM Presentation
11.09.2013	Convertible Note Interest Payment	28.11.2013	Results of Meeting
12.09.2013	Case Update – Retail Adventures	28.11.2013	New Constitution
16.09.2013	USA Expansion	29.11.2013	Change of Company Name to Bentham IMF Limited
19.09.2013	Update – Air Cargo	29.11.2013	Appendix 3B
27.09.2013	BAU: Notification of Potential Legal Action	02.12.2013	Conditional Settlement – Lehman Australia
01.10.2013	Update – Lehman	05.12.2013	Filing of Claim in the Netherlands against S&P
02.10.2013	Trading Halt	06.12.2013	Suspension of Convertible Notes – IMFG (close 6/12/2013)
02.10.2013	Institutional Placement and SPP	06.12.2013	Appendix 3B
03.10.2013	Successful Completion of Placement	09.12.2013	Settlement Approval – Lehman Australia
09.10.2013	Share Placement Plan	10.12.2013	USA Case Result
14.10.2013	Appendix 3B	11.12.2013	Appointment of Non-Executive Director
14.10.2013	Notice Under Section 708A(5)(e) of Corporations Act	13.12.2013	Appendix 3B
14.10.2013	Appendix 3B	18.12.2013	Appendix 3B
14.10.2013	Revised Trading Policy	20.12.2013	Removal of Convertible Notes – IMFG
14.10.2013	Convertible Notes – Redemption Notice	20.12.2013	Change of Director's Interest Notices
15.10.2013	Case Update – Firepower	23.12.2013	Case Update – Retail Adventures
16.10.2013	Change in substantial holding	24.12.2013	Change of Director's Interest Notice
18.10.2013	Appendix 4C – quarterly	29.01.2014	Appendix 4C – quarterly
18.10.2013	Notice of General Meeting/Proxy Form	04.02.2014	Case Investment Portfolio as at 31 December 2013
18.10.2013	Case Update – Lehman Brothers	05.02.2014	Bank Fees Update – ANZ Judgment
21.10.2013	New USA Funding Agreement	05.02.2014	Court rules in ANZ's favour for 4 of 5 fees in IMF action
23.10.2013	Change of Director's Interest Notices	10.02.2014	Half Yearly Report and Accounts
23.10.2013	Correction to 3Y Notice	10.02.2014	Dividend Details
25.10.2013	Appendix 3B	10.02.2014	Investor Presentation
28.10.2013	New Funding Agreement – Treasury Wine Estates	13.02.2014	Bank of Queensland Judgment
28.10.2013	TWE: Response to IMF (Australia) Ltd's ASX Release	20.02.2014	New Funding Agreement – Forge Group
29.10.2013	IMF Presentation – ASX Spotlight Series 2013	27.02.2014	Conditional Settlement – Downer EDI
30.10.2013	Over-subscribed SPP raising \$10.6M	27.02.2014	DOW: IMF Class Action Settlement
01.11.2013	Update – Lehman Australia	28.02.2014	Dividend Reinvestment Plan
01.11.2013	Appendix 3B	06.03.2014	Bank Fees Update – ANZ Judgment Appeal
01.11.2013	Change of Director's Interest Notices	06.03.2014	Bank Fees Update 2 – ANZ Judgment Appeal
04.11.2013	Appendix 3B	10.03.2014	Conditional Settlement – Great Southern
07.11.2013	Case Investment Portfolio as at 30 September 2013	14.03.2014	Conditional Settlement – Air Cargo
08.11.2013	Appendix 3B	26.03.2014	Co-Funding and Joint Venture Arrangements
18.11.2013	Appendix 3B	02.04.2014	Becoming a Substantial Holder
18.11.2013	Appendix 3Y – Response and Query	02.04.2014	Dividend Reinvestment Plan
19.11.2013	New Funding Agreement – Bradken and Others	02.04.14	Settlement – Downer EDI
22.11.2013	Change in substantial holding	07.04.14	Appendix 3Y
25.11.2013	Appendix 3B	07.04.14	Appendix 3B

The following documents are available for inspection throughout the period of the Offer during normal business hours at the Bentham IMF's registered office, Level 10, 39 Martin Place, Sydney, New South Wales:

- this Prospectus;

- the Trust Deed;
- the General Security Deed; and
- the consents referred to in Section 4.17 and the consents provided by the Directors to the issue of this Prospectus.

4.19 Information excluded from continuous disclosure notices

There is no information which has been excluded from a continuous disclosure notice in accordance with the Listing Rules, and which is required to be set out in this Prospectus.

4.20 Determination by ASIC

ASIC has not made a determination which would prevent the Company from relying on section 713 of the Corporations Act (as modified by ASIC Class Order [CO 10/321]) in issuing Bentham IMF Bonds under this Prospectus.

4.21 Expenses of Offer

The estimated expenses of the Offer are as follows:

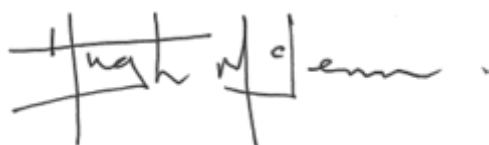
	\$
ASIC Lodgement fee	2,225
ASX quotation fee	42,195
Lead Manager fee	1,500,000
Legal and adviser fees and other preparation expenses	260,000
Registry	20,000
Total	1,824,420

4.22 Governing law

This Prospectus and the contracts that arise from the acceptance of Applications and bids under this Prospectus are governed by the law applicable in New South Wales, Australia and each Applicant and bidder submits to the exclusive jurisdiction of the courts of New South Wales, Australia.

4.23 Directors' authorisation

This Prospectus is authorised by each Director who has given and has not withdrawn their consent to the issue of this Prospectus and to its lodgement with ASIC. This Prospectus is signed for and on behalf of the Company by:



Hugh McLernon
Managing Director

Dated: 7 April 2014

Section 5

How to Apply

5.1 Applying for Bentham IMF Bonds

To apply for Bentham IMF Bonds, you must complete an Application Form attached to the Prospectus at www.benthamimflimited.com.au.

If eligible, you may apply for Bentham IMF Bonds under:

- the Broker Firm Offer; or
- the Institutional Offer.

The instructions for lodging your Application will vary depending on whether you apply under the Broker Firm Offer or the Institutional Offer.

The Offer may close early so you are encouraged to submit your Application as soon as possible after the Opening Date.

(a) Applying under the Broker Firm Offer

The Broker Firm Offer is available to Australian resident investors who are clients of a Participating Broker.

If you are applying under the Broker Firm Offer, you should contact the Participating Broker who has offered you an allocation in the Broker Firm Offer for information about how and when to lodge your Application and accompanying cheques and/or money orders. Generally, you will lodge your Application with the Participating Broker. Your Application must be received by your Participating Broker in time for them to arrange settlement on your behalf by the Closing Date for the Broker Firm Offer, which is 10.00am 23 April 2014. Bentham IMF and the Registry take no responsibility for any acts or omissions by your Participating Broker in connection with your Application.

(b) Applying under the Institutional Offer

If you are an Institutional Investor, you must apply to participate in the Institutional Offer by contacting the Lead Manager. Bentham IMF reserves the right to not accept Applications under the Institutional Offer, including Applications that appear to be Applications from Institutional Investors where they have not been received through the Lead Manager.

(c) Minimum Application

The amount you have to pay for each Bentham IMF Bond is \$100. You must apply for a minimum of 200 Bentham IMF Bonds, which is a minimum investment of \$20,000. Applications for greater than 200 Bentham IMF Bonds must be in multiples of 10 Bentham IMF Bonds (\$1,000).

(d) No brokerage or stamp duty

You do not have to pay brokerage or stamp duty on your Application for Bentham IMF Bonds. However, you may have to pay brokerage (and applicable GST) on any subsequent purchases or sales of Bentham IMF Bonds on ASX.

(e) Allocation policy and refunds

The allocation of Bentham IMF Bonds to Applicants in the Broker Firm Offer and Applicants in the Institutional Offer will be determined through the Bookbuild (see Section 5.2). On the basis of those bids, Bentham IMF and the Lead Manager will determine:

- the Margin; and
- the firm allocations of Bentham IMF Bonds to Participating Brokers and Institutional Investors.

If you have applied under the Broker Firm Offer, your Participating Broker is responsible for determining allocations. Bentham IMF takes no responsibility for any allocation, scale back or rejection that is decided by your Participating Broker.

Until Bentham IMF Bonds are Issued, Bentham IMF will hold the Application Monies received by it in a trust account. The account will be established and kept solely for the purpose of depositing Application Monies and dealing with those funds.

If you are not Allocated any Bentham IMF Bonds or you are Allocated less than the number of Bentham IMF Bonds you applied for, all or some of your Application Monies (as applicable) will be refunded to you as soon as practicable after the Closing Date. No interest will be payable on Application Monies which are refunded. Any interest earned in the trust account will be retained by Bentham IMF.

If in the event that the Offer does not proceed for any reason, all Applicants will have their Application Monies returned (without interest) as soon as practicable.

5.2 Bookbuild

The Lead Manager will conduct a Bookbuild to determine the Margin and firm allocations of Bentham IMF Bonds to Bookbuild participants. The Bookbuild is expected to be conducted on 14 April 2014 in accordance with the terms and conditions agreed by Bentham IMF and the Lead Manager. As part of the Bookbuild, certain Institutional Investors and Participating Brokers will be invited to lodge bids for Bentham IMF Bonds. On the basis of those bids, Bentham IMF in consultation with the Lead Manager will determine the Margin and the firm allocations of Bentham IMF Bonds to Institutional Investors and Participating Brokers.

The Margin set by the Bookbuild is expected to be announced on 15 April 2014 to ASX. Details will also be available by calling the Company or Emma Simson from Evans and Partners on +613 9631 9802 (Monday to Friday – 9.00am to 5.00pm, Sydney time) from on or about 15 April 2014.

Certain Institutional Investors have, prior to the lodgement of the Prospectus on 7 April 2014, committed to the Lead Manager to apply for Bentham IMF Bonds on the same terms as all other investors. Refer to Section 4.12 for details of payments being made to these investors.

5.3 Issue and quotation of Bentham IMF Bonds

Bentham IMF will apply for the Bentham IMF Bonds to be quoted on ASX within seven days of the lodgement of this Prospectus with ASIC. It is not intended to quote Bentham IMF Bonds on any securities exchange apart from ASX. If ASX does approve quotation of the Bentham IMF Bonds within three months after the date of this Prospectus, Bentham IMF Bonds will not be Issued and all Application Money will be refunded (without interest) to Applicants as soon as practicable in accordance with the requirements of the Corporations Act.

It is expected that Bentham IMF Bonds will be quoted under code “IMFHA”.

5.4 Trading and Holding Statements

(a) Commencement of trading of Bentham IMF Bonds on ASX

It is expected that Bentham IMF Bonds will begin trading on ASX on a normal settlement basis on Wednesday, 30 April 2014.

It is your responsibility to determine your holding of Bentham IMF Bonds before trading to avoid the risk of selling Bentham IMF Bonds you do not own. You should check your holding by asking your broker or calling the Registry after close of the Offer Period.

(b) Holding Statements

Bentham IMF will apply for Bentham IMF Bonds to participate in CHESS and, if accepted, no certificates will be issued. Instead, a Holding Statement will be mailed to Holders. Bentham IMF expects that Holding Statements will be despatched to successful Applicants by 24 April 2014.

If your holding of Bentham IMF Bonds changes, you will receive an updated Holding Statement.

(c) Provision of TFN and/or ABN

When your Holding Statement is mailed, you will be also be mailed instructions on how to update your TFN and/or ABN online by using the Registry's Easy Update website.

(d) Provision of bank account details

Interest will be paid in Australian dollars by direct credit into nominated Australian financial institution accounts (excluding credit card accounts), unless otherwise agreed in writing with Bentham IMF. When your Holding Statement is mailed, you will also be mailed instructions on how to provide your direct credit instructions by using the Registry's Easy Update website.

Section 6

Glossary

This Section provides a glossary of key terms used throughout this Prospectus and the Application Form. There is also a list of further defined terms in the immediately following Appendix (Terms).

Term	Meaning
1936 Act	Income Tax Assessment Act 1936 (Cth)
1997 Act	Income Tax Assessment Act 1997 (Cth)
ABN	Australian Business Number
Accession	Has the meaning given to that term in the PPSA
ACN	Australian Company Number
Additional Secured Party	A lender pursuant to a Permitted Secured Finance Arrangement
After-Acquired Property	Has the meaning given to that term in the PPSA
Allocation	The number of Bentham IMF Bonds allocated under this Offer to an Institutional Investor or Participating Broker. "Allocated" bears a corresponding meaning
Appendix	The appendix to this Prospectus
Applicant	A person who lodges an Application Form in accordance with this Prospectus
Application	A valid application for Bentham IMF Bonds made through a completed Application Form in accordance with this Prospectus
Application Form	A paper or electronic form (as the context requires) attached to, or accompanying, this Prospectus upon which an Application for Bentham IMF Bonds may be made
Application Monies	The amount payable on each Application, being the Face Value multiplied by the number of Bentham IMF Bonds applied for
ASIC	Australian Securities and Investments Commission
ASIC Guide	The guide published by ASIC entitled "Investing in corporate bonds?"
ASX	ASX Limited ABN 98 008 624 691 or the securities market operated by it (as the context requires)
ASX Settlement	ASX Settlement Pty Ltd (ABN 49 008 504 532), the body which administers the CHESS system in Australia and, where the case requires includes an agent appointed by ASX Settlement Pty Ltd
ASX Settlement Operating Rules	The settlement operating rules of ASX Settlement and any other rules of ASX which apply while the Bentham IMF Bonds are CHESS Approved Securities, each as amended from time to time
Australian Accounting Standards	Accounting standards set by the Australian Accounting Standard Board for the purposes of Section 334 of the Corporations Act
Australian Auditing Standards	Auditing standards issued by the Auditing and Assurance Standards Board under Section 336 of the Corporations Act
Australian Dollars	The Legal currency of the Commonwealth of Australia from time to time
Australian Financial Services License	Has the meaning given to that term in the Corporations Act
Balance Sheet	As set out in Section 2.3(a)
Bank Bill Rate	For the relevant Interest Period, the quoted Mid 3 Month Bank Bill Swap Reference Rates at 10:10am (Sydney time) on the Australian Bank Bill Swap Reference Rates (BBSW) page AFMB of the AFMA Service on Bloomberg (or any page that replaces that page) on the first Business Day of the Interest Period. However, if the Mid 3 Month Bank Bill Swap Reference Rate is not displayed by 10:30am on that day, or if it is displayed but the Issuer determines that there is an obvious error in that rate, Bank Bill Rate means the rate determined by the Issuer in good faith at approximately 10.30am on that day having regard, to the extent possible, to the rates otherwise bid and offered for bank accepted Bills of that tenor at or around that time
Bentham IMF	Bentham IMF Limited ABN 45 067 298 088
Bentham IMF Bonds	Interest bearing and secured bonds, to which the Terms apply
Bentham IMF Group	Bentham IMF and each of its Subsidiaries
Bentham IMF Bonds Security	The Security granted pursuant to the General Trust Deed in respect of the Bentham IMF Bonds
Bentham IMF 2013 Annual Report	The annual report of Bentham IMF for the year ended 30 June 2013
Bookbuild	The process through which Institutional Investors and Participating Brokers bid for a firm Allocation of Bentham IMF Bonds
Broker Firm Offer	The offer as described in Section 5 "How to Apply"
Business Day	Has the meaning given to that term in the Listing Rules
Calculation Date	5pm of the fifth Business Day prior to a proposed Distribution, entry into a Permitted Secured Finance Arrangement, or issue of further Bentham IMF Bonds, as applicable
CGT	Capital Gains Tax
Change of Control Event	(a) a court approval of a merger by way of scheme of arrangement of the Issuer (but shall not include 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); (b) a takeover bid (as defined in the Corporations Act): (i) is announced; (ii) has become unconditional irrespective of whether or not the takeover bid extends to Shares issued and allotted after the date of the takeover bid; and (iii) the person making the Takeover Bid has a relevant interest (as defined in the Corporations Act) in 50% or more of the Shares
Change of Control Event Notification	A notice from the Issuer given to the Trustee with a copy to the Registry, the Holders and ASX (and any securities exchange or relevant authority on which the Bentham IMF Bonds are listed) as soon as reasonably practicable after the occurrence of a Change of Control Event, which will contain a statement informing Holders of their entitlement to exercise their rights to require Redemption of the Bentham IMF Bonds and will also specify: (a) all information material to the Holders concerning the Change of Control Event; (b) the closing price of the Bentham IMF Bonds on the day that the Bentham IMF Bonds were trading on ASX immediately prior to the occurrence of the Change of Control Event; (c) the form of the exercise notice (the Change of Control Redemption Exercise Notice); and (d) the last day of the Change of Control Event Redemption Period
Change of Control Event Redemption Date	The 20th Business Day after the expiry of the Change of Control Event Redemption Period
Change of Control Event Redemption Exercise Notice	The form of the exercise notice from the Issuer given to the Trustee with a copy to the Registry, the Holders and ASX (and any securities exchange or relevant authority on which the Bentham IMF Bonds are listed) specified in the Change of Control Notification
Change of Control Event Redemption Period	The period beginning the date the Issuer provides the Change of Control Event Notification and ending 20 Business Days from that date
Chattel Paper	Has the meaning given to that term in the PPSA
CHESS	Clearing House Electronic Subregister System
Circulating Asset	Subject to Crystallisation, all Secured Property save for Non-Circulating Assets
Clean up Event	At any time, the aggregate Face Value of the Bentham IMF Bonds that have not been Redeemed is less than 10% of the aggregate Face Value of the Bentham IMF Bonds originally issued
Clearing System	CHESS or any other applicable securities trading and/or clearance system
Closing Date	The closing date for the Offer which is expected to be Wednesday 23 April 2014
Company	Bentham IMF Limited ABN 45 067 298 088
Corporations Act	Corporations Act 2001 (Cth)
Crystallisation	Any Secured Property will only be a Circulating Asset if none of the following has occurred in relation to it. Any Circulating Asset will cease to be a Circulating Asset (unless and until the Secured Party otherwise notifies the Grantor) immediately and, in the case of Non-PPSA Secured Property, the security interest granted under the General Security deed will automatically and immediately crystallise and operate as a fixed charge, on any of the following occurring. (a) in respect of any asset of Bentham IMF that is, or would have been, a Circulating Asset: (i) the Secured Party notifies Bentham IMF (which it may only give while an Event of Default is continuing); (ii) without the prior written consent of the Secured Party, Bentham IMF: (A) creates or allows any Encumbrance over; (B) sells, leases or otherwise disposes of; (C) creates or allows any interest in; or (D) parts with possession of, that asset in breach of a Transaction Document, or agrees or attempts to do so or takes any step towards doing so; (iii) any step is taken with a view to levying or enforcing any distress, attachment or other execution on that asset or to enforcing any Encumbrance in respect of that asset; (iv) an Insolvency Event occurs in relation to Bentham IMF; (v) the Commissioner of Taxation or his delegate or successor signs a notice under: (A) section 255 of the Income Tax Assessment Act 1936 (Cth); (B) section 260-5 of Schedule 1 of the Taxation Administration Act 1953 (Cth); or (C) any similar legislation, which may affect that asset; or (vi) a Government Authority takes any step which may result in an amount of tax or an amount owing to a Government Authority ranking ahead of the security interest granted under the General Security Deed with respect to that asset. (b) in respect of all the Circulating Assets of Bentham IMF, and assets of Bentham IMF that have been Circulating Assets: (i) an order is made or a resolution is passed for the winding up of Bentham IMF; or (ii) the security constituted by the General Security Deed is enforced in any way
Current Resources	The aggregate amount in Australian Dollars on the Calculation Date of: (a) Cash at bank and in hand and short-term deposits with an original maturity of three months or less, that are readily convertible to known amounts of cash on hand and which are subject to

	an insignificant risk of changes in value; (b) Deposits with an original maturity of greater than three months to the extent readily convertible to cash; (c) Financial instruments held by way of treasury investment in accordance with the treasury policy of the applicable member of the Issuer Group; and (d) Receivables
Delisting Event	An event that will occur if trading of the Bentham IMF Bonds on the ASX is suspended for a period of more than 15 consecutive Business Days
Delisting Notification	A notice from the Issuer given to the Trustee with a copy to the Registry, the Holders and ASX (and any securities exchange or relevant authority on which the Bentham IMF Bonds are listed) as soon as reasonably practicable after the occurrence of a Delisting Event, which will contain a statement informing Holders of their entitlement to exercise their rights to require Redemption of the Bentham IMF Bonds and will also specify: (a) all information material to the Holders concerning the Delisting Event; (b) the closing price of the Bentham IMF Bonds on the day that the Bentham IMF Bonds were trading on ASX immediately prior to the occurrence of the Delisting Event; (c) the form of the exercise notice (the Delisting Redemption Exercise Notice); and (d) the last day of the Delisting Redemption Period
Delisting Redemption Date	The 20th Business Day after the expiry of the Delisting Redemption Period
Delisting Redemption Exercise Notice	The form of the exercise notice from the Issuer given to the Trustee with a copy to the Registry, the Holders and ASX (and any securities exchange or relevant authority on which the Bentham IMF Bonds are listed) specified in the Delisting Notification
Delisting Redemption Period	The period beginning on the date the Issuer provides the Delisting Notification and ending 20 Business Days from that date
Director	A director of Bentham IMF
Distribution	A distribution to shareholders in any form whatsoever, including without limitation, by way of dividend (whether in cash or in specie), share buy-back, reduction of capital, bonus securities issue or otherwise
EBITDA	Earnings before interest, tax, depreciation and amortisation
Elliott Arrangements	The European joint venture arrangements and Asia-Pacific co-funding arrangements as announced by the Issuer to ASX on 26 March 2014.
Encumbrance	A mortgage, charge, pledge, lien or other security interest securing any obligation of any person or any other agreement, notice or arrangement having a similar effect and includes any security interest under the PPSA
Existing Secured Party	Any person who prior to the date of the Priority Deed has received a grant of Security from the Company
Evans and Partners	Evans and Partners Pty Ltd ABN 85 125 338 785
Event of Default	The happening of any of the following: (a) the Issuer fails to pay, within 10 Business Days after the due date, any amount payable by it under any Bentham IMF Bond; (b) the Issuer fails to comply with any of its other material obligations under the Trust Deed or any other Transaction Document and such failure remains unremedied for a period of 30 Business Days after the Issuer has received written notice from the Trustee in respect of the failure; (c) any Financial Indebtedness of the Issuer which exceeds \$10m (or its equivalent in any other currency or currencies): (i) becomes payable or repayable prior to its stated maturity due to the occurrence of a default event (however described) and any applicable grace period has expired; or (ii) has not been paid or repaid when due and any applicable grace period has expired, and such Financial Indebtedness is not satisfied in full by the Issuer within 15 Business Days of the Issuer becoming required to pay such amount; (d) any amount pursuant to a Permitted Secured Finance Arrangement becomes payable or repayable by the Issuer prior to its stated maturity due to the occurrence of a default event (however described) and any applicable grace period has expired; (e) an Insolvency Event occurs in respect of the Issuer; (f) it is or becomes unlawful for the Issuer to perform any of their payment obligations under the Bentham IMF Bonds, save to the extent that such obligation is rendered lawful within 30 Business Days of it becoming unlawful; and (g) the General Security Deed is terminated for any reason or otherwise ceases to be a valid, binding and enforceable obligation of the Issuer, save as approved by the Holders by way of Special Resolution
Face Value	\$100 per Bentham IMF Bond
Financial Indebtedness	Without double counting, any indebtedness for or in respect of: (a) moneys borrowed; (b) any amount raised under any acceptance credit, bill acceptance or bill endorsement facility; (c) any amount raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument; (d) the amount of any liability in respect of any lease or hire purchase contract which would, in accordance with AASB, be treated as a Finance Lease; (e) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis); (f) any amount raised under any other transaction (including any forward sale or purchase

	agreement) having the commercial effect of a borrowing; (g) any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price (and, when calculating the value of any derivative transaction, only the marked to market value shall be taken into account); (h) any counter-indemnity obligation in respect of a guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution; and (i) the amount of any liability in respect of any guarantee or indemnity for any of the items referred to in paragraphs (a) to (h) above, other than any such obligation in respect of: (a) any indebtedness (including any indebtedness of the kind referred to in paragraphs (a) to (i) above) of one member of the Issuer Group to the Issuer, to the extent of the proportion that such indebtedness bears to the percentage equity share held by the Issuer in such Issuer Group member; or (b) any indebtedness (including any indebtedness of the kind referred to in paragraphs (a) to (i) above), where the indebtedness does not represent more than 10% of the Total Assets of the Issuer, on terms where that liability to pay or repay such indebtedness is limited in recourse to the realisation of an asset or assets of the Issuer and such asset or assets did not form part of the Total Assets as at the date of the Trust Deed and there is no recourse against the Issuer or any other member of the Issuer Group
Finance Lease	Any lease or hire-purchase agreement the obligations under which are required under AASB to be classified and accounted for as capitalised finance lease obligations, but excluding any lease or hire-purchase agreement to the extent that the obligations under the lease or hire-purchase agreement (other than contingent obligations) are legally defeased
Financial Information	The pro forma financial information of Bentham IMF comprising the pro forma statement of comprehensive income and the pro forma statement of financial position
FY or Financial Year	The 12 months commencing as 1 July and ending on the following 30 June
Gearing Ratio	As defined in Section 2.3(b)
General Security Deed	As defined in Section 4.7
Government Authority	Any government or any governmental, semi-governmental, administrative, fiscal or judicial body, department, commission, authority, tribunal, agency or entity, in each case, of Australia or New South Wales
Group	Bentham IMF and each of its Subsidiaries
GST	Goods and Services Tax
HIN	Holder Identification Number
Holder	A registered holder of Bentham IMF Bonds
Holder Resolution	As defined in the Trust Deed
Holding Statement	A statement issued to Holders by the Registry which sets out the number of Bentham IMF Bonds Issued to that Holder
Income Statement	As set out in Section 2.3(a)
Insolvency Event	An event that occurs in relation to a body corporate if: (a) it is (or states that it is) insolvent (as defined in the Corporations Act); (b) it is in liquidation, in provisional liquidation or wound up (each as defined in the Corporations Act); (c) it enters into or makes any arrangements with its creditors as contemplated in Part 5.1 of the Corporations Act (other than for the purpose of a solvent reconstruction or amalgamation or compromise); or (d) it has had a Controller appointed to all or substantially all of its assets under a Security securing an amount more than \$15m (or its equivalent in any other currencies)
Institutional Investor	An investor to whom Bentham IMF Bonds are able to be offered under applicable laws without the need for any prospectus, registration or other formality (other than a registration or formality which Bentham IMF is willing to comply with)
Institutional Offer	The offer as described in Section 5 "How to Apply"
Interest	Interest payable on each Bentham IMF Bond
Interest Cover	As defined in Section 2.3(b)
Interest Payment Dates	In respect of a Bentham IMF Bond, each 8 July, 8 October, 8 January and 8 April in each year from its Issue Date to (and including) the Maturity Date or any Redemption Date or Repurchase Date (excluding 8 April 2014) (adjusted, if necessary, in accordance with the Modified Following Business Day Convention)
Interest Period	Each period beginning on 1 July, 1 October, 1 January, 1 April and ending on (and including) 30 September, 31 December, 31 March, 20 June respectively. However: (a) the first Interest Period commences on (and includes) the Settlement Date; and (b) the final Interest Period ends on (but excludes) the Maturity Date or the Redemption Date
Interest Rate	The sum of the Bank Bill Rate on the first Business Day of the relevant Interest Period plus the Margin in each case expressed as a percentage per annum
Issue	The process of issuing Bentham IMF Bonds to Holders. "Issue" and "Issued" bear corresponding meanings
Issue Date	The date Bentham IMF Bonds are Issued which is expected to be Thursday, 24 April 2014
Issuer	Bentham IMF
Issuer Group Indebtedness	The aggregate amount in Australian Dollars on the Calculation Date of all Financial Indebtedness of the Issuer Group. Any amount of indebtedness denominated in a currency other than Australian Dollars shall be converted into an Australian Dollar amount for the purposes of this calculation using the exchange rate as published by the Reserve Bank of Australian on its website on the Calculation

	Date
Joint Venture Arrangements	The Elliott Arrangements together with any other incorporated or unincorporated joint venture arrangements designated as such by the Bentham IMF and notified to the Trustee in writing
Lead Manager	Evans and Partners
Listing Rules	The listing rules of ASX, with any modification or waivers which ASX may grant to Bentham IMF from time to time
Margin	[•] % per annum, as determined under the Bookbuild
Maturity Date	30 June 2019, unless Redeemed early in accordance with the Terms
Maturity Payment Date	8 July 2019
Modified Following Business Day Convention	That the date is postponed to the first following day that is a Business Day unless that day falls in the next calendar month in which case that date will be the first preceding day that is a Business Day
Offer	The offer made through this Prospectus by Bentham IMF of Bentham IMF Bonds to raise \$50m. The offer comprises the Broker Firm Offer and the Institutional Offer
Non-Circulating Assets	(a) all equity interest in members of the Issuer Group; and (b) freehold or leasehold property and any interest in land or real property, save for ordinary course of business commercial leases of office premises of a duration of less than 21 years.
Non-PPSA Secured Property	Secured Property in relation to which for any reason the PPSA does not apply to the security interest granted under the General Security Deed
Offer Period	The period from the Opening Date to the Closing Date
Officer	A director or a secretary of that person or any other person appointed by that person to act as its authorised officer for the purposes of the Transactions Documents
OMA	Offer management agreement entered into between Bentham IMF and the Lead Manager
Opening Date	The opening date of the Offer which is Tuesday 15 April 2014
Overseas Asset Claim	Any Encumbrance over an asset of Bentham IMF located outside of Australia which has been validly registered and perfected under the applicable law of the jurisdiction in which such asset is located and as a result ranks in priority to the Encumbrance created over such asset(s) by the General Security Deed or the claims of unsecured creditors of Bentham IMF to an asset of Bentham IMF located outside of Australia in circumstances where the General Security Deed is ineffective in respect of such asset under the applicable law of the jurisdiction in which such asset(s) is located.
Participating Brokers	Any participating organisation of ASX selected by the Lead Manager to participate in the Bookbuild.
Permitted Encumbrance	(a) any Encumbrance created pursuant to a Permitted Working Capital Facility; (b) any Encumbrance created pursuant to a Permitted Secured Finance Arrangement; (c) any Encumbrance over or affecting any asset acquired by the Issuer after the date of the Trust Deed if: (i) the Encumbrance was not created in contemplation of the acquisition of that asset by the Issuer; (ii) the principal amount secured has not been increased in contemplation of, or since, the acquisition of that asset by the Issuer; and (iii) the Encumbrance is removed or discharged within six Months of the date of acquisition of such asset; (d) any Encumbrance in the form of a cross charge on the interest of the Issuer in a Joint Venture Arrangement that secures the performance of an obligation (including, without limitation, an obligation to pay or repay money) of the Issuer as a joint venturer in favour of one or more other parties to the Joint Venture Arrangement under or in respect of such joint venture, provided however, that the Encumbrance does not extend to any other assets owned by the Issuer and that the recourse of the holder of the Encumbrance is limited solely to the property the subject of the Encumbrance and any proceeds from the enforcement of the Encumbrance; (e) any netting or set-off arrangement entered into by the Issuer in the ordinary course of its banking arrangements for the purpose of netting debit and credit balances; (f) any lien arising by operation of law and in the ordinary course of trading so long as the debt it secures is paid when due or contested in good faith and appropriately provisioned; (g) any title retention arrangement entered into by the Issuer in the ordinary course of trading on the supplier's usual terms of sale (or on terms more favourable to the Issuer) so long as the debt it secures is paid when due or contested in good faith and sufficient reserves of liquid assets have been set aside to pay the debt if the contest is unsuccessful; (h) any Encumbrance over goods (and related insurance contracts) under, and relating to, documentary credit transactions arising or created in the ordinary course of business; (i) deposits or pledges to secure contracts in the ordinary course of business, other than by way of security for Financial Indebtedness; (j) any Encumbrance provided for by one of the following transactions if the transaction does not, in substance, secure payment or performance of an obligation: (i) a transfer of an account or chattel paper; (ii) a commercial consignment; or (iii) a PPS lease; (k) the Bentham IMF Bond Security
Permitted Secured Finance Arrangements	(a) any Financial Indebtedness, save for any secured debt securities of a term expiring prior to the Maturity Date, following the incurrence of which: (i) the Current Resources of the Issuer Group are equal to or greater than 75 per cent of the Issuer Group Indebtedness; and (ii) the Secured Debt Limit would not have been exceeded; and (b) which is secured by a general security deed granted by the Issuer over all or substantially all of

	its assets; and (c) in relation to which the Issuer, the Trustee and any such lender or provider of Financial Indebtedness has prior to completion of the creation of such security entered into a Priority Deed, and to the extent any such Financial Indebtedness is denominated in a currency other than Australian Dollars, such amount shall be converted into Australian Dollars for the purposes of this definition only, using the exchange rate published by the Reserve Bank of Australia on its website on the date 15 Business Days prior to the proposed drawdown or issue of the Financial Indebtedness
Permitted Working Capital Facility	Any bank facilities obtained from time to time by the Issuer that entitle a bank providing a bank guarantee or other bank facility to the Issuer to a lien over cash deposited by the Issuer with the bank up to maximum aggregate of AUD10,000,000 at any one time. To the extent any such bank facility is denominated in a currency other than Australian Dollars, such amount shall be converted into Australian Dollars for the purposes of this definition only, using the exchange rate published on the date 15 Business Days prior to the proposed drawdown under such facility
Power	Any right, power, authority, discretion or remedy conferred on a Secured Party under its Security Agreement, or on a receiver or attorney appointed by it under its Security Agreement or any applicable law
PPSA	<i>Personal Property Securities Act 2009 (Cth)</i>
Priority Deed	A deed regulating the priority between the Bentham IMF Bonds Security and another Security or Securities in or substantially in the terms of Schedule 5 of the Trust Deed and if more than one such priority deed has been entered into, means the latest such deed
Pro Forma Balance Sheet	As set out in Section 2.3(a)
Prospectus	This prospectus which was lodged with ASIC on Monday, 7 April 2014
Realisation Proceeds	Any money received in respect of a Secured Interest whether through enforcement of a Security Agreement or by operation of law or otherwise
Receivables	Trade and other receivables as stated in the latest annual or half yearly accounts of the issuer, less any amounts of such trade or other receivables collected or impaired by the applicable members of the Issuer Group since the date of such accounts
Record Date	7.00 pm in the place where the Register is maintained on the eighth calendar day before the relevant payment date (including the payment date for the purposes of calculation), and in respect of the Interest Payment Dates means, as applicable: (a) 28 June; (b) 28 September; (c) 29 January; and (d) 29 April, adjusted, if necessary, in each case in accordance with the Modified Following Business Day Convention
Redemption	The redemption of a Bentham IMF Bond in accordance with clause 3 of the Terms and the words "Redeem", "Redeemable" and "Redeemed" bear their corresponding meanings
Redemption Date	In respect of a Bentham IMF Bond, the date, other than the Maturity Date, on which the Bentham IMF Bond is redeemed
Register	The register of Bentham IMF Bonds maintained by the Registry on Bentham IMF's behalf and including any subregister established and maintained in CHES
Registry	Computershare Investor Services Limited ABN 48 078 279 277 or any other registry that Bentham IMF appoints
Repurchase Date	In respect of a Bentham IMF Bonds, the date on which the Bentham IMF Bond is repurchased by the Issuer
Restriction Agreement	An agreement which is required to be concluded under Chapter 9 of the ASX Listing Rules
Restricted Security	Has the meaning given to that term in the ASX Listing Rules
Security	A document that creates an Encumbrance
Security Agreement	A document or agreement by which a Security Interest is created, arises or is provided for
Security Interest	An interest in Security granted by Bentham IMF
Secured Debt Limit	The total amount of secured Financial Indebtedness which the Issuer is permitted to incur under the Trust Deed being AUD150,000,000 (excluding any accrued but unpaid interest such Financial Indebtedness which is in accordance with the terms of the applicable governing documents) or such higher figure as the Issuer and the Trustee may agree, the agreement of the latter being conditional upon the prior approval of Holders by way of Special Resolution
Secured Party	The property subject to a Trustee Security
Secured Property	Property subject to a Security Interest granted under the General Security Deed
Section	A section of this Prospectus
Settlement Date	Expected to be 23 April 2014
Shareholder	A holder of an ordinary share in Bentham IMF
Special Resolution	(a) resolution passed at a meeting of the Holders duly called and held under the Meeting Provisions: (i) by at least 75% of the persons voting on a show of hands (unless paragraph (ii) below applies); or (ii) if a poll is duly demanded, then by a majority consisting of at least 75% of the votes cast; or (b) a resolution passed by postal ballot or written resolution by Holders representing (in aggregate) at least 75% of the Face Value of all of the outstanding Bentham IMF Bonds

Statement of Holding	A statement of holding (in the form determined by the Issuer and Registry from time to time) which sets out details of the number of Bentham IMF Bonds inscribed in the Register in the Holder's name as at the date specified in the statement
Subsidiary	A subsidiary of Bentham IMF interpreted in accordance with the definition of subsidiary in Part 1.2 of Division 6 of the Corporations Act
Syndicate Broker	Any of the Lead Manager and Participating Brokers
Tax	Any tax, levy, impost, charge or duty (including stamp and transaction duties) imposed by any Government Agency and any related interest, penalty, fine or expense in connection with it, except if imposed on, or calculated having regard to, the net income of the Holder
Tax Event	If as a result of any change in, or amendment to, applicable laws, or any change in their application or official or judicial interpretation, which change becomes effective after the Issue Date, payment of interest on an Bentham IMF Bond is not, or may not, be allowed as a deduction for the purposes of the Issuer's Australian income tax liability calculation
Terms	The terms of Bentham IMF Bonds attached as a schedule to the Trust Deed, as set out in the Appendix
Title Document	Any original, duplicate or counterpart certificate or document of title including any real property certificate of title, a certificate of units in a unit trust, share certificate or certificate evidencing an investment instrument or negotiable instrument
Trade Debt	Any Account which: (a) arises from granting a right, or providing services, in the ordinary course of a business of granting rights or providing services of that kind (whether or not the account debtor is the person to whom the right is granted or the services are provided); or (b) is the proceeds of inventory
Transaction Documents	(a) the Trust Deed; (b) the General Security Deed; (c) any Priority Deed; (d) any document or agreement entered into or given under (a), (b) or (c) above
Trust	The trust constituted by the Trust Deed
Trust Deed	As defined in Section 4.6
Trustee	Australian Executor Trustees Limited ABN 84 007 869 794
Trustee Security	Any security created or expressed to be created in favour of the Trustee by the General Security Deed
TFN	Tax File Number
UK	United Kingdom
US	United States of America
US Person	Has the meaning given in Regulation S of the US Securities Act
US Securities Act	United States Securities Act of 1933, as amended
Working Capital Ratio	As defined in Section 2.3(b)

Appendix

Terms of Bentham IMF Bonds

1. Form of Bentham IMF Bonds

1.1 Constitution under Trust Deed

Bentham IMF Bonds are debt obligations of the Issuer constituted by, and owing under, the Trust Deed.

1.2 Form

Bentham IMF Bonds are issued in registered form by entry in the Register.

1.3 Face Value

Bentham IMF Bonds are issued fully paid with a Face Value of \$100.00.

1.4 Currency

Bentham IMF Bonds are denominated in Australian dollars.

1.5 Clearing System

The rights of a person holding an interest in the Bentham IMF Bonds are subject to the rules and regulations of the Clearing System.

1.6 Bentham IMF Bond Security

All Bentham IMF Bonds issued by the Issuer are secured by the security granted by the Issuer to the Trustee under the General Security Deed. The Trustee holds the rights under the General Security Deed on trust for the benefit of the Holders in accordance with the terms of the Transaction Documents.

1.7 No certificates

No certificates will be issued to Holders unless the Issuer determines that certificates should be available or are required by any applicable law.

1.8 ASX quotation

The Issuer must use all reasonable endeavours and furnish any documents, information and undertakings as may be reasonably necessary in order to ensure that the Bentham IMF Bonds are, and until Redeemed remain, listed on ASX.

1.9 No other rights

Bentham IMF Bonds confer no rights on a Holder:

- (a) to vote at any Shareholders meeting of the Issuer;
- (b) to subscribe for new securities or to participate in any bonus issue of securities of the Issuer; or
- (c) to otherwise participate in the profits or property of the Issuer, except as provided in these Terms or the Trust Deed.

2. Interest

2.1 Interest

- (a) Each Bentham IMF Bond bears interest on its Face Value from (and including) the Settlement Date to (but excluding) the Maturity Date or any Redemption Date, at the Interest Rate.
- (b) Interest is payable in arrears on each Interest Payment Date.

2.2 Interest Rate

- (a) The Interest Rate payable in respect of a Bentham IMF Bond must be determined by the Issuer in accordance with these Terms.
- (b) The Interest Rate applicable to a Bentham IMF Bond for each Interest Period is calculated according to the following formula:

Interest Rate = Market Rate + Margin

where:

Market Rate means the Bank Bill Rate.

Margin means a rate (expressed as a percentage per annum) described in the Prospectus.

- (c) The Interest Rate determined by the Issuer must be expressed as a percentage rate per annum.

2.3 Calculation of Interest Rate and interest payable.

- (a) The Issuer must, as soon as practicable after determining the Interest Rate applicable to each Interest Period, calculate the amount of interest payable for that Interest Period in respect of each Bentham IMF Bond.
- (b) The amount of interest payable on each Bentham IMF Bond for an Interest Period is calculated according to the following formula:

Interest payable = (Interest Rate x Face Value x N) / 365

where:

N means, in respect of:

- (i) the first Interest Payment Date in respect of an Bentham IMF Bond, the number of days from (and including) the Settlement Date to (but excluding) that first Interest Payment Date; and
- (ii) each subsequent Interest Payment Date, the number of days from (and including) the preceding Interest Payment Date to (but excluding) that Interest Payment Date or, in the case of the last Interest Period, the Maturity Date or Redemption Date.

2.4 Notification of Interest Rate, interest payable and other items

- (a) The Issuer must notify the Trustee, the Registry and ASX (and any securities exchange or other relevant authority on which the Bentham IMF Bonds are listed) of:
- (i) for each Interest Period, the Interest Rate and the amount of interest payable per Bentham IMF Bond; and
- (ii) any amendment to the Interest Rate or the amount referred to in clause 2.4(a)(i) of these Terms arising from any extension or reduction in any Interest Period or calculation period.
- (b) The Issuer must give notice under this clause 2.4 as soon as practicable after it makes its determination. However, it must give notice of each Interest Rate and the amount of interest payable by the fourth Business Day of the Interest Period.
- (c) The Issuer may amend its determination of any amount, item or date (or make appropriate alternative arrangements by way of adjustment) as a result of the extension or reduction of the Interest Period or calculation period without prior notice but must notify the Trustee, the Registry and ASX (and any securities exchange or other relevant authority on which the Bentham IMF Bonds are listed) after doing so.

2.5 Determination final

The determination by the Issuer of all amounts, rates and dates required to be determined by it under these Terms is, in the absence of manifest error, final and binding on the Trustee, the Registry and each Holder.

2.6 Calculations

For the purposes of any calculations required under these Terms:

- (a) all percentages resulting from the calculation must be rounded, if necessary, to the nearest ten-thousandth of a percentage point (with 0.00005% being rounded up to 0.0001%);
- (b) all figures must be rounded to four decimal places (with 0.00005 being rounded up to 0.0001); and
- (c) all amounts that are due and payable must be rounded to the nearest one cent (with 0.5 of a cent being rounded up to 1 cent).

2.7 Default interest

If an amount is not paid under these Terms when due, then interest accrues on the unpaid amount (both before and after any demand or judgment) at the last applicable Interest Rate plus 2% until the date on which payment is made to the Holder.

3. Redemption and Purchase

3.1 Redemption on Maturity Date

Each Bentham IMF Bond must be Redeemed by the Issuer on the Maturity Date at its Face Value (together with any interest accrued but unpaid on the Bentham IMF Bond) which shall be paid by the Issuer to each Holder on the Maturity Payment Date unless:

- (a) the Bentham IMF Bond has been previously Redeemed; or
- (b) the Bentham IMF Bond has been purchased by the Issuer and cancelled.

3.2 Early Redemption by the Issuer

- (a) If:
 - (i) a Tax Event occurs, the Issuer may Redeem some or all of the Bentham IMF Bonds; or
 - (ii) a Clean Up Event occurs, the Issuer may Redeem all (but not some) of the Bentham IMF Bonds,

in whole before the Maturity Date at the Face Value of the Bentham IMF Bonds (together with any interest accrued but unpaid on the Bentham IMF Bonds to (but excluding) the Redemption Date).
- (b) The Issuer may only Redeem a Bentham IMF Bond under clause 3.2(a) of these Terms if:
 - (i) the Issuer has given at least 10 Business Days' (and no more than 45 Business Days') notice to the Trustee, the Registry, the Holder and ASX (and any securities exchange or other relevant authority on which the Bentham IMF Bonds are listed) of the Redemption and the proposed Redemption Date;
 - (ii) before the Issuer gives the notice under clause 3.2(b)(i) of these Terms, the Trustee has received:
 - (A) a certificate from the Issuer with details of the Tax Event or Clean Up Event (as applicable); and
 - (B) in the case of a Tax Event, an opinion of legal advisers, or tax advisers, of recognised standing in Australia that the circumstances set out in the definition of Tax Event have occurred; and
 - (iii) the proposed Redemption Date nominated by the Issuer is an Interest Payment Date.

3.3 Early Redemption by Holders following a Delisting Event

- (a) If a Delisting Event occurs, the Holder of an Bentham IMF Bond may require the Issuer to Redeem that Bentham IMF Bond on the Delisting Redemption Date at the Face Value of the relevant Bentham IMF Bond (together with any interest accrued but unpaid on the Bentham IMF Bond to (but excluding) the Delisting Redemption Date).
- (b) Promptly after the occurrence of a Delisting Event, the Issuer must inform the Trustee of the Delisting Event.
- (c) As soon as reasonably practicable after the occurrence of a Delisting Event, the Issuer must give notice of the Delisting Event to the Trustee with a copy to the Registry, the Holders and ASX (and any securities exchange or relevant authority on which the Bentham IMF Bonds are listed) (a Delisting Notification). The Delisting Notification will contain a statement informing Holders of their entitlement to exercise their rights to require Redemption of the Bentham IMF Bonds pursuant to this clause 3.3 and will also specify:
 - (i) all information material to the Holders concerning the Delisting Event;
 - (ii) the closing price of the Bentham IMF Bonds on the day that the Bentham IMF Bonds were trading on ASX immediately prior to the occurrence of the Delisting Event;
 - (iii) the form of the exercise notice (the Delisting Redemption Exercise Notice); and
 - (iv) the last day of the Delisting Redemption Period.
- (d) To exercise the right under (a), a Holder must deliver to the Registry (as agent for the Issuer) a duly completed and signed Delisting Redemption Exercise Notice, in the form attached to the Delisting Notification, at any time in the Delisting Redemption Period.
- (e) If a Delisting Redemption Exercise Notice is delivered by a Holder in accordance (d), the Issuer must Redeem all Bentham IMF Bonds the subject of the Delisting Redemption Exercise Notice on the relevant Delisting Redemption Date.

3.4 Early Redemption by Holders following a Change of Control Event

- (a) If a Change of Control Event occurs, the Holder of an Bentham IMF Bond may require the Issuer to Redeem that Bentham IMF Bond on the Change of Control Event Redemption Date at the Face Value of the relevant Bentham IMF Bond (together with any interest accrued but unpaid on the Bentham IMF Bond to (but excluding) the Change of Control Event Redemption Date).
- (b) Promptly after the occurrence of a Change of Control Event, the Issuer must inform the Trustee of the Change of Control Event.

- (c) As soon as reasonably practicable after the occurrence of a Change of Control Event, the Issuer must give notice of the Change of Control Event to the Trustee with a copy to the Registry, the Holders and ASX (and any securities exchange or relevant authority on which the Bentham IMF Bonds are listed) (a Change of Control Event Notification). The Change of Control Event Notification will contain a statement informing Holders of their entitlement to exercise their rights to require Redemption of the Bentham IMF Bonds pursuant to this clause 3.4 and will also specify:
 - (i) all information material to the Holders concerning the Change of Control Event;
 - (ii) the closing price of the Bentham IMF Bonds on the day that the Bentham IMF Bonds were trading on ASX immediately prior to the occurrence of the Change of Control Event;
 - (iii) the form of the exercise notice (the Change of Control Event Redemption Exercise Notice); and
 - (iv) the last day of the Change of Control Event Redemption Period.
- (d) To exercise the right under clause 3.4(a) of these Terms, a Holder must deliver to the Registry (as agent for the Issuer) a duly completed and signed Change of Control Event Redemption Exercise Notice, in the form attached to the Change of Control Event Notification, at any time in the Change of Control Event Redemption Period.
- (e) If a Change of Control Event Redemption Exercise Notice is delivered by a Holder in accordance with clause 3.4(d) of these Terms, the Issuer must Redeem all Bentham IMF Bonds the subject of the Change of Control Event Redemption Exercise Notice on the relevant Change of Control Event Redemption Date.

3.5 Effect of notice of Redemption

Any notice of Redemption given under this clause 3 is irrevocable.

3.6 Purchase

- (a) Subject to the remainder of this clause 3.6, the Issuer and any other member of the Issuer Group may at any time repurchase or purchase Bentham IMF Bonds, as applicable, in the open market or otherwise and at any price.
- (b) If at any time a tender offer is made to more than 1 Holder by the Issuer or any other member of the Issuer Group, such tender offer shall be made to all Holders on the same terms.
- (c) Bentham IMF Bonds:
 - (i) repurchased by the Issuer under this clause 3.6 shall be immediately cancelled; and
 - (ii) Bentham IMF Bonds purchased under this clause 3.6 by a member of the Issuer Group other than the Issuer may held or resold at the discretion of the purchaser,
 subject to compliance with any applicable law or requirement of ASX (or any securities exchange or other relevant authority on which the Bentham IMF Bonds are listed).

4. Issuer Representations and Undertakings

4.1 Ranking and Security

- (a) The Issuer represents that the Bentham IMF Bonds are direct and unconditional obligations of the Issuer which are secured in the manner described in clause 4.1(b) of these Terms and will at all times rank *pari passu* and without preference or priority among themselves and with any Permitted Secured Finance Arrangements but subject to any prior ranking Permitted Encumbrance and obligations mandatorily preferred by law.
- (b) The obligations of the Issuer in respect of Bentham IMF Bonds are secured pursuant to the General Security Deed and are subject to the terms of the Priority Deed and any prior ranking Permitted Encumbrance and obligations mandatorily preferred by law. The Trustee (on behalf of itself and the Holders) has the benefit of the General Security Deed. Enforcement of the General Security Deed is subject to the terms of the General Security Deed and the Priority Deed.

4.2 General Security Deed

The Issuer represents that

- (a) the General Security Deed creates the Encumbrance in Australia purported to be created by it over the assets purported to be encumbered by it;
- (b) each Trustee Security has been, or in the case of After-Acquired Property on its acquisition will be perfected, in Australia; and
- (c) the General Security Deed has the priority it is intended to have.

4.3 Restrictions

- (a) The Issuer undertakes that whilst any Bentham IMF Bond remains outstanding the Issuer:
 - (i) shall not, save for any Permitted Encumbrance or encumbrance mandatorily created by the laws of any jurisdiction, create or permit to subsist any Security over any Secured Property as security for any indebtedness which ranks equally to or in priority to the Bentham IMF Bond Security; and
 - (ii) shall not make a Distribution, where the Current Resources of the Issuer Group are, or would be, following the completion of such Distribution less than or equal to 75 per cent of the Issuer Group Indebtedness.

- (b) The Issuer undertakes to the Trustee that it will not dispose of (or agree to dispose of) any of the Secured Property (either in a single transaction or in a series of transactions whether related or not and whether voluntary or involuntary) except disposals:
 - (i) of any Circulating Asset in the ordinary course of business of the Issuer; or
 - (ii) of any interest whatsoever in Joint Venture Arrangements in accordance with any default provisions contained in the governing documents in respect of such interests, as in force from time to time and for the avoidance of doubt this provision shall apply notwithstanding any enforcement of the rights under the General Security Deed by the Trustee or any administrator or receiver appointed on behalf of the Trustee; or
 - (iii) with the consent of the Secured Party which consent must not be unreasonably withheld.

4.4 PPSA Provisions

- (a) The Issuer must not:
 - (i) change its name without first notifying the Trustee of the new name not less than 21 days before the change takes effect; or
 - (ii) change its place of registration.
- (b) The Issuer must not permit any Secured Property to become:
 - (i) commingled with any asset that is not Secured Property except in the ordinary course of the Issuer's business; or
 - (ii) an Accession to or to be affixed to any asset which is not Secured Property.
- (c) The Issuer must identify, protect and perfect with the highest priority available any Security Interest in respect of which the Issuer is or is to become the PPSA Secured Party.
- (d) The Issuer must:
 - (i) deposit with the Trustee, all the Title Documents in respect of any of its Secured Property (save for Circulating Assets) together with executed blank transfers in respect of the Secured Property to which the Title Documents relate and all Chattel Paper forming part of its Secured Property with a value greater than A\$50,000, immediately on:
 - (A) its execution of the General Security Deed; and
 - (B) acquisition of any asset which forms part of its Secured Property (save where such assets is a Circulating Asset); and
 - (ii) at any time if an Event of Default has occurred, if required by the Trustee, deposit with the Trustee all Chattel Paper which forms part of its Secured Property regardless of value and which has not already been deposited under clause 4.4(d)(i) of these Terms.
- (e) The Issuer must ensure that:
 - (i) each Trustee Security is perfected in relation to all the Secured Property in Australia only. The Secured Party acknowledges that the Issuer shall not be required under the terms of any of the Transaction Documents or otherwise, to register any Trustee Security in any jurisdiction other than Australia; and
 - (ii) the General Security Deed and each Trustee Security is registered and filed in all registers, in which it must be perfected, registered and filed in Australia to ensure the enforceability, validity, perfection and priority of the Trustee Security against all persons and to be effective as a security in Australia.
- (f) Without prejudice to clause 4.4(e) of these Terms, whenever the Trustee requires that a Trustee Security be perfected in a particular way in relation to any part of the Secured Property, the Issuer must ensure that the Trustee Security is perfected in that way.

5. Events of Default

5.1 Events of Default

Each of the following is an Event of Default in relation to the Bentham IMF Bonds (whether or not it is in the control of the Issuer):

- (a) the Issuer fails to pay, within 10 Business Days after the due date, any amount payable by it under any Bentham IMF Bond;
- (b) the Issuer fails to comply with any of its other material obligations under the Trust Deed or any other Transaction Document and such failure remains unremedied for a period of 30 Business Days after the Issuer has received written notice from the Trustee in respect of the failure;
- (c) any Financial Indebtedness of the Issuer which exceeds \$10,000,000 (or its equivalent in any other currency or currencies):
 - (i) becomes payable or repayable prior to its stated maturity due to the occurrence of a default event (however described) and any applicable grace period has expired; or
 - (ii) has not been paid or repaid when due and any applicable grace period has expired,
 and such Financial Indebtedness is not satisfied in full by the Issuer within 15 Business Days of the Issuer becoming required to pay such amount;

- (d) any amount pursuant to a Permitted Secured Finance Arrangement becomes payable or repayable by the Issuer prior to its stated maturity due to the occurrence of a default event (however described) and any applicable grace period has expired.
- (e) an Insolvency Event occurs in respect of the Issuer;
- (f) it is or becomes unlawful for the Issuer to perform any of their payment obligations under the Bentham IMF Bonds, save to the extent that such obligation is rendered lawful within 30 Business Days of it becoming unlawful; and
- (g) the General Security Deed is terminated for any reason or otherwise ceases to be a valid, binding and enforceable obligation of the Issuer, save as approved by the Holders by way of Special Resolution.

5.2 Notification

If an Event of Default occurs which is continuing, the Issuer must promptly after becoming aware of it, notify the Trustee, the Holders and ASX (or any securities exchange or other relevant authority on which the Bentham IMF Bonds are listed) of the occurrence of the Event of Default (specifying details of the Event of Default).

5.3 Consequences of an Event of Default

- (a) If an Event of Default occurs which is continuing, the Trustee may:
 - (i) by written notice to the Issuer declare the Face Value (together with all accrued but unpaid interest (if any) applicable to each Bentham IMF Bond held by the Holders) to be due and payable immediately or on such other date as specified in the notice;
 - (ii) take other action, steps or proceedings against the Issuer and/or any person as it thinks fit to enforce:
 - (A) the payment of all amounts due to Holders; or
 - (B) the provisions of any Transaction Document, including the General Security Deed; and
 - (iii) prove in any Liquidation of the Issuer (irrespective of when that Liquidation is commenced) subject to the Trust Deed; or
 - (iv) commence proceedings for the winding-up of the Issuer,
- (b) The Trustee is not bound to take any of the actions referred to in (a) to enforce the obligations of the Issuer in respect of the Bentham IMF Bonds or any other proceedings or action pursuant to, or in connection with, the Trust Deed or the Bentham IMF Bonds unless:
 - (i) directed to do so by a Special Resolution or requested in writing by the Holders which hold in aggregate one fifth or more of the Face Value of all Bentham IMF Bonds then outstanding;
 - (ii) it has been indemnified by the Issuer; and
 - (iii) the action is not prohibited under the Trust Deed and the Trustee is not restricted or prohibited by any order of any court or applicable law.
- (c) Any enforcement of the General Security Deed will be by the Trustee subject to and in accordance with the provisions of the General Security Deed and the Priority Deed.

5.4 Knowledge of Trustee

The Trustee will be taken not to have knowledge of the occurrence of an Event of Default unless the Trustee has received notice in accordance with clause 5.2 of these Terms stating that an Event of Default has occurred and describing it.

6. Title and transfer of Bentham IMF Bonds

6.1 Title

Title to a Bentham IMF Bond passes when details of the transfer of the Bentham IMF Bond are entered in the Register.

6.2 Effect of entry in Register

Each entry in the Register in respect of a Bentham IMF Bond constitutes:

- (a) an unconditional and irrevocable undertaking by the Issuer to the Holder to pay principal, interest and any other amount in accordance with these Terms; and
- (b) an entitlement to the other benefits given to Holders under these Terms, the Trust Deed and the General Security Deed.

6.3 Register conclusive as to ownership

Entries in the Register in relation to a Bentham IMF Bond constitute conclusive evidence that the person so entered is the absolute owner of the Bentham IMF Bond subject to correction for fraud or error.

6.4 Non recognition of interests

Except as required by law, the Issuer, the Trustee and the Registry:

- (a) must treat the person whose name is entered in the Register as the holder of a Bentham IMF Bond as the absolute owner of that Bentham IMF Bond; and
- (b) are not required to recognise:
 - (i) a person as holding a Bentham IMF Bond on trust; or
 - (ii) any other interest (beneficial or otherwise) in any Bentham IMF Bond or any other right in respect of an Bentham IMF Bond except an absolute right of ownership in the registered holder of an Bentham IMF Bond, whether or not it has notice of the interest or right.

6.5 Joint holders

- (a) Where two or more persons are entered in the Register as the joint Holders of a Bentham IMF Bond then they are taken to hold the Bentham IMF Bond as joint tenants with rights of survivorship, but the Issuer is not bound:
 - (i) to register more than four persons as joint holders of any Bentham IMF Bond; or
 - (ii) to issue a Statement of Holding in respect of a Bentham IMF Bond jointly held.
- (b) If a Holder who jointly owns a Bentham IMF Bond dies, the Issuer will recognise only the survivor or survivors as being entitled to the Holder's interest in the Bentham IMF Bond.
- (c) Interest or other money payable in respect of a Bentham IMF Bond that is held jointly may be paid to the Holder whose name appears first on the Register.
- (d) If a Bentham IMF Bond is held jointly, and more than one Holder votes in respect of that Bentham IMF Bond, only the vote of the Holder whose name appears first on the Register counts.
- (e) The joint Holders of a Bentham IMF Bond are counted as a single holder for the purposes of calculating the number of Holders or persons who have requisitioned a meeting of Holders.
- (f) Each of the joint Holders of a Bentham IMF Bond are jointly and severally liable for all payments including payment of any Tax, which is to be made in respect of the Bentham IMF Bond.

6.6 Transfers in whole

A Bentham IMF Bond may be transferred in whole but not in part.

6.7 Transfer

A Holder may, subject to this clause 6.7, transfer any Bentham IMF Bond:

- (a) by a proper ASX Settlement transfer according to the ASX Settlement Operating Rules;
- (b) by a proper transfer under any other computerised or electronic system recognised by the Corporations Act;
- (c) under any other method of transfer which, operates in relation to the trading of securities on any securities exchange outside Australia on which Bentham IMF Bonds are listed; or
- (d) by any proper or sufficient instrument of transfer of marketable securities under applicable law.

The Issuer must not charge any fee on the transfer of a Bentham IMF Bond.

6.8 Market obligations

The Issuer must comply with all applicable laws and regulations in relation to the transfer of a Bentham IMF Bond.

6.9 Issuer may request holding lock or refuse to register transfer

If Bentham IMF Bonds are listed on ASX, and if permitted to do so by the ASX Listing Rules and the Corporations Act, the Issuer may:

- (a) request the ASX Settlement or the Registry, as the case may be, to apply a holding lock to prevent a transfer of Bentham IMF Bonds approved by and registered on the Clearing System's electronic sub-register or Bentham IMF Bonds registered on an issuer-sponsored sub-register, as the case may be; or
- (b) refuse to register a transfer of Bentham IMF Bonds.

6.10 Issuer must request holding lock or refuse to register transfer

- (a) The Issuer must request the ASX Settlement or the Registry, as the case may be, to apply a holding lock to prevent a transfer of Bentham IMF Bonds approved by and registered on the ASX Settlement's electronic sub-register or Bentham IMF Bonds registered on an issuer sponsored sub-register, as the case may be, if the Corporations Act, the ASX Listing Rules or the terms of a Restriction Agreement require the Issuer to do so.
- (b) The Issuer must refuse to register any transfer of Bentham IMF Bonds if the Corporations Act, the ASX Listing Rules or the terms of a Restriction Agreement require the Issuer to do so.
- (c) During a breach of the ASX Listing Rules relating to Restricted Securities, or a breach of a Restriction Agreement, the Holder of the Restricted Securities is not entitled to any interest (or other distribution on), or voting rights in respect of the Restricted Securities.

6.11 Notice of holding locks and refusal to register transfer

If, in the exercise of its rights under clauses 6.9 and 6.10 of these Terms, the Issuer requests the application of a holding lock to prevent a transfer of Bentham IMF Bonds or refuses to register a transfer of Bentham IMF Bonds it must, within 5

Business Days after the date the holding lock is requested or the refusal to register a transfer, give written notice of the request or refusal to the Holder, to the transferee and the broker lodging the transfer (if any). Failure to give such notice does not, however, invalidate the decision of the Issuer.

6.12 Delivery of instrument

If an instrument is used to transfer Bentham IMF Bonds according to clause 6.7 of these Terms, it must be delivered to the Registry, together with such evidence (if any) as the Registry reasonably requires to prove the title of the transferor to, or right of the transferor to transfer, the Bentham IMF Bonds.

6.13 Refusal to register

- (a) The Issuer may refuse to register a transfer of a Bentham IMF Bond if:
 - (i) registration of the transfer would contravene or is forbidden by any applicable law or regulation or the Trust Deed; or
 - (ii) permitted to do so under the Trust Deed or by any applicable law or regulation.
- (b) If the Issuer refuses to register a transfer, the Issuer must give the lodging party notice of the refusal and the reasons for such refusal within 5 Business Days after the date on which the transfer was delivered to the Registry.

6.14 Transferor to remain Holder until registration

A transferor of a Bentham IMF Bond remains the Holder in respect of that Bentham IMF Bond until the transfer is registered and the name of the transferee is entered in the Register.

6.15 Effect of transfer

Upon registration and entry of the transferee in the Register the transferor ceases to be entitled to future benefits under the Trust Deed in respect of the transferred Bentham IMF Bonds and the transferee becomes so entitled in accordance with clause 6.2 of these Terms.

6.16 Estates

A person becoming entitled to an Bentham IMF Bond as a consequence of the death or bankruptcy of a Holder or of a vesting order or a person administering the estate of a Holder may, upon producing such evidence as to that entitlement or status as the Registry considers sufficient, transfer the Bentham IMF Bond or, if so entitled, become registered as the, holder of the Bentham IMF Bond.

6.17 Transfer of unidentified Bentham IMF Bonds

Where the transferor executes a transfer of less than all Bentham IMF Bonds registered in its name, and the specific Bentham IMF Bonds to be transferred are not identified, the Registry may (subject to the limit on minimum holdings) register the transfer in respect of such of the Bentham IMF Bonds registered in the name of the transferor as the Registry thinks fit, provided the aggregate of the Face Value of the Bentham IMF Bonds registered as having been transferred equals the aggregate of the Face Value of the Bentham IMF Bonds expressed to be transferred in the transfer.

7. Payments

7.1 Payment of principal

Payments of principal in respect of a Bentham IMF Bond will be made to each person registered at 10.00 am on the payment date as the holder of a Bentham IMF Bond.

7.2 Payment of interest

Payments of interest in respect of a Bentham IMF Bond will be made to each person registered at the 7.00 pm on the Record Date as the holder of that Bentham IMF Bond.

7.3 Payments to accounts

Money payable by the Issuer to a Holder in respect of a Bentham IMF Bond may be paid in any manner the Issuer decides, including by any method of direct credit determined by the Issuer to the Holder or Holders shown on the Register or to such person or place directed by them.

7.4 Payments by cheque

The Issuer may decide that payments in respect of a Bentham IMF Bond will be made by cheque sent on the payment date, at the risk of the registered Holder, to the Holder (or to the first named joint holder of the Bentham IMF Bond) at its address appearing in the Register at the 7.00pm on the Record Date. Cheques sent to the nominated address of a Holder will be taken to have been received by the Holder on the payment date and, no further amount will be payable by the Issuer in respect of the Bentham IMF Bonds as a result of the Holder not receiving payment on the due date.

7.5 Unsuccessful attempts to pay

Subject to applicable law, where the Issuer:

- (a) decides that an amount is to be paid to a Holder by a method of direct credit and the Holder has not given a direction as to where amounts are to be paid by that method;
- (b) attempts to pay an amount to a Holder by direct credit, electronic transfer of funds or any other means and the transfer is unsuccessful; or
- (c) has made reasonable efforts to locate a Holder but is unable to do so,

in each case the amount is to be held by the Issuer for the Holder in a non-interest bearing deposit with a bank selected by the Issuer until the Holder or any legal personal representative of the Holder claims the amount or the amount is paid by the Issuer according to the legislation relating to unclaimed money.

7.6 Payment to joint Holders

A payment to any one of joint Holders will discharge the Issuer's liability in respect of the payment.

7.7 Payments subject to law

All payments are subject to applicable law, but without prejudice to the provisions of clause 8 of these Terms.

7.8 Payments on Business Days

If a payment:

- (a) is due on an Bentham IMF Bond on a day which is not a Business Day then the due date for payment will be adjusted in accordance with the Modified Following Business Day Convention; or
- (b) is to be made to an account on a Business Day on which banks are not open for general banking business in the place in which the account is located, then the due date for payment will be the first following day on which banks are open for general banking business in that place,

and in either case, the Holder is not entitled to any additional payment in respect of that delay.

7.9 Amounts payable on demand

If an amount payable by the Issuer under the Trust Deed is not expressed to be payable on a specified date, that amount is payable by the Issuer on demand by the Trustee.

8. Taxation

8.1 No set-off, counterclaim or deductions

All payments in respect of the Bentham IMF Bonds must be made in full without set-off or counterclaim, and without any withholding or deduction in respect of Taxes, unless prohibited by law.

9. General provisions and governing law

9.1 Time limit for claims

A claim against the Issuer for a payment under a Bentham IMF Bond is void unless made within five years after the date on which payment first became due.

9.2 Amendments without consent

At any time, but subject to compliance with the Corporations Act and all other applicable laws, the Issuer may without the consent of the Holders or the Trustee, amend these Terms if the Issuer forms the opinion that such alteration is:

- (a) of a formal or technical or minor nature;
- (b) made to cure any ambiguity or correct any manifest error;
- (c) necessary or expedient for the purpose of enabling the Bentham IMF Bonds to be:
 - (i) listed for quotation, or to retain quotation, on any securities exchange; or
 - (ii) offered for subscription or for sale under the laws for the time being in force in any place,and otherwise not materially prejudicial to the interests of Holders as a whole; or
- (d) necessary to comply with:
 - (i) the provisions of any statute or the requirements of any statutory authority; or
 - (ii) the ASX Listing Rules or the listing or quotation requirements of any securities exchange on which the Issuer may propose to seek a listing or quotation of the Bentham IMF Bonds,and otherwise not materially prejudicial to the interests of Holders as a whole.

The Issuer shall give the Trustee at least 10 Business Days' prior written notice of any proposed amendment to the Terms pursuant to this clause 9.2.

9.3 Amendments with consent

At any time and from time to time, but subject to compliance with the Corporations Act and all other applicable laws, the Issuer may with the approval of the Trustee amend these Terms:

- (a) except as otherwise provided in clauses 9.3(b), 9.3(c) and 9.3(d) below, if such alteration is authorised by a Holder Resolution;
- (b) in the case of an alteration to this clause 9.3 or any clause of the Trust Deed providing for Holders to give a direction to the Trustee by a Special Resolution, if a Special Resolution is passed in favour of such alteration;
- (c) in the case of alteration to the meeting provisions of the trust deed and to which clause 9.2 of these Terms does not apply, if a Special Resolution is passed in favour of such alteration; and
- (d) otherwise in accordance with the Trust Deed.

9.4 Further issues

The Issuer may from time to time without the consent of the Trustee or the Holders:

- (a) create and issue new Bentham IMF Bonds having the same Terms (except in relation to the Issue Date, the first Interest Period, the first Interest Payment Date and the amount to be paid in respect of the first payment of interest) as, and so that they shall be consolidated and form a single series and rank *pari passu* with, the Bentham IMF Bonds then outstanding save that no such further Bentham IMF Bonds shall be issued when following such issue the Current Resources of the Issuer Group would be less than 75 per cent of the Issuer Group Indebtedness or the Secured Debt Limit would be exceeded; or
- (b) subject to clause 4.3(a)(i) of these Terms, issue any other bonds, notes, shares or any other form or type of securities, or incur or guarantee any indebtedness, upon such terms as it may think fit in its sole discretion

9.5 Governing law

The Bentham IMF Bonds are governed by the law in force in New South Wales.

9.6 Jurisdiction

- (a) The Issuer, the Trustee and each Holder irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of New South Wales and courts of appeal from them.
- (b) The Issuer, the Trustee and each Holder waives any right it has to object to an action being brought in those courts, to claim that such action has been brought in an inconvenient forum, or to claim those courts do not have jurisdiction.

10. Interpretation

10.1 Interpretation

Except as the context requires otherwise:

- (a) A reference to a clause or paragraph is to a clause or paragraph of these Terms, provided that a reference to a clause or schedule of the Trust Deed in these Terms is to the corresponding clause or schedule of the Trust Deed.
- (b) If an event under these Terms must occur on a stipulated day which is not a Business Day, then the event will be done on the next Business Day.

10.2 Document or agreement

A reference to:

- (a) an agreement includes a Security, guarantee, undertaking, deed, agreement or legally enforceable arrangement whether or not in writing; and
- (b) a document includes an agreement (as so defined) in writing or a certificate, notice, instrument or document.

A reference to a specific agreement or document includes it as amended, novated, supplemented or replaced from time to time, except to the extent prohibited by these Terms.

Corporate Directory

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Auditor

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Website

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Trustee

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Sydney NSW 2000

Registry

Computershare Investor Services Pty Limited

Level 4, 60 Carrington Street
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Lead Manager

Evans and Partners Pty Ltd

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