



RELEASE TO AUSTRALIAN SECURITIES EXCHANGE

MONDAY 21 DECEMBER 2015

UPDATE – LEHMAN BROTHERS / FEDERATION CDO

1. IMF Bentham Limited (“IMF”) refers to previous announcements concerning the funding of a class action against Lehman Brothers Australia Ltd (in liquidation) (“LBA”) and a subsequent claims resolution process which resulted in IMF funded clients lodging proofs of debt in the LBA administration.
2. IMF’s financial results as at 30 June 2015 included a non-current receivable in respect of the LBA matter of \$38 million in anticipation of income to be earned from dividends to be received by IMF funded clients.
3. Since 30 June 2015 the Liquidators have paid an interim dividend of 10.99 cents in the dollar, which resulted in IMF receiving approximately \$13 million, including costs, reducing the non-current receivable balance to approximately \$25 million.
4. Recent reports by the LBA Liquidator indicate that the dividend from LBA is now estimated to be approximately 80 cents in the dollar (including the 10.99 cents in the dollar referred to paragraph 3 above). If estimates recently made in relation to the amount and timing of future dividends come to fruition, IMF expects to receive \$39 million in further recoveries (being the \$25 million non-current receivable referred to in paragraph 3 above plus an additional \$14 million).
5. The estimates as to the timing and quantum of future dividends are necessarily subject to a number of assumptions. One of these assumptions was Court approval to a settlement with US Lehman counterparties in the Federation CDO matter, which was given by the Federal Court of Australia on Friday 18 December 2015.
6. Given the uncertainties in relation to the other assumptions underpinning the dividend estimate IMF does not intend to recognise the additional income associated with this investment at this stage.
7. The Board of IMF will consider whether and when this extra amount should be brought to account as revenue and profit during the preparation of the accounts for the half year ending 31 December 2015.

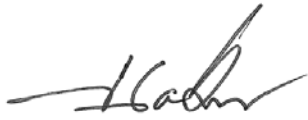
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8. Further information is available by calling IMF on 1800 016 464 or in due course on IMF's website www.imfbenthamltd.com.

A handwritten signature in black ink, appearing to read 'ASaker', with a long horizontal stroke extending to the left.

Andrew Saker
Managing Director and CEO