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IPH Proposal to Acquire Xenith IP

Appendix

12th March 2019

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IPH's Proposal to acquire Xenith IP



IPH Proposal

- Under the IPH Proposal, Xenith shareholders will receive for each Xenith share:
 - \$1.28 cash; and
 - 0.1056 IPH shares
- Represents a total value of \$1.97 per Xenith share based on IPH's closing price on 11 March 2019

Compelling value

- Significant premium to the recent trading price of XIP shares, the Independent Expert valuation¹ and QIP merger consideration²
- Significant certainty of value by means of the immediate cash component
- Ability to participate in the combined group and share in the potential upside through the equity component of the offer
- Enhanced liquidity with shares in an ASX 200 company with market capitalisation in excess of \$1.3 billion

1. Valuation range of \$1.40 - \$1.63 of a minority interest in XIP shares

2. The implied Xenith price under the QIP Merger of \$1.598 on the QIP Merger's announcement on 27 November 2018, based on 1.22 QANTM shares per Xenith share and the closing price of QANTM shares on 26 November 2018

Offer details

- The IPH Proposal is a binding offer capable of acceptance by Xenith
- Subject to minimal conditions, substantially similar to the QIP merger
- Attached is a scheme implementation deed – based on the QIP merger document which has previously been accepted by Xenith
- IPH has provided a submission to the ACCC for the acquisition of Xenith. The proposal is subject to the same ACCC informal clearance review process as requested for the QIP merger. IPH expects the ACCC's assessment will involve consideration of the same or very similar issues as for the QIP merger and would be happy to discuss this aspect with Xenith

IPH impact

- Immediately accretive to IPH earnings
- Funded via a mix of cash and scrip which maintains IPH's conservative gearing position

Benefits for Xenith and its shareholders



Vision for the combined group

- Become a leading IP services provider in secondary IP markets
- Draw on the strengths and advantages of each member firm of the IPH Group and the skills, connections and experiences of our highly regarded and experienced IP attorneys
- Focused on international growth and innovation, consistent with Xenith's strategic objectives

Compelling value for shareholders

- Significant premium to the recent trading price of XIP shares, the Independent Expert valuation¹ and QIP Merger consideration²
- Significant cash consideration providing certainty of value for XIP shareholders

Share in the financial benefits through IPH shares

- Participate in the potential upside for the combined group
- Combined market capitalisation in excess of \$1.3 billion with significant capital strength for future opportunities

Improved liquidity for XIP shareholders

- The IPH Proposal provides enhanced stock liquidity and inclusion in the ASX 200
- Expected enhanced liquidity relative to the QIP merger

1. Valuation range of \$1.40 - \$1.63 of a minority interest in XIP shares

2. The implied Xenith price under the QIP Merger of \$1.598 on the QIP Merger's announcement on 27 November 2018, based on 1.22 QANTM shares per Xenith share and the closing price of QANTM shares on 26 November 2018

Strategic fit

- IPH and Xenith are complementary in terms of their member firms' key service offerings as full service patent and trade mark attorneys and IP lawyers, the firms' heritage, client focused cultures and a corporate focus on innovation and growth opportunities
- Together a combined group will be positioned to exploit future corporate opportunities and respond to a changing market and regulatory, client and employee needs

Australian IP firm with a true regional footprint

- IPH has an established and substantial Asian geographic platform in which it has invested for over 20 years. The combined group offers Xenith's IP practices, their attorneys and clients immediate benefits and opportunities across the region

A culture that rewards and supports our people

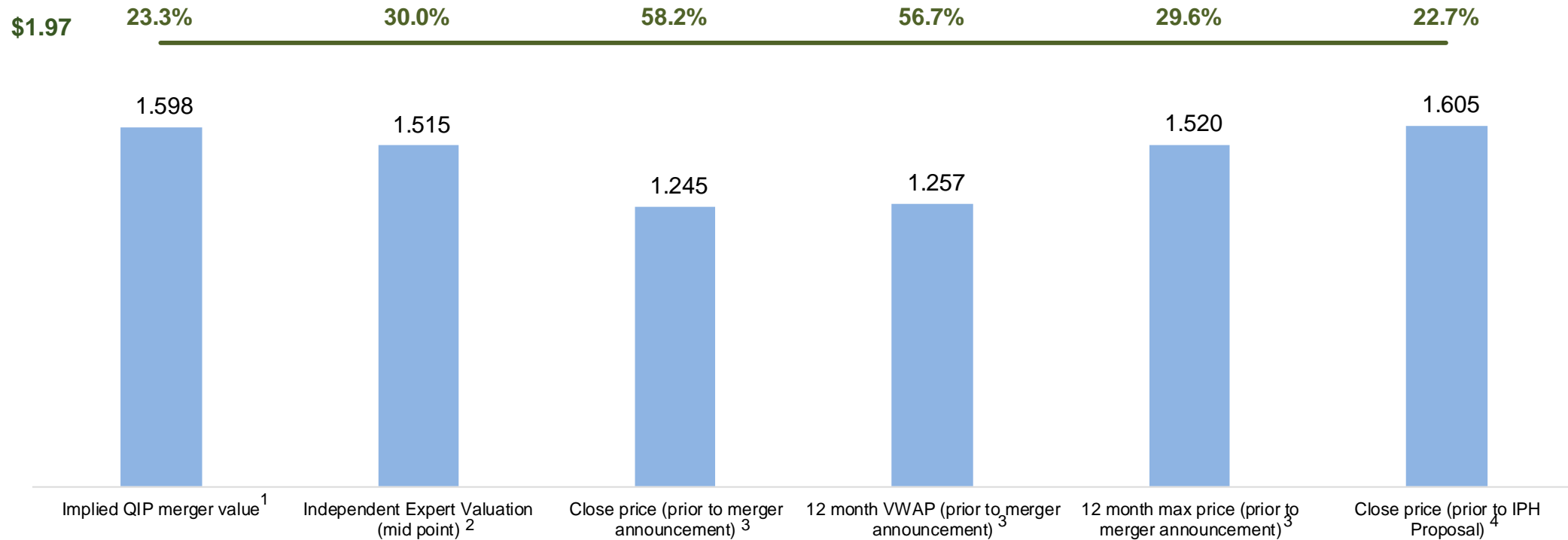
- Each business within the IPH Group has its own distinct culture aligned to the Group's vision, which has greatly contributed to its success. We look forward to welcoming Xenith's IP attorneys who will further contribute to and enhance our overall group with a common purpose of servicing our clients
- Provide alignment and rewards through our employee incentive plan, which includes potential cash and IPH equity awards for eligible staff
- Strong career development and progression opportunities

Offer premium

The offer price reflects a significant premium for Xenith shares



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Source: Xenith Scheme booklet 20 February 2019, CapitalIQ 11 March 2019

1. The implied Xenith price under the QIP Merger of \$1.598 on the QIP Merger's announcement on 27 November 2018, based on 1.22 QANTM shares per Xenith share and the closing price of QANTM shares on 26 November 2018

2. Mid point of the valuation range of \$1.40 to \$1.63 of a minority interest in Xenith

3. As at 26 November 2018. Premiums benchmarked to the undisturbed XIP share price prior to the QIP merger announcement

4. As at 11 March 2019

The IPH Proposal is superior to the QIP merger



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Benefits of the IPH Proposal

- ✓ **Significant premium** to recent trading in Xenith shares, Independent Expert valuation¹ and QIP merger consideration²
- ✓ **Significant cash consideration** provides certainty of value
- ✓ **Enhanced stock liquidity** and inclusion in the ASX 200
- ✓ **Existing platform across the Asia Pacific** with 20 years experience in the region providing significant and more immediate opportunities
- ✓ **Greater capital strength** to exploit future growth opportunities
- ✓ **A successful track record** of acquisitions, governance and a commitment to capital markets
A demonstrated record of retention of ex-vendor principals in acquisitions, staff incentive plan and career development opportunities
- ✓ The IPH proposal is a **binding offer**, with minimal conditions, substantially similar to the QIP merger











1. Valuation range of \$1.40 - \$1.63 of a minority interest in XIP shares

2. The implied Xenith price under the QIP Merger of \$1.598 on the QIP Merger's announcement on 27 November 2018, based on 1.22 QANTM shares per Xenith share and the closing price of QANTM shares on 26 November 2018

The IPH Proposal is superior to the QIP merger



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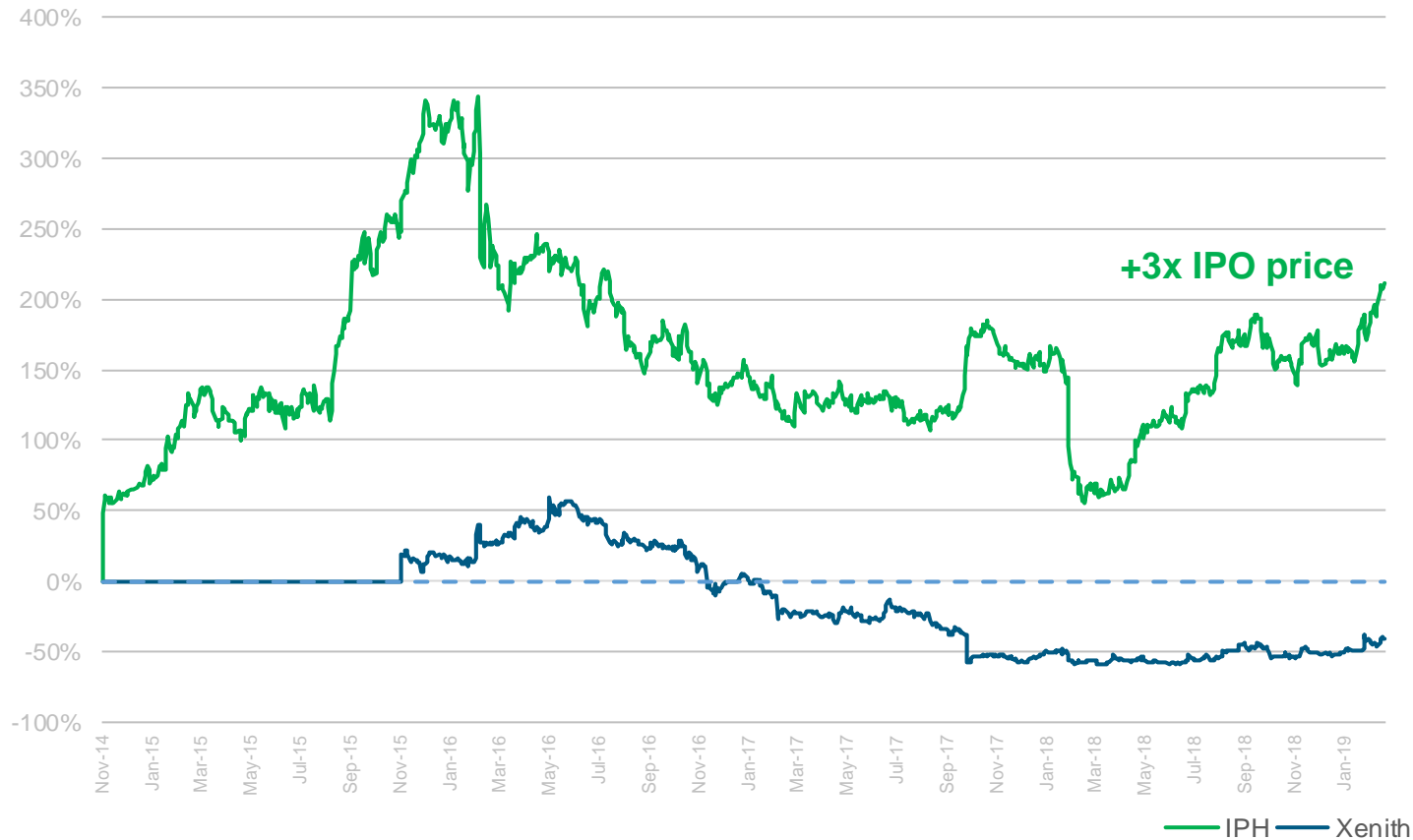
	IPH Proposal	QIP Merger
Cash consideration	 65% cash Certainty of value	 Nil cash
ASX 200 index		
Liquidity	 IPH annual turnover c.140% ¹	 QIP annual turnover c.20% ¹
Asia opportunities	 20 years experience. IPH Asia underlying 1H2019 revenue of \$43m and EBITDA of \$17m	 Greater risk of execution
Acquisition track record	 Seven IPH acquisitions since listing. Significant capital strength for future opportunities	 One QIP acquisition since listing
Offer conditions	Substantially similar conditions as Merger (including ACCC). Merger does not proceed	Substantially similar conditions as IPH Proposal (including ACCC)

1. Twelve month trading volume divided by shares on issue

Share price performance



IPH share price since IPO - reinforcing record of wealth creation for shareholders and employees



IPH has delivered substantial returns to its investors since IPO, including ex-vendors in subsequent acquisitions

The IPH proposal enables Xenith shareholders to participate in the growth, development and potential upside for the combined group and provides enhanced liquidity relative to the QIP merger

We believe IPH's record of performance is evidenced by the promotion of new Principals, retention of clients, leading earnings margins, growth in new markets and a commitment to being accountable to capital markets

Source: CapitalIQ 11 March 2019

Pricing has been rebased to movement since IPO (past performance is not an indication of future performance).

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Combined Group overview

Asia Pacific's leading IP services group



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1000+
Employees

440+
Professional staff¹

Spruson & Ferguson

AJ Park

Pizeys

Practice Insight



Griffith Hack

Shelston IP

Watermark

Glasshouse Advisory



25.5K+
Patent Filings²



9.5K+
Trade Mark Filings²

1. Inclusive of Principals.

2. Approximate. Total CY18 figures for Patents & Trade Marks respectively are based on IPH management estimate of internal filing information (all incoming/outgoing applications filed either directly or indirectly (through an agent) by IPH companies throughout the world, including where incoming/outgoing agent is IPH entity) combined with IP Australia data only for XIP entities as recorded on IP Australia on 28/01/19 for Patents and 31/01/19 for Trademarks. AU Trade Mark filings exclude International Registration.

How IPH helps Xenith meet its transformational goals



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Xenith's Transformation Plan¹

- 01 Our people:** Create an inspiring, innovative and high performance culture that reflects the values of our people and attracts, retains and rewards top talent
- 02 Our clients:** Ensure we are at the forefront of delivering outstanding client service both technically and commercially and that we are seen as innovative and value adding
- 03 Our shareholders:** Consistently meet our commitments – to ourselves and the market
- 04 Governance: partnership to public company:** Implement the necessary management, governance, policy, cultural and operating regimes to be a role model listed company
- 05 Growth:** Develop and implement strategies that deliver above market growth; through expansion and connection of service offerings, innovation, increasing our presence in Asia and further developing our eco-system
- 06 Digital:** Move all of our platforms to the cloud, embrace change and digital disruption across all that we do; build an innovation ecosystem; optimise all aspects of the business

Achieved by a combination of IPH and Xenith

- ✓ An opportunity to bring our top talent together and contribute talents and skills to a combined group
Benefits of the IPH incentive plan and opportunities for professional development and career progression
- ✓ Enhanced client offering in Australia and the Asia Pacific region
Enhanced ability to innovate
- ✓ Potential for improved shareholder returns and enhanced liquidity as part of an ASX 200 company with market capitalisation in excess of \$1.3 billion
- ✓ Strong operational efficiencies at corporate level
A highly experienced and credentialed Board, group governance structures and track record of successful acquisitions
- ✓ Combination with IPH provides a leading platform for Xenith's IP practices, their attorneys and clients in the Asia Pacific region
Significant capital strength for future growth opportunities
- ✓ History of investment in market leading information technology and innovation.
Best placed together to be at the forefront of innovation with an enhanced ability to respond to technological change due to benefits of scale and access to capital

1. Xenith 2018 Full Year Results Presentation, slide 17

Leverage IPH's established Asia Pacific platform



Existing platform across the Asia Pacific region providing significant and more immediate opportunities than the QIP merger



IPH has an established and substantial Asia Pacific geographic platform

20 years experience in the region

IPH Asia underlying 1H2019 revenue of \$43m and EBITDA of \$17m

Offers Xenith's IP practices, their attorneys and clients immediate benefits and opportunities across the region

The IPH Proposal provides more significant and immediate opportunities to achieve international expansion compared to the QIP merger which carries significantly greater risk of execution

Complementary service offerings



Complementary in terms of our key service offerings as full service patent and trade mark attorneys and IP lawyers

	<u>XIP</u> Service	Locations	<u>IPH</u> Service	Locations
IP Services				
Patents	✓	Australia	✓	Australia/New Zealand + Asia
Trade Marks	✓	Australia	✓	Australia/New Zealand + Asia
Designs	✓	Australia	✓	Australia/New Zealand + Asia
Plant Breeders Rights	✓	Australia	✓	Australia/New Zealand + Asia
IP Legal Services	✓	Australia	✓	Australia/New Zealand
Complementary Advisory Services	✓	Australia	---	---
Adjacent software solutions	---	---	✓	Worldwide

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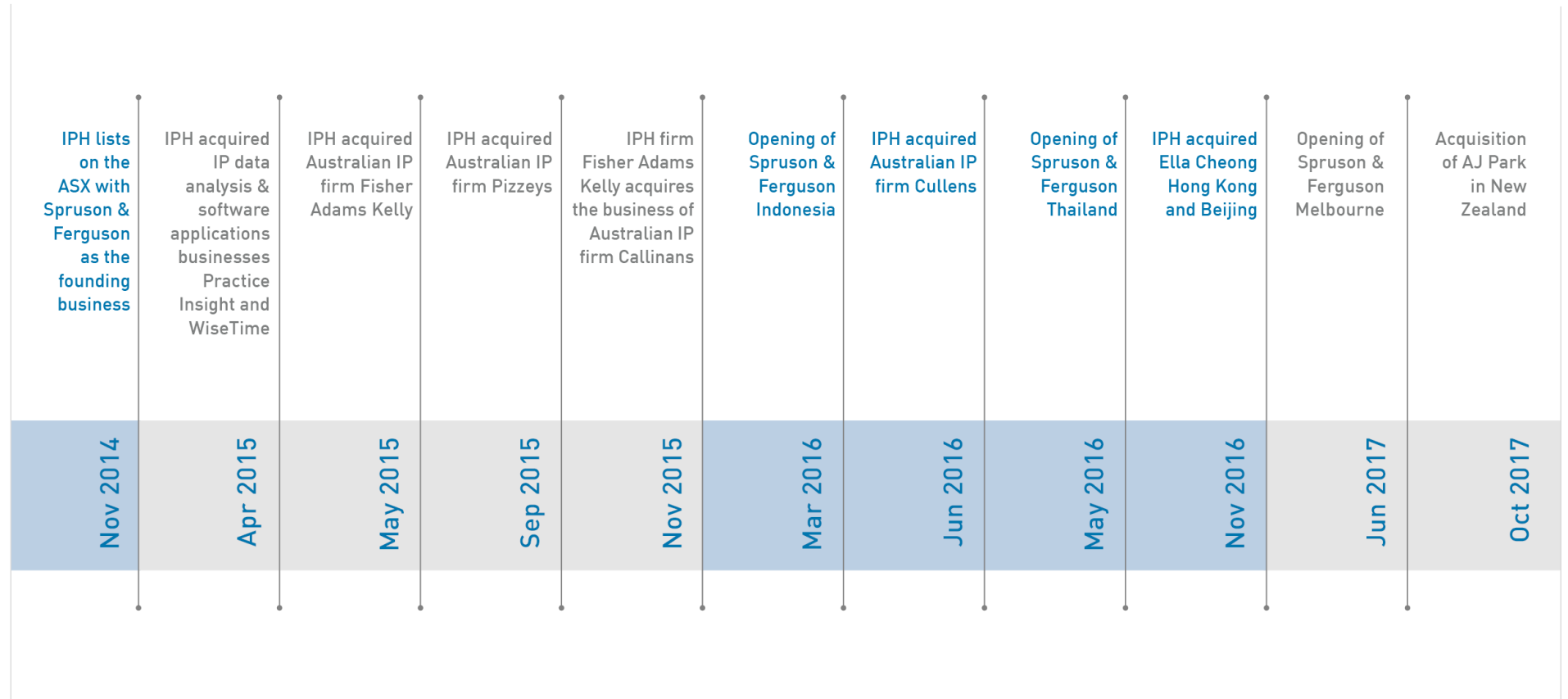
Strong track record of acquisitions



IPH and Xenith are best positioned together with significant capital strength for future growth opportunities

IPH has a strong track record of successfully completing acquisitions with a high rate of retention of ex-vendor Principals.

Our most recent acquisition to date was the AJ Park business, bringing 200+ people into the IPH group.



We value our people

Culture and values that focus on clients, rewarding performance and providing career growth opportunities for our people

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Attract Talent + Diversity = Opportunity



Principals
● 54% Australia
● 46% Overseas



Professionals
● 30% Australia
● 70% Overseas



Management
● 61% Australia
● 39% Overseas



Support
● 36% Australia
● 64% Overseas



Principals
● 21% Female
● 79% Male



Professionals
● 58% Female
● 42% Male



Management
● 39% Female
● 61% Male



Support
● 83% Female
● 17% Male

Note: Figures approximate as at 4th quarter FY18.

Motivate Talent + Promotion = Growth



Promotions to Principals (FY18)

5 Female

8 Male

5 Australia

8 Overseas



Promotions to Principals (since listing)



Incentive plan engagement (FY19)



Retain Talent + Retention = Sustainability



Pizzey's*

Ex-vendor Principals recommitted to IPH FY18 (post initial employment agreement)

Fisher Adams Kelly Callinans*

Ex-vendor Principals recommitted to IPH FY18 (post initial employment agreement)



Voluntary attrition amongst professional staff (to within the IP industry) FY18

* Excludes retirements

Our culture underpins our success



Each business within the IPH Group has its own distinct culture aligned to the Group's vision, which has greatly contributed to its success

IPH is committed to building and growing a thriving business for the future.

IPH's success is underpinned by its core values and key drivers. These have fostered sustainable performance and growth for the benefit of our employees and shareholders.

Our core values and key drivers

1. **Excellence** in service delivery to our clients
2. **Innovation** in value creation
3. **Integrity** in business practices
4. **Efficiency** and **effectiveness** in operations
5. **Empowerment** and **engagement** of our people

We welcome Xenith employees and shareholders to share, contribute and participate in our growth as a combined group.

Our story

IPH is a leading intellectual property (IP) professional services group in the Asia-Pacific region.

As the first IP services group to list on the Australian Securities Exchange in 2014, IPH has always had an eye towards the future. From our foundation and listing, IPH has expanded its business to provide broader access to IP professional services across the Asia-Pacific.

IPH companies now operate from 15 offices across eight IP jurisdictions, employing a multidisciplinary team of more than 630 people, including 247 IP professionals. Our group businesses comprise leading IP firms Spruson & Ferguson, AJ Park and Pizzeys, which provide services for the protection, commercialisation, enforcement and management of all forms of intellectual property including patents, trademarks and designs.

We also operate in adjacent IP areas through our Practice Insight business.

IPH's success is underpinned by our core values of **excellence** in service delivery to our clients, **innovation** in value creation, **integrity** in business practices, **efficiency** and **effectiveness** in our operations and the **empowerment** and **engagement** of our people. We are constantly investing in our business to ensure we have the capability, resources and systems to create value for our clients, employees and shareholders both now and into the future.

