



CHAIRMAN'S LETTER TO SHAREHOLDERS

27 June 2019

Dear Fellow Shareholder,

RECOMMENDED PROPOSAL TO SELL THE COMPANY'S ASSETS AND RETURN THE PROCEEDS TO SHAREHOLDERS

Sale and Distribution Proposal

I am writing to you in connection with the proposed orderly realisation of 8IP Emerging Companies Limited's (**Company** or **8EC**) assets and distribution of the net proceeds to shareholders of the Company (**Shareholders**) which was announced on 16 May 2019 (**Sale and Distribution Proposal**).

The resolutions required to implement the Sale and Distribution Proposal (Resolutions) require your approval at the meeting of Shareholders to be held on Thursday 1 August 2019 (**Meeting**).

If the Resolutions are passed, the Company will reduce its capital and make an initial distribution of capital of \$0.47 per share to all Shareholders on a pro-rata basis, within 21 days of the Meeting. The Company will then proceed with an orderly sale of its investment portfolio which it expects to substantially complete by 30 September 2019. As these assets are sold, the Board of directors of the Company (**Board**) will effect further reductions of capital and pro-rata distributions of cash which is in excess of the Company's needs.

Once the assets of the Company have been disposed of and the surplus cash returned to Shareholders, in the absence of a superior offer, the Board intends to take steps to propose the winding up and deregistration of the Company.

Background and Rationale

The Board has carefully considered the advantages, disadvantages and risks of the Sale and Distribution Proposal, as well as the alternatives available to 8EC as part of a strategic review which was announced in February this year.

None of the proposals received by the Company from third parties as part of the strategic review would have provided all Shareholders with the opportunity to realise their investment for cash at a price reflective of NTA, nor were they likely to satisfactorily address the Company's substantial share price discount to NTA, in an acceptable timeframe.

Conversely, the Sale and Distribution Proposal provides an opportunity for all Shareholders to exit their investment for cash at an amount which will be determined by reference to the net sale price (after costs and expenses) of the Company's investment portfolio.

The Board notes that on 6 June 2019 Aurora Funds Management Limited, as responsible entity of the Aurora Dividend Income Trust, decided not to proceed with its bid for the shares of the Company (**ADIT Bid**) on the basis that the Sale and Distribution Proposal is superior to the ADIT Bid.

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Unanimous Recommendation to Vote in Favour

The Board has unanimously concluded that the Sale and Distribution Proposal is in the best interests of all Shareholders, and recommends that Shareholders **VOTE IN FAVOUR** of the Resolutions set out in the Notice of Meeting, in the absence of a superior proposal.

Subject to the Listing Rules, all of the Directors of the Company intend to vote all shares held or controlled by them in favour of the Resolutions, in the absence of a superior proposal.

Next Steps and Voting

To assist with your consideration of the Sale & Distribution Proposal, we urge you to read the Explanatory Memorandum carefully, having regard to your own personal circumstances, and particularly the sections covering the advantages, disadvantages, risks and taxation implications of the Sale and Distribution Proposal.

We encourage you to attend the Meeting, or if you are unable to do so, please appoint a proxy, attorney or corporate representative (in the case of corporate Shareholders) to vote on your behalf. The instructions regarding the completion of proxies are set out in the enclosed Proxy Form, including the latest date and time by which proxies must be received (before 10.00am AEST on Tuesday 30 July 2019).

In order for the Resolutions to be passed, each must be approved by ordinary resolution, which requires approval by 50% of Shareholders entitled to vote and who do vote on each Resolution.

If you have any questions, please contact the Shareholder information line on 1300 362 398, (from outside Australia) +61 2 8355 1004 or email corporateactions@shareholdersfirst.com.au.

Yours sincerely,



Jonathan Sweeney
Chairman
8IP Emerging Companies Limited



8IP EMERGING COMPANIES LIMITED
ACN 608 411 347

NOTICE OF GENERAL MEETING

TAKE NOTICE that a General Meeting of Shareholders of the Company will be held at the time, date and place specified below:

Time: 10.00am (AEST)
Date: Thursday 1 August, 2019
Place: Level 12
225 George Street
Sydney NSW 2000

Shareholder information line

If you have any questions, please contact the Shareholder information line on 1300 362 398, (from outside Australia) +61 2 8355 1004, or email corporateactions@shareholdersfirst.com.au

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AGENDA

The purpose of the Meeting is for the Shareholders to vote on the Sale and Distribution Proposal announced on 16 May 2019. If both Resolutions are approved, the Company will commence to sell the assets and distribute the net proceeds to Shareholders.

Resolution 1 Disposal of Main Undertaking

To consider, and if thought fit, to pass the following as an ordinary resolution:

“That subject to the passing of Resolution 2, for the purposes of Listing Rule 11.2, and for all other purposes, the sale of the Company’s assets and distributions of capital to Shareholders as a return of capital is approved.”

Voting Exclusion Statement:

The Company will disregard any votes cast in favour of Resolution 1 by or on behalf of:

- a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed; or
- an associate of that person (or those persons).

However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy for to vote as the proxy decides.

Resolution 2 Capital Reductions

To consider and, if thought fit, pass the following as an ordinary resolution:

“That subject to the passing of Resolution 1, for the purposes of section 256B of the Corporations Act, 32.5(a) of the Company’s Constitution and for all other purposes, if and with effect from a date as determined by the Board, the issued share capital of the Company be reduced by an amount up to the Reduction Amount, which may be carried out in one or more tranches, and that reduction be satisfied by the payment to the Shareholders on the Record Date of the Reduction Amount proportionately to the number of Shares held by the Shareholder as at the Record Date and otherwise on the terms and conditions set out in the Explanatory Memorandum to this Notice.”

BY ORDER OF THE BOARD



Laura Newell
Company Secretary
27 June 2019

NOTES

1. Explanatory Memorandum

The Explanatory Memorandum is dated 27 June 2019 and the annexure accompanying this Notice of Meeting are incorporated in and comprise part of this Notice of Meeting and should be read in conjunction with this Notice of Meeting.

2. Entitlement to Vote

In accordance with Regulation 7.11.37 of the Corporations Regulations, the Company (as convenor of the Meeting) has determined that a person's entitlement to attend and vote at the Meeting will be those persons set out in the register of Shareholders as at 10.00am (AEST) on Tuesday 30 July 2019. This means that any Shareholder registered at 10.00am (AEST) on Tuesday 30 July 2019 is entitled to attend and vote at the Meeting.

3. Proxies

A Shareholder entitled to attend this Meeting and vote, is entitled to appoint a proxy to attend and vote on behalf of that Shareholder at the Meeting.

- (a) A proxy need not be a Shareholder.
- (b) If the Shareholder is entitled to cast two or more votes at the Meeting, the Shareholder may appoint two proxies and may specify the proportion or number of the votes which each proxy is appointed to exercise. If the Shareholder appoints two proxies and the appointment does not specify the proportion or number of votes each proxy may exercise, each proxy may exercise half of the votes held by that Shareholder.
- (c) If the Shareholder appoints only one proxy, that proxy is entitled to vote on a show of hands. If a Shareholder appoints two proxies, neither proxy is entitled to vote on a show of hands.
- (d) Where two proxies are appointed, any fractions of votes resulting from the appointment of two proxies will be disregarded.
- (e) A Proxy Form accompanies this Notice.
- (f) Unless the Shareholder specifically directs the proxy how to vote, the proxy may vote as he or she thinks fit, or abstain from voting.

- (g) If a Shareholder wishes to appoint a proxy, the Shareholder should complete the Proxy Form and comply with the instructions set out in that form relating to lodgment of the form with the Company.
- (h) The Proxy Form must be signed by the Shareholder or his or her attorney duly authorised in writing or, if the Shareholder is a corporation, either signed by an authorised officer or attorney of the corporation or otherwise signed in accordance with the Corporations Act.
- (i) If any attorney or authorised officer signs the Proxy Form on behalf of a Shareholder, the relevant power of attorney or other authority under which it is signed or a certified copy of that power or authority must be deposited with the Proxy Form.
- (j) The Proxy Form (together with any relevant authority) must be received by no later than 10.00am (AEST) on Tuesday 30 July 2019.
- (k) The completed Proxy Form may be:
 - mailed to the address on the Proxy Form;
 - faxed to
8IP Emerging Companies Limited,
Attention Company Secretary,
on facsimile number
+61 2 9290 9655; or
 - emailed to
Boardroom.Meetings@boardroomlimited.com.au.

4. Corporate Representative

Any corporate Shareholder who has appointed a person to act as its corporate representative at the Meeting should provide that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as that company's representative. The authority can be mailed, faxed or emailed to the Company at least 24 hours before the Meeting. Alternatively, this document can be lodged at the registration desk on the day of the Meeting.

EXPLANATORY MEMORANDUM

This Explanatory Memorandum forms part of the Notice convening the General Meeting of the Company to be held at 10.00am (AEST) on Thursday 1 August, 2019 at Level 12, 225 George Street, Sydney NSW 2000.

This Explanatory Memorandum is to assist the Shareholders in understanding the background to, and the legal and other implications of, the Notice and the reasons for the Resolutions. Both documents should be read in their entirety and in conjunction with each other.

1. Background to the Meeting

On 16 May 2019, following a strategic review, the Board announced that the Company would convene a meeting for Shareholders to consider a proposal to realise the assets of the Company in an orderly process and distribute the net proceeds to Shareholders (**Sale and Distribution Proposal**).

The Company commenced the strategic review as announced to ASX on 21 February 2019 to consider the various options available to improve liquidity and decrease the discount between its net tangible assets (**NTA**) and the price at which Shares trade on the ASX.

The review was undertaken by a subcommittee of the Board comprising independent Directors (**Subcommittee**) and an external adviser. As part of that review, the Subcommittee considered the Sale and Distribution Proposal as well as a range of non-binding, incomplete and confidential proposals sourced from various parties.

None of those third-party proposals provided all Shareholders with an opportunity to cash out at a price reflective of NTA, nor in the Subcommittee's opinion, were they likely to address satisfactorily the substantial Share price discount to NTA in an acceptable timeframe.

Conversely, the Sale and Distribution Proposal provides an opportunity for all Shareholders to exit their investment for cash at an amount which will be determined by reference to the sale price (after costs and expenses) of the Company's underlying investments.

Therefore, in the absence of a superior proposal, the Board unanimously believes it is in the best interests of Shareholders **TO VOTE IN FAVOUR** of the Resolutions set out in the Notice of Meeting to enable the Company to implement the Sale and Distribution Proposal.

The Sale and Distribution Proposal will only proceed if both of the relevant Resolutions are approved. The Resolutions to approve the Sale and Distribution Proposal are ordinary resolutions which require approval by the holders of 50% of the Shares which are voted at the Meeting.

2. Aurora Bid

On 5 April 2019, Aurora as responsible entity of ADIT, announced its intention to make an off-market scrip takeover offer for all the issued Shares in the Company in exchange for units in ADIT equivalent to the value of \$0.75 per Share (**Aurora Bid**).

On 6 June 2019, Aurora announced that it will not be proceeding with the Aurora Bid.

3. Further Information Regarding the Resolutions

a. Advantages of the Resolutions

Listing Rule 11.2 requires that the Company obtain the approval of Shareholders for a proposal to dispose of the Company's main undertaking. Implementing the Sale and Distribution Proposal by the Company will result in the disposal of the business of trading financial products through the proposed realisation of its assets. Passing Resolution 1 will enable the Company to carry out the realisation of the assets and distributions of capital contemplated by Resolution 2.

The Board believes that returning the excess capital to Shareholders in a timely manner by way of return of capital is in their best interests. As previously announced, the Board is of the opinion that the Sale and Distribution Proposal is superior to other proposals received during the course of its strategic review.

The Sale and Distribution Proposal will provide Shareholders with liquidity and certainty surrounding the realisation of their investment in the Company in cash at an amount which will be determined by reference to the sale price (after costs and expenses) of the Company's underlying investments.

Having regard to the persistent and significant discount to NTA at which the Shares have been trading on the ASX, the amount received by Shareholders under the Sale and Distribution Proposal may be greater than the amount which would be achieved by Shareholders selling their Shares on-market.

The Board believes that realising the Company's assets in an orderly manner in the coming months prior to the Company being wound up will enable the Company to negotiate market-based sale terms for its current investments.

Shareholders will then be able to redeploy their returned capital to other investments.

If the Resolutions are not passed there is a risk that the significant share price discount to NTA will continue and therefore Shareholders will not be able to realise their Shares at a price which is superior to that received under the Sale and Distribution Proposal.

Accordingly, the Board unanimously recommends Shareholders **VOTE IN FAVOUR** of the Resolutions, which will enable the Board to implement the Sale and Distribution Proposal, in the absence of a superior proposal.

b. Disadvantages of the Resolutions

The Sale and Distribution Proposal may deprive Shareholders of a future increase in the value of their investment due to a favourable change in the value of the Company's investment portfolio, a re-rating of the Company itself on the ASX, an alternative proposal put forward by a third party or a change in market conditions, particularly those relating to the valuation of small listed investment companies such as the Company.

As some of the investments of the Company are in relatively illiquid stocks, the Sale and Distribution Proposal may result in the Company selling these investments at a discount to the current market price (further set out in 3(c) and 3(s) below).

The Sale and Distribution Proposal does not guarantee a specific price in respect of the exit of the Company. Further, the price at which the Company will realise its investments will depend on the prevailing trading price of the individual investments, liquidity and market movement which may negatively affect the amount Shareholders receive.

The Sale and Distribution Proposal will result in the Company having nominal assets and eventually a proposal to wind up, in the absence of a superior offer. Accordingly, the implementation of the Sale and Distribution Proposal may result in Shareholders no longer having access to the investment opportunity afforded by the Company or having the opportunity to receive a superior proposal in the future.

The Sale and Distribution Proposal may have different tax consequences for different Shareholders. Shareholders should seek advice from their stockbroker, accountant or other professional adviser.

The Company's assets include net deferred tax benefits equivalent to approximately \$0.028 per share (as at 31 May 2019). Shareholders may not receive a benefit in respect of this if the Sale and Distribution Proposal is implemented.

c. Key Risks of Sale and Distribution Proposal

The terms of sale of the Company's share investments may be affected by market, trading or commercial risks pertaining to the relevant investments or the market generally. The Company's most significant asset is its cash balance, \$0.496 per Share as at 31 May 2019.

Over 97% of the Company's total investment assets at 31 May 2019 are held in cash and listed equities (or convertible into listed equities). Some of the listed equities may be thinly traded or illiquid and this may delay the sale or adversely affect the price at which the Company is able to sell those securities. The Company has an investment in a company which is not listed. The value of this investment is equivalent to \$0.024 per Share as at 31 May 2019. The Company acquired this investment in anticipation of a future IPO. The Investment Manager and the Company will work together in order to realise this investment at an appropriate price and in a reasonable timeframe.

Delays in the timing of sale of the Company's equities portfolio and consequently the return of capital may occur which would result in the Company having ongoing operating and management costs, which in turn may adversely affect Shareholder return.

d. Timing of the Proposed Distributions

The Company currently has sufficient surplus cash to reduce its capital and fund a distribution of capital of \$0.47 per Share (**Initial Reduction**). It is expected that if Resolution 2 is passed the payment to Shareholders of \$0.47 per Share pursuant to the Initial Reduction will occur within 21 days of the date of the Meeting.

As the remaining assets of the Company are sold the Board intends to make further timely distributions of the Company's surplus cash in one or more tranches. To the extent the Board considers it in the best interests of Shareholders and in compliance with the Corporations Act, such distributions will take place by return of capital or dividend, which will be based on the Company's position at the time of the payment and the Australian income tax legislation at the time.

Once the assets of the Company have been disposed of and the surplus cash returned to Shareholders, in the absence of a superior offer, the Board intends to take steps to propose the winding up and deregistration of the Company.

Each of the Reductions is an "equal" reduction and will be distributed to the Shareholders on a pro rata basis. Accordingly, the Reductions require the approval of the Shareholders by ordinary resolution in the Meeting.

e. Key Dates

Set out below is an indicative timetable for the matters contemplated by the Resolutions. These indicative dates are subject to change:

Matter	Indicative Date
Initial Reduction	
Meeting of Shareholders	Thursday 1 August 2019
Trading of Shares on "ex return of capital" basis in connection with the Initial Reduction starts	Tuesday 6 August 2019
Record date for the Initial Reduction	Wednesday 7 August 2019
Anticipated date of distribution of funds under Initial Reduction	Within 21 days of the date of the Meeting
Subsequent tranches	
Directors determine to reduce and return further tranche of capital to Shareholders and informs the ASX	At a time or times determined by Directors
Trading of shares on "ex return of capital" basis in connection with the applicable tranche starts	The third business day after the Directors determine to reduce and return a further tranche of capital and informs the ASX
Record date for the tranche	One business day after trading Shares on "ex return of capital" basis in connection with the tranche starts
Anticipated date of distribution of funds in connection with the tranche	Within 21 days of the day Directors determine to reduce and return a further tranche of capital and informs the ASX

f. Amount of Capital to be Returned

The total amount of capital to be returned to Shareholders in connection with the Reductions (in one or more tranches) will be an amount determined having regard to the net proceeds of the sale of the remaining assets of the Company (after costs and expenses).

g. Entitlement to Participate

Shareholders who hold Shares on the day that is the applicable Record Date will be entitled to participate in the returns of capital in connection with such Reduction tranche.

h. Fractional Entitlements

Fractions resulting from the Reductions will be rounded down as determined by the Board.

i. Trading in Shares

In respect of the Initial Reduction, Shares will trade on an “ex return of capital” basis the third business day after the Company notifies the ASX that Shareholders have approved the return of capital.

In respect of subsequent tranches of returns of capital, Shares will trade on an “ex return of capital” basis the third business day after Directors determine to reduce and return a further tranche of capital and informs the ASX.

j. Basis of Entitlement

The entitlement of Shareholders to participate in the Initial Reduction and subsequent reductions and returns of capital will be on a pro rata basis having regard to their existing shareholding in the Company on the Record Date for the purposes of the relevant Reduction tranche.

k. Effect on Creditors

The Reductions involve a reduction in the Company’s paid-up share capital. However, in the opinion of the Directors, this will not materially prejudice the Company’s ability to pay its creditors.

l. Effect on Shareholders

The Reductions have no effect on the number of Shares held by the Shareholders or on their proportionate interest in the share capital of the Company.

m. Effect on Option Holders

There are no option holders.

n. Effect on Convertible Securityholders

There are no convertible securityholders.

o. Effect on Company’s Capital Structure

The Reductions will have no effect on the total number of Shares on issue.

p. Effect on Company’s Contributed Equity

At completion of the Reductions, the contributed equity of the Company will be reduced by an amount to be determined by the Board having regard to the net proceeds of the sale of the remaining assets of the Company (after costs and expenses) plus any cash in excess of the Company’s needs.

At completion of the Reductions it is expected that the contributed equity of the Company will be reduced to a nominal amount.

q. Effect on Company's Financial Position

The Company has, or will have, cash reserves which are sufficient to fully fund the returns of capital in connection with the Reductions. The Company does not believe that it will fully utilise the surplus cash reserves in the short to medium term and the Company believes it is better to return the surplus to eligible Shareholders.

Set out below is a pro-forma Statement of Financial Position for the Company as at 31 May 2019 (unaudited) which shows the financial impact of the Initial Reduction of \$0.47 per Share on the Company. The financial impact of further Reductions cannot be forecasted as it is currently unclear when, in what order and for how much the remaining assets of the Company will be sold.

	Statement of Financial Position as at 31 December 2018	Notes	Statement of Financial Position as at 31 May 2019 (before Initial Reduction of \$0.47 per Share) (Unaudited)	Notes	Statement of Financial Position as at 31 May 2019 (after Initial Reduction of \$0.47 per Share) (Unaudited)
	\$		\$		\$
ASSETS					
Current Assets					
Cash and cash equivalents	15,231,475		19,420,582	1, 2, 3	142,071
Trade and other receivables	725,321		972,931		972,931
Financial assets	19,923,852		14,855,952		14,855,952
Current tax assets	–		–		–
Other current assets	77,800		35,968		35,968
Total Current Assets	35,958,448		35,285,433		16,006,922
Non-current Assets					
Deferred tax asset	1,374,070		1,346,364		1,346,364
Total Non-Current Assets	1,374,070		1,346,364		1,346,364
Total Assets	37,332,518		36,631,797		17,353,286
LIABILITIES					
Current Liabilities					
Trade and other payables	290,260		110,639		110,639
Derivative financial instruments	–		–		–
Current tax liabilities	128,523		–		–
Total Current Liabilities	418,783		110,639		110,639
Non-current Liabilities					
Deferred tax liabilities	422,766		190,456		190,456
Total Non-current Liabilities	422,766		190,456		190,456
Total Liabilities	841,549		301,095		301,095
NET ASSETS	36,490,969		36,330,702	2	17,052,191
Shares on Issue	41,018,108		41,018,108		41,018,108

Notes:

- Cash and equivalents figure is as at 31 May 2019, and does not take into account any changes since that date
- Reduced by \$19,278,511 (being the Initial Reduction of \$0.47 per Share on 41,018,108 shares)
- Excludes the impact of any costs and expenses associated with selling the investment portfolio and the transaction costs relating to the Sale and Distribution Proposal (refer sections 3(r) and 3(s) for further details).

r. Current Assets and Estimated Costs and Expenses

On 12 June 2019 the Company announced that the unaudited pre- and post-tax NTA of the Company as at 31 May 2019 were as follows:

- Pre-Tax NTA \$0.8580 per Share; and
- Post-Tax NTA \$0.8854 per Share.

The Company has no debt and the main components¹ of its post-tax NTA at 31 May 2019 were as follows²:

- cash and cash equivalents (including unsettled trades) of \$0.496 per Share;
- ASX listed securities (including securities convertible into listed securities) of \$0.338 per Share; and
- unlisted securities of \$0.024 per Share.

As at 31 May 2019 the Company's top 5 holdings (as a percentage of total investment assets including cash) are:

1. Gage Roads Brewing Co Limited – 4.5%;
2. Cooper Energy Limited – 4.0%;
3. Over The Wire Holdings Limited – 3.8%;
4. Noni B Limited – 3.6%; and
5. Straker Translations Limited – 3.6%.

The costs and expenses which will be incurred by the Company in connection with the Sale and Distribution Proposal are estimated to be approximately \$250,000 (equivalent to approximately \$0.006 per share on a pre-tax basis), and will include the costs of:

- Realising the equities portfolio (brokerage and duty);
- Professional advice and administrative matters (legal, financial, taxation, company secretarial and printing); and
- Winding up.

In addition, during the period in which the Company's investment portfolio is realised and capital reduced and returned to Shareholders, the Company will incur its normal operating expenses (currently approximately \$80,000 per month). The quantum of these expenses would be expected to decline as this process nears completion.

The Company has also incurred costs in relation to the Aurora Bid, which totaled approximately \$50,000.

¹ Rounded up to the nearest decimal

² The NTA includes net deferred tax benefits equal to approximately \$0.028 per share. Shareholders may not receive a benefit in respect of this if the Sale and Distribution Proposal is implemented

s. Sensitivity Analysis

The Reduction Amount to be received by Shareholders will be dependent on the net proceeds of sale of the Company's equities portfolio, the timing of the sale and capital reductions and the costs incurred in connection with operating and subsequently winding up the Company.

The amount to be received from the sale of the Company's equities portfolio will of course be subject to the usual market, trading and commercial risks.

The table below illustrates a range of potential capital return outcomes for Shareholders based on the closing market values of the shares in the Company's equities portfolio at 31 May 2019 under certain selling price scenarios for the equities portfolio at values above and below the 31 May 2019 closing market values, together with cost assumptions.

Shareholders should note that this table is illustrative only. The final amount to be returned to Shareholders may be materially different to those outcomes referred to below (refer to the risks referenced above and the Key Risks section 3c).

	Worked Examples of Possible Capital Return Outcomes						
	% Decrease in 8EC Equities Portfolio total realisation price below 31 May 2019 Market Value			31 May 2019 Market Value	% Increase in 8EC Equities Portfolio total realisation price above 31 May 2019 Market Value		
	7.50%	5.00%	2.50%		2.50%	5.00%	7.50%
Cash (including unsettled trades) (\$000)	\$20,362	\$20,362	\$20,362	\$20,362	\$20,362	\$20,362	\$20,362
Equities (\$000)	\$13,742	\$14,113	\$14,485	\$14,856	\$15,227	\$15,599	\$15,970
Total Investment Portfolio Value (\$000)	\$34,104	\$34,475	\$34,847	\$35,218	\$35,589	\$35,961	\$36,332
Pre-Tax NTA (\$ per 8EC Share)	\$0.831	\$0.840	\$0.850	\$0.859	\$0.868	\$0.877	\$0.886
Less:							
Estimated operating costs (\$000)	(\$200)	(\$200)	(\$200)	(\$200)	(\$200)	(\$200)	(\$200)
Estimated transaction costs (\$000)	(\$250)	(\$250)	(\$250)	(\$250)	(\$250)	(\$250)	(\$250)
Estimated Aurora Bid costs (\$000)	(\$50)	(\$50)	(\$50)	(\$50)	(\$50)	(\$50)	(\$50)
Estimated Realisable NAV (pre-tax) (\$000)	\$33,604	\$33,975	\$34,347	\$34,718	\$35,089	\$35,461	\$35,832
Estimated Capital Return (\$ per 8EC Share)	\$0.819	\$0.828	\$0.837	\$0.846	\$0.855	\$0.865	\$0.874
8EC Shares on issue (000)	41,018						

The key assumptions used in preparing the analysis above are summarized as follows:

- Operating costs are estimated at approximately \$80,000 per month for month 1, and reducing to approximately \$60,000 per month for month 2 and 3 to reflect the lower investment management fee which will follow the Initial Reduction of \$0.47 per share. It is assumed that most of the Company's equities portfolio will have been sold and the capital distributions made by 30 September 2019. Delays in completing the Sale and Distribution Proposal will necessarily result in increased operating costs (refer to Risks in section 3c).
- Transaction costs relating to the Sale and Distribution Proposal are estimated at approximately \$250,000 (comprising portfolio selling costs, legal, financial, tax, company secretarial and printing).
- Aurora Bid costs totalled approximately \$50,000 (comprising legal and financial).
- As noted in section 3(b), the Company's assets include net deferred tax benefits equivalent to approximately \$0.028 per share (as at 31 May 2019). Shareholders may not receive a benefit in respect of this if the Sale and Distribution Proposal is implemented. Accordingly, this has been excluded from the above analysis.

The above analysis assumes that no tax will be payable by the Company on any realized gains arising from the portfolio sale given the Company's substantial carry forward tax losses. As a further consequence of that, the cost estimates in the above analysis are shown on a pre-tax basis, rather than post-tax.

t. Trading Price Table

The table below shows the highest and lowest prices at which the Shares have traded since listing, together with the closing price on the last trading day before the date of this Explanatory Memorandum.

	Date	Price
Highest	7 October 2016	\$1.05
Lowest	7 February 2019	\$0.66
Last	26 June 2019	\$0.76

u. Effect on Future Dividends

The Reductions will have no effect on the Company’s ability to pay future dividends. The Company is unlikely however to pay dividends given that it has a nominal franking account balance and substantial carry forward tax losses, meaning that it would only be able to pay unfranked dividends.

v. Conditions to the Reductions

The Reductions are at the discretion of the Board and will be carried out upon the sale of assets of the Company having regard to the Company’s surplus cash, provided the Board is satisfied that each such Reduction is fair and reasonable to the Shareholders as a whole and does not materially prejudice the Company’s ability to pay its creditors and continues to comply with such requirements set out in the Corporations Act.

In the event of the receipt of a proposal from a third party, the Board reserves the right not to proceed with all or part of the Sale and Distribution Proposal if, as a result of such, it considers the Sale and Distribution Proposal no longer to be in the best interests of the Company and the Shareholders.

4. Australian Tax Implications

This information is general in nature and should not be relied on for tax advice. The tax implications for each Shareholder will depend on the circumstances of the particular Shareholder. All Shareholders should seek their own independent tax advice in relation to their tax position.

The following is a general outline of the Australian income tax implication for Shareholders who receive the Initial Reduction of capital of \$0.47 per Share in accordance with Resolution 2. It is not possible to provide any guidance in relation to the Australian income tax implications of any subsequent distributions. This will depend on the nature of the payment being either return of capital or dividend, which will be based on the Company’s position at the time of the payment and the Australian income tax legislation at that time. At this stage, however, the Company expects that any subsequent distributions will be a return of capital.

Return of Capital – Shares Held on Capital Account

a. Resident Shareholders

For Shareholders who are tax residents of Australia and hold their Shares on capital account, the Initial Reduction of capital will reduce the cost base of the Shares. If the cost base is less than the return of capital, then a capital gain may arise and the cost base of the Shares is reduced to zero.

A Capital Gains Tax event (CGT) may occur if the Initial Reduction of capital to the Shareholder is more than the Shareholder’s cost base. The cost base being the original cost paid for the Shares plus any transaction costs incurred in relation to the purchase. If the return of capital is more than the cost base a capital gain will arise. A CGT discount of 50% may be applied against the net capital gain if the Shareholder is an individual or trust and 33.33% for a complying superannuation fund and the Shares meet the discounting requirements of being held for at least 12 months prior to the CGT event.

If the return of capital is not more than the cost base of the Shares, no capital gain will occur at this time to the Shareholder. The amount received will reduce the cost base of the Shares held for the purposes of determining the consequences of future CGT events affecting the Shares.

b. Non-resident Shareholders

For Shareholders who are not tax residents of Australia and hold their Shares on capital account, no Australian tax implications should arise due to the return of capital as the Shares should not be considered taxable Australian property.

Non-resident Shareholders should seek independent tax advice in regards to their tax consequences arising from the return of capital in Australia and based on the laws of their country of residence.

Return of Capital – Shares Held on Income account**c. Resident Shareholders**

For Shareholders who are tax residents of Australia and hold their Shares on income account, the Initial Reduction of capital will be considered income. In addition, the return will reduce the cost base for determining the closing Share value if the cost price method is used.

d. Non-resident Shareholders

Non-resident Shareholders who hold Shares on income account should seek independent tax advice in regards to their tax consequences arising from the return of capital in Australia and the laws of their country of residence.

5. Directors' Interests

Set out below is a table which indicates the securities in which the Directors have an interest (directly or via associated entities):

Director	Company Shares
Jonathan Sweeney	350,000
Tony McDonald	80,000
Geoff Wilson	1,556,973
Kerry Series	1,343,001
Robin Burns	Nil

Subject to the Listing Rules, each Director who is entitled to participate in the Reductions intends to vote, for all Shares held by them, in accordance with the Board Recommendation set out below (Section 7).

6. Reasons for Approval**a. Resolution 1**

Listing Rule 11.2 requires an entity proposing to carry out a significant change, which involves the disposal of its main undertaking, to seek the approval of Shareholders of its ordinary securities. As set out in 4.2 of ASX Guidance Note 12, in the case of a listed entity that conducts a business of trading in financial products, its main undertaking is the business of trading in financial products. As the Sale and Distribution Proposal contemplates the Company selling its investment portfolio and returning its excess capital to Shareholders, in the absence of a superior offer, with a view to winding up the Company, Shareholder approval must be obtained.

b. Resolution 2

The proposed Reductions by way of payment of cash to Shareholders are each an equal reduction of capital.

Under Section 256B of the Corporations Act, the Company may only reduce its capital if such:

- (a) is fair and reasonable to Shareholders as a whole;
- (b) does not materially prejudice the Company's ability to pay its creditors; and
- (c) is approved by Shareholders in accordance with Section 256C of the Corporations Act.

Section 256C of the Corporations Act requires that an equal reduction of capital be approved by Shareholders by an ordinary resolution passed at a general meeting of the Company.

The Directors consider that each of the Reductions:

- (a) is fair and reasonable to the Shareholders as a whole; and
- (b) will not materially prejudice the Company's ability to pay its creditors.

7. Board Recommendation

The Board recommends that shareholders VOTE IN FAVOUR of the Resolutions in the absence of a superior proposal.

8. Interdependence of Resolutions

Each of the Resolutions are reliant on one another and the Company will not implement either Resolution, or the Sale and Distribution Proposal, without both Resolutions 1 and 2 being passed.

9. Votes Required to Pass Resolutions 1 and 2

In order for Resolutions 1 and 2 to be passed each must be approved by ordinary resolution, which requires approval by 50% of Shareholders which are entitled to vote and which do vote on each of Resolutions 1 and 2.

10. Effect of Not Passing the Resolutions

If the Resolutions are not passed the Reductions will not be carried out.

In that event, the Board will continue to examine other strategies to maximise Shareholder value.

11. Effect of Passing all Resolutions

If all Resolutions are passed, the Board intends to seek to realise the assets of the Company in an orderly manner prior to commencement of the winding up. The Board reserves the discretion to take steps to propose the winding up of the Company prior to the sale of all the assets even if the Resolutions are passed.

In the event of the receipt of a proposal from a third party, the Board reserves the right not to proceed with all or part of the Sale and Distribution Proposal if, as a result of such, it considers the Sale and Distribution Proposal no longer to be in the best interests of the Company and the Shareholders.

12. ASX Waiver

Listing Rule 7.25 provides that a company must not reorganise its capital if the effect of doing so would be to decrease the price at which its main class of shares would be likely to trade after the reorganisation to an amount less than \$0.20.

The Reductions involve the distribution of an amount of capital representing the assets of the Company and the cash in excess of its needs and therefore will eventually be likely to cause the Shares to trade at a level less than \$0.20. The Company has sought and obtained a waiver from this Listing Rule.

13. Other Information

There is no further information known to the Company that is material to the decision on how to vote on the Resolutions. If any Shareholder is in doubt as to how to vote on the Resolutions and/or as to how the Resolutions may affect the Shareholder, they should seek advice from their accountant, solicitor or other professional advisor as soon as possible.

14. No responsibility of ASX

The ASX takes no responsibility for the contents of the Notice of Meeting or this Explanatory Memorandum.

GLOSSARY

Throughout this Explanatory Memorandum the following various words and phrases are capitalised and the definitions of these capitalised words and phrases are set out below:

“**ADIT**” means Aurora Dividend Income Trust;

“**ASIC**” means the Australian Securities & Investments Commission;

“**ASX**” means ASX Limited (ACN 008 624 691);

“**ASX Listing Rules**” or “**Listing Rules**” means the Official Listing Rules of the ASX;

“**Aurora**” means Aurora Funds Management Limited (ACN 092 626 885), as Responsible Entity of ADIT;

“**Board**” means the board of Directors of the Company;

“**Company**” or “**8EC**” means 8IP Emerging Companies Limited (ACN 608 411 347);

“**Constitution**” means the Company's constitution;

“**Corporations Act**” means the *Corporations Act 2001* (Cth);

“**Corporations Regulations**” means the *Corporations Regulations 2001* (Cth);

“**Directors**” means the current Directors of the Company;

“**Explanatory Memorandum**” means this Explanatory Memorandum as modified or varied by any supplementary Memorandum issued by the Company from time to time;

“**Initial Reduction**” means the initial reduction and return of capital to Shareholders of \$0.47 per Share within 21 days of the Meeting;

“**Meeting**” or “**General Meeting**” means the general meeting convened by this Notice;

“**Notice**” or “**Notice of Meeting**” means the notice convening the general meeting of the Company to be held on Thursday 1 August 2019 which accompanies this Explanatory Memorandum;

“**Proxy Form**” means the proxy form that is enclosed with and forms part of this Notice;

“**Record Date**” means:

1. in respect of the Initial Reduction (\$0.47 per Share) Wednesday 7 August 2019 (or otherwise notified to Shareholders); and
2. in respect of subsequent reduction, the day that is four business days after the Directors determine to reduce and return a further tranche of capital and informs ASX of such.

“**Reduction Amount**” means an amount determined by the Board having regard to the net proceeds of the sale of the remaining assets of the Company plus any cash in excess of the Company's needs;

“**Reductions**” means the reduction of share capital of the Company contemplated by Resolution 2 or any tranches thereof as the context requires;

“**Resolution**” means a resolution in the form proposed in the Notice of Meeting;

“**Shareholder**” means a registered holder of a Share in the Company; and

“**Share**” means a fully paid ordinary share in the capital of the Company.



All Correspondence to:

-  **By Mail** Boardroom Pty Limited
GPO Box 3993
Sydney NSW 2001 Australia
-  **By Fax:** +61 2 9290 9655
-  **Online:** www.boardroomlimited.com.au
-  **By Phone:** (within Australia) 1300 737 760
(outside Australia) +61 2 9290 9600

YOUR VOTE IS IMPORTANT

For your vote to be effective it must be recorded **before 10:00am (AEST) on Tuesday, 30 July 2019.**

TO VOTE BY COMPLETING THE PROXY FORM

STEP 1 APPOINTMENT OF PROXY

Indicate who you want to appoint as your Proxy.

If you wish to appoint the Chair of the Meeting as your proxy, mark the box. If you wish to appoint someone other than the Chair of the Meeting as your proxy please write the full name of that individual or body corporate. If you leave this section blank, or your named proxy does not attend the meeting, the Chair of the Meeting will be your proxy. A proxy need not be a securityholder of the company. Do not write the name of the issuer company or the registered securityholder in the space.

Appointment of a Second Proxy

You are entitled to appoint up to two proxies to attend the meeting and vote. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by contacting the company's securities registry or you may copy this form.

To appoint a second proxy you must:

- complete two Proxy Forms. On each Proxy Form state the percentage of your voting rights or the number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.
- return both forms together in the same envelope.

STEP 2 VOTING DIRECTIONS TO YOUR PROXY

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

Proxy which is a Body Corporate

Where a body corporate is appointed as your proxy, the representative of that body corporate attending the meeting must have provided an "Appointment of Corporate Representative" prior to admission. An Appointment of Corporate Representative form can be obtained from the company's securities registry.

STEP 3 SIGN THE FORM

The form **must** be signed as follows:

Individual: This form is to be signed by the securityholder.

Joint Holding: where the holding is in more than one name, all the securityholders should sign.

Power of Attorney: to sign under a Power of Attorney, you must have already lodged it with the registry. Alternatively, attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: this form must be signed by a Director jointly with either another Director or a Company Secretary. Where the company has a Sole Director who is also the Sole Company Secretary, this form should be signed by that person. **Please indicate the office held by signing in the appropriate place.**

STEP 4 LODGEMENT

Proxy forms (and any Power of Attorney under which it is signed) must be received no later than 48 hours before the commencement of the meeting, therefore by **10:00am (AEST) on Tuesday, 30 July 2019.** Any Proxy Form received after that time will not be valid for the scheduled meeting.

Proxy forms may be lodged using the enclosed Reply Paid Envelope or:

-  **By Fax** + 61 2 9290 9655
-  **By Mail** Boardroom Pty Limited
GPO Box 3993,
Sydney NSW 2001 Australia
-  **By Email** Boardroom.Meetings@boardroomlimited.com.au
-  **In Person** Boardroom Pty Limited
Level 12, 225 George Street,
Sydney NSW 2000 Australia

Attending the Meeting

If you wish to attend the meeting please bring this form with you to assist registration.

8IP Emerging Companies Limited

ACN 608 411 347

Your Address

This is your address as it appears on the company's share register. If this is incorrect, please mark the box with an "X" and make the correction in the space to the left. Securityholders sponsored by a broker should advise their broker of any changes.

Please note, you cannot change ownership of your securities using this form.

PROXY FORM

STEP 1 APPOINT A PROXY

I/We being a member/s of 8IP Emerging Companies Limited (Company) and entitled to attend and vote hereby appoint:

the Chair of the Meeting (mark box)

OR if you are **NOT** appointing the Chair of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered securityholder) you are appointing as your proxy below

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chair of the Meeting as my/our proxy at the General Meeting of the Company to be held at **Level 12, 225 George Street, Sydney NSW 2000 on Thursday, 1 August 2019 at 10:00am (AEST)** and at any adjournment of that meeting, to act on my/our behalf and to vote in accordance with the following directions or if no directions have been given, as the proxy sees fit.

The Chair of the Meeting will vote all undirected proxies in favour of all Items of business.

STEP 2 VOTING DIRECTIONS

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

		For	Against	Abstain*
Resolution 1	Disposal of Main Undertaking	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Capital Reductions	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

STEP 3 SIGNATURE OF SECURITYHOLDERS

This form must be signed to enable your directions to be implemented.

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director / Company Secretary

Contact Name.....

Contact Daytime Telephone.....

Date / / 2019