XENITH IP GROUP

Acquisition of Griffith Hack and Entitlement Offer

25 November 2016

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This Presentation has been prepared by Xenith IP Group Limited ("Xenith", ASX:XIP). This Presentation has been prepared in relation to:

- Xenith's acquisition of the business of Griffith Hack, including Griffith Hack Lawyers and Griffith Hack Consulting (the "Acquisition"); and
- a fully underwritten 1 for 1.33, pro-rata, accelerated, non-renounceable entitlement offer of new ordinary fully paid shares in Xenith ("New Shares") comprising an accelerated underwritten institutional entitlement offer ("Institutional Entitlement Offer") and an underwritten retail entitlement offer ("Retail Entitlement Offer") (together, the "Entitlement Offer") to be made under section 708AA of the Corporations Act as modified by ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84 and ASIC Corporations (Disregarding Technical Relief) Instrument 2016/73).

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Important Notices (cont'd)

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The pro forma financial information has been prepared by Xenith in accordance with the recognition and measurement principles of the Australian Accounting Standards. Financial information for Griffith Hack contained in this Presentation has been derived from the audited special purpose financial report of Griffith Hack for the year ended 30 June 2016 and other financial information made available by Griffith Hack in connection with the Acquisition. Financial Information for Watermark contained in this Presentation has been derived from financial information made available by Watermark in connection with the acquisition of Watermark which completed on 2 November 2016. Investors should also note that the pro forma financial information does not purport to be in compliance with Article 11 of Regulation S-X of the rules and regulations of the SEC, and such information does not purport to comply with Article 3-05 of Regulation S-X.

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Important Notices (cont'd)

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Determination of eligibility of investors for the purposes of the institutional and retail components of the Entitlement Offer is determined by reference to a number of matters, including legal and regulatory requirements, logistical and registry constraints and the discretion of Xenith and the underwriter. Each of Xenith, the underwriters and their respective advisers, affiliates, related bodies corporate, directors, officers, partners, employees and agents disclaim any duty or liability (including for negligence) in respect of that determination and the exercise or otherwise of that discretion, to the maximum extent permitted by law.

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Cooling-off rights do not apply to the acquisition of New Shares.

Important Notices (cont'd)

Key assumptions

1. **General:** Certain information in this presentation, particularly forward looking information, is based on general and specific assumptions which are believed to be reasonable at the time of preparing this presentation. General assumptions include those customary when preparing such information, including no material changes to the competitive environment, economic and industry conditions, laws or accounting standards, FX rates, disturbances or disruptions, changes to clients and their arrangements, litigation, key personnel and none of the risks described in section 7 arising. It also includes the following.

2. **Basis for transaction multiple:** Enterprise value (EV) of $152 million. EBITDA for Griffith Hack has been adjusted for the corporatisation of Griffith Hack and to exclude certain one-off revenues and expenses that are not applicable on a go forward basis and to include incremental costs associated with the employment of the principals of the business. These adjustments (and their impact on Griffith Hack's FY16 profit and loss statement) are described on page 31. Refer also to page 30 for further information.

3. **EPS accretion:** Xenith financial information is based on estimates of Xenith's FY18 EPS as at 24 November 2016. Standalone EPS used in the EPS accretion calculation incorporates an adjustment factor to account for the bonus element in the Entitlement Offer (in accordance with AASB 133). The EPS accretion calculation assumes that the Acquisition, Entitlement Offer and issue of Xenith shares occurred on 1 July 2016. EPS accretion is based on the estimated NPAT of Xenith and Griffith Hack, excluding transaction and implementation costs and amortisation of identifiable intangible assets acquired, and assumes phasing of targeted synergies in FY18. Targeted synergies and implementation costs associated with the Acquisition are estimates by Xenith as at 24 November 2016. Actual results may vary from these estimates. Refer to page 27 for further information on targeted synergies.

4. **Purchase price for acquisition of Griffith Hack:** Refer page 30 for further information.

In relation to each of the above, refer also to Section 7 (Key Risks).

Key to information in this Presentation

- **Numerical and other data, including market share and revenue calculations:** Except as otherwise indicated in this Presentation, all numerical and other data, including market share and revenue calculations (and associated analysis and calculations) are expressed as at 30 June 2016. Australian market share calculations for patents are calculated using IP Australia figure for National and Complete Phase Patents unless explicitly noted that another basis applies. Australian market share calculations for trade marks are calculated using IP Australia data for the top 50 IP firms/law firms who are filing trade marks in Australia, based on total number of filings. Calculations exclude applications filed directly by individual applicants.

- **Headcount figures and associated analysis and calculations:** Headcount figures and associated analysis and calculations are based on the position as at 30 September 2016. Professional staff include fee earners and trainees and excludes clerks and paralegals. Principals includes both equity and salaried principals. Attorneys includes trainee attorneys.

- **Clients:** Except as otherwise indicated in this Presentation, references to clients are as at 30 June 2016 and include those entities who have been invoiced in the preceding 36 month period.

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XENITH IP GROUP

1- Transaction Overview

Transaction overview

Xenith has agreed to purchase Griffith Hack, a leading Australian specialist IP firm, for an upfront purchase price of $152 million

Transaction details	• Xenith has agreed to acquire 100% of Griffith Hack for total upfront cash and share consideration of $152 million, subject to certain conditions(1). Completion scheduled for 1 February 2017 • Implied transaction multiple of approximately 10.5x EV / estimated Griffith Hack annualised pro forma EBITDA from Completion to 30 June 2017 of $14.5 million pre-synergies (Threshold EBITDA)(2) • Griffith Hack vendors may also be entitled to an additional earnout payment, capped at $20 million, payable to the extent actual Griffith Hack annualised pro forma EBITDA from Completion to 30 June 2017 exceeds the Threshold EBITDA(3)
Strategic rationale	✓ *Transformational combination* of three of Australia's *leading IP firms* – Shelston IP, Watermark and Griffith Hack ✓ *Independently branded firms* with substantial scope for efficiencies through *centralised support functions* ✓ *Increased scale* in a rapidly consolidating sector – *#1 market position* on several key metrics ✓ *Complementary geographic fit* – Strong presence in major capital cities ✓ *Diversified, long-term client profile* with enhanced focus on premium local clients ✓ *Increased scope* of service offering ✓ *Significantly enlarged client base* from which to leverage adjacent service offerings and pursue growth initiatives, particularly in Southeast Asia ✓ Targeting *meaningful synergy benefits* over a three year integration period

(1) $152 million represents enterprise value before transaction costs. Conditions include Xenith shareholder approval, the organisational restructure of Griffith Hack and other customary closing conditions. Purchase price is subject to customary working capital adjustments. (2) Refer to note 2 on page 5. (3) Earnout payment to be comprised of cash and Xenith's shares, as described on page 9. Refer page 30 for further information.

XENITH IP GROUP

Transaction overview (cont'd)

Xenith has agreed to purchase Griffith Hack, a leading Australian specialist IP firm, for an upfront purchase price of $152 million

Funding	• Upfront consideration and transaction costs funded by: – $67.5 million fully underwritten, pro-rata, accelerated, non-renounceable 1 for 1.33 entitlement offer at $2.40 per Xenith share; – $68.4 million placement of Xenith shares to the Griffith Hack vendors(1), which will be subject to a two year escrow(2); and – $21.8 million by way of amended secured debt facilities • Potential earn-out for Griffith Hack vendors of up to $20.0 million, funded by: – up to $11.0m in cash from amended secured debt facilities; and – up to $9.0 million placement of Xenith shares(1),(2)
Financial impact	• Estimated mid-teens FY18 pro forma EPS accretion, post synergies on a phased basis and before transaction and implementation costs, and amortisation of acquired intangible assets(3) • Targeted annual pre-tax cost synergies by year 3 of $4.0 – 6.0 million(4) • Anticipated implementation costs of $2.0 – 3.0 million, primarily in the first 24 months • Pro forma net debt / FY16 pro forma EBITDA 0.8x(5)

(1) Shares issued to Griffith Hack vendors will be issued at $3.161 per share. Approximately $215,000 of the amount of cash consideration will be provided instead by Xenith as a placement of gift shares to eligible Griffith Hack employees on completion. (2) Subject to customary early releases. Escrow terms also apply to any securities issued to Griffith Hack vendors under the earnout arrangement. (3) Refer to note 3 on page 5. (4) Excludes one-off implementation costs. (5) Calculated as net debt post acquisition divided by FY16 pro forma EBITDA of the combined Xenith Group, pre-synergies and before transaction and implementation costs. Before payment of any earnout consideration, and excluding bank guarantees.

2 – Introduction to Griffith Hack

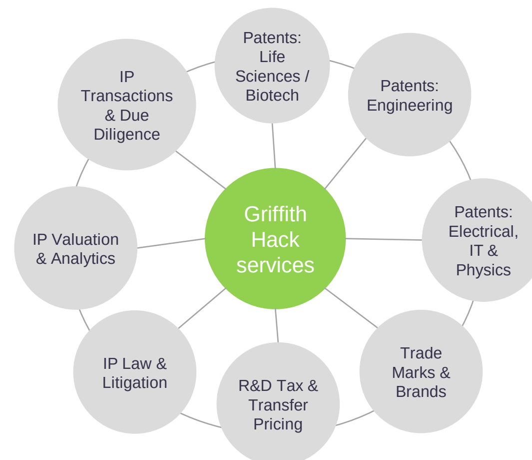
Overview of Griffith Hack

A leading Australian specialist IP firm with offices across Melbourne, Sydney, Brisbane and Perth

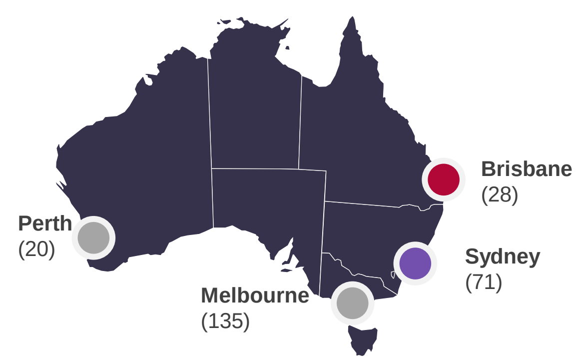
Overview

- One of Australia's leading specialist IP firms with over 110 years of history
- Currently one of Australia's largest privately owned IP firms with:
  - 10.4% of Australian patent filings(1)
  - 5.4% of Australian trade mark filings(2)
- Client base composed of many well known domestic and international corporates
- High proportion of direct engagements with local and overseas corporate clients, promoting deep relationships
- Network of offices across Australia – Melbourne, Sydney, Brisbane, Perth
- Over 100 IP professionals:
  - 55 qualified Australian patent attorneys
  - 10 specialist trade mark professionals
  - 20 specialist IP lawyers
  - 24 specialist IP finance and analytics professionals

Service Lines



Office Locations and Personnel (Total Employee Headcount)



(1) IP Australia – FY16 market share based on Australian national phase and direct national patent applications.
(2) IP Australia – FY16 market share based on Australian trade mark applications filed through the top 50 filing agents.

XENITH IP GROUP

History of Griffith Hack

Distinguished history of over 110 years and today one of the largest IP firms in Australia(1)

Evolution and Professional Staff

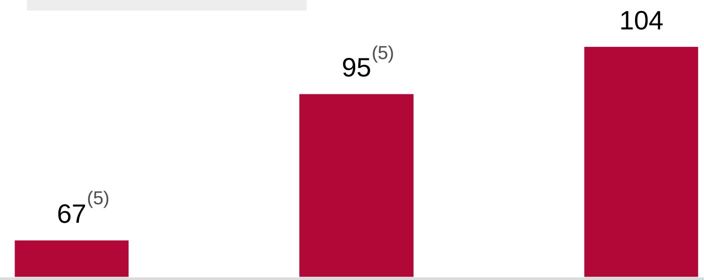
1904:
- Clement Hack & Co originally founded

1988:
- Griffith Hack & Co created from merger of Griffith Hassel & Frazer (Sydney) and Clement Hack & Co (Melbourne)

1990's:
- Firm's name shortened to Griffith Hack
- Griffith Hack Consulting formed – to provide in-house patent management services for major clients

2011-13:
- Brisbane office registration as a patent firm
- Starts R&D tax credit, EMDG & transfer pricing services
- Starts IP valuations & related services

Today:
- ☑ Diversified service offering
- ☑ Leading offerings in IP, trade mark and patents in Australia
- ☑ Offices in four major Australian cities
- ☑ Positioned for Asian growth



1904 | 1988 | 1990's | 2006 | 2011 | 2016

Awards and recognition

2009 to 2012:
- ☑ Ranked Tier 1 for Patent Prosecution and Trade Mark Prosecution(2)

2011 – 2012:
- ☑ Ranked Tier 1 Australia's Best Specialist IP firm (2012) and Top Tier Australian IP firm (2011)(3)

2012:
- ☑ Ranked Tier 1 for Patent Prosecution, Patent Contentious and Trade Mark Prosecution(4)

2011 to 2016:
- ☑ Named IP Specialist Firm of the Year at the Australasian Law Awards for the fifth consecutive year
- ☑ In 2016, named LawTech Legal IT Team of the year for second consecutive year

(1) Refer notes on page 11.
(2) MIP, 2009 - 2012.
(3) The Doyle's Guide.
(4) Asia IP, 2012.
(5) Total headcount including paralegals.

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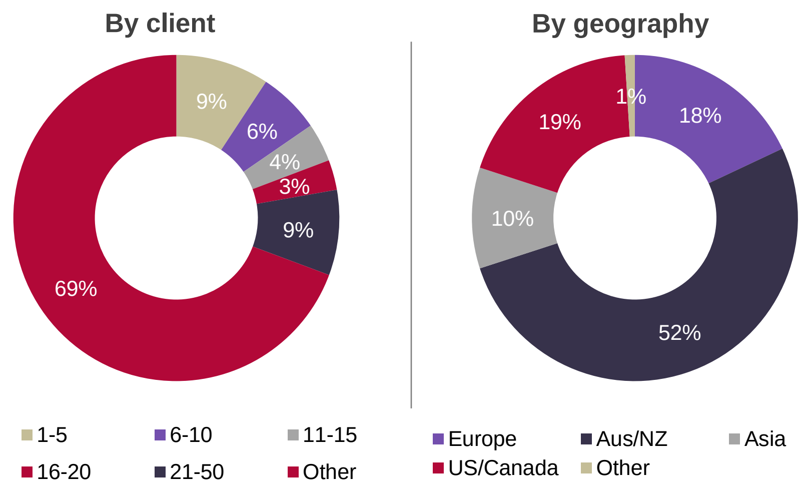
Griffith Hack client base

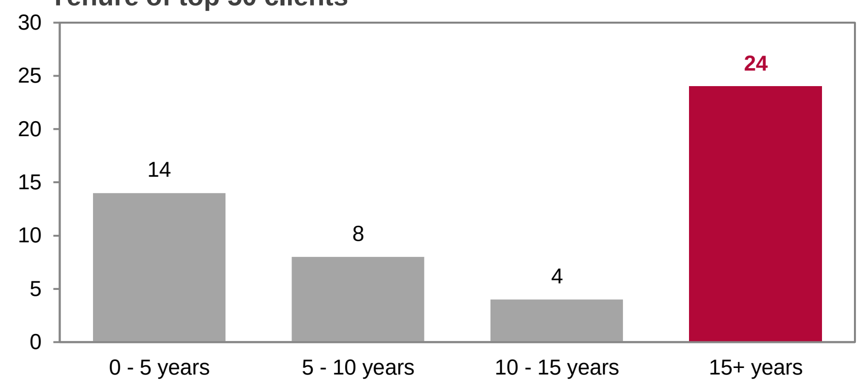
Diverse client mix, with the top 50 clients accounting for only 31% of FY16 professional fees

- Over 5,500 clients including:
  - Major multinational corporations
  - Domestic and foreign corporations, research institutes, educational institutions and SMEs
  - Domestic professional services firms
  - Foreign associates including offshore IP & other law firms
- Significant diversification of clients across geographies, service lines and industries
- Resulting diversification of revenue across the client base, with the top 20 / 50 clients providing only 22% / 31% of FY16 professional fees
- Long-term relationships with many of its largest clients:
  - 28 of the top 50 clients with the firm for more than 10 years
  - 24 of the top 50 clients with the firm for more than 15 years

FY16 professional fees by client size and geography



Tenure of top 50 clients



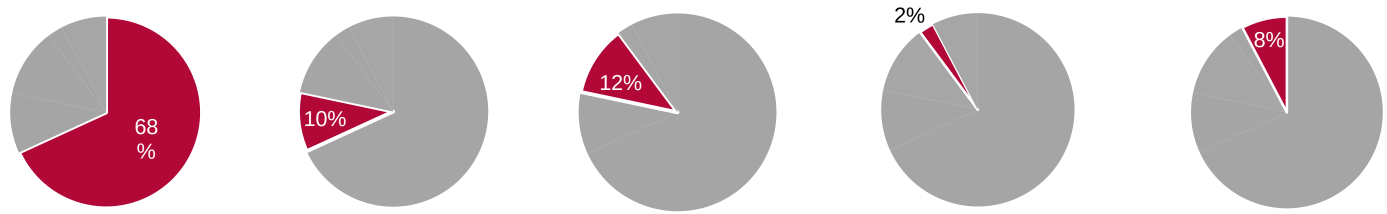
Griffith Hack revenue mix

Highly diversified revenue base – by industry and service line

By Practice Area

	Patents	Trade Marks	IP Law	IP Economics	IP Consulting
Overview	Griffith Hack provides a comprehensive range of IP services including registration, management, commercialisation, valuation and enforcement of IP rights locally and internationally				

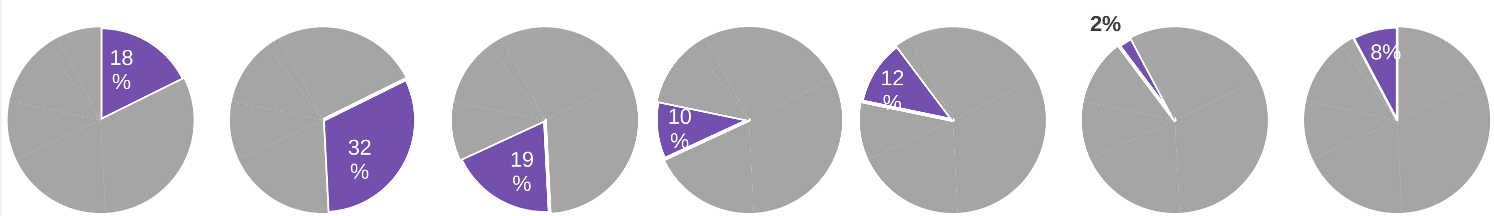
FY16 professional fees



By Practice Group

	Electrical / Physics / ICT(1)	Engineering	Life Sciences	Trade Marks	Law	IP Economics	Consulting
Professionals (including principals)	14 attorneys (6 principals)	18 attorneys (10 principals)	18 attorneys (6 principals)	8 attorneys (4 principals)	18 lawyers (6 principals)	12 professionals (1 principal)	16 professionals (2 directors)

FY16 professional fees



(1) ICT means information and communication technology.

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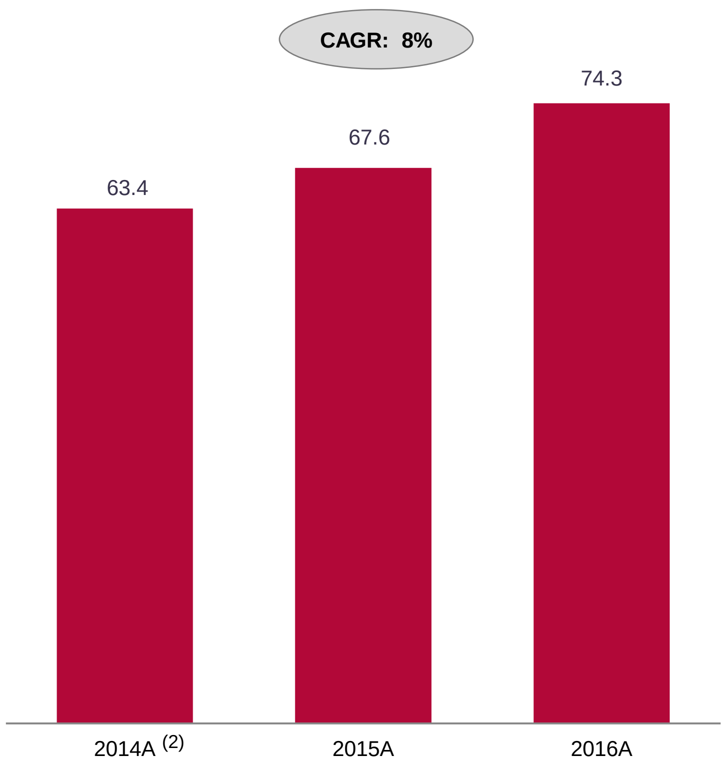
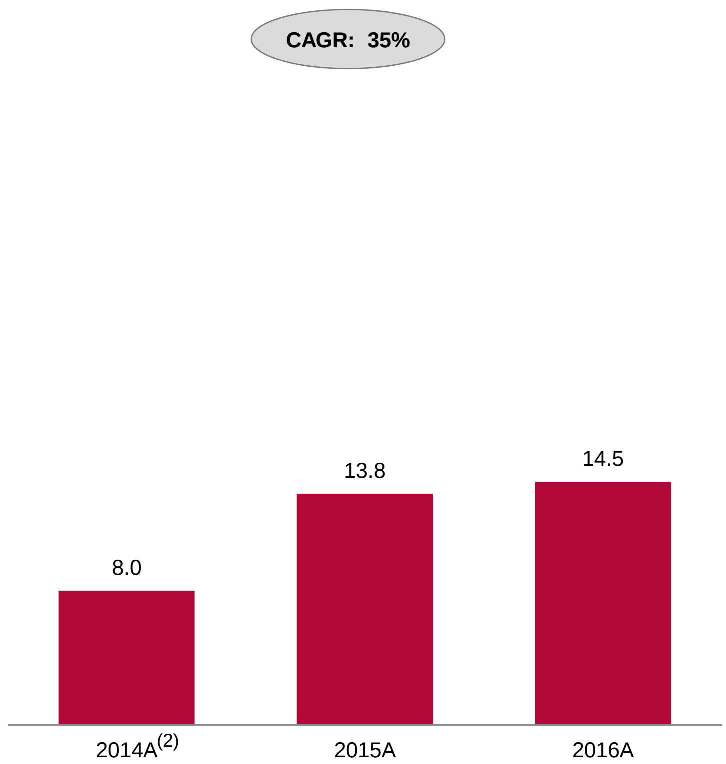
Griffith Hack financial overview

Griffith Hack has experienced revenue and earnings growth through to FY16A

Griffith Hack total revenue and income ($m)



Griffith Hack pro forma EBITDA(1) ($m)



(1) EBITDA for Griffith Hack has been adjusted for corporatisation of the business, and exclude certain one-off revenues and expenses that are not applicable on a go forward basis and to include the incremental costs associated with the employment of the principals at the business.

(2) 2014A EBITDA was impacted by the Raising the Bar Amendments introduced in April 2013, which reduced the number of patents processed in FY14 across the Australian industry, as a material number of Australian patent applications and examination requests that would ordinarily have been filed in FY14 were filed and subject to examination requests in FY13 such that they could be processed under the prior legislation.

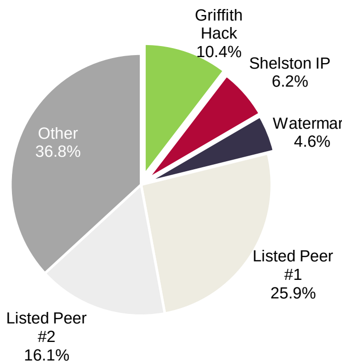
3 – Strategic Rationale for the Transaction

Transformational combination of three of Australia's leading IP firms

Combined Xenith Group will have leading market shares in patent and trade marks in Australia

FY16 market shares

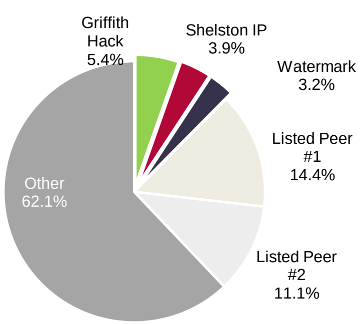
Patent filing market share[2] (FY16)



Market shares:

- griffith hack IP Amplified #3
- Shelston ip #6
- watermark Intellectual Asset Management #9

Trade mark market share[3] (FY16)

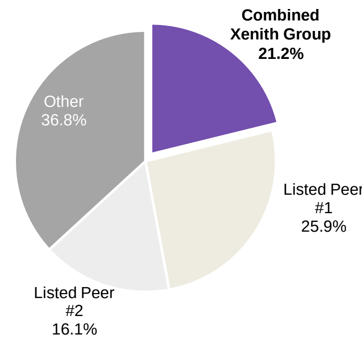


Market shares:

- griffith hack IP Amplified #3
- Shelston ip #6
- watermark Intellectual Asset Management #8

FY16 pro forma market shares[1]

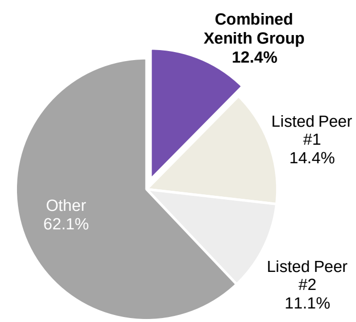
Patent filing market share[2] (FY16)



Pro forma market share:

☑ **Combined Xenith Group: #2**

Trade mark market share[3] (FY16)



Pro forma market share:

☑ **Combined Xenith Group: #2**

(1) Post acquisition of Watermark (completed 2 November 2016) and Griffith Hack.
(2) IP Australia – FY16 market share based on Australian national phase and direct national patent applications.
(3) IP Australia – FY16 market share based on Australian trade mark applications filed through the top 50 filing agents.

XENITH IP GROUP

Transformational combination of three of Australia's leading IP firms

The Combined Xenith Group will also have leading market shares across a range of other key measures

FY16 filing market shares (Australia)

	Shelston IP	watermark Intellectual Asset Management	griffith hack IP Amplified	Combined Xenith Group (pro forma)	Combined Xenith Group vs Australian Peers
Australian PCT[1] applications	3.1%	3.1%	7.6%	13.8%	☑ No. 1 by market share
Innovation patent applications	3.5%	1.0%	3.5%	8.0%	☑ No. 1 by market share
Provisional patent applications	2.2%	1.6%	6.2%	9.9%	☑ No. 1 by market share
Registered designs	5.1%	3.7%	7.7%	16.4%	☑ No. 1 by market share

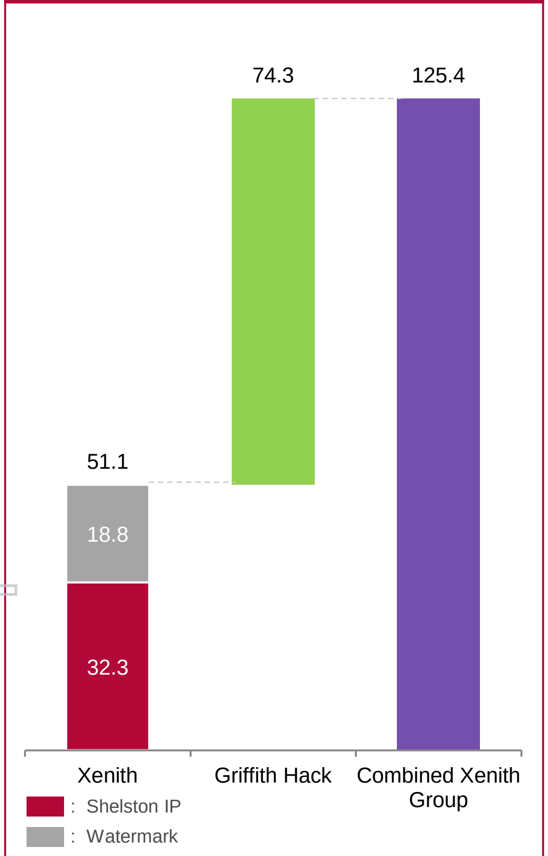
Source: IP Australia – FY16 market share.

(1) A Patent Cooperation Treaty (PCT) application is a single international application that has initial effect in over 140 countries (signatories to the treaty) for a period of up to 30 months from the date of filing in the country of origin, subsequently requiring national phase entry in each jurisdiction of interest. Australian PCT applications are a proxy for local client patent origination activity and generate subsequent outbound national phase applications, supporting reciprocal workflows.

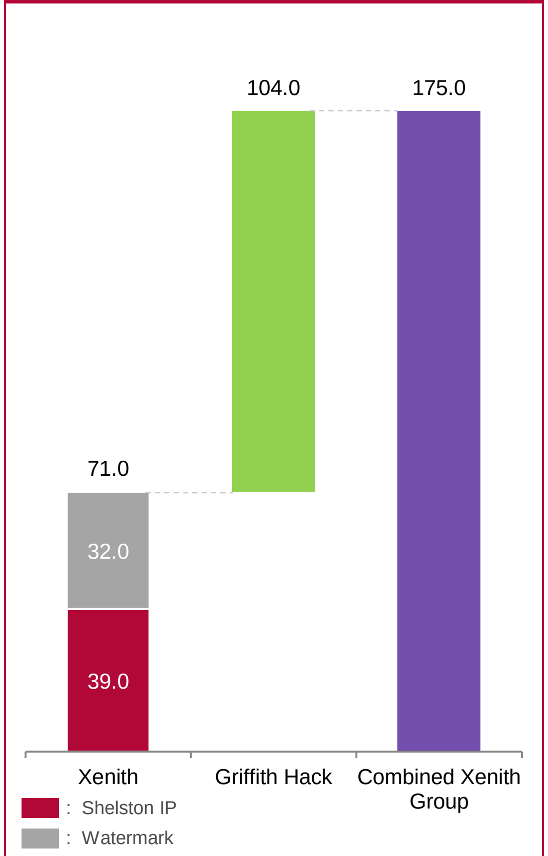
Increased scale in a rapidly consolidating sector

Increase in scale, positions the Combined Xenith Group to benefit from a range of strategic and financial opportunities

Pro forma revenue and income (FY16) (A$m)



Professional staff (FY16)



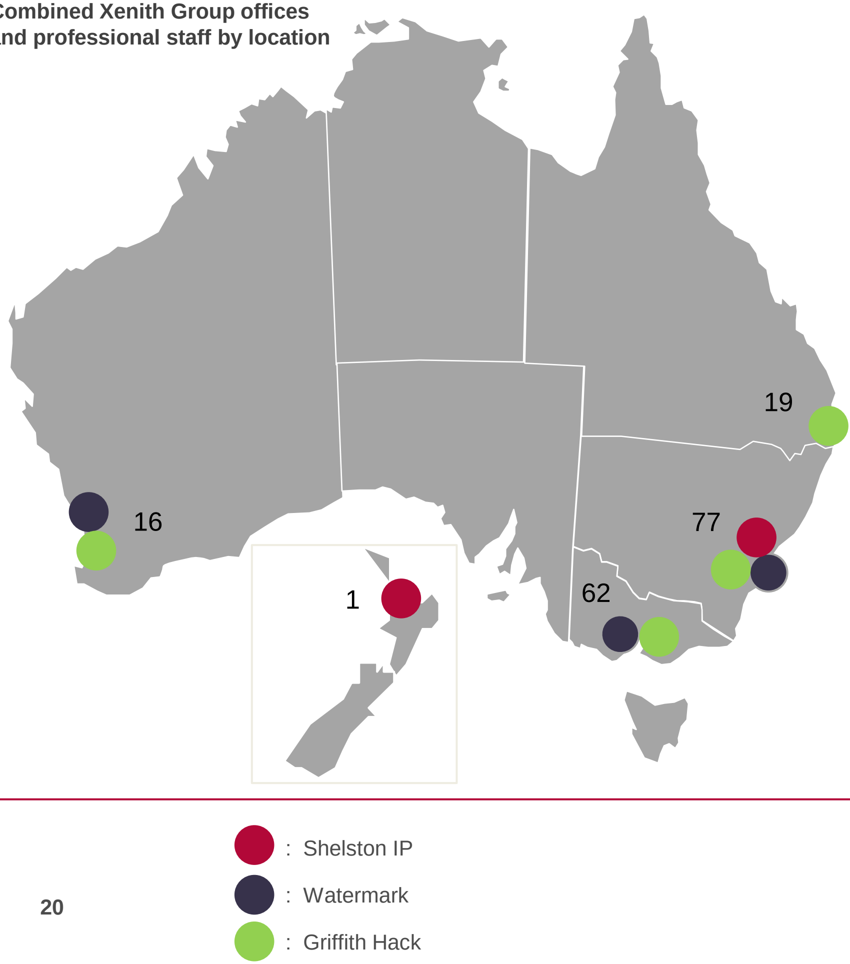
- ☑ Pro forma revenue, EBITDA, professional staff and client base to more than double
- ☑ Positioned to benefit from enhanced scale:
  - **Incremental revenue opportunities** (Deeper geographic footprint and diversification of client base, increased scope of service offering, Southeast Asian strategy)
  - **Operational efficiencies** (Effective management structure, centralised support functions, targeting meaningful synergy benefits)
  - **Potential capital markets benefits** (Market capitalisation, trading liquidity, funding benefits)
- ☑ Expanded scale expected to facilitate further acquisition opportunities:
  - Domestic
  - Offshore

Complementary geographic footprint

Creating an extensive national footprint and positioning the Combined Xenith Group as one of the largest IP groups in Australia by number of professional staff

Australasian geographic footprint

Combined Xenith Group offices and professional staff by location

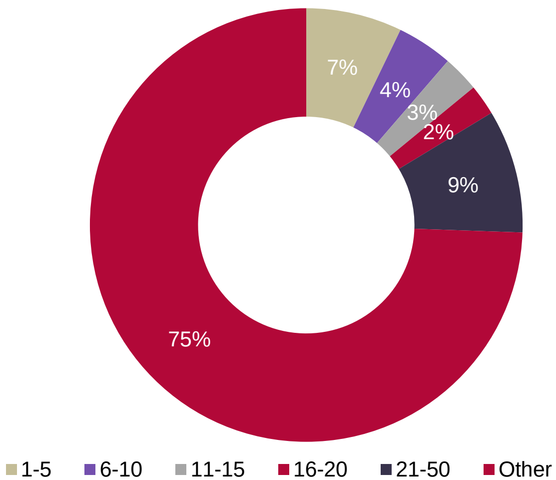


Professional staff by office location	Shelston IP	Watermark	Griffith Hack	Combined Xenith Group
Brisbane	-	-	19	**19**
Sydney	38	6	33	**77**
Melbourne	-	20	42	**62**
Perth	-	6	10	**16**
Auckland	1	-	-	**1**
Total	**39**	**32**	**104**	**175**

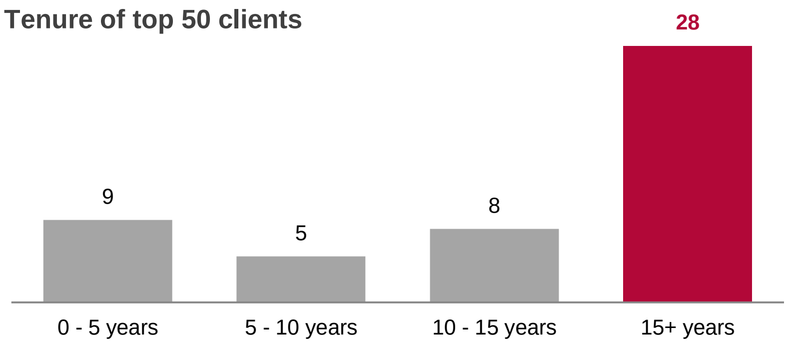
Diversified and long-term client profile

Highly diversified client base with the Combined Xenith Group's largest client representing only 2% of pro forma FY16 revenue

FY16 pro forma revenue by client(1)



Tenure of top 50 clients



- ☑ Approximately 11,000 clients on combined basis including:
  - Major multinational corporations
  - Domestic and foreign corporations, research institutes, educational institutions and SMEs
  - Domestic professional services firms
  - Foreign associates including offshore IP & other law firms
- ☑ Client base highly diversified by geographies, service lines and industries
- ☑ Resulting greater diversification of revenue across the client base, with top 20 / 50 clients accounting for only 16% / 25% of pro forma FY16 revenue
- ☑ Long-term relationships:
  - **36 of the top 50 clients** with Xenith firms for **more than 10 years**
  - **28 of the top 50 clients** with Xenith firms for **more than 15 years**

(1) Post acquisition of Watermark (completed 2 November 2016) and Griffith Hack.

XENITH IP GROUP

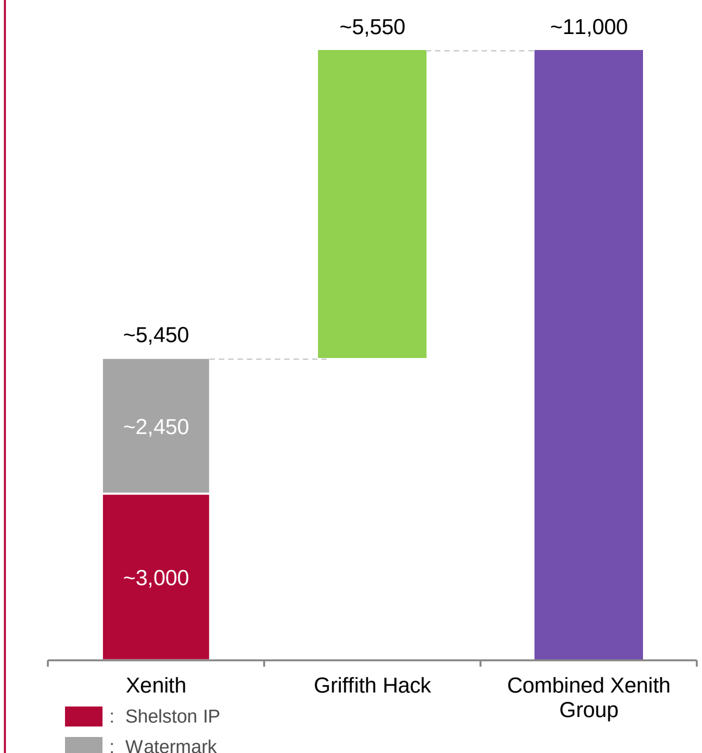
Increased scope of service offering

Enlarged client base with potential to cross-sell traditional and established adjacent advisory services

Comparison of capabilities

	Capability	Shelston ip	watermark Intellectual Asset Management	griffith hack IP Amplified	Combined Xenith Group
Traditional IP Services	Patents	✓	✓	✓	✓
	Trade Marks	✓	✓	✓	✓
	IP Law	✓	✓	✓	✓
Established adjacent IP Services	R&D Tax	✗	✓	✓	✓
	IP Valuation	✗	✓	✓	✓
	IP Analytics	✗	✗	✓	✓
	IP Transfer Pricing	✗	✗	✓	✓

Pro forma client numbers (FY16)

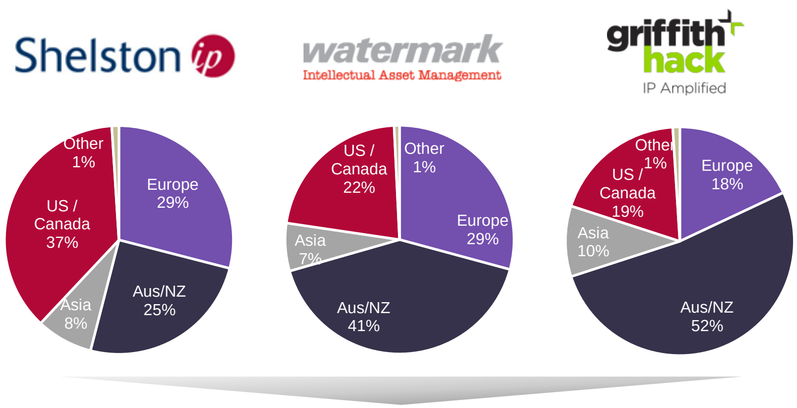


☑ Expected doubling of client base presents significant opportunity to offer existing adjacent IP service offerings across the enlarged group

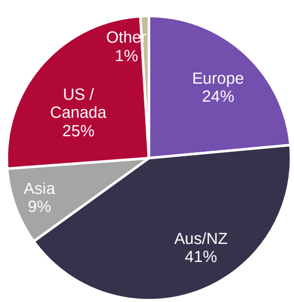
Significantly enlarged domestic client base

Increased weighting towards premium domestic clients expected to deliver a range of strategic and financial opportunities

Revenue by client geography (FY16)



Combined Xenith Group (pro forma FY16)



- ☑ Combined Xenith Group ranked #1 by domestic PCT patent applications (13.8%) on a pro forma FY16 market share basis(1) *(vs next largest competitor with c.12.7% market share(1))*
- ☑ Strong domestic market shares positions the Combined Xenith Group to benefit from a range of significant potential strategic and financial opportunities:

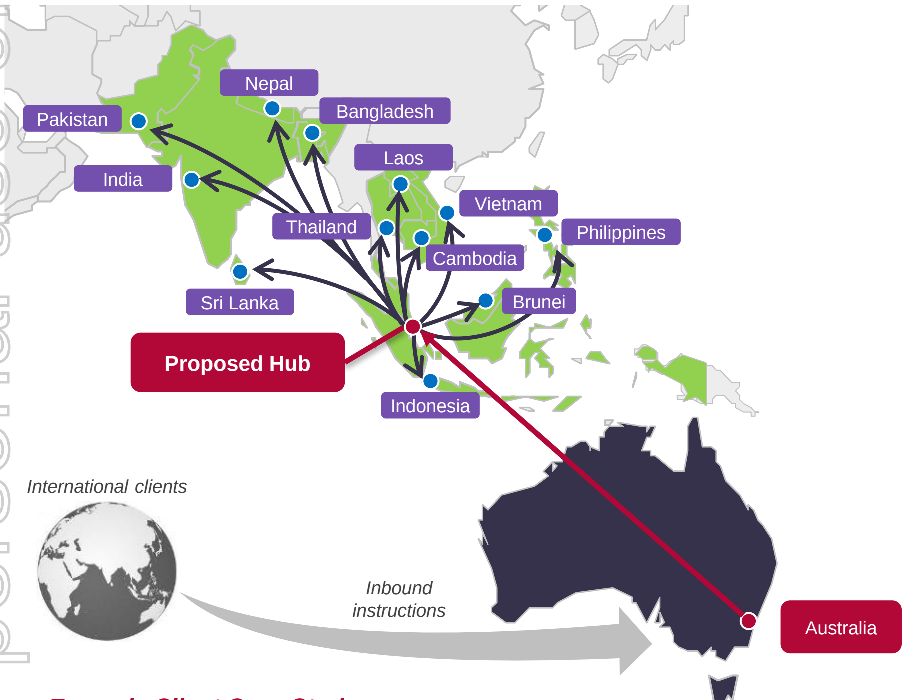
  1. ***Earlier stage involvement in the IP lifecycle*** with potential for:
     - **Increased revenue opportunities and client tenure** stemming from initial IP origination services through to multi-jurisdictional application, prosecution and subsequent stages
     - **Provision of incremental advisory services** for each new application and on existing portfolios (e.g. patentability advice, patent drafting, IP searching, infringement, commercialisation, valuation and enforcement)
     - **Broader professional development of staff** through direct interaction with local clients
  2. Potential for outbound filings to act as ***stimulus for foreign originating inbound reciprocal work flows***
  3. Broader scope of service offering diversifies revenue streams and ***diminishes exposure to possible extension of ePCT system*** to national phase entry

- ☑ Diversified exposure to foreign currencies and reduced exposure to USD

(1) IP Australia – FY16 market share of Australian PCT applications.

Execution of Southeast Asian strategy

Strong alignment of vision, values and strategic outlook across the Xenith firms provides sound basis for execution of strategic plans – initial momentum in Southeast Asia established with opportunities to grow



Southeast Asia – Strategic Objectives

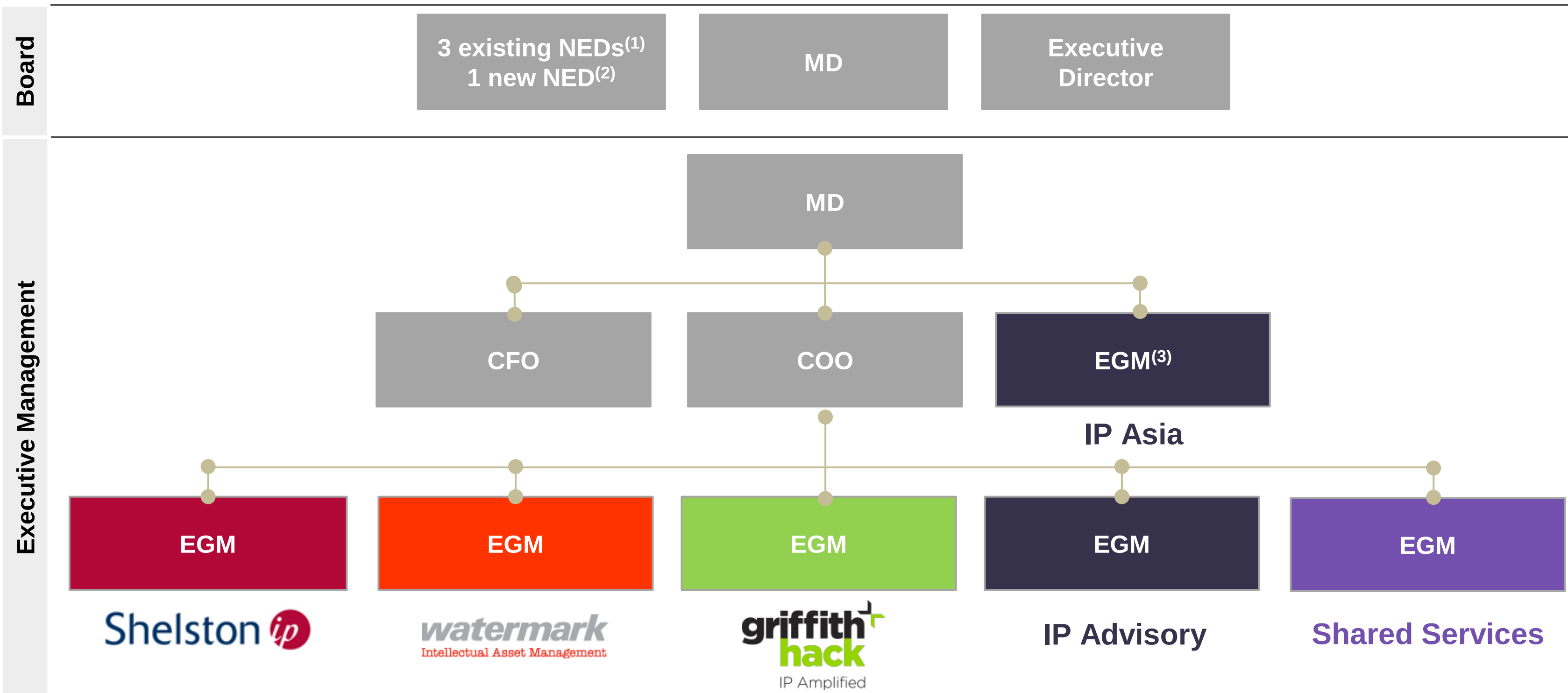
- ☑ "**One-stop**" IP filing and advisory service solution across the region for existing and new clients
- ☑ **Regional hub and spoke model** expected to provide logistical support, capacity and local expertise
- ☑ **Single point of contact** for client instructions and reporting
- ☑ **Experienced IP professionals** (that clients already know and trust)
- ☑ **Leading systems and technology infrastructure** to support service delivery, quality control and risk management
- ☑ **Central coordination** to ensure efficiency of service delivery and consistency in prosecution strategy

Example Client Case Study

- Existing **US-based multi-national corporate client**
- **Single point instructions** to coordinate filing and prosecution of each new patent application in **up to 15 countries across Asia**
- Workflows for that client expected to generate **significant incremental professional fees** from additional services

Governance and management structure

Standalone operating businesses, maintaining independent brands under the Xenith umbrella, with shared corporate services



- ☑ Continuity of separate brands, business history and market presence
- ☑ Proactive management of client relationships, confidentiality and existing legal structures
- ☑ Targeting operational efficiencies from centralisation of support services (refer following page)

(1) Including non-executive Chair.
(2) New non-executive Director proposed to be appointed in due course.
(3) Proposed, following the establishment of the Southeast Asian hub.

XENITH IP GROUP

Independently branded firms leveraging the benefits of centralised support functions

Opportunities for improved utilisation, operational efficiency and profitability through leveraging shared corporate services, IT systems(1), resources and other infrastructure across the group

Shelston IP	watermark Intellectual Asset Management	griffith hack IP Amplified	IP Advisory
• Patents • Trade Marks • IP Law	• Patents • Trade Marks • IP Law	• Patents • Trade Marks • IP Law	• IP Economics • R&D Tax • Transfer Pricing

Shared Services	HR	• Recruitment • Rewards & benefits programs	• Training (technical & personal development) • Leadership and other programs
Shared Services	Operations and IT	• Infrastructure • Applications management – workflow	• Application development • Business continuity & disaster recovery
Shared Services	Marketing	• Communications • Promotions	• Business development programs • Strategic planning
Shared Services	Commercial Services	• Property • Travel	• Insurances • Procurement
CFO	Finance and Company Secretarial	• Finance • Banking	• Foreign exchange • Company secretarial

(1) Shelston IP and Griffith Hack use the same IP practice management software.

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Targeting meaningful synergy benefits

Xenith targeting to deliver annual pre-tax cost synergies by year 3 of $4.0–6.0 million(1) to the combined business. One-off implementation costs are expected to be approximately $2.0–3.0 million, primarily in the first 24 months post-completion

Synergies

Cost synergies	Productivity	• Potential benefits associated with improvements in professional staff productivity	Target annual pre-tax cost synergies by year 3: **$4.0 – 6.0 million(1)**
	Technology synergies	• Opportunities to deliver scale benefits associated with technology investment	
	Property / lease synergies	• Cost saving opportunities from rationalisation of overlapping leased property footprint	
	Support function efficiencies	• Opportunities for improved support function utilisation, operational efficiency and profitability through leveraging corporate services, IT systems, resources and other infrastructure across the Combined Xenith Group	
Revenue synergies	Incremental revenues	• Opportunities for incremental revenue generation from cross-selling of adjacent service lines and extension of the Southeast Asian services offering	Not included in above target synergies

One-off implementation costs

Implementation costs	• One-off costs associated with the three year integration plan • Includes costs related to technology integration (project management), lease make-good provisions and costs associated with elimination of overlapping functions

(1) Excludes one-off implementation costs and potential incremental revenue streams that may be generated by the Combined Xenith Group following integration of Griffith Hack.

4 – Acquisition funding, pro forma financials and terms

Acquisition funding and terms

Acquisition terms

Consideration	• Total upfront consideration of $152.0 million – Upfront consideration is to be comprised $68.4 million in Xenith shares[(1)] and $83.6 million cash – Acquired on a cash free debt free basis, subject to working capital adjustments customary for a transaction of this nature • Potential earnout of up to $20.0 million, comprised of up to $11.0 million in cash and up to $9.0 million in Xenith shares[(2)]
Upfront consideration funding (incl transaction costs)	• $67.5 million fully underwritten, pro-rata, accelerated, non-renounceable entitlement offer • $68.4 million placement of Xenith shares to the Griffith Hack vendors[(1)], which will be subject to a two year escrow (subject to customary early releases) – Placement shares to be issued at $3.161 per share, representing the 20 day VWAP prior to announcement • $21.8 million by way of amended secured debt facilities[(3)]
Timing and closing conditions	• The Acquisition is subject to closing conditions, including: – Completion of the restructure of Griffith Hack into an appropriate corporate structure – Xenith shareholder approval (expected to be sought in January 2017) – Other customary conditions for a transaction of this nature • Each of the Griffith Hack principals has approved the Acquisition • Each of the Xenith directors and each of the current Shelston IP principals who are significant shareholders in Xenith has indicated their intention to vote in favour of the resolutions in respect of the Acquisition to be voted on at the shareholder meeting (as noted above) and will participate in the Entitlement Offer • Completion scheduled for 1 February 2017

Sources and uses of funding

Sources	$m
Entitlement Offer	67.5
Vendor Xenith share placement[(1)]	68.4
Debt[(3)]	21.8
Total	**157.7**

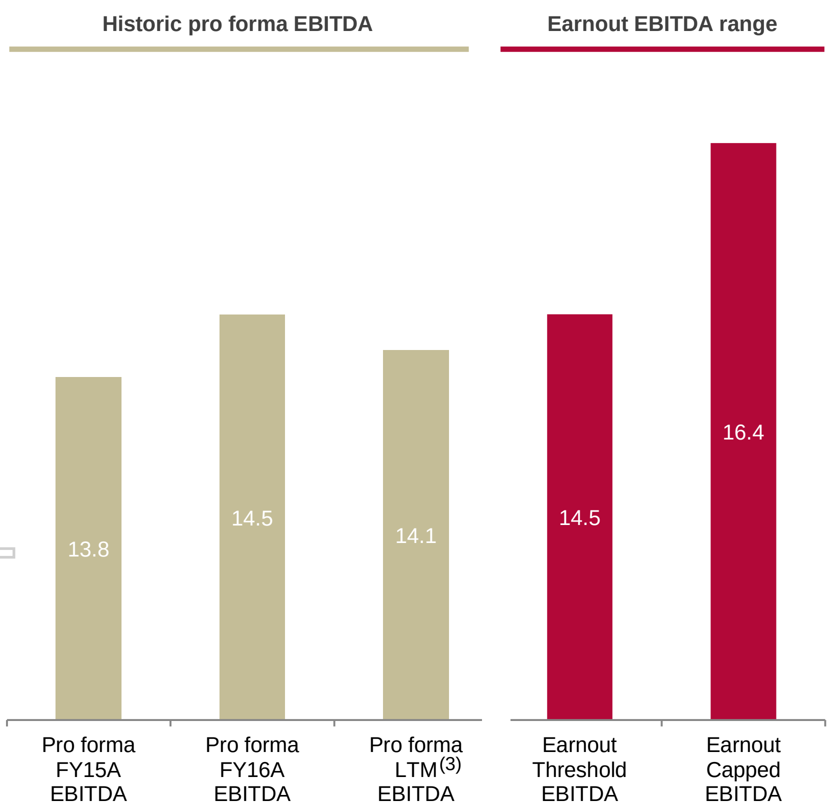
Uses	$m
Purchase consideration	152.0
Transaction costs	5.7
Total	**157.7**

(1) At $3.161 per share. This would equate to approximately 21.6 million shares or 24.8% of Xenith's ordinary shares on completion of the Acquisition. Approximately $215,000 of the amount of cash consideration will be provided instead by Xenith as a placement of gift shares to eligible Griffith Hack employees on completion. Shares issued as consideration for the Acquisition and employee gift shares will not participate in Xenith's FY17 interim dividend. (2) Refer to page 30.
(3) Xenith has agreed an extension of its existing debt facilities, including an increased limit of $50.0 million, with a tenure of 3 years.

Acquisition consideration structure

Upfront consideration of $152m, with potential additional earnout consideration of up to $20m depending on Griffith Hack performance through the first five months of ownership

Historic and Earnout EBITDA (A$m)



- Upfront consideration of $152 million based on Griffith Hack annualised pro forma EBITDA from Completion[(1)] to 30 June 2017 of $14.5 million ("Threshold EBITDA")
- Potential for an additional amount of up to $20 million to be payable to Griffith Hack vendors
  - Additional consideration equal to 10.5 multiplied by the amount by which the actual Griffith Hack annualised pro forma EBITDA from Completion to 30 June 2017 exceeds the Threshold EBITDA
- Threshold EBITDA represents the low end of the expected performance of Griffith Hack during the first five months of ownership
  - Assumes an uplift in professional staff utilisation and revenue generation from FY17 year to date to FY16 levels, as the distraction caused by the transaction process subsides
  - Financial performance post Completion is expected to be supported by the contingent earnout consideration, new Griffith Hack remuneration packages[(2)], progression of a major new client arrangement and progression of material litigation cases
- Xenith FY17 results will include Griffith Hack results from Completion to 30 June 2017

(1) Completion of the Acquisition scheduled for 1 February 2017.
(2) Each of the Griffith Hack equity principals (excluding two who will become consultants) will enter into three year employment contracts. Non-equity principals will be eligible to participate in existing Xenith STI and LTI programmes.
(3) LTM represents last 12 months to 31 October 2016.

XENITH IP GROUP

FY16 pro forma income statement(1)

Year ended 30 June 2016 (A$000's)	Xenith(2)	Watermark(3)	Pro forma adjustments(4)	Xenith / Watermark Combined	Griffith Hack(3)	Pro forma adjustments(4)	Pro forma Combined Xenith Group
Total revenue and income	**32,312**	**18,796**	**-**	**51,108**	**74,260**	**-**	**125,368**
Total expenses	**(23,130)**	**(16,910)**	**-**	**(40,040)**	**(59,766)**	**-**	**(99,806)**
EBITDA	**9,182**	**1,886**	**-**	**11,068**	**14,494**	**-**	**25,562**
Depreciation and amortisation expense	(377)	(477)	(859)	(1,713)	(960)	(7,483)	(10,156)
EBIT	**8,805**	**1,409**	**(859)**	**9,355**	**13,534**	**(7,483)**	**15,406**
Interest expense	(257)	(69)	-	(326)	-	(870)	(1,196)
PBT	**8,548**	**1,340**	**(857)**	**9,029**	**13,534**	**(8,353)**	**14,210**
Income tax expense	(2,564)	(402)	258	(2,708)	(4,060)	2,506	(4,262)
NPAT	**5,984**	**938**	**(601)**	**6,321**	**9,474**	**(5,847)**	**9,948**
NPATA(5)				**6,922**			**15,787**

(1) The FY16 pro forma income statement is presented before the realisation of synergies and excludes one-off costs associated with the transaction, and is presented as if Watermark and Griffith Hack were consolidated as part of the Xenith Group from 1 July 2015.
(2) Refer to Appendix B for a reconciliation of the Xenith pro forma and statutory income statement.
(3) Watermark and Griffith Hack income statements have been adjusted:
  a) to exclude certain one-off revenues and expenses that are not applicable to the pro forma Combined Xenith Group on a go forward basis (net $1.3 million increase to EBITDA); and
  b) to include the incremental costs associated with the employment of the principals of each business ($9.479 million) and the recognition of income tax expense as if the businesses operated under a corporate structure during the period.
(4) Pro forma adjustments represent:
  a) an estimate of the annual amortisation (tax effected) of acquired intangible assets required to be recognised in accordance with AASB 3 Business Combinations on the acquisitions of Watermark and Griffith Hack The estimate is based on a preliminary purchase price allocation which assumes 50% of the excess of the purchase price (including $19 million total earnout consideration) over the net tangible assets is attributable to customer relationships; and
  b) the estimated interest expense attributable to the incremental borrowings expected to be drawn to facilitate the Griffith Hack transaction, and the corresponding tax effect.
(5) NPATA represents net profit after tax after adding back the amortisation of acquired intangible assets (after tax).

XENITH IP GROUP

FY16 pro forma balance sheet

As at 30 June 2016 (A$000's)	Xenith	Watermark(1)	Pro forma adjustments(2)	Xenith / Watermark Combined	Griffith Hack(1)	Pro forma adjustments(3)	Pro forma Combined Xenith Group
Cash and cash equivalents	4,911	-	(400)	4,511	-	-	4,511
Other current assets	8,908	5,151	-	14,059	19,194	-	33,253
Total current assets	**13,819**	**5,151**	**(400)**	**18,570**	**19,194**	**-**	**37,764**
Intangible assets	8	-	20,942	20,950	-	177,127	198,077
Other non-current assets	2,292	243	-	2,535	3,875	-	6,410
Total non-current assets	**2,300**	**243**	**20,942**	**23,477**	**3,875**	**177,127**	**204,487**
Total assets	**16,119**	**5,394**	**20,542**	**42,055**	**23,069**	**177,127**	**242,251**
Current borrowings	-	-	-	-	89	-	89
Other current liabilities	6,020	3,533	4,000	13,553	10,657	15,000	39,209
Total current liabilities	**6,020**	**3,533**	**4,000**	**13,553**	**10,745**	**15,000**	**39,298**
Non-current borrowings	4,000	-	-	4,000	-	21,750	25,750
Other non-current liabilities	1,614	727	2,576	4,917	-	22,451	27,368
Total non-current liabilities	**5,614**	**727**	**-**	**8,917**	**-**	**44,201**	**53,118**
Total liabilities	**11,634**	**4,260**	**6,576**	**22,470**	**10,745**	**59,201**	**92,416**
Total equity	**4,485**	**1,134**	**13,966**	**19,585**	**12,324**	**117,926**	**149,835**
Net (cash) debt / Pro Forma EBITDA(4)	**(0.1)x**						**0.8x**

(1) Watermark and Griffith Hack balance sheets have been adjusted to exclude balances that will not form part of the transaction and have been presented as if the businesses were acquired and consolidated on 30 June 2016.

(2) Represents the acquisition and estimated consolidation adjustments for the acquisition of Watermark (completed on 2 November 2016) including the initial recognition of preliminary purchase price allocation adjustments, and corresponding deferred tax liability, assuming that 50% of the excess of the purchase price over net tangible assets is attributable to customer relationships, including an estimated $4m earn-out liability. The total initial purchase price of $15.5m has been funded by the issue of $8m shares to the Watermark principals and cash. Estimated transaction costs of $1m have been funded by cash.

(3) Represents the acquisition and estimated consolidation adjustments for the acquisition of Griffith Hack including the initial recognition of preliminary purchase price allocation adjustments, and corresponding deferred tax liability, assuming that 50% of the excess of the purchase price over net tangible assets is attributable to customer relationships, including an estimated $15m earnout liability. The total upfront purchase price of $152m and estimated acquisition costs of $3.2m has been funded by incremental borrowings of $21.8m, a net entitlement offer of $65.0m and the issue of $68.4m of shares to the Griffith Hack vendors.

(4) Calculated as net debt post Acquisition divided by FY16 pro forma EBITDA of Xenith and the Combined Xenith Group, pre-synergies and before transaction and implementation costs. Before payment of any earnout consideration, and excluding bank guarantees.

5 – Summary and outlook

Creating a leading Australian IP group

1. ***Transformational combination*** of three of Australia's ***leading IP firms*** – Shelston IP, Watermark and Griffith Hack
2. ***Increased scale*** in a rapidly consolidating sector – ***#1 market position*** on several key metrics
3. ***Complementary geographic fit*** – Strong presence in major capital cities
4. ***Diversified, significant long-term client profile*** with enhanced focus on premium local clients
5. ***Increased scope*** of service offering
6. ***Significantly enlarged client base*** from which to leverage adjacent service offerings and pursue growth initiatives, particularly in Southeast Asia
7. ***Independently branded firms*** with substantial scope for efficiencies through ***centralised support functions***
8. Targeting ***meaningful synergy benefits*** over a three year integration period
9. ***Estimated mid-teens FY18 EPS accretion***, post synergies on a phased basis and before transaction and implementation costs, and amortisation of acquired intangible assets(1)

(1) Refer note 3 on page 5.

Xenith trading update and outlook

Trading update and outlook

- Xenith October YTD underlying performance in line with management expectations – positions Xenith well for FY17
- Key areas of Board and management focus:
  - Integration of Watermark and Griffith Hack businesses – based on 3 year detailed integration plans
  - Southeast Asian growth strategy, supported by Watermark and Griffith Hack acquisitions
  - Development of complementary service lines, supported by Watermark and Griffith Hack acquisitions
  - Continued business development in China to build on current momentum
  - Further consolidation opportunities in Australia
  - Continued development of technology platform to improve operational efficiencies
- No change to target dividend payout ratio of 70% - 90% of NPAT
  - Dividend per share to reflect current shares on issue and shares to be issued under the Entitlement Offer[1]

(1) Shares issued as consideration for the Acquisition and employee gift shares will not participate in Xenith's FY17 interim dividend.

XENITH IP GROUP

6 – Entitlement Offer Summary

Details of the Entitlement Offer

Offer size and structure	• Fully underwritten 1 for 1.33 pro-rata, accelerated, non-renounceable entitlement offer • To raise approximately $67.5 million • Approximately 28.2 million New Shares will be issued under the Entitlement Offer
Offer price	• Entitlement Offer will be conducted at $2.40 per New Share (**Offer Price**) – 20.5% discount to the last traded price of $3.02 on Thursday, 24 November – 12.7% discount to TERP(1) of $2.75
Institutional investors	• The Institutional Entitlement Offer will be conducted on Friday, 25 November. Institutional shortfall shares, together with the right to subscribe for those shares will be sold via an institutional shortfall book build to be conducted on Friday, 25 November • Each of the Xenith directors and each of the current Shelston IP principals who are significant shareholders in Xenith has indicated their intention to vote in favour of the resolutions in respect of the Acquisition to be voted on at the shareholder meeting (as noted above) and will participate in the Entitlement Offer
Retail investors	• The Retail Entitlement Offer will open on Friday, 2 December and close on Tuesday 13, December
Ranking	• New Shares issued will rank equally with existing fully paid ordinary shares from their time of issue
Underwriting	• Entitlement Offer is fully underwritten by Shaw and Partners Limited, UBS AG, Australia Branch and Ord Minnett Limited

(1) The theoretical ex-rights price is the theoretical price at which Xenith shares should trade immediately after the ex-date for the Entitlement Offer. The TERP is a theoretical calculation only and the actual price at which Xenith shares trade immediately after the ex-date for the Entitlement Offer may vary from TERP. TERP is calculated by reference to Xenith's closing price of $3.02 per share on Thursday, 24 November 2016, being the last trading day prior to the announcement of the Entitlement Offer.

(2) Dates and times are indicative only and are subject to change.

XENITH IP GROUP

Entitlement Offer timetable

Event	Date[1]
Trading halt and announcement of the Acquisition, Institutional Entitlement Offer opens	**Friday, 25 November 2016**
Institutional Offer Closes (including Institutional Offer shortfall allocation)	Friday, 25 November 2016
Trading halt lifted, trading resumes on ex-entitlement basis	Monday, 28 November 2016
Record date to identify security holders entitled to participate in the Entitlement Offer (7pm Sydney time)	Tuesday, 29 November 2016
Retail Entitlement Offer opens. Despatch of Retail Entitlement Offer Booklet and personalised entitlement forms	Friday, 2 December 2016
Settlement of Institutional Entitlement Offer	Thursday, 8 December 2016
Issue of Shares under Institutional Entitlement Offer	Friday, 9 December 2016
Retail Entitlement Offer closes (5pm Sydney time)	Tuesday, 13 December 2016
Announcement of results of Retail Entitlement Offer	Friday, 16 December 2016
Settlement of Retail Entitlement Offer	Friday, 16 December 2016
Issue of New Shares under Retail Entitlement Offer	Monday, 19 December 2016
New Shares issued under the Retail Entitlement Offer commence trading on ASX	Tuesday, 20 December 2016
Despatch of holding statements in respect of New Shares issued under the Retail Entitlement Offer	Tuesday, 20 December 2016

(1) The above timetable is indicative only and subject to change without notice. The commencement of quotation of New Shares is subject to confirmation from ASX. Subject to the requirements of the Corporations Act, the ASX Listing Rules and any other applicable laws, Xenith, with the consent of the Joint Lead Managers, reserves the right to amend this timetable at any time, including extending the Retail Entitlement Offer Period or accepting late applications, either generally or in particular cases, without notice.

7 – Key Risks

Key Risks

There are a number of factors, specific to an investment in Xenith, specific to the Acquisition and of a general nature, which may affect the future operating and financial performance of Xenith and the industry in which it operates and the outcome of an investment in Xenith.

This section describes certain key risks associated with an investment in Xenith which potential investors should consider together with publicly available information (including this Presentation) concerning Xenith before making an investment decision.

1. SPECIFIC INVESTMENT RISKS

1.1. Competition

The Group's revenue is dependent upon providing IP services to its clients. The market for Australian IP professional services is relatively mature and subject to substantial competition between large and small IP firms based on price, service levels, service range, technology, professional expertise and reputation. Competitive pressures resulting from activities of current competitors, emergence of new competitors, changing client expectations (including an expansion of fixed price demands and reduced tolerance for scale charges) or other changes in the competitive landscape could result in loss of key clients, resulting in loss of revenue, and/or margin compression and a corresponding reduction in the Group's profitability.

1.1.1. Limitations in market share/perceived conflict of interest

As IP firms increase market share in particular industry sectors, the probability of legal or commercial conflicts of interest tends to increase. Some clients also require that their IP service providers not represent specified competitors, thereby potentially limiting the Group's ability to expand its services or market share in some industry sectors. This may have an adverse effect on the Group's ability to grow revenue and market share.

One of the major benefits of the Group's corporatisation is that multiple IP firms can be acquired with conflict risk managed through maintaining each firm as a separate, stand alone entity operating on separate systems and with separate professional personnel. However, not all clients may be comfortable with the common ownership and this may still result in loss of major clients due to perceived commercial or legal conflict. The more or less simultaneous acquisition of Watermark and Griffith Hack and associated substantial increase in scale and market share of the Group increases the risk that key clients of different firms in the Group will not be comfortable with the common ownership position.

The Professional Standards Board for Patent and Trade Marks Attorneys (**PSB**) regulates the activities of patent and trade mark attorneys in Australia. The PSB is currently assessing whether the Code of Conduct for Patent & Trade Marks Attorneys 2013 (**Code**) requires amendment to cover circumstances where firms within the same corporate group acting for opposing clients in contested matters. There is a risk such changes may be more restrictive, or require firms to take additional steps than is currently the case, however the PSB has not yet indicated what changes will be made to the Code, if any.

Key Risks (cont'd)

1.1.2. Insourcing of IP services by key clients

A substantial proportion of the Group's revenue is derived from corporate clients, many of which have in-house legal resources and, in some cases, IP service capabilities. There is a risk that some clients may increasingly undertake in-house IP services that have previously been performed by the Group which may result in reduced revenue and profit for the Group.

1.1.3. Loss of key business relationships

The Group has informal referral relationships with a large number of IP firms in various countries outside Australia, particularly in the US, Europe, China and Japan. The Group's revenue is dependent in part upon maintenance and development of these referral relationships. Consequently, loss or diminution of these relationships may adversely affect the Group's financial performance.

Some firms in the Group also have contractual relationships with a number of specialist service providers, one of which is a source of PCT National Phase patent applications, and another of which is a specialist provider of IP renewals services. Both are a source of associated revenue for the Group. Although many of these relationships are long standing, some of them may be terminated on short notice. The loss or diminution of one or more of these relationships may have a material impact on the Group's revenue and a corresponding reduction in Group profitability.

Griffith Hack has terminated its relationship with its renewals service provider and is in the process of bringing this work back in house. While this eliminates the risk of loss of the service provider relationship, it increases the risk of loss of revenue through competition with the former service provider in offering renewal services to Griffith Hack clients and through increased professional liability if errors are made in the renewal process.

1.2. Foreign currency exposure

A significant proportion of the Company's revenue (including Griffith Hack) is invoiced in foreign currencies, particularly USD. The Group is therefore exposed to currency fluctuations as many of its key expenses such as rent and salaries are denominated and paid in AUD. If the AUD appreciates against the USD or the Euro (to a lesser extent), the Group will have lower revenue and lower net profits in AUD. The Group may not be able to negotiate with its clients to raise its prices in order to compensate for this.

1.3. Restructure and integration

1.3.1. Restructure

The acquisition of Watermark and Griffith Hack will involve the transition of these firms from a partnership model to a corporatized/listed public company structure. This will necessitate changes in corporate governance, management structures and financial and operational reporting requirements. The inability of individual Group firms to adapt to any of these changes or to identify, manage and mitigate any risks as they emerge, may adversely impact the financial performance and position of the Group. The inability of personnel to adapt to any of these changes may result in adverse financial impact due to the cost and disruption of unplanned staff turnover.

Key Risks (cont'd)

1.3.2. Integration Risk

The Group has recently completed the acquisition of the Watermark business and, assuming the Griffith Hack acquisition completes, will also acquire the Griffith Hack business. If both acquisitions proceed, very substantial effort and cost will be required to integrate those two businesses into the Group, at more or less the same time. Completion and integration of two substantial businesses more or less simultaneously increases the risk that the integration process will not proceed smoothly. This may result in anticipated benefits arising from the acquisitions either not being achieved or achievement being delayed. Anticipated benefits include the cost and revenue synergies outlined on page 27.

1.4. Personnel

1.4.1. Loss of key personnel

Many of the Group's key personnel are highly qualified and highly experienced with in-depth industry and client knowledge. Any loss of key personnel may have an adverse impact on the Group's client service capabilities and/or financial performance. All Shelston IP and Watermark principals have entered into, and all Griffith Hack equity principals (excluding two who will become consultants) will enter into, three year employment contracts(1). However, the restructure of firms in the Group and their operation in a listed environment, including changes to remuneration models and governance structure, may adversely affect the ability of the Group to retain key staff and/or attract new staff with appropriate qualifications and experience at comparable cost. Since the Group's revenues are heavily dependent on its professional staff, which represent a significant proportion of the cost base, this may have an adverse impact upon the Group's revenue and/or profitability. There is also a risk that incentive schemes implemented to assist retain staff are not adequately attractive to achieve these goals.

1.4.2. Succession planning and knowledge management

All of the principals of Shelston IP have entered into three year employment contracts, of which two years remain. All of Watermark principals have entered and almost all Griffith Hack equity principals (assuming the acquisition proceeds) will also enter into three year employment contracts on similar terms. However, there is a risk that the Group does not adequately plan for succession of its principals or other key personnel. Given the Group's reliance on the activities of its professional staff for client service and revenue generation, inadequate succession planning and inadequate knowledge management may inhibit the Group's ability to maintain service levels, retain key clients and staff, or pursue growth opportunities. The Group may also incur additional costs to recruit replacement staff if succession planning is not adequately managed.

(1) There are 13 Griffith Hack non-equity principals who are subject to other retention arrangements.

Key Risks (cont'd)

1.5. Regulatory change

1.5.1. Removal or diminution of local agency role/ Extension of ePCT to the National Phase

Some of the Group's core IP services in relation to preparation and prosecution of patent applications in Australia are supported by rights and privileges granted exclusively to Australian patent attorneys and, to an extent, by the requirement for a local address for service in relation to Australian patent applications. Any legislative or regulatory change that has the effect of removing or diminishing the rights and privileges granted exclusively by statute to Australian patent attorneys, or local address for service requirements may have a material impact on the Group's ability to generate and grow revenue and a corresponding reduction in Group profitability.

An example of potential diminution in the local agency role is the proposal currently under consideration to extend the ePCT system for filing international patent applications to the subsequent "national phase" entry stage. It is currently not known when or if the ePCT system will be extended in this way, or if IP Australia would participate in any such extension. However, if implemented, this proposal may have a significant adverse impact on the Group's revenue currently derived from the national phase entry process step.

1.5.2. Patent examination harmonisation

Currently, the majority of patent applications are separately examined in each country or region in which the applications are filed. The Group derives substantial revenue from the substantive examination process in Australia, New Zealand and other jurisdictions. There is a long term international trend toward harmonisation of patent examination regimes. Various proposals have been discussed, and in some cases implemented, with the aim of minimising the duplication of effort across multiple offices and improving consistency of examination outcomes, subject to variations in local laws. Any harmonisation regime that has the effect of diminishing IP services that the Group provides in connection with these patent examination processes may have an adverse impact on revenue and Group profitability.

1.5.3. Changes in scope of patentable subject matter

The boundaries of patentable subject matter continue to evolve as a result of technological innovation, legislative change and judicial interpretation. Material changes to the regulatory landscape or the interpretation of the regulatory framework may adversely affect the Group's revenue by narrowing the scope of patentable subject matter, and hence potentially the number of patent applications filed in particular technical fields.

More specifically, in April 2016, the Productivity Commission published a draft report into Australia's IP system which contained various recommended changes. Those changes include raising the level to meet the inventive step requirement for standard patents (thus making patents harder to obtain), repealing the innovation patents system and excluding business methods and software as patentable subject matter. Whether the government will adopt the recommendations in the draft report, and any timing for implementation, are unknown. Material changes in the scope of patentable subject matter may have an adverse effect on the Group's financial position or performance.

Key Risks (cont'd)

1.6. Computer system disruption

The Group's business is heavily dependent upon a computerised technology platform including customised electronic case management, document management, file management, client relationship management and reporting systems. Any failure, corruption or disruption of the Group's technology platform including computer hardware, software, internet connections or communications systems may have a significant adverse impact on client service, deadline monitoring, integrity of records or financial performance. The Group's backup protocols, in-built redundancies, restoration procedures and data recovery plans may not be adequate to enable timely recovery in all conceivable circumstances including natural disasters, acts of terrorism or war, failure of utilities, sabotage, including breaches of cybersecurity and malicious hacking, or system failure due to other causes. This could lead to delays and processes becoming more labour intensive, resulting in the Group losing what it considers a competitive advantage with respect to its technology platform. Fundamental technology platform failure could lead to loss of clients' IP rights with consequential financial and reputational damage to the Group, potentially resulting in loss of clients, loss of revenue and/or claims against the Group.

1.7. New market/acquisition risk

A key element of the Group's growth strategy is expansion into Southeast Asia, preferably through one or more acquisitions as a basis for establishment of a regional hub and spoke network. There are inherent risks associated with entering any new geographical market with its own particular regulatory and political frameworks and cultural dynamics. It is possible that the Group is unable to achieve any acquisitions, or that such acquisitions do not deliver the expected benefits.

1.8. Acquisition Completion Risk

Completion of the Acquisition is conditional on satisfaction of customary conditions and Xenith shareholder approval. The extraordinary general meeting of Xenith at which shareholder approval will be sought will occur after completion of the Offer. There is a risk that the requisite shareholder approval will not be obtained or other conditions satisfied. In this case Xenith will not proceed with the Acquisition in its current form, but will have raised the funds sought under the Offer. While in this case Xenith expects to use the funds for general working capital purposes, capital management initiatives, in pursuit of its general growth strategies and potentially for other acquisitions, there is a risk that it will not be able to employ funds raised in a manner which is anticipated to be as productive as the application of those funds to the Acquisition.

1.9. Debt Facilities and Funding Risk

Xenith will enter into financing arrangements pursuant to which financiers will agree to provide debt financing for the transaction by extending Xenith's existing facilities, subject to the terms and conditions of a debt financing agreement. If certain conditions are not satisfied or certain events occur, the financiers may terminate the debt financing agreement, which would have an adverse impact on Xenith's sources of funding for the transaction. In addition, whilst it is not currently anticipated, should Xenith not be able to satisfy the conditions of drawdown under its debt facilities, Xenith will need to source funding from alternative sources.

Key Risks (cont'd)

1.10. Professional duties

1.10.1. Regulatory sanctions

The patent attorneys, trade mark attorneys and lawyers within the Group are bound by various ethical and professional standards imposed by relevant legislation and supervising professional bodies. Those bodies and the Legal Services Commissioner (in the case of lawyers) have the power to make findings of unsatisfactory professional conduct or professional misconduct against professionals who breach the required standards, to levy fines against the affected professional and in extreme cases, to disbar the affected individual. Even without disbarment, a finding of professional misconduct against a Group employee may seriously damage the reputation of the Group, risking loss of clients and hence potential loss of revenue for the Group.

1.10.2. Conflict of duties

The Group provides IP legal services and its employed solicitors have duties to the court and their clients. In some circumstances these duties may prevail over the Group's duties and obligations to Shareholders. Similarly, the Group's patent and trade mark attorneys are bound by a professional code of conduct with duties and obligations to act in accordance with the law, the best interests of their clients, in the public interest and in the interests of the profession as a whole. In certain circumstances, these duties and obligations may also compete with and prevail over the Group's duties and obligations to Shareholders, which may result in loss of clients, potentially impacting the Group's revenue.

1.11. Litigation

There is a risk that the Group may be exposed to potential litigation from third parties such as clients, regulators, employees, service providers and business associates. Any such litigation may adversely affect the Group's profit and reputation.

1.12. Dividends

Payment of future dividends will depend on matters such as the future profitability and financial position of the Company and the other risk factors set out in this Section. There can be no guarantee as to the future dividend policy, the extent of future dividends, or the level of franking of such dividends.

Key Risks (cont'd)

2. GENERAL INVESTMENT RISKS

2.1. Economic downturn

2.1.1. Global

As a business operating in both local and international markets, the Group's revenue is subject to fluctuations in the global economy or country specific economic circumstances. A substantial proportion of the Group's revenue is derived from foreign clients. Accordingly, adverse economic conditions overseas may potentially have an adverse effect on the Group's revenue. Any significant downturn in investment in research and development may result in a reduction in demand for the Group's services and a reduction in revenue earned.

2.1.2. Local

Local clients are an important source of revenue for the Group. Accordingly, adverse economic conditions in Australia and New Zealand may affect the Group's revenue. Given that a larger proportion of Watermark's revenue (43%) and Griffith Hack's revenue (53%) is attributable to local clients compared with Shelston IP's local revenue (25%), the Group's exposure to adverse conditions in the Australia and New Zealand economies is increased.

2.2. Liquidity

The Group's Shares are only listed on the ASX and will not be listed for trading on any other securities exchanges. There can be no guarantee that an active market in the Shares will develop or continue. If an active market for the Shares does not develop or is not sustained, it may be difficult for investors to sell their Shares at the time or for the price they seek. Further, the market price for Shares may fall or be made more volatile because of the relatively low volume of trading in the Company's securities. When trading volume is low, significant price movements can be caused by the trading in a relatively small number of shares. Sales of a substantial number of Shares following the Offer, either by the principals (once escrow ends) or by new Shareholders, or the perception or expectation that such sales may occur, could cause the market price of the Shares to decline. The Company may also offer additional Shares in subsequent offerings, which may adversely affect the market price for the Shares.

2.2.1. Concentration of shareholding

On completion of the Griffith Hack acquisition, the Griffith Hack principals will hold approximately 24.8% of the Group's Shares and the principals of all the IP firms will together hold approximately 43.9[(1)]% of the Group's Shares. This may enable the Griffith Hack principals or the principals collectively to exercise substantial influence over the election of Directors and other matters put before Shareholder meetings. There may be circumstances where the principals collectively have different objectives or motivations from other Shareholders and there is a risk that the principals collectively could exercise their voting rights differently from other Shareholders. Concentration of shareholding may also impact market liquidity for Xenith's Shares. All of the Shares that remain held by the principals collectively are subject to voluntary escrows. There is also a risk that, due to personal circumstances or other reasons, one or more principals may seek to sell some or all of their Shares immediately or shortly after the relevant escrow period ends. Subject to liquidity, timing and other factors, this could have an adverse impact on Xenith's share price.

(1) The calculation of principals' shareholdings assumes that the relevant Shelston IP principals participate in the Offer to the extent indicated by them prior to the opening of the Offer.

Key Risks (cont'd)

2.3. Risks Associated With Not Taking Up New Shares Under the Entitlement Offer

Entitlements cannot be traded on ASX or privately transferred. New Shares equivalent to the number of New Shares not taken up will be offered for subscription in either the institutional shortfall bookbuild or the retail shortfall bookbuild, as applicable. If you are a shareholder and you do not take up New Shares under the Entitlement Offer, you will not receive any value for your entitlement and your proportionate shareholding will be diluted. Before deciding whether to take up New Shares under the Entitlement Offer, you should seek independent tax advice.

2.4. Taxation

Future changes in taxation law, including changes in interpretation or application of the law by the courts or taxation authorities, may affect taxation treatment of an investment in Xenith shares or the holding and disposal of those shares. Further, changes in tax law, or changes in the way tax law is expected to be interpreted, in the various jurisdictions in which Xenith operates, may impact the future tax liabilities and performance of Xenith. Any changes to the current rates of income tax apply to individuals and trusts will similarly impact on shareholder returns.

XENITH IP GROUP

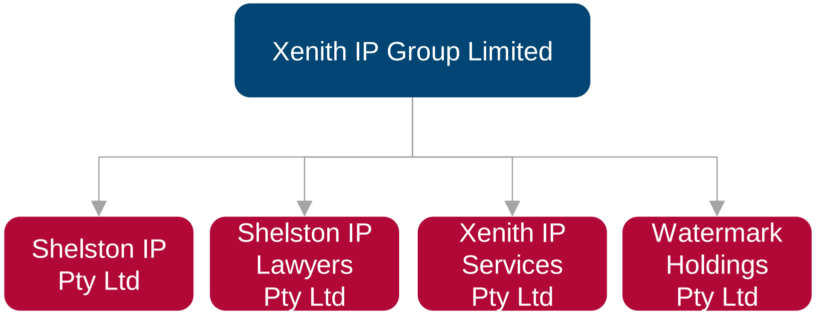
Appendix A: Introduction to Xenith

Overview of Xenith IP Group

A leading Australasian specialist IP group

- Xenith IP Group Limited is the holding company of Shelston IP Pty Ltd, Shelston IP Lawyers Pty Ltd, Xenith IP Services Pty Ltd and Watermark Holdings Pty Ltd
- The Group's core business is to provide a broad range of IP services, including identification, registration, management, commercialisation and enforcement of IP rights locally and internationally
- Shelston IP is consistently recognised as one of the leading Australian specialist IP firms, with a rich 157-year history dating back to 1859
- The Group employs over 200 personnel, including approximately 39 patent and trade mark attorneys and IP lawyers
- Majority of revenue is derived from foreign clients (75% in FY16), with the remainder (25% in FY16) sourced from Australia and New Zealand (prior to inclusion of Watermark which was acquired on 2 November 2016)

Xenith group structure overview



Recent awards and acknowledgements

iam 1000 Patent 1000 Recommended Firm 2015

Managing Intellectual Property IP STARS TOP TIER FIRM 2015

The Legal 500 Asia Pacific Leading Firm 2015

Managing Intellectual Property AUSTRALIAN IP FIRM OF THE YEAR 2013

Managing Intellectual Property TIER 1 TRADE MARKS 2015

XENITH IP GROUP

Xenith's history

Xenith holds the oldest IP firm in Australia with a proud 157 year history, dating back to its inception as Edward Waters & Sons in Melbourne, in 1859

- **1859** – Australia's first patent agency established by Edward Waters in Melbourne
- **1882** – Sydney branch of Edward Waters & Son opened
- **1944** – Robert C Shelston joined Edward Waters & Sons' Sydney branch
- **1972** – Ownership of Sydney practice passed to Sydney partners

  Practice renamed Shelston Waters
- **1977** – Practice of Sturt Griffith acquired
- **1983** – Practice of Starfield & Taylor acquired
- **1999** – *Shelston IP Lawyers* established specialising in IP commercialisation and dispute resolution
- **2004** – Shelston Waters renamed as *Shelston IP*
- **2012** – Auckland branch office opened
- **2015** – Corporatisation and IPO of Xenith
- **2016** – Acquisition of Watermark

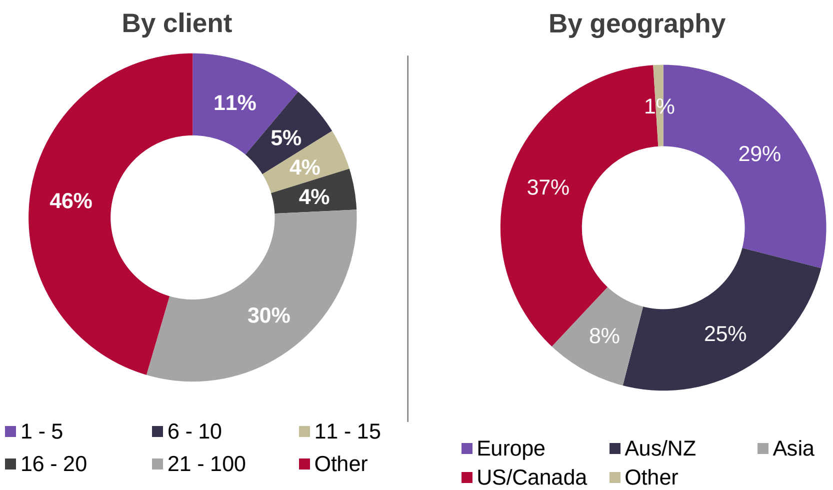
XENITH IP GROUP

Overview of revenue base[1]

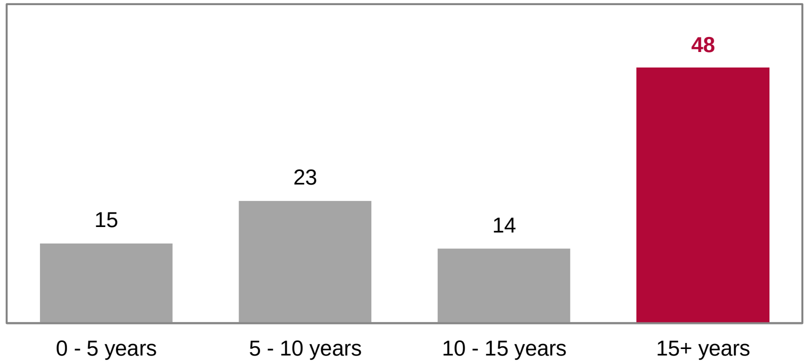
Diversified revenue base – by client

- Xenith has over 3,000 clients including:
  - Major multinational corporations
  - Domestic and foreign corporations, research institutes, educational institutions and SMEs
  - Domestic professional services firms
  - Foreign associates including offshore IP & other law firms
- Significant diversification of clients across geographies, service lines and industries
- Resulting diversification of revenue across the client base, with the top 20 clients providing only 24% of revenue
- Xenith has long-term relationships with many of its largest clients:
  - 62 of the top 100 clients with the firm for more than 10 years
  - 48 of the top 100 clients with the firm for more than 15 years.

FY16 revenue by client size and geography



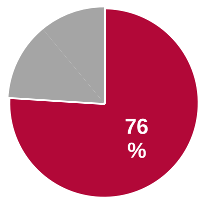
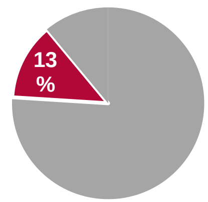
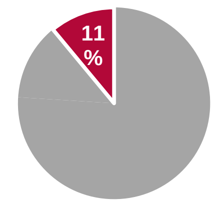
Tenure of top 100 clients

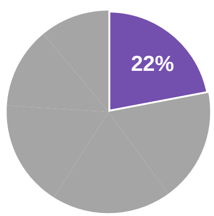
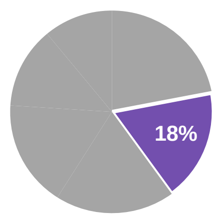
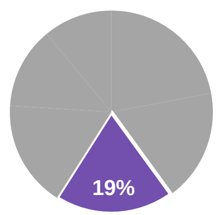
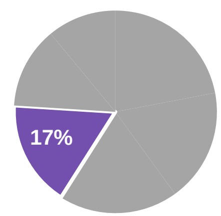
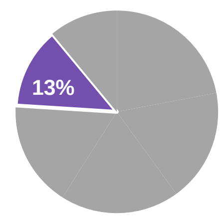
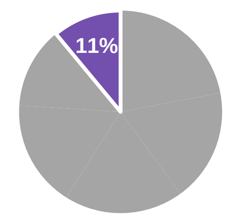


(1) All details shown prior to acquisition inclusion of Watermark and Griffith Hack.

Xenith revenue base(1)

Diversified revenue base – by industry and service line

By Practice Area			
	Patents and Designs	**Trade Marks**	**IP Transactions and Disputes**
Overview	Xenith provides a comprehensive range of IP services including registration, management, commercialisation and enforcement of IP rights		
FY16 professional fees			

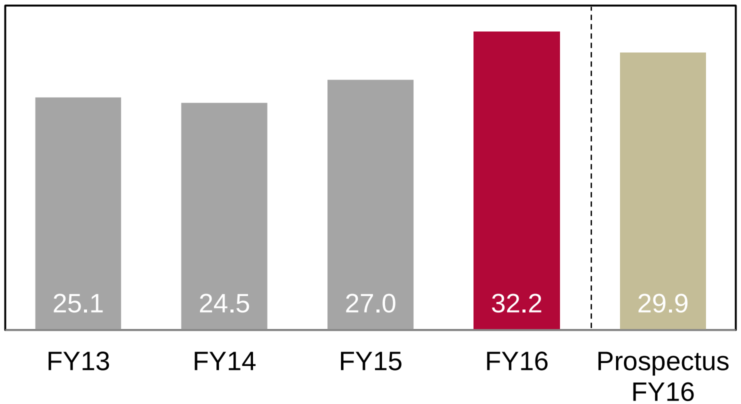
By Practice Group						
	Mechanical	**Chem/ Pharma**	**Biotech/ Pharma**	**Electrical/ ICT**	**Trade Marks**	**Transactions and Disputes**
FY16 professional fees						
Professionals(1) (including principals)	7 attorneys (2 principals)	6 attorneys (3 principals)	5 attorneys (2 principals)	8 attorneys (3 principals)	7 attorneys (2 principals)	6 lawyers (3 principals)

(1) All details shown prior to acquisition inclusion of Watermark acquired on 2 November 2016.

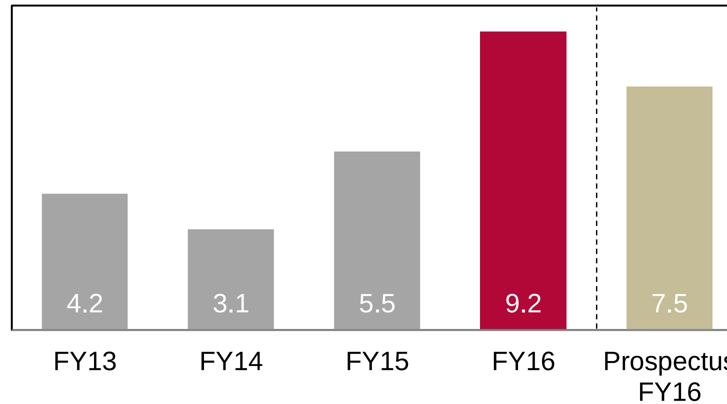
Xenith financial performance[1]

Xenith continues to grow and improve margins

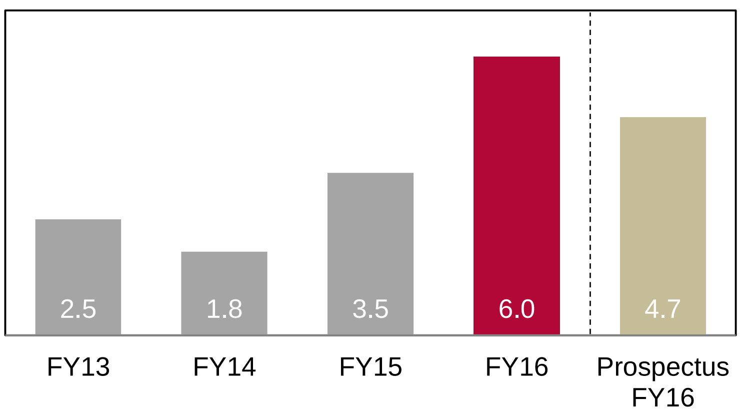
Pro forma revenue ($m)



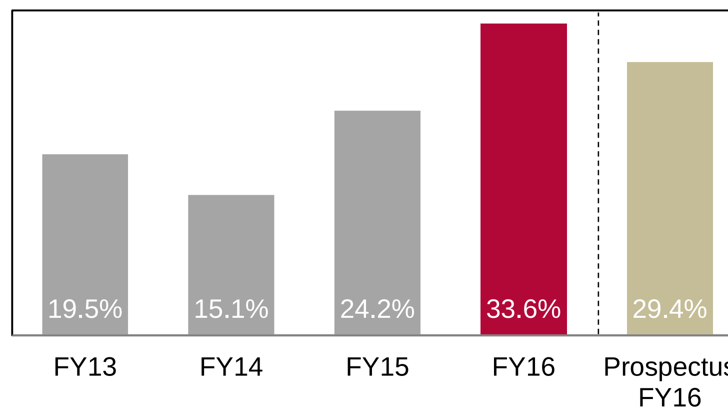
Pro forma EBITDA ($m)



Pro forma NPAT ($m)



Pro forma EBITDA margin (% of professional fees)



(1) All details shown prior to acquisition inclusion of Watermark. References to “Prospectus FY16” are references to the relevant metric forecast for FY16 in Xenith’s prospectus dated 28 October 2015.

(2) Note: Pro forma results are presented to highlight underlying performance of the business in its current structure, adjusted for IPO costs and other one-off expenses and notional costs associated with the restructure and IPO of the business. Please refer Xenith prospectus dated 28 October 2015 for more detailed information and reconciliation between the statutory and pro forma results.

XENITH IP GROUP

Appendix B: Supporting Financial Information

Xenith – Statutory to Pro Forma Reconciliation

For the financial year ended 30 June 2016 (A$000's)	Xenith
Statutory net profit after tax	**6,535**
Add: statutory tax expense	295
Add: statutory interest expense	194
Add: statutory depreciation and amortisation	377
Statutory EBITDA	**7,401**
Add: IPO transaction costs	1,630
Add: share based payments expense	525
Add: net lease surrender costs	466
Add: acquisition costs	321
Less: Incremental Short term incentive plan and long term incentive plan adjustments	(8)
Less: Incremental Principal remuneration	(853)
Less: Incremental public company cost	(300)
Pro forma EBITDA	**9,182**
Less: pro forma depreciation and amortisation	(377)
Less: pro forma net interest expense	(257)
Less: pro forma net tax expense	(2,564)
Pro forma net profit after tax	**5,984**

Note: Refer to Xenith FY16 annual financial report released to ASX on 30 September 2016 for further details.

Appendix C: Additional Information

Underwriting Agreement Summary

Xenith has entered into an underwriting agreement dated 25 November 2016 ("**Underwriting Agreement**") with Shaw and Partners Limited ABN 24 003 221 583, UBS AG, Australia Branch ABN 47 088 129 613 and Ord Minnett Limited ABN 86 002 733 048 (the "**Underwriters**" and each an "**Underwriter**") under which the Underwriters have agreed to manage and underwrite the Offer. The obligations of the Underwriters are subject to the satisfaction of certain customary conditions precedent. The Underwriters will receive a fee and be reimbursed for reasonable costs and expenses for acting in this capacity.

An Underwriter may terminate the Underwriting Agreement and be released from its obligations under it if certain events occur, including (but not limited to) if:

- the cleansing notice is or becomes defective;
- Xenith is prevented from granting the Entitlements or issuing the New Shares under the ASX Listing Rules or ASIC modifications, any applicable law, an order of a court of competent jurisdiction or by a government agency;
- Xenith or a subsidiary that represents 5% or more of the consolidated assets or earnings of Xenith and its subsidiaries, becomes insolvent;
- Xenith ceases to be admitted to the official list of ASX or the New Shares are suspended from trading on ASX or ASX refuses to grant quotation to the New Shares;
- a change in the Chief Executive Officer, Chief Financial Officer or Chair of Xenith occurs;
- Xenith takes certain actions in relation to the Offer or the Offer documents, including the withdrawal of an Offer document, the Offer or indicates that they do not intend to proceed with the Offer;
- a director of Xenith is charged with an indictable offence, is disqualified from managing a corporation or Xenith, its directors or officers engage in fraudulent conduct;
- there are any delays in the timetable (except where such delay is approved by Underwriters);
- the Acquisition agreement is terminated, rescinded, withdrawn or revoked, or if Xenith is in material breach of, or default under, any provision in the Acquisition agreement, or if the Acquisition agreement has been amended or varied in any material respect without the prior written consent of the Underwriters.

Underwriting Agreement Summary (cont'd)

An Underwriter may also terminate the Underwriting Agreement if, in the reasonable opinion of the Underwriters, certain events including (but not limited to) the events listed below, has, or could reasonably be expected to have, a material adverse effect on the financial condition, financial position or financial prospects of the Xenith, its subsidiaries, or the Combined Group, the success or outcome of the Entitlement Offer; or the ability of the terminating Underwriter to market or promote or settle the Entitlement Offer; or the event could give rise to a contravention by the terminating Underwriter of or liability for the Underwriter under the Corporations Act or any other applicable law:

- a new circumstance arises after the lodgement of the Offer documents that would have been required to be included in those documents if it had arisen prior to lodgement;
- an Offer Document or any statement, report, representation, matter or thing contained therein, is or becomes misleading or deceptive or is likely to mislead or deceive;
- there is an omission from an Offer Document of material required to be included by the Corporations Act or any other applicable law;;
- there is an application to a government agency for any order, declaration or other remedy, or any a regulatory body commences any public action in relation to the Offer;
- there is an adverse change in the assets, liabilities, financial position or performance, profits, losses or prospects or forecasts of Xenith or its subsidiaries;
- a change of law or government policy is announced or introduced in Australia, United States of America, the United Kingdom or Hong Kong or any State or Territory in Australia;
- there is a disruption to commercial banking activities, an adverse effect on the financial markets, or any adverse change in political, financial or economic conditions in certain jurisdictions (including but not limited to Australia, the United States, the United Kingdom or Hong Kong); or
- there is an outbreak or major escalation of hostilities involving any one or more of Australia, the United States of America, any member state of the European Union, Hong Kong or the United Kingdom, or if there is a major act of terrorism in any of the aforementioned countries.

Subject to certain exclusions relating to, among other things, gross negligence, recklessness, fraud or wilful misconduct by an indemnified party, Xenith agrees to keep the Underwriter and certain affiliated parties indemnified from losses suffered in connection with the Offer. The Underwriting Agreement also contains certain customary representations, warranties and undertakings by Xenith to the Underwriters.

International Offer restrictions

This document does not constitute an offer of new ordinary shares ("**New Shares**") of the Company in any jurisdiction in which it would be unlawful. In particular, this document may not be distributed to any person, and the New Shares may not be offered or sold, in any country outside Australia except to the extent permitted below.

Hong Kong

WARNING: This document has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the "**SFO**"). No action has been taken in Hong Kong to authorise or register this document or to permit the distribution of this document or any documents issued in connection with it. Accordingly, the New Shares have not been and will not be offered or sold in Hong Kong other than to "professional investors" (as defined in the SFO).

No advertisement, invitation or document relating to the New Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to New Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors (as defined in the SFO and any rules made under that ordinance).

No person allotted New Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.
The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

New Zealand

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (the "**FMC Act**").

In relation to the institutional component of the entitlement offer, the New Shares may only be offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) to a person who:

- is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;
- meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
- is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
- is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or
- is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.

International Offer restrictions (cont'd)

Singapore

This document and any other materials relating to the New Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of New Shares, may not be issued, circulated or distributed, nor may the New Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (the "**SFA**"), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This document has been given to you on the basis that you are (i) an existing holder of the Company's shares, (ii) an "**institutional investor**" (as defined in the SFA) or (iii) a "**relevant person**" (as defined in section 275(2) of the SFA). In the event that you are not an investor falling within any of the categories set out above, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the New Shares being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire New Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

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