

ASX Announcement



28 March 2019

PROPOSED QANTM-XENITH MERGER CONTINUES TO OFFER COMPELLING VALUE

- Underlying value of QANTM–Xenith merger remains unchanged – Xenith shareholders to own 45% of the merged entity.
- Short-term share price fluctuations do not reflect underlying value of the QANTM business, and have been quoted selectively by IPH.
- Xenith Board continues to recommend the QANTM-Xenith merger in the absence of a Superior Proposal.

QANTM notes the ACCC announcement today that it will not oppose the proposal by IPH to acquire Xenith IP Group Ltd (the **IPH Proposal**).

The QANTM Board maintains that the QANTM-Xenith merger represents compelling value, and urges Xenith shareholders to look to the fundamentals of the QANTM proposal.

1. **The real, underlying value represented by the QANTM – Xenith merger of equals remains unchanged since the proposed merger was announced.**

- The merger of equals is based on a fixed merger ratio which offers Xenith shareholders 45% ownership of a merged QANTM and Xenith business.
- The merger ratio reflects a collaborative and considered assessment of the relative values of the QANTM and Xenith businesses, the synergies likely to be achieved and the future prospects of a combined business.
- QANTM's positive result for the first half of FY2019 reinforces the value of this merger of equals.

2. **Short term share price movements are not the best measure of the value of the QANTM-Xenith merger.**

- Short term share prices can be influenced by factors (including speculation) unrelated to the underlying performance and strength of the QANTM and Xenith businesses, and selective use of a closing price at a point in time does not give the fairest indication of value.
- For example, IPH's ASX announcement on 12 March 2019 selectively used a 15 week old QANTM share price to claim that the IPH Proposal offered a 23% value premium, whereas a comparison based on the previous day's closing price (11 March 2019) would have indicated that the QANTM merger was valued at \$2.03, compared to \$1.97 for the IPH Proposal.
- To the extent share price is relevant, a volume weighted average price (VWAP) gives a fairer indication of value, as illustrated below.



**Implied value of consideration for QANTM–Xenith merger
and IPH Proposal****(\$/ Xenith share; period ending 27 March 2019)**

	1 month VWAP	2 month VWAP	3 month VWAP
QANTM–Xenith merger	\$1.97	\$1.96	\$1.95
IPH Proposal	\$1.98	\$1.94	\$1.93

3. The rationale for the QANTM-Xenith merger is compelling.

- The merger would create a market leading group of independent IP services businesses in Australia, New Zealand and Asia.
- Xenith and QANTM shareholders would own 45% and 55% respectively of the merged group, and would share in the value upside from increased scale, efficiency and realisation of expected synergies. By contrast, Xenith shareholders would have only around a 5% interest in IPH if the IPH Proposal is eventually put to Xenith shareholders to vote on and is approved.
- QANTM and Xenith are aligned in culture and strategy.
- Xenith has previously announced that there is a risk that the IPH Proposal, as currently framed, may not win support from Xenith principal and employee shareholders, who hold over 40% of Xenith’s shares. IPH would be precluded from voting its 19.9% stake in any scheme meeting relating to the IPH Proposal.

As announced by Xenith today, the scheme meeting for the QANTM-Xenith merger will be postponed to allow Xenith shareholders an opportunity to consider supplementary information relating to recent developments.

The QANTM Board confirms its strong support for the QANTM-Xenith merger, and notes the announcement by Xenith today that the Xenith Board continues to recommend the QANTM-Xenith merger in the absence of a Superior Proposal.

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About QANTM Intellectual Property

QANTM Intellectual Property Limited ("QANTM" ASX: QIP) is the owner of leading intellectual property (IP) businesses operating in Australia, New Zealand, Singapore and Malaysia under three key brands - Davies Collison Cave, FPA Patent Attorneys and Advanz Fidelis IP Sdn Bhd. With 150 highly qualified professionals and over 270 years' combined history, the QANTM Group has a strong track record in providing IP services to a broad range of Australian and international clients, ranging from start-up technology businesses to Fortune 500 multinationals, public research institutions and universities. The company also provides services in relation to patents, designs and trademarks and through DCC, a litigation service in relation to patent and trade mark protection.