

8iP Emerging Companies Limited

ACN 608 411 347

Addendum to Notice of Extraordinary General Meeting and Explanatory Notes dated 26 August 2021

For the Extraordinary General Meeting to be held on 27 September 2021

This is an addendum to the Notice of Extraordinary General Meeting and Explanatory Notes dated 26 August 2021 (**Notice of Meeting**) for the extraordinary general meeting of 8iP Emerging Companies Limited to be held at 10:00am (Adelaide time) on 27 September 2021 at the offices of Piper Alderman, Level 16, 70 Franklin Street SA 5000.

This addendum should be read in conjunction with the Notice of Meeting. Capitalised terms used in this addendum have the same meaning as given to those terms in the Notice of Meeting.

Resolution 6

Change to nature and scale of activities

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

“That for the purpose of ASX Listing Rule 11.1.2 and for all other purposes, approval is given for the Company to make a significant change to the nature and scale of its activities resulting from the implementation of the New Strategy as described in the Explanatory Notes.”

Voting Exclusions

In accordance with the ASX Listing Rules, the Company will disregard any votes cast in favour of this resolution by or on behalf of Lanyon and any other person who is expected to obtain a material benefit as a result of the New Strategy (except a benefit solely by reason of being a holder of shares in the Company), or an associate of such a person. However, this does not apply to a vote cast in favour of Resolution 6 by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with the directions given to the proxy or attorney to vote on the resolution in that way; or
- (b) the chair of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
 - the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

DATED THIS 13th DAY OF SEPTEMBER 2021

By order of the Board

Natalie Climo

Company Secretary

Explanatory Notes to Addendum

Re-compliance with Chapters 1 and 2 of the ASX Listing Rules

On 13 November 2021, the Company obtained the approval of its shareholders under ASX Listing Rule 11.1.2 to make a significant change to the nature and scale of its activities by ceasing to proceed with its sale and distribution proposal and instead re-adopt an investment strategy, as part of which the Company would undertake a capital raising and re-comply with the requirements of Chapters 1 and 2 of the ASX Listing Rules as if the Company were applying for admission to the official list of ASX (**Initial Approval**).

On 26 August 2021, the Company sent the Notice of Meeting to shareholders, in which the Company outlined its proposed New Strategy and included a number of resolutions in connection with the New Strategy that would be put to shareholders at the extraordinary general meeting on 27 September 2021. The Notice of Meeting as sent to shareholders was in a form that ASX had, by letter of 23 August 2021 to the Company, expressed no objection to.

On 27 August 2021, after the Notice of Meeting had been sent to shareholders, ASX notified the Company that it had, as part of its assessment of the Company's application for waivers of ASX Listing Rules 15.16(b) and 15.16(c) in connection with the amendments to the Management Agreement, made a determination that the Company would need to again obtain the approval of its shareholders under ASX Listing Rule 11.1.2 to proceed in accordance with the New Strategy because the Initial Approval had "gone stale".

As this determination was made after the Notice of Meeting had already been sent, the Company is sending an addendum to add the new resolution to the Notice of Meeting. The resolution will be put to shareholders at the extraordinary general meeting on 27 September 2021.

Resolution 6 – Change to nature and scale of activities

General

Resolution 6 seeks approval from shareholders to make a significant change to the nature and scale of the Company's activities as a result of implementing the New Strategy. As set out above, the New Strategy will change the nature of the Company's activities from realising the assets of the company and distributing the proceeds to shareholders to a listed investment company implementing the Company's new investment strategy. This will involve the Company:

- changing its name to Lanyon Investment Company Limited (Resolution 1 in the Notice of Meeting);
- amending its constitution, including to reflect the name change and to facilitate virtual general meetings and the sending of notices electronically (Resolution 2 in the Notice of Meeting);
- undertaking a consolidation of its shares on a 7 for 1 basis (Resolution 3 in the Notice of Meeting);
- undertaking a capital raising using a prospectus to raise between \$15 million and \$30 million (Resolution 4 in the Notice of Meeting);
- amending the Management Agreement (Resolution 5 in the Notice of Meeting); and
- meeting the requirements of Chapters 1 and 2 of the ASX Listing Rules as if the Company were applying for admission to the official list of ASX.

ASX Listing Rule 11.1

ASX Listing Rule 11.1 provides that where a listed entity proposes to make a significant change, either directly or indirectly, to the nature or scale of its activities, it must provide full details to ASX as soon as practicable (and before making the change) and comply with the following:

- provide to ASX information regarding the change and its effect on future potential earnings, and any information that ASX asks for;
- if ASX requires, obtain the approval of holders of its shares and comply with any requirements of ASX in relation to the notice of meeting; and
- if ASX requires, meet the requirements of Chapters 1 and 2 of the ASX Listing Rules as if the entity were applying for admission to the official list of ASX.

As set out above, ASX has determined that the New Strategy will involve a significant change to the nature or scale of the Company's activities, and so is requiring that the Company:

- seek the approval of the Company's shareholders for the change in the nature and scale of the Company's activities as a result of the New Strategy; and
- re-comply with the requirements of Chapters 1 and 2 of the ASX Listing Rules as if the Company were applying for admission to the official list of ASX.

The New Strategy may not proceed if the Company does not meet either of those requirements.

Resolution 6 seeks the required shareholder approval to the New Strategy under and for the purposes of ASX Listing Rule 11.1.2.

If this Resolution is passed, Resolutions 3 to 5 in the Notice of Meeting are also passed and ASX decides to re-admit the Company's securities to quotation on the ASX, then the Company will proceed with the New Strategy.

If this Resolution is not passed, any of Resolutions 3 to 5 do not pass, or if ASX otherwise decides not to re-admit the Company's securities to quotation, the Company will not proceed with the New Strategy and will consider the Company's options for conducting business moving forward. Those options may include abandoning the new investment strategy and seeking to wind up the Company.

Shareholders should note that ASX has absolute discretion in deciding whether or not to re-admit the Company's securities to quotation and so the New Strategy may not proceed if ASX exercises that discretion by deciding not to re-admit the Company's securities to quotation.

Investors should take account of these uncertainties in deciding whether or not to buy or sell the Company's securities.

Re-compliance with Chapters 1 and 2 of the ASX Listing Rules will require the Company to satisfy ASX that, among other things:

- its structure and operations are appropriate for a listed entity;
- a prospectus which provides for the issue of new shares at a price of at least \$0.20 per share is issued in accordance with the proposed Capital Raising and is given to ASX;
- the Company has a free float of not less than 20%;
- the Company has at least 300 non-affiliated shareholders, each of whom holds a parcel of shares not subject to escrow with a value of at least \$2,000;

- the Company satisfies the assets test by, among other things, a market capitalisation of at least \$15 million and a commitment to spend at least half of its cash and assets in a form readily convertible to cash; and
- its directors are of good fame and character.

ASX takes no responsibility for the contents of this Notice of Meeting.

Suspension until re-compliance with Chapters 1 and 2 of the ASX Listing Rules

ASX has also indicated that the Company's securities will not be re-admitted to quotation until the Company meets the admission requirements set out in Chapters 1 and 2 of the ASX Listing Rules. Accordingly, implementation of the New Strategy may not proceed if those requirements are not met.

Capital Raising

A summary of the Capital Raising to be undertaken as part of the New Strategy is set out in the table below.

Nature of the Capital Raising	Public offer under a prospectus to raise up to \$30 million, comprising a broker firm offer and a general offer.
Consideration	\$5.00 per share.
Minimum subscription, maximum subscription and oversubscription	<p><u>Minimum subscription</u>: 3,000,000 fully paid ordinary shares to raise gross proceeds of \$15 million.</p> <p><u>Maximum subscription</u>: 5,000,000 fully paid ordinary shares to raise gross proceeds of \$25 million.</p> <p><u>Oversubscription</u>: The Company has the ability to accept oversubscriptions to issue an additional 1,000,000 fully paid ordinary shares to raise an additional \$5 million.</p>
Not underwritten	The Capital Raising is not underwritten.
Use of funds	Funds raised by the Capital Raising will be used to carry out the implementation of the new investment strategy of the Company and to pay the costs in connection with the implementation of the New Strategy, including adviser fees and offer costs, which the Company expects to be up to approximately \$683,680, depending on the amount raised, noting that Lanyon has agreed to reimburse all of these costs in accordance with the Funding and Loan Agreement referred to below.

Financial effect of the New Strategy

Effect on capital structure and equity

Set out below is a summary of the effect of the New Strategy on the capital structure and equity of the Company:

- before the implementation of the New Strategy;
- after the Consolidation; and
- after the Capital Raising.

Capital structure					
	Current	Post-Consolidation	Post-Capital Raising (minimum subscription)	Post-Capital Raising (maximum subscription)	Post-Capital Raising (oversubscription)
Number of shares on issue	1,127,148	161,022 ¹	3,161,022	5,161,022	6,161,022
Total equity ²	\$841,889	\$841,889	\$15,841,889	\$25,841,889	\$30,841,889

¹ Subject to rounding applied on a holding by holding basis.

² Pro forma based the audited financial statements of the Company for the financial year ended 30 June 2021.

The following table sets out the potential dilution of existing shareholders, including directors, before and after the Capital Raising:

	Shares held at date of the addendum (on a post-Consolidation basis)		Shares held post-Capital Raising					
			Minimum subscription		Maximum subscription		Oversubscription	
	Number	%	Number	%	Number	%	Number	%
Directors	32,152	19.97%	32,152 ¹	1.02%	32,152 ¹	0.62%	32,152 ¹	0.52%
Other Existing Shareholders ¹	128,870	80.03%	128,870	4.08%	128,870	2.50%	128,870	2.09%
New Shareholders ²	Nil	0.00%	3,000,000	94.91%	5,000,000	96.88%	6,000,000	97.39%
TOTAL	161,022	100.0%	3,161,022	100.0%	5,161,022	100.0%	6,161,022	100.0%

Effect on control

The table below sets out the current substantial shareholders of the Company and their voting power as at the date of this addendum and what their interest in the Company will be immediately following completion of the Capital Raising, as the case may be in the events of minimum dilution and maximum dilution and assuming the substantial holders do not take part in the Capital Raising:

Name of substantial holder	Associated Director or employee	Shares held at the date of this addendum ¹		Shares held following the Capital Raising	
		Number	%	Minimum dilution	Maximum dilution
Aurora Funds Management Limited and Aurora Corporate Pty Ltd ²	None	32,872	20.41%	1.04%	0.53%
Lanyon	David Prescott	32,153	19.97%	1.02%	0.52%
Mason Stevens Limited ³	None	15,035	9.34%	0.48%	0.24%

TOTAL		80,060	49.72%	2.53%	1.30%
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¹ On a post-Consolidation basis

² Based on a substantial shareholder notice lodged in respect of a change in interest on 18 November 2020.

³ Based on a substantial shareholder notice lodged in respect of a change in interest on 19 November 2020.

The Company does not expect any person to acquire control of the Company or voting power of 20% or more in the Company as a result of the implementation of the New Strategy.

Pro forma statement of financial position

A pro forma statement of financial position for the Company, prepared on the basis that the Resolutions in the Notice of Meeting are passed and that the Capital Raising proceeds, is set out in Annexure A.

Audited accounts

The Company's audited financial statements for the financial year ended 30 June 2021 are expected to be finalised prior to the general meeting. A copy of those financial statements will be made available on the Company's website at <https://www.8ec.com.au/>. The Company will also make an ASX announcement then those financial statements are finalised.

About the Company and the investment of funds

About the Company

The Company is an ASX-listed investment company, for which Lanyon is the investment manager pursuant to the Management Agreement. The Company was established in 2015 and was managed by Eight Investment Partners Pty Limited (8iP) from its establishment until 13 November 2020, at which time 8iP was replaced by Lanyon.

The securities of the Company have been suspended from quotation since 15 October 2020.

Change to investment strategy

As part of the New Strategy, the Company will adopt a new investment strategy. This new investment strategy will be for the Company to invest in the securities of entities listed on an Australian or foreign exchange, or that have conveyed an intention to seek admission to an Australian or foreign exchange. In executing this strategy, Lanyon will follow a value investment strategy and investing in a concentrated portfolio of both Australian and global equities of small, mid and large capitalisation companies. Lanyon will also look to build constructive and positive relationships with management teams and boards, through a process of active engagement.

Lanyon may look to emphasise positive operational, financial or governance changes that can unlock shareholder value. Its influence in each situation will vary depending on what may be required to drive shareholder value.

Details in respect of the change to the investment universe and investment guidelines are set out in the Explanatory Memorandum in respect of Resolution 5.

About Lanyon

Lanyon, as the Company's investment manager, will be responsible for implementing the new investment strategy.

Lanyon is a specialist, value-oriented equities fund manager, established in 2009. Lanyon operates solely within Australia and has offices in Sydney and Adelaide. Lanyon holds an Australian financial services licence (AFSL 342 955), which was issued by ASIC on 23 February 2010.

Lanyon manages both Australian and global equity funds for a client base that includes both retail and wholesale investors.

Lanyon's flagship fund is the Lanyon Australian Value Fund (ARSN 151 492 849), a predominantly small and mid-cap, value-oriented, concentrated Australian equity fund that was established in July 2010. It is Lanyon's longest running fund and is open to both retail and wholesale clients. Lanyon is the investment manager of the fund and The Trust Company (RE Services) Limited (ABN 45 003 278 831) is the responsible entity.

This fund has a track record of outperformance which stretches over 11 years, as set out below.

<i>as at 30 June 2021</i>	Lanyon Australian Value Fund (before fees)	ASX300 Accumulation
1 year	26.5%	28.5%
2 years (annualised)	17.2%	9.0%
Since inception – annualised (1 July 2010)	13.1%	9.5%
Since inception (1 July 2010)	286.1%	170.1%

Lanyon's other funds include:

- the Lanyon Australian Share Fund, a concentrated, predominantly large capitalisation, value-oriented Australian equity fund that was launched in April 2017 and is open to wholesale clients only; and
- the Lanyon Global Value Fund (ARSN 604 811 823), an actively managed, value-oriented fund investing in companies listed on recognised stock exchanges around the world, that was launched in March 2015 and is open to both retail and wholesale clients.

Lanyon is a value oriented investor, whereby it seeks out undervalued investments with catalysts for value realisation. Lanyon's value investment philosophy is designed to preserve capital, deliver superior long-term compound growth whilst concentrating in Lanyon's best ideas.

Lanyon is a long-only investor and considers itself an owner of stakes in companies, not a speculator in securities. Lanyon's process has been designed to enable them to occasionally undertake a strategy of constructive active engagement with their portfolio companies. If required, they look to work positively with companies in their portfolios to encourage the implementation of value-enhancing strategies.

Management Agreement

The key terms of the Management Agreement, prepared on the basis that Resolution 5 is passed and that ASX grants the waivers of ASX Listing Rules 15.16(b) and 15.16(c), are as follows:

- **Duties of Lanyon:** Lanyon must, among other things, invest and manage the portfolio, manage and keep the portfolio under review, keep proper books of account, exercise all due diligence and vigilance in carrying out its functions, powers and duties under the agreement, comply with the investment strategy, investment guidelines and permitted investments and have regard to the investment objectives;
- **Term:** The term of the Management Agreement is a fixed term ending on the date that is 10 years after the date that the amendments to the Management Agreement described in the Notice of Meeting become effective, after which the Management Agreement would continue but the Company would be permitted to, and required to, terminate the agreement on three months' notice if the shareholders of the Company pass an ordinary resolution to terminate the Management Agreement or by Lanyon giving to the Company at least three months' notice;
- **Termination:** The Company may terminate the Management Agreement at any time if:
 - a receiver, receiver and manager, administrative receiver or similar person is appointed with respect to the assets and undertakings of Lanyon;
 - Lanyon goes into liquidation (other than for the purposes of a reconstruction or amalgamation approved by the Company);
 - Lanyon ceases to carry on business as an investment manager;
 - Lanyon breaches a provision of the Management Agreement or fails to observe or perform any representation, warranty or undertaking under the Management Agreement (and does not correct such within 10 business days of receiving notice of such);
 - Lanyon sells or agrees to sell or transfer its main business and undertaking (or a beneficial interest therein) other than to a related party for a corporate restructuring approved by the Company; or
 - Lanyon ceases to be licensed under the relevant law or is unable to carry out its duties under the investment management agreement because it has ceased to hold necessary legal authorisations.

The Management Agreement may also be terminated after the fixed term of 10 years by:

- the Company giving Lanyon not less than three months' written notice of termination after the shareholders have passed an ordinary resolution approving the termination of the Management Agreement; or
- Lanyon giving at least three months' written notice of termination (or such lesser period of notice as the parties agree provided that such period and termination is in compliance with the ASX Listing Rules);

- **Non-exclusivity:** Lanyon may from time to time perform for itself and other persons investment and management services similar to the services performed for the Company under the Management Agreement. The agreement also contains acknowledgements from the Company that:
 - Lanyon has no obligation to purchase or sell, or recommend for purchase or sale, for the Company, any investment which Lanyon purchases or sells for its own account or for the account of any other client of Lanyon;
 - Lanyon may give advice and take action in the performance of its duties for other clients which differ from advice given or action taken in relation to the portfolio; and
 - Lanyon is the exclusive investment manager for the term of the Management Agreement and the Company is not entitled to appoint any other entity to manage the assets of the Company during the term of the agreement.
- **Indemnity:** The Company indemnifies Lanyon against any losses or liabilities reasonably incurred by Lanyon arising out of, or in connection with, and any costs, charges and expenses incurred in connection with, Lanyon or any of its officers or agents acting under the Management Agreement or on account of any bona fide investment decision made by Lanyon or its officers or agents, except insofar as any loss, liability, cost, charge or expense is caused by the negligence, fraud or dishonesty of Lanyon or its officers or supervised agents.

Lanyon must indemnify the Company against any losses or liabilities reasonably incurred by the Company arising out of, or in connection with, and any costs, charges and expenses incurred in connection with, any negligence, fraud or dishonesty of Lanyon or its officers or supervised agents. However, Lanyon is not otherwise liable to the Company for any loss or liability;
- **Warranties:** The Company and Lanyon provide a number of representations and warranties to each other in respect of, among other things, power to enter into and perform under the Management Agreement, and the capability, capacity and competency of Lanyon to perform its duties and obligations under the Management Agreement;
- **Management Fee:** Lanyon will be paid a management fee of 1.25% per annum (exclusive of GST) of the value of the portfolio calculated as at the last business day of each calendar month (and adjusted pro rata in respect of periods of less than one calendar month), calculated and paid monthly in arrears;
- **Performance Fee:** Lanyon will be entitled to be paid by the Company a performance fee of 20% (exclusive of GST) of the Portfolio's outperformance of the benchmark (Reserve Bank of Australia cash rate plus 2% per annum) and subject to a high watermark.

The high watermark will be calculated as the NTA before all taxes as at the date that amendments to the Management Agreement described in the Notice of Meeting become effective or the date that is the end of the last performance period for which Lanyon was entitled to a performance fee, whichever last occurred.

The performance fee is calculated using the following formula:

Performance fee = $((CV - PV) - (BI \times PV)) \times 0.2$, where:

- CV = the NTA before all taxes and current performance fee accrual of the Company calculated on the last business day of the relevant performance fee period;

- PV = the NTA before all taxes and current performance fee accrual of the Company calculated on the last business day of the immediately preceding performance fee period or, in the case of the first performance fee period, the NTA before all taxes at listing; and
- BI = the Reserve Bank of Australia cash rate + 2.0% p.a., over the performance fee period expressed as a percentage;
- **Recoverable Expenses:** The Company must pay all taxes, costs, charges and expenses properly incurred in connection with the investment and management of the portfolio or the acquisition, disposal or maintenance of any investment of the Portfolio (including all custodian and clearing house fees and excluding in-house administration costs of Lanyon in the nature of rent for Lanyon's premises, computer charges, salaries, research costs and like expenses) or in acting under the Management Agreement and Lanyon may cause them to be deducted from the portfolio. Lanyon may allocate expenses incurred in connection with an asset acquired or to be acquired on behalf of several clients between those clients proportionately to their interest in the asset;
- **Amendment:** The Management Agreement (other than the investment instructions, which include the investment strategy, the investment guidelines and the permitted investments) may be amended by exchange of letters signed by the parties. The investment instructions may be amended by specific instructions from an authorised representative of the Company to Lanyon; and
- **Powers and discretions:** Subject to the Corporations Act, the ASX Listing Rules and any written guidelines issued by the Company, Lanyon has the power to do all things and execute all documents necessary for the purpose of managing the Portfolio.

Details of the waivers of ASX Listing Rules 15.16(b) and 15.16(c) sought by the Company are set out in the Explanatory Notes to Resolution 5.

Lanyon's commitment in respect of its fees

Lanyon has notified the Company that if the New Strategy proceeds:

- if, when paid a management fee, the Company's share price on ASX is below the NTA of the Company (on a per share basis), Lanyon will reinvest 100% of the after-tax value of management fees earned that month (less the amount it is required to pay in repayment of the loan under the Funding and Loan Agreement) to purchase shares in the Company on market (for such time as those shares trade at a discount to the NTA); and
- if, when paid a performance fee, the Company's share price on ASX is below the NTA of the Company (on a per share basis), it will reinvest 100% of the after-tax value of any performance fee earned that performance period to purchase shares in the Company on market (for such time as those Shares trade at a discount to the NTA).

Lanyon has also indicated to the Company an intention that any shares it acquires as part of this commitment will not be traded by Lanyon within two years after they have been acquired by Lanyon.

Details of the Company's Board

The current directors of the Company are as follows:

- ***Kenneth Williams – Chairman, Non-executive independent director***

Kenneth Williams has extensive Board experience and over 30 years' experience in corporate finance, specialising in treasury and financial risk management, including senior executive roles at Qantas Airways Limited and Normandy Mining Limited.

Kenneth is currently Independent Chair of Statewide Super, an industry super fund that services over 148,000 members and invests more than \$11.5 billion on behalf of those members. His directorship experience has spanned both large and small listed and private companies, not-for-profit organisations and superannuation funds. He has chaired Audit & Risk Committees and various Investment Committees for private and charitable foundations and not for profit endowments. He was previously Chair of AWE Limited (ASX: AWE) and Havilah Resources Limited (ASX: HAV) and is currently a non-executive director of Archer Materials Limited (ASX: AXE).

- ***Richard Willson – Non-executive independent director***

Richard Willson is an experienced, Non-Executive Director, Company Secretary and CFO with more than 20 years' experience predominantly within the mining, technology and agricultural sectors for both publicly listed and private companies.

Richard has a Bachelor of Accounting from the University of South Australia, is a Fellow of CPA Australia, and a Fellow of the Australian Institute of Company Directors. He is a Non-Executive Director of Titomic Limited (ASX: TTT), Aus Tin Mining Limited (ASX: ANW), Thomson Resources Limited (ASX: TMZ), PMX Metals Limited (ASX: PNX), Unity Housing Company Ltd and Variety SA, and Company Secretary of a number of ASX Listed Companies.

Richard is the Chairman of the Audit Committee of Titomic Limited, Aus Tin Mining Limited, and Unity Housing Company, and is the Chairman of the Remuneration and Nomination Committee of Titomic Limited.

- ***David Prescott – Non-executive director***

David is the founder and nominee director of Lanyon, in which he has a significant shareholding in and currently serves as the managing director.

He has over 20 years of funds management experience working for firms in Australia and the UK. David was previously Head of Equities at institutional fund manager, CP2 (formerly Capital Partners). David has an Economics degree from the University of Adelaide, a Graduate Diploma in Applied Finance and Investment from the Securities Institute of Australia (FINSIA) and is a CFA charter holder. David is also a director of BSA Limited (ASX: BSA).

There are no changes proposed to the Company's Board as part of the New Strategy.

Indicative timetable for the implementation of the New Strategy

Date	Milestone
Friday, 17 September 2021	Lodgement of Prospectus with ASIC
Monday, 20 September 2021	Lodgement of Appendix 1A with ASX
Monday, 27 September 2021	Date of meeting and effective date of Consolidation
Tuesday, 28 September 2021	Opening Date for the Capital Raising
Thursday, 30 September 2021	Record date for Consolidation
Friday, 1 October 2021	Update of share register for Consolidation
Friday, 8 October 2021	Closing Date for the Capital Raising
Thursday, 14 October 2021	Settlement of Capital Raising (DvP)
Friday, 15 October 2021	Issue of shares under the Capital Raising
Friday, 22 October 2021	Reinstatement of securities to quotation

Risks in respect of the Company

There are a number of specific risks associated with the Company which may adversely affect the Company's financial position, prospects and price of its Shares. The specific risk factors include, but are not limited to:

- **Investment strategy risk:** The success and profitability of the Company will largely depend on Lanyon's ability to manage the portfolio of the Company in such a way as to create value for investors whilst complying with the Company's objectives, strategies, policies, guidelines and permitted investments. A failure to do so may negatively impact the Company and its shareholders.
- **Security specific investment risk:** There is a risk that investments chosen by Lanyon will not perform as well as others. Returns on investments may be adversely affected by changes in the underlying strength of cash flows, earnings and balance sheets of the entities in which the Company invests. Factors which may cause this to happen include changes in company management, competitor behaviour, global events, currency movements and government policy. Individual investments made by the Company will fluctuate in value and can fall in value for many reasons.
- **Lanyon's reliance on key personnel:** Lanyon depends on the skills and experience of its key management personnel. It is essential that appropriately skilled staff are available in sufficient numbers to support the business. Lanyon requires staff to have a variety of skills and expertise, some of which may be considered niche specialties in which there are limited practitioners available for recruitment. The loss of key personnel or other key service providers, in particular Lanyon's managing director David Prescott, may adversely affect the Company's investment performance.
- **Competitive landscape and action of others:** the Company will operate in a competitive landscape with competing product offerings and geographic presence. In addition, the Company may face competition from new entrants into the market from competitors that may have significant advantages including greater name recognition, longer operating history, lower operating costs, pre-existing relationships with current or potential customers and greater financial, marketing and other resources. If competitor product offerings are perceived to be superior to the Company's, or competitors are able to offer more competitive offers, the Company may lose existing or potential customers, which may lead to the growth prospects and financial performance and/or financial position of the Company being materially adversely affected.

- **Discount risk:** As a listed investment company, there is a risk that the Company's shares may trade on the ASX at a discount to NTA for short or long periods of time.
- **Concentration risk:** the Company's typical portfolio holding of securities in a small number of companies represents high investment concentration, which means that the Company has a high exposure to the performance of each investment. As a result, there may be more volatility in the portfolio of the Company as compared to other listed investment companies because the portfolio will be comprised of a smaller number of securities than the broader market index.
- **Currency exchange rates:** Currency exchange rates can affect the Company's financial performance when exposed to international markets and when investing in foreign currency denominated assets. The performance of those assets can be adversely affected by the different political, regulatory, economic environments, legal and tax or social conditions in countries where the investments are made. Currency movements relative to the Australian dollar may cause changes in value of the Company's investments. A rise in the Australian dollar relative to other currencies may negatively impact investment values and returns. Currency markets are volatile and are subject to a range of unpredictable factors. Deriving income in overseas jurisdictions and returning that income to Australia may also give rise to tax inefficiencies and tax charges. The laws of foreign jurisdictions may also offer less legal rights and protections to holders of assets in foreign entities compared to the laws in Australia. Whilst this external factor is largely beyond the Company's control, the Company will seek to manage currency fluctuations to its advantage.
- **Pandemic:** Given recent responses to the COVID-19 pandemic, some of the countries in which companies that the Company may invest in will experience economic disruptions (which could include adverse impacts to economic growth, interest rates, employment levels, consumer demand, consumer and business sentiment, market volatility, exchange rates, inflation, government policy, international economic conditions and employment rates among others).

Other risk factors which may affect the Company and its business in general include risks in relation to general investment, equity, general economic climate, market volatility, political and regulatory issues, accounting policies, war and terrorist attacks, cyber security and force majeure.

Costs of implementing the New Strategy

The Company expects that the costs of implementing the New Strategy, including the costs associated with the Capital Raising, will be an amount up to approximately \$683,680.

To this end, the Company has entered into a funding and loan agreement with Lanyon dated 7 September 2021 (**Funding and Loan Agreement**), pursuant to which Lanyon has agreed to pay the fees and costs charged to the Company in respect of the implementation of the New Strategy and the Company has agreed to provide Lanyon with a loan to fund the payment of those fees and costs. The key terms of the Funding and Loan Agreement are as follows:

- **Funding:** Lanyon agrees to pay all of the fees and costs incurred by the Company up to the date that is one month after the date that shares are issued under the prospectus for the Capital Raising, in respect of the Capital Raising and the re-instatement of the Company's shares to quotation on the ASX (**Offer Costs**);
- **Loan:** 8EC agrees to lend to Lanyon an aggregate amount up to the amount of the total Offer Costs, and to do so by 8EC paying those Offer Costs;

- **Interest:** Lanyon must pay to the Company interest on the principal outstanding at a rate equal to the RBA cash rate, or such other rate as the Company and Lanyon agree in writing from time to time. Interest accrues from day to day, from the date of the advancement of funds pursuant to the agreement until and including the day that all principal outstanding is repaid;
- **Repayment of principal outstanding and accrued interest:** Lanyon must repay the principal outstanding and pay the accrued interest by paying the lower of the following by each anniversary of the date shares are issued under the prospectus for the Capital Raising:
 - one third of the total management fees paid to Lanyon by the Company in accordance with the Management Agreement in the 12 month period before that anniversary; and
 - \$100,000,

until such time as the principal outstanding has been repaid and accrued interest paid.

However, in the event that Lanyon ceases to be the investment manager of the Company, the principal outstanding and accrued interest shall be automatically forgiven by the Company with effect from the date that Lanyon ceases to be the investment manager of the Company; and

- **Default:** The Company may by written notice to Lanyon declare that any or all of the principal outstanding is immediately repayable and all of the accrued interest is immediately payable if an event of default occurs in respect of Lanyon, which includes Lanyon failing to pay an amount due under the agreement within 10 business days after notice of that fact, Lanyon failing to comply with any of its obligations under the agreement which either the Company considers cannot be remedied or which, if Company considers that the failure can be remedied, is not remedied to the Company's satisfaction within five business days, or Lanyon suffering an insolvency event.

Continuous disclosure

The Company confirms that it complies with its continuous disclosure obligations under the Listing Rules.

Directors' Recommendation

The directors recommend that Shareholders vote in favour of Resolution 6.

Annexure A – Pro forma statement of financial position

8IP Emerging Companies Limited Pro-forma Statement of Financial Position (unaudited) As at 30 June 2021

		\$	15,000,000	\$	25,000,000	\$	30,000,000
	2021FY		Minimum subscription		Maximum subscription		Oversubscription
ASSETS							
Current Assets							
Cash and cash equivalents	\$ 118,866	\$	15,018,866	\$	25,018,866	\$	30,018,866
Trade and other receivables	\$ 978	\$	978	\$	978	\$	978
Financial assets at fair value through profit and or loss	\$ 842,423	\$	842,423	\$	842,423	\$	842,423
Receivable for recoupment of offer costs	\$ -	\$	100,000	\$	100,000	\$	100,000
Total current assets	\$ 962,267	\$	15,962,267	\$	25,962,267	\$	30,962,267
Non-current assets							
Receivable for recoupment of offer costs	\$ -	\$	378,066	\$	515,142	\$	583,680
Total non-current assets	\$ 962,267	\$	16,340,333	\$	26,477,409	\$	31,545,947
Total assets	\$ 962,267	\$	15,962,267	\$	25,962,267	\$	30,962,267
LIABILITIES							
Current liabilities							
Trade and other payables	\$ 120,378	\$	120,378	\$	120,378	\$	120,378
Current tax liabilities		\$	-	\$	-	\$	-
Total current liabilities	\$ 120,378	\$	120,378	\$	120,378	\$	120,378
Net assets	\$ 841,889	\$	15,841,889	\$	25,841,889	\$	30,841,889
EQUITY							
Issued capital	\$ 7,202,675	\$	22,202,675	\$	32,202,675	\$	37,202,675
Accumulated losses	-\$ 6,360,786	-\$	6,360,786	-\$	6,360,786	-\$	6,360,786
Total equity	\$ 841,889	\$	15,841,889	\$	25,841,889	\$	30,841,889

The unaudited pro-forma statement of financial position has been prepared on the same basis and using the same accounting policies as the Company's audited financial statements for the year ended 30 June 2021. The pro-forma statement of financial position has been prepared to take into account the issue of shares under the Capital Raising, on the basis that each of the minimum subscription, maximum subscription and oversubscription is raised, and also takes into account the expenses of implementing the New Strategy. There have been no material movements in assets and liabilities of the Company between 30 June 2021 and the date of this addendum.

The unaudited pro-forma statement of financial position is intended to be illustrative only and does not reflect the actual position of the Company as at the date of this addendum, nor is it likely to reflect the actual position of LAN at the completion of the Capital Raising.

Assumption

The unaudited pro-forma statement of financial position has been prepared based on the assumption that the expenses of implementing the New Strategy will be \$478,066 if the minimum subscription is raised, \$615,142 if the maximum subscription is raised and \$683,680 if the oversubscription is raised, but noting that these costs will be paid by Lanyon using funds loaned to Lanyon by the Company pursuant to the Funding and Loan Agreement.



All Correspondence to:

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

YOUR VOTE IS IMPORTANT

For your vote to be effective it must be recorded **before 10:00am (ACST) on Saturday, 25 September 2021.**

TO VOTE BY COMPLETING THE PROXY FORM

STEP 1 APPOINTMENT OF PROXY

Indicate who you want to appoint as your Proxy.

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

Appointment of a Second Proxy

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

To appoint a second proxy you must:

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

STEP 2 VOTING DIRECTIONS TO YOUR PROXY

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

Proxy which is a Body Corporate

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

STEP 3 SIGN THE FORM

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

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

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

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

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

STEP 4 LODGEMENT

Proxy forms (and any Power of Attorney under which it is signed) must be received no later than 48 hours before the commencement of the meeting, therefore by **10:00am (ACST) on Saturday, 25 September 2021.** Any Proxy Form received after that time will not be valid for the scheduled meeting.

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

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

8IP Emerging Companies Limited

ACN 608 411 347

☐

Your Address

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

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

PROXY FORM

STEP 1 APPOINT A PROXY

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

☐

the **Chair of the Meeting** (mark box)

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

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chair of the Meeting as my/our proxy at the Extraordinary General Meeting of the Company to be held **at the offices of Piper Alderman, Level 16, 70 Franklin Street, Adelaide SA 5000 on Monday, 27 September 2021 at 10:00am (ACST)** and at any adjournment of that meeting, to act on my/our behalf and to vote in accordance with the following directions or if no directions have been given, as the proxy sees fit.

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

STEP 2 VOTING DIRECTIONS

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

		For	Against	Abstain*
Resolution 1	Change of company name to Lanyon Investment Company Limited	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Approval to amend the constitution	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Share consolidation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Approval for issue of shares under prospectus	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Approval of amendments to Management Agreement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Change to nature and scale of activities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

STEP 3 SIGNATURE OF SECURITYHOLDERS

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

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director / Company Secretary

Contact Name.....

Contact Daytime Telephone.....

Date / / 2021