

ASX ANNOUNCEMENT

CHAIR'S ADDRESS

XENITH IP GROUP LIMITED ANNUAL GENERAL MEETING - 18 NOVEMBER 2016

My aim in this address is to provide a broad overview of the last year since Xenith listed on 20 November 2015. Our Managing Director Stuart Smith will provide a more detailed account in his presentation.

While the listed company Xenith is new, the underlying business is well-established and stable, with a long and proud history of delivering specialized professional services for over 157 years.

Xenith was the second of only three intellectual property groups to list on the ASX in the space of two years.

The Xenith IPO was over-subscribed, with keen interest from both retail and institutional investors. Since then, a third IP services group has listed. It is fair to say that the landscape in this sector is now permanently altered as a result, with service providers accounting for about half of the Australian market transitioning in rapid succession from fairly traditional partnership structures to listed companies. This involves a significant cultural transition which is underway but not yet complete.

In this rapidly changing environment, one thing has not changed. At the core of Xenith's business is excellence of client service. Irrespective of how the business is structured and financed, excellence in client service is the foundation of the business. It is key to confidence in Xenith's future performance, and must be preserved.

Our first year since listing has been a big year requiring sustained effort from everyone in the business, especially the management team and the Board. Both the period up to 30 June and the post-balance date period have been busy and eventful.

During FY16 Xenith achieved solid organic growth through a combination of revenue growth and operational efficiencies. Since listing, Xenith out-performed its prospectus forecasts across all key financial metrics and delivered strong earnings growth together with strong cash conversion. As a result, the Board was able to declare dividends for FY16 which amount to approximately 82% of Xenith's statutory NPAT post corporatisation. The dividend of 7 cents per share was paid on 30 September 2016.

In addition to delivering a very good financial result, Xenith has made solid progress in relation to a number of its strategic initiatives and has strengthened its management team in finance, IT and marketing with a view to continuous improvement in operating

efficiencies. In the six months since joining Xenith, our new CFO Lesley Kennedy has made a significant contribution.

In addition to strengthening management, Xenith has invested time and due diligence expenses in reviewing several possible acquisition targets, both on-shore and off-shore, with a view to increasing market share, improving scale and diversification, and strengthening operating leverage. As is often the case in a strategic acquisition strategy, some reviews are on-going, some have been discontinued, some are more advanced than others. To date, one acquisition has been announced and completed, both post-balance date events.

On 23 August 2016 Xenith entered into a binding agreement to acquire the business and brands of the Watermark Group for a purchase consideration of \$19.5m subject to a number of pre-completion adjustments. The purchase consideration comprised approximately half cash and half Xenith shares (to be voluntarily escrowed for two years). The cash component was partly funded by a share placement and share purchase plan, and partly debt funded from existing bank facilities. Prior to completion the arrangements were modified to include up-front consideration of \$15.5m and an earn-out of up to \$5.6m based on FY2017 results. The acquisition is expected to be EPS accretive on an FY2017 underlying basis and was completed on 2 November 2016.

Watermark is a well-established and well-regarded IP service group and we welcome them to the Xenith fold. The addition of Watermark gives Xenith a total Australian market share of approximately 10%, together with further diversification of client base, service offerings and geographic coverage.

With a conservatively geared balance sheet and continued investor interest, Xenith is well positioned to take further advantage of consolidation in the intellectual property and ancillary services sectors, both in Australia and overseas. Through acquisition and related synergies we hope to improve our operating leverage and EBITDA margin over time, and to further diversify our revenue sources.

The Board and management are committed to delivering strong shareholder returns, and to maintaining an open and constructive dialogue with investors. The Board would like to thank Xenith shareholders for their support, particularly those who have been on the journey with us since the IPO.

The Board would also like to thank all staff, including especially our key management team of Stuart Smith, Russell Davies, Lesley Kennedy and Jacinta Flattery-O'Brien for the effort they have put in to meet the first year challenges and deliver a very pleasing outcome.

Finally, I would like to thank my fellow directors who have been generous with their accumulated experience and wisdom, and have put in time well beyond the official board calendar.

I now call on Stuart Smith to deliver the Managing Director's presentation.

18 November 2016

Sibylle Krieger

Chair