

XENITH IP GROUP LIMITED

ASX ANNOUNCEMENT

29 November 2016

NOT FOR RELEASE OR DISTRIBUTION IN THE UNITED STATES

Xenith IP Entitlement Offer – Notification to Ineligible Retail Shareholders

Dear Shareholder

On 25 November 2016, Xenith IP Group Limited (“**Xenith**”) (ASX:XIP) announced an accelerated non-renounceable pro rata entitlement offer of new fully paid ordinary shares (“**New Shares**”) (“**Entitlement Offer**”) to raise approximately \$67.5 million.

This letter is to inform you about the Entitlement Offer, and to explain why you will not be able to subscribe for New Shares under the Entitlement Offer. This letter is not an offer to issue New Shares to you, nor an invitation for you to apply for New Shares. You are not required to do anything in response to this letter.

The Entitlement Offer

The Entitlement Offer comprises an institutional component (“**Institutional Entitlement Offer**”) and an offer to Eligible Retail Shareholders (as defined below) (“**Retail Entitlement Offer**”). The Institutional Entitlement Offer raised approximately \$52.8 million, and the Retail Entitlement Offer is expected to raise approximately \$15.0 million.

The Entitlement Offer is being made in accordance with section 708AA of the Australian Corporations Act 2001 (Cth) (“**Corporations Act**”) (as modified by ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84), meaning that no prospectus needs to be prepared.

The Retail Entitlement Offer is being made to Eligible Retail Shareholders (as defined below) on the basis of 1 New Share for every 1.33 existing ordinary shares held at 7.00pm (Sydney time) on Tuesday, 29 November 2016 (“**Record Date**”), at an offer price of \$2.40 per New Share.

Documents relating to the Retail Entitlement Offer were lodged with the ASX today and are expected to be dispatched to Eligible Retail Shareholders on or before Friday, 2 December 2016.

Eligibility to participate in the Retail Entitlement Offer

An Eligible Retail Shareholder is a holder of ordinary shares who:

- a) was a registered holder of Xenith ordinary shares as at 7.00pm (Sydney time) on the Record Date;
- b) has a registered address in Australia or New Zealand;
- c) is not in the United States and is not acting for the account or benefit of any person in the United States;
- d) is not an Eligible Institutional Holder nor an Ineligible Institutional Holder (as defined in the Retail Entitlement Offer Booklet lodged with ASX on 28 November 2016); and
- e) is eligible under all applicable securities laws to receive an offer under the Retail Entitlement Offer.

Shareholders who are not Eligible Retail Shareholders and who did not participate in the institutional entitlement offer and were not treated as ineligible institutional shareholders under the institutional entitlement offer are “**Ineligible Retail Shareholders**”.

The restrictions upon eligibility under the Retail Entitlement Offer arise because of the legal and regulatory requirements in countries other than Australia or New Zealand and the potential costs to Xenith of complying with these legal and regulatory requirements compared with the relatively small number of shareholders in those countries, the relatively small number of existing Xenith ordinary shares they hold and the relatively low value of New Shares to which those shareholders would otherwise be entitled.

Xenith has determined, pursuant to section 9A(3)(a) of the Corporations Act and Listing Rule 7.7.1(a) of the ASX Listing Rules, that it would be unreasonable to make offers to shareholders in countries outside Australia or New Zealand in connection with the Retail Entitlement Offer.

Unfortunately, according to our records you do not satisfy the criteria for an Eligible Retail Shareholder, accordingly, in compliance with ASX Listing Rule 7.7.1(b) and section 9A(3)(b) of the Corporations Act, Xenith wishes to advise you that it is unable to extend to you the opportunity to participate in the Retail Entitlement Offer. If our records are incorrect on this matter, please contact the Offer Information Line on the details below. You will not be sent the documents relating to the Retail Entitlement Offer or be able to subscribe for New Shares under the Retail Entitlement Offer.

Notwithstanding the above, Xenith may agree to extend the Retail Entitlement Offer to certain institutional shareholders who did not participate in the Institutional Entitlement Offer or to other retail shareholders, subject to compliance with applicable laws.

As the Retail Entitlement Offer is non-renounceable, you will not receive any payment or value for your entitlements in respect of any New Shares that would have been offered to you if you had been eligible. New Shares equivalent to the number of New Shares you would have been entitled to if you were an Eligible Retail Shareholder may be allocated to other Eligible Retail Shareholders who subscribe for New Shares in excess of their Entitlement

under the Retail Entitlement Offer or may be issued at the discretion of the Board of Xenith no later than 3 months after the close of the Entitlement Offer.

You do not need to respond to this letter. If you have questions in relation to any of the matters described above, please contact the Offer Information Line on 1300 855 080 (from within Australia) or +61 3 9415 4000 (from outside Australia) from 8.30am to 5.00pm (Sydney time), Monday to Friday.

On behalf of the Board of Xenith, we thank you for your continued support of Xenith.

Yours faithfully



Lesley Kennedy
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Xenith IP Group Limited

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About Xenith

Xenith IP Group Limited (ASX: XIP) is the holding company for the group of entities that comprise the Shelston IP business, namely 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 comprehensive range of IP services, including identification, registration, management, commercialisation and enforcement of IP rights mainly patents, designs and trade marks for clients in Australia, New Zealand and the rest of the world.