

6 June 2018

The Manager, Listings
Company Announcements Office
Australian Securities Exchange
Level 4, Exchange Centre
20 Bridge Street
SYDNEY NSW 2000

IPE Limited and Mercantile enter into Implementation Agreement

IPE Limited (**IPE**) announces that it and Mercantile OFM Pty Limited (**Mercantile**) have entered into an Implementation Agreement under which Mercantile proposes to make Offers under a conditional off-market takeover bid for all IPE shares at A\$0.0775 per share (the **Offer**). The Offer represents a premium of 23% above the last traded price of A\$0.063 per share as at 5 June 2018, the last trading day before the date of this announcement.

The IPE directors **unanimously recommend** that IPE shareholders accept the Mercantile Offer, in the absence of a superior proposal and subject to an independent expert concluding that the offer price is fair and reasonable. Each director intends to accept the offer for their own shares.

The all cash takeover bid provides IPE shareholders who accept the Offer with the certainty of a cash return, subject to the fulfilment of the conditions of the takeover bid.

Geoff Brunsdon, Chairman, said

- “IPE has been winding down its portfolio for many years and returning cash to shareholders when it has been prudent to so;
- IPE has never been able to provide a definitive guide to the timing of a full wind-down of the portfolio and the Company and this continues to be the case;
- Over that time, the board has consistently commented that it was open to alternatives to that winding down process;
- The portfolio value and share-market price now have the potential to be quite volatile given the relative small size of the remaining portfolio; and
- As the Company’s asset base declines, its fixed costs become more and more material.

Having regard to these issues and the premium to both the recent trading price and NTA, the board concluded this was an attractive proposal.”

Details of the Offer

Shareholders of IPE who accept the Offer under the takeover bid will be entitled to receive, subject to the fulfilment of the conditions to the Offer, A\$0.0775 in cash per IPE share.

The Offer is subject to a number of conditions, including (among others):

1. Mercantile achieves a relevant interest in more than 50.1% (by number) of shares on issue before the end of the Offer period;
2. During the Offer period, no regulatory action occurs which materially adversely affects the making of the Offer;
3. No prescribed occurrences;
4. Between the announcement date and the end of the Offer period, IPE does not announce, declare or pay any distributions;
5. At any time until the end of Offer period, IPE's net tangible asset value does not decrease by 10% or more than the value set out in the last monthly NTA announcement released to the ASX prior to the date of the Implementation Agreement;
6. No breach of representations or warranties;
7. Termination of the current management agreement with Pomona Australia Pty Limited and IPE.

The Implementation Agreement (attached) also provides as follows:

1. Until the end of the Offer period, IPE must make all reasonable efforts to conduct the business in the ordinary course provided that nothing restricts IPE from responding to prevailing market conditions or changes to the market.
2. IPE must procure that the directors publicly state in the Target's Statement that they unanimously recommend IPE shareholders accept the Offers, in the absence of a superior proposal.
3. IPE must procure that its board does not, and that each of the directors do not, change, withdraw or modify its recommendations unless:
 - (a) the board has legal advice to the effect that not changing the recommendation would reasonably be likely to involve a breach of directors duties or would otherwise be unlawful; or
 - (b) if IPE releases a monthly NTA announcement containing a net tangible asset value that represents an increase of 10% or more from the value set in the previous month's NTA announcement;
4. IPE is prohibited from participating in encouraging or assisting any other party which would reasonably be expected to lead to a competing proposal provided that IPE may respond to a bona fide third party proposal which was not solicited and not bought about by a breach of IPE's obligations where the board, in good faith, on legal advice determines that not undertaking that act would reasonably be likely to involve a breach of duty or otherwise be unlawful.

Management Agreement

As part of the takeover proposal the Management Agreement between IPE and Pomona Australia Pty Limited (an entity controlled by Jon Schahinger, a director of IPE) will be terminated upon the takeover bid becoming unconditional and Mercantile achieving a relevant interest in 50.1% of the issued shares in IPE. The termination fee payable by IPE to Pomona Australia Pty Limited is \$400,000 exclusive of GST. The independent directors have requested that the independent expert considers the terms of this transaction as Pomona Australia Pty Limited is a related party.

Intention to accept

The directors of IPE who hold (or whose associates hold) IPE shares intend to accept the Offer in full, in the absence of a superior proposal.

Key Dates

(These dates are indicative only)

Event	Target Date
Announcement of Offer	6 June 2018
Mercantile OFM serves Bidder's Statement on IPE	25 June 2018
IPE serves Target's Statement and Expert's Report on Mercantile OFM	25 June 2018
Mercantile OFM and IPE despatch the Bidder's Statement and Target's Statement respectively to IPE shareholders	29 June 2018
Anticipated closing date for Offer	30 July 2018

IPE

IPE is a listed investment company that has focussed on investing in funds managed by experienced Australian and New Zealand private equity firms that utilise various strategies to fund the growth and development of unlisted businesses. It has been winding down its activities for a number of years. Its portfolio continues to reduce as those underlying businesses are sold by their private equity owners.

Mercantile

Mercantile is a subsidiary of Mercantile Investment Company Limited which is an Australian based listed investment company. The principle activities of the company are investment in cash and securities which provide risk adjusted returns including by way of short term trading, profit making ventures and holding shares for dividend yield / long term capital appreciation. The company operates through securities and consumer finance within the securities industry, the company derives revenue from trust distribution, dividend income, interest income from sale of its investments. Within the consumer finance industry a company derives revenue from interest income.

Implementation Agreement

Mercantile OFM Pty Ltd
(ACN 120 221 623)

IPE Limited
(ACN 107 843 381)



KARDOS • SCANLAN
CORPORATE LAWYERS

Table of contents

TABLE OF CONTENTS

1.	DEFINITIONS AND INTERPRETATIONS	4
1.1	Definitions	4
1.2	Interpretation	7
2.	FACILITATION OF THE TAKEOVER BID	9
2.1	Making the Takeover Bid	9
2.2	Bidder's Statement	9
2.3	Target's Statement	9
2.4	Dispatch of documents	9
2.5	Promote the Takeover Bid	10
2.6	Bid conditions	10
2.7	During the Bid period	10
2.8	Access to information	10
2.9	Conduct of the business	10
2.10	No Dividends	11
2.11	Share capital	11
2.12	Board recommendation	11
3.	PUBLIC ANNOUNCEMENTS	12
3.1	Announcement of the Takeover Bid	12
3.2	Public announcement	12
3.3	Required disclosure	12
4.	EXCLUSIVITY	12
4.1	No-talk	13
4.2	No Shop	13
4.3	Limitation to No-talk	14
4.4	Notification of approaches	14
4.5	Matching right	15
4.6	Confirmation of no discussions	15
4.7	Compliance with law	15
5.	TERMINATION	15
5.1	Termination rights	15
5.2	Termination for warranty breach	15
5.3	Effect of termination	15
5.4	Termination	16
6.	WARRANTIES	16
6.1	Representations and warranties	16
6.2	IPE Representations and Warranties	16
6.3	Reliance by parties, Repetition of Warranties and Notice	17
6.4	Status of representations and warranties	17
7.	CONFIDENTIALITY	17
7.1	Obligation of confidence	17
7.2	Release and Acknowledgment	17
7.3	Termination	18
8.	CONSIDERATION	18
9.	GST	18
9.1	Interpretation	18

9.2	GST gross up	19
9.3	Reimbursements and indemnifications.....	18
9.4	Tax invoice.....	18

10. GENERAL 19

10.1	Notices.....	19
10.2	Prohibition and enforceability.....	20
10.3	Entire agreement.....	20
10.4	No waiver.....	20
10.5	Remedies cumulative	20
10.6	Further assurances	20
10.7	Amendment.....	21
10.8	Assignment	21
10.9	No merger.....	21
10.10	Attorney.....	21
10.11	Counterparts.....	21

SCHEDULE 1 AGREED BID TERMS 22

THIS AGREEMENT is made on

2018

BETWEEN **Mercantile OFM Pty Ltd** (ACN 120 221 623) of Level 5, 139 Macquarie Street Sydney NSW 2000 (**Mercantile OFM**).

AND **IPE Limited** (ACN 107 843 381) of Level 9, 1 Castlereagh Street, Sydney NSW 2000 (**IPE**).

RECITALS

A Mercantile OFM is proposing to make a takeover bid to acquire all of the Shares that neither it nor MVT already own and the Directors are proposing to recommend the bid in the absence of a Superior Proposal.

B The parties have agreed that the takeover bid will be made on the terms and conditions set out in this Agreement.

1. DEFINITIONS AND INTERPRETATIONS

1.1 Definitions

In this Agreement:

A\$ or \$ means the lawful currency of the Commonwealth of Australia.

Agreed Bid Terms means the terms and conditions set out in Schedule 1 subject to the obligations set out in this Agreement.

ASIC means Australian Securities and Investments Commission.

ASX means ASX Limited (ACN 008 624 691).

Bidder's Statement means the bidder's statement to be issued by Mercantile OFM in relation to the Offers in accordance with the Corporations Act.

Board means the board of directors of IPE.

Business Day means a day on which the banks are open for business in Sydney excluding a Saturday, Sunday or public holiday.

Claim means actions, suits, causes of action, debts, dues, costs, claims, liabilities, demands, damages, losses, costs and expenses of any description, decisions, judgments and orders either at law or in equity or arising under any statute.

Confidential Information means all information disclosed to or acquired by the Receiving Party or to or by the Receiving Party's Representatives before or after the date of this agreement, whether orally, in writing or in electronic or machine readable form, including information developed by the Receiving Party or by the Receiving Party's Representatives to the extent that it includes, is based on or is derived from any disclosed information, but does not include information that:

- (a) the Receiving Party can prove by contemporaneous written documentation was in the lawful possession of the Receiving Party before the Disclosing Party had any dealings with the Receiving Party or was independently generated by the Receiving Party or on its behalf;

- (b) is in the public domain otherwise than as a result of a breach of Clause 7 or any other obligation of confidentiality owed to the Disclosing Party; or
- (c) was legally and properly obtained by the Receiving Party from any other source without restriction on further disclosure.

Corporations Act means *Corporations Act 2001* (Cth).

Director means a director of IPE.

Disclosing Party means a party who discloses its Confidential Information to the Receiving Party.

Duty means any stamp, transaction or registration duty or similar charge imposed by any Public Authority and includes, but is not limited to, any interest, fine, penalty, charge or other amount imposed in respect of any of them, but excludes a Tax.

Exclusivity Period means the period from and including the date of this Agreement to the earlier of:

- (a) the termination of this Agreement in accordance with its terms; and
- (b) the end of the Offer Period.

Management Agreement means the deed of novation dated 30 June 2011 between ING Investment Management Limited (ACN 003 731 959) (**INGIML**), Pomona Australia Pty Limited (ACN 146 787 091) (**Pomona**) and IPE pursuant to which the management agreement between IPE and INGIML dated 21 September 2004 (as amended by the letters from INGIML dated 21 February 2008 and 4 June 2009) was novated from INGIML to Pomona.

Monthly NTA Announcement means the net tangible asset announcement released by IPE on the ASX announcements platform in accordance with the Listing Rules at any time prior to the end of the Offer Period. For the avoidance of doubt, this includes each announcement released prior the date of this Agreement.

Mercantile OFM Board means the board of directors of Mercantile OFM.

MVT means Mercantile Investment Company Limited (ACN 121 415 576).

Listing Rules means the official listing rules of the ASX.

Offer means each offer to acquire Shares made in connection with the Takeover Bid.

Offer Period means the period during which the Offers are open for acceptance.

Public Authority means any government or governmental, semi-governmental, administrative, monetary, fiscal or judicial body, department, commission, authority, tribunal, agency or entity in any part of the world.

Recommendation has the meaning given in Clause 2.12.

Relevant Interest has the meaning given in Section 9 of the Corporations Act.

Receiving Party means a party who receive Confidential Information from the Disclosing Party.

Representative means in respect of a party or its Subsidiary, each director, officer, employee, adviser, agent or representative of that party or Subsidiary.

Security Interest has the same meaning as in section 51A of the Corporations Act.

Share means an ordinary share in the capital of IPE, including all shares on issue as at the end of the Offer Period.

Shareholder means a holder of Shares.

Subsidiary has the meaning given in section 9 of the Corporations Act.

Superior Proposal means a bona fide Third Party Proposal of the kind referred to in either paragraph a), b) or d) of the definition of Third Party Proposal (and not resulting from a breach by IPE of its obligations under this Agreement including, without limitation, Clause 4 which the Board, acting in good faith, and after taking written advice from its legal and financial advisors, determines is:

- (a) reasonably capable of being valued and completed on a timely basis, taking into account all aspects of the Third Party Proposal and the person making it, including without limitation having regard to legal, regulatory and financial matters and any conditions precedents; and
- (b) more favourable to Shareholders than the Takeover Bid, taking into account all terms and conditions of the Third Party Proposal.

Takeover Bid means an off-market takeover bid made by Mercantile OFM for the Shares that is on the Agreed Bid Terms.

Target's Statement means the Target's Statement to be issued by IPE in accordance with the Corporations Act in response to the Takeover Bid.

Tax means any tax, levy, charge, impost, fee, deduction, goods and services tax, compulsory loan or withholding, that is assessed, levied, imposed or collected by any Public Authority and includes, any interest, fine, penalty, charge, fee or any other amount imposed on, or in respect of any of the above but excludes duty.

Third Party means a party other than Mercantile Investment Company Limited (**MVT**) or Mercantile OFM and any Subsidiary of Mercantile OFM or MVT.

Third Party Proposal means a transaction or arrangement pursuant to which a Third Party will, if the transaction or arrangement is entered into or completed:

- (a) acquire (whether directly or indirectly) or become the holder of, or otherwise acquire, have a right to acquire or have an economic interest in, all or a substantial part of the business of IPE;
- (b) acquire a Relevant Interest in, become the holder of, or otherwise acquire, have a right to acquire or have an economic interest in 10% or more of the Shares;
- (c) acquire control (as determined in accordance with section 50AA of the Corporations Act) of IPE;
- (d) otherwise acquire or merge with IPE; or

- (e) enter into any agreement, arrangement or understanding requiring IPE to abandon, or otherwise fail to proceed with, the Takeover Bid, and
- (f) whether by way of takeover offer, scheme of arrangement, merger, shareholder approved acquisition, capital reduction or buy back, sale or purchase of shares or other securities or assets, joint venture, dual-listed company structure (or other synthetic merger), or other transaction or arrangement.

Timetable means the indicative timetable set out in Schedule 2.

Unacceptable Circumstances has the meaning given in section 657A of the Corporations Act.

1.2 Interpretation

In this Agreement, headings and bold text are for convenience only and do not affect the interpretation of this Agreement and, unless the context otherwise requires:

- (a) words importing the singular include the plural and vice versa;
- (b) words importing a gender include any gender;
- (c) other parts of speech and grammatical forms of a word or phrase defined in this Agreement have a corresponding meaning;
- (d) an expression importing a natural person includes any company, partnership, joint venture, association, corporation or other body corporate and any Public Authority;
- (e) a reference to any thing (including, but not limited to, any right) includes a part of that thing but nothing in this Clause 1.2(e) implies that performance of part of an obligation constitutes performance of the obligation;
- (f) a reference to a clause, party or schedule is a reference to a clause of, and a party or schedule to, this Agreement and a reference to this Agreement includes any schedule;
- (g) a reference to a statute, regulation, proclamation, ordinance or by-law includes all statutes, regulations, proclamations, ordinances or by-laws amending, consolidating or replacing it, whether passed by the same or another Public Authority with legal power to do so, and a reference to a statute includes all regulations, proclamations, ordinances and by-laws issued under that statute;
- (h) a reference to a document includes all amendments or supplements to, or replacements or novations of, that document;
- (i) a reference to a party to a document includes that party's successors and permitted assigns;
- (j) a reference to an agreement other than this Agreement includes an undertaking, deed, agreement or legally enforceable arrangement or understanding whether or not in writing;
- (k) a reference to any time is a reference to that time in Sydney;
- (l) no provision of this Agreement will be construed adversely to a party solely on the ground that the party was responsible for the preparation of this Agreement or that provision; and

- (m) specifying anything in this Agreement after the words “including” or “for example” or similar expressions does not limit what else is included unless there is express wording to the contrary.

2. FACILITATION OF THE TAKEOVER BID

2.1 Making the Takeover Bid

- (a) Mercantile OFM agrees to make offers pursuant to an off-market takeover bid under Chapter 6 of the Corporations Act to acquire all of the Shares not already held by Mercantile OFM or MVT on terms and conditions the same as or not less favourable to the Shareholders than the terms and conditions of this Agreement (including the Agreed Bid Terms) (together, the **Offers** and each, an **Offer**).
- (b) As soon as reasonably practical after the date of this Agreement, the parties must do all things necessary to obtain ASIC relief from the minimum bid price rule in section 621(3) of the Corporations Act on terms that allow Mercantile OFM to take into account the decrease in the underlying value of the Shares as a result of the return of capital announced by IPE on 1 March 2018.
- (c) The parties each agree:
 - (i) to use reasonable endeavours to implement the Takeover Bid in accordance with the Timetable; and
 - (ii) that, in the event any step in the Timetable is not completed by the relevant date, they will use reasonable endeavours to complete that step as quickly as reasonably practicable (unless an alternative timetable is agreed by the parties, in which event the Takeover Bid will be implemented in accordance with that timetable and otherwise in accordance with the terms of this Agreement).

2.2 Bidder's Statement

- (a) Mercantile OFM must prepare the Bidder's Statement.
- (b) Mercantile OFM will, to the extent practicable, give IPE a reasonable opportunity to review an advanced draft of the Bidder's Statement, and will reasonably consider any comments IPE may provide on the draft Bidder's Statement.

2.3 Target's Statement

- (a) IPE must prepare the Target's Statement.
- (b) IPE will, to the extent practicable, give Mercantile OFM a reasonable opportunity to review an advanced draft of the Target's Statement and will reasonably consider any comments Mercantile OFM may provide on the draft Target's Statement.

2.4 Dispatch of documents

- (a) Each party agrees to use all reasonable endeavours to send the Bidder's Statement and Target's Statement to Shareholders in accordance with the Timetable and agrees that the documents will be bound together in a single booklet.
- (b) Without limiting Clause 2.4(a) but subject to Mercantile OFM complying with Clause 2.2(b), IPE agrees that the Bidder's Statement, the Offers and any accompanying documents to be sent by Mercantile OFM under the Takeover Bid under item 6 of subsection 633(1) of the Corporations Act may be sent on any date nominated by Mercantile OFM that is earlier

than the date for sending specified in item 6 of subsection 633(1) of the Corporations Act.

2.5 Promote the Takeover Bid

During the Offer Period in the absence of a Superior Proposal, IPE will procure that its directors participate in efforts reasonably requested by Mercantile OFM to promote the merits of the Takeover Bid.

2.6 Bid conditions

If any event or circumstance occurs or becomes apparent which would cause any of the conditions of the Offers to be breached or prevent them from being able to be satisfied, IPE must, to the extent IPE is actually aware of such information, as soon as reasonably practicable, notify Mercantile OFM of the event or circumstance.

2.7 During and after the Bid period

- (a) From the date of this Agreement until the end of the Offer Period unless Mercantile OFM agrees otherwise in writing, IPE will promptly notify Mercantile OFM of anything of which it becomes aware that:
 - (i) makes any material information publicly filed by IPE to be, or reasonably likely to be, incomplete, incorrect, untrue or misleading in any material respect;
 - (ii) makes any information provided to Mercantile OFM in relation to IPE or the Offer incomplete, incorrect, untrue or misleading in any material respect.
- (b) If Mercantile OFM acquires a Relevant Interest in 50.1% or more of the Shares under the Offer, as soon as practicable after the end of the Offer Period, IPE must procure the termination the Management Agreement with immediate effect.

2.8 Access to information

- (a) Each party agrees to provide the other party, on a timely basis, with information that may be reasonably required to assist in the preparation of the Bidder's Statement or the Target's Statement (as applicable).
- (b) From the date of this Agreement until the end of the Offer Period, IPE must:
 - (i) provide Mercantile OFM (at Mercantile OFM's cost) with a copy of the register of members of IPE in an electronic form reasonably requested by Mercantile OFM within two Business Days after such request from Mercantile OFM;
 - (ii) provide Mercantile OFM (at IPE's cost) with a copy of the register of members of IPE in electronic form within two days that IPE receives a copy from its share registry each time a copy is obtained by IPE; and
 - (iii) comply (at Mercantile OFM's cost) with any reasonable request of Mercantile OFM to give directions to Shareholders pursuant to Part 6C.2 of the Corporations Act.

2.9 Conduct of the business

From the date of this Agreement up to and including the end of the Offer Period (each inclusive), IPE

agrees to make all reasonable efforts to:

- (a) conduct its business in the ordinary course consistent with the manner in which such business and operations were conducted immediately prior to the date of this Agreement;
- (b) take no action to wind-up the Company;
- (c) make all reasonable efforts to preserve and maintain the net tangible asset value;
- (d) maintain and preserve their relationships with customers, Public Authorities and others having business dealings with IPE; and
- (e) without the prior consent of Mercantile OFM, not enter into any lines of business or other activities in which IPE was not engaged as of the date of this Agreement,

provided that nothing in this Clause 2.9 restricts IPE from responding to prevailing market conditions or changes in the market or its business needs in a reasonable and prudent manner.

2.10 No Dividends

Between the date of this Agreement and up to and including the end of the Offer Period (each inclusive) IPE must not, without the prior written consent of Mercantile OFM, announce, pay or declare any dividend or capital reduction.

2.11 Share capital

Between the date of this Agreement and up to and including the end of the Offer Period (each inclusive) IPE may not, without the prior written consent of Mercantile OFM, issue or agree to issue any Shares or other securities or convert or agree to convert all or any of the Shares into a larger or smaller number of shares.

2.12 Board recommendation

- (a) Subject to Clause 2.12, IPE must procure that the Directors publicly state, in the Target's Statement and the announcement of the Takeover Bid, that they unanimously recommend that Shareholders accept the Offers in the absence of a Superior Proposal (**Recommendation**).
- (b) IPE must procure that the Board collectively does not, and that each of the Directors individually does not, change, withdraw or modify its or his Recommendation unless:
 - (i) the Board has obtained written legal advice from its external legal advisers that not changing, withdrawing or modifying its or his Recommendation would reasonably be likely to involve a breach of the duties owed by the Board collectively or any Director individually or would otherwise be unlawful; or
 - (ii) after the date of this Agreement IPE releases a Monthly NTA Announcement that contains a net tangible asset value that represents an increase of 10% or more from the value set out in the last Monthly NTA Announcement released to the ASX prior to the date of this Agreement.
- (c) If the Board proposes to change, withdraw or modify the Recommendation in accordance with Clause 2.12(b):

- (i) the Board must notify Mercantile OFM in writing as soon as reasonably practicable confirming that it intends to change, withdraw or modify the Recommendation and either:
 - (A) confirm that IPE has received the legal advice referred to in Clause 2.12(b)(i); or
 - (B) provide a copy of the Monthly NTA Announcement that contains the increased net tangible asset value,such notification must be signed by two Directors; and
- (ii) the parties must consult in good faith for 5 Business Days after the date on which the notification in Clause 2.12(c)(i) is given, to consider and determine whether the Recommendation can be maintained. For the avoidance of doubt, the Recommendation cannot be changed, withdrawn or modified in accordance with Clause 2.12(b) until the end of that consultation period.

3. PUBLIC ANNOUNCEMENTS

3.1 Announcement of the Takeover Bid

Immediately after the execution of this Agreement, IPE and Mercantile OFM must issue public announcements in a form previously agreed in writing between them. The IPE announcement must include the Recommendation.

3.2 Public announcement

Subject to Clause 3.3, no public announcement in connection with the Takeover Bid (other than a procedural notification or announcement required by the Corporations Act) may be made other than in a form approved by both parties. Each party must use all reasonable endeavours to provide the approval as soon as practicable.

3.3 Required disclosure

Nothing in this Clause 3 prevents a party from making a disclosure required by law or the Listing Rules relating to matter the subject of the Takeover Bid, provided that party has consulted with the other party to the extent reasonably practicable regarding the form and content of the announcement or disclosure.

4. EXCLUSIVITY

4.1 No-talk

Subject to Clause 4.3, during the Exclusivity Period, IPE must not, and must procure that none of its respective Representatives:

- (a) directly or indirectly participates in or continues any discussions or negotiations;
- (b) provides or makes available any information (including by way of providing information and access to perform due diligence on IPE);
- (c) enters into any Agreement, arrangement or understanding (whether or not in writing and

whether or not legally binding); or

- (d) communicates any intention or Agreement to do any of the things referred to in Clauses 4.1(a), 4.1(b) or 4.1(b),

in relation to, or which would reasonably be expected to lead to a Third Party Proposal.

4.2 No-shop

During the Exclusivity Period, IPE must not, and must ensure that none of its Representatives:

- (a) directly or indirectly solicit (including by way of providing information concerning the relevant party to any person) or invite enquiries, discussions or proposals in relation to, or which would reasonably be expected to lead to a Third Party Proposal; or
- (b) communicate to any person an intention or Agreement to do any of the things referred to in Clause 4.2(a).

4.3 Limitation to No-talk

- (a) Subject to Clause 4.5, IPE and its Representatives may undertake any action that would otherwise be prohibited by Clause 4.1, in relation to a bona fide Third Party Proposal which was not solicited and was not otherwise brought about (directly or indirectly) as a result of any breach by it of its obligations under Clause 4.2, where the Board acting in good faith, determines after taking advice from its external lawyers that not undertaking that act would reasonably be likely to involve a breach of the duties owed by any Director or would otherwise be unlawful.
- (b) Prior to undertaking an act otherwise prohibited by Clause 4.1 in reliance on Clause 4.3(a), IPE must:
 - (i) provide a notice to Mercantile OFM signed by two Directors, confirming that it has received legal advice referred to in Clause 4.3(a); and
 - (ii) not, and procure that none of its Representatives, undertake any such prohibited act until the end of the second Business Day after the date of the provision to Mercantile OFM of the notice referred to in Clause 4.3(b)(i) is received by Mercantile OFM.

4.4 Notification of approaches

During the Exclusivity Period, IPE must notify Mercantile OFM as soon as reasonably practicable in writing if it or any of its Representatives becomes aware of:

- (a) any approach or attempt to initiate negotiations or discussions or any intention to make such an approach or attempt to initiate negotiations or discussions in respect of any actual, proposed or potential (which, for the avoidance of doubt, will not require notification of any details of the party making the expression of interest, offer or proposal, their terms or any updates to the expression of interest, offer or proposal);
- (b) any proposal whether written or otherwise made to that party or its Representatives in connection with, or in respect of, any exploration or consummation of, a Third Party Proposal or a proposed or potential Third Party Proposal, whether unsolicited or otherwise

(which, for the avoidance of doubt, will not require notification of any details of the party making the proposal, the terms of the proposal or any updates to the proposal); and

- (c) the provision by IPE or its Representatives of any information relating to IPE Group or any of their businesses or operations or the Portfolio to any person in connection with or for the purposes of an actual, proposed or potential Third Party Proposal.

4.5 Matching right

Subject always to the other provisions of this Clause 4, IPE must:

- (a) not enter into any legally binding agreement, arrangement or understanding (whether or not in writing) in relation to a Third Party Proposal; or
- (b) use reasonable endeavours to procure that none of the Directors change their Recommendation in favour of the Takeover Bid or recommend a Third Party Proposal,

unless IPE has provided Mercantile OFM with:

- (c) the material terms and conditions of the Third Party Proposal; and
- (d) any material due diligence information provided to the relevant Third Party that has not previously been provided to Mercantile OFM; and
- (e) IPE has given Mercantile OFM at least 5 Business Days after provision of that information to provide a matching or superior proposal to the Third Party Proposal; and
- (f) Mercantile OFM has not announced a matching or superior proposal to the terms of the actual, proposed or potential Third Party Proposal by the expiry of the 5 Business Days period in Clause 4.5(e) above.

4.6 Confirmation of no discussions

IPE represents and warrants that, as at the date of this Agreement, no agreement, arrangement or understanding (whether or not legally binding and whether or not in writing) exists in relation to any expression of interest, offer or proposal of the kind referred to in Clause 4.1 or Clause 4.2 and there are no continuing discussions.

4.7 Compliance with law

- (a) If it is finally determined by the court, or the Takeovers Panel, that the agreement by the parties under this Clause 4 or any part of it:
 - (i) constituted, or constitutes, or would constitute, a breach of the fiduciary or statutory duties of the Board or the Mercantile OFM Board; or
 - (ii) constituted, or constitutes, or would constitute Unacceptable Circumstances; or
 - (iii) was, or is, or would be, unlawful for any other reason,

then, to that extent (and only to that extent) that party will not be obliged to comply with that provision of Clause 4.

- (b) The parties must not make or cause or permit to be made, any application to a court or the Takeovers Panel for or in relation to a determination of a kind referred to in Clause 4.7(a).

5. TERMINATION

5.1 Termination rights

- (a) A party may terminate this Agreement by written notice to the other party if at any time after the date on which the Takeover Bid is announced and before the end of the Offer Period:
 - (i) the other party has materially breached this Agreement (other than a breach of warranty), the party entitled to terminate has given written notice to the party in breach of this Agreement setting out the relevant circumstances and stating an intention to terminate this Agreement and, to the extent that the breach is capable of remedy, that breach is not remedied by that other party within 5 Business Days (or any shorter period ending at the end of the Offer Period) after the date on which the notice is given;
 - (ii) Mercantile OFM withdraws the Takeover Bid or the Takeover Bid lapses for any reason, including non-fulfilment of a condition to the Offer.
- (b) Mercantile OFM may terminate this Agreement by written notice to IPE at any time before the end of the Offer Period if any Director fails to recommend the Takeover Bid or any Director withdraws, adversely revises or adversely modifies his recommendation that Shareholders accept the Offer or any Director makes a public statement indicating that they no longer recommend the Takeover Bid or recommending, supporting or endorsing another transaction (including any Third Party Proposal).
- (c) IPE may terminate this Agreement by written notice to Mercantile OFM at any time before the end of the Offer Period if the Board or a majority of the Board has changed, withdrawn or modified its Recommendation as permitted under Clause 2.12.

5.2 Termination for warranty breach

A party may, at any time before the end of the Offer Period, terminate this Agreement for breach of a representation or warranty only if:

- (a) it has given written notice to the other party setting out the relevant circumstances and stating an intention to terminate the Agreement;
- (b) the relevant breach continues to exist 5 Business Days (or any shorter period ending at the end of the Offer Period) after the date on which the notice is given under Clause 5.2(a); and
- (c) the relevant breach is material in the context of the Takeover Bid taken as a whole.

5.3 Effect of termination

If this Agreement is terminated by a party under this Clause 5:

- (a) each party will be released from its obligations under this Agreement except its obligations under Clauses 7, 9 and 10.1 which clauses shall survive termination and remain in force;

- (b) each party will retain the rights it has or may have against the other party in respect of any past breach of this Agreement; and
- (c) in all other respects, all future obligations of the parties under this Agreement will immediately terminate and be of no further force or effect, including without limitation any further obligations in respect of the Takeover Bid.

5.4 Termination

Where a party has a right to terminate this Agreement, that right for all purposes will be validly exercised if the party delivers a notice in writing to the other party stating that it terminates this Agreement and the provision under which it is terminating the Agreement.

6. WARRANTIES

6.1 Representations and warranties

- (a) Each party represents and warrants to the other that, as at the date of this Agreement and at all time during the Offer Period:
 - (i) it is duly incorporated under the laws of the place of its incorporation;
 - (ii) it has the power and authority to sign this Agreement and perform and observe all its terms;
 - (iii) this Agreement has been duly executed and is a legal, valid and binding agreement, enforceable against it in accordance with its terms;
 - (iv) it is not bound by any contract which may restrict its right or ability to enter into or perform this Agreement; and
 - (v) no resolutions have been passed and no other step has been taken or legal proceedings commenced or threatened against it for its winding up or deregistration or for the appointment of a liquidator, receiver, administrator or similar officer over any or all of its assets, and no regulatory action of any nature has been taken, which would prevent, inhibit or otherwise have a material adverse effect on its ability to fulfil its obligations under this Agreement.

6.2 IPE Representations and Warranties

IPE represents and warrants to Mercantile OFM that:

- (a) the only securities of IPE on issue are 135,642,099 fully paid ordinary Shares and IPE has not issued or granted (or offered or agreed to issue or grant) any other securities, options or instruments, which are outstanding and which may convert into share capital; and
- (b) it is not aware of any act, omission, event or fact that would result in one or more of the conditions set out in Schedule 1 being triggered;
- (c) all information provided to Mercantile is complete and accurate in all material respects and is not misleading or deceptive whether by inclusion or omission;

- (d) as at the date of the Agreement, subject to the announcement of the Takeover Bid in accordance with Clause 3.1, it is not in breach of its continuous disclosure obligations under the Listing Rules;
- (e) each Monthly NTA Announcement has been prepared in good faith, in accordance with applicable laws and does not contain any statement which is materially misleading or deceptive, including by way of omission; and
- (f) the Management Agreement will be terminated in accordance with Clause 2.7(b) on the terms and conditions (including, without limitation, the quantum of any payments) approved by Mercantile OFM.

6.3 Reliance by parties, Repetition of Warranties and Notice

- (a) Each party acknowledges that:
 - (i) in entering into this Agreement the other party has relied on the representations and warranties provided under this Clause 6:
 - (ii) it has not entered into this Agreement in reliance on any warranty or representation made by or on behalf of any other party except the representations and warranties set out in this Agreement.
- (b) Each party will promptly advise the other parties in writing if it becomes aware of any fact, matter or circumstance that constitutes or may constitute a breach of a representation and warranty given by it under this Clause 6.
- (c) Each party must ensure that as at the date of this Agreement and at all times prior to expiry of the Offer Period each representation and warranty given by it is accurate.

6.4 Status of representations and warranties

Each representation and warranty in this Clause 6:

- (a) is severable;
- (b) will survive the termination of this Agreement: and
- (c) is given with the intent that liability under it will not be confined to breaches that are discovered prior to the date of termination of this Agreement.

7. CONFIDENTIALITY

7.1 Obligation of confidence

Each party (**Receiving Party**) must:

- (a) maintain the confidential nature of the Confidential Information;
- (b) only disclose Confidential Information;
 - (i) to a Representative where the Representative has a need to know and after the Receiving Party has made the Representative fully aware of the confidential nature of the Confidential Information;

- (ii) with the prior written consent of the Disclosing Party; or
 - (iii) as required by law, provided that the Receiving Party must give the Disclosing Party reasonable prior notice of the proposed disclosure;
- (c) immediately notify the Disclosing Party of any potential, suspected or actual unauthorised access, disclosure, copying or use or breach of this Clause 7.

7.2 Release and Acknowledgment

- (a) IPE releases Mercantile OFM from its confidentiality obligations owed to IPE under this Clause 7 to the extent necessary for Mercantile OFM to make the Offers (including in relation to any of IPE's information required by applicable law to be included in the Bidder's Statement and any supplementary Bidder's Statement);
- (b) Mercantile OFM releases IPE from its confidentiality obligations owed to Mercantile OFM under this Clause 7 to the extent necessary for IPE to respond to the Takeover Bid (including in relation to any of Mercantile OFM's information required by law to be included in the Target's Statement and any supplementary Target's Statement).
- (c) Each party acknowledges and agrees that, except as provided for in Clauses 7.2(a) and 7.2(b), it continues to be bound by obligations in Clause 7.1 in respect of all information received by it from the other party before or after the date of this Agreement.

7.3 Termination

The obligations of this Clause 7 will survive the termination of this Agreement.

8. CONSIDERATION

Each party acknowledges that any obligations it incurs or rights it provides under this Agreement is for valuable consideration received from the other parties.

9. GST

9.1 Interpretation

In this Clause 9, a word or expression defined in the A New Tax System (Goods and Services Tax) Act 1999 (Cth) has the meaning given to it in that Act.

9.2 GST gross up

- (a) Subject to Clause 9.2 if a party makes a supply under or in connection with this Agreement in respect of which GST is payable, the consideration for the supply but for the application of this Clause 9.2 (GST exclusive consideration) is increased by an amount equal to the GST exclusive consideration multiplied by the rate of GST prevailing at the time the supply is made.
- (b) Clause 9.2(a) does not apply to any consideration or payment that is expressed in this Agreement to be inclusive of GST.
- (c) Any consideration or payments that are not expressed to be inclusive of GST are exclusive of GST.

9.3 Reimbursements and indemnifications

If a party must reimburse or indemnify another party for a loss, cost or expense, the amount to be reimbursed or indemnified is first reduced by any input tax credit the other party is entitled to for the loss, cost or expense, and then increased in accordance with Clause 9.2.

9.4 Tax invoice

A party need not make a payment for a taxable supply made under or in connection with this Agreement until it receives a tax invoice for the supply to which the payment relates.

10. GENERAL

10.1 Notices

Any notice, demand, consent, waiver or other communication (**Notice**) given or made under this Agreement:

- (a) must be in writing and signed by a person duly authorised by the sender;
- (b) must be delivered to the intended recipient by prepaid post or by hand or fax to the address or fax number below or the address (being an address in Australia) or fax number last notified by the intended recipient to the sender:

- (i) Mercantile OFM

- Attention: Gabriel Radzynski

- Address: Level 5, 139 Macquarie Street Sydney NSW 2000

- Email: gabriel@sandoncapital.com.au

- (ii) IPE

- Attention: **Geoff Brunson**

- Address: Level 8, 28 Castlereagh Street, Sydney NSW

- Email: gnb@gnbconsulting.com.au

- (c) will be taken to be duly given or made:

- (i) in the case of delivery in person, when delivered;
 - (ii) in the case of delivery by post, two Business Days after the date of posting (if posted to an address in the same country); or
 - (iii) in the case of delivery by email, on the first to occur of:
 - (A) receipt by the sender of an email acknowledgement from the recipient's information system showing that the Notice has been delivered to the email address stated above;

- (B) the time that the Notice enters an information system which is under the control of the recipient; or
- (C) the time that the Notice is first opened or read by an employee or officer of the recipient,

but if the result is that a Notice would be taken to be given or made on a day that is not a Business Day in the place to which the Notice is sent or is later than 4:00 pm (local time) it will be taken to have been duly given or made at the commencement of business on the next Business Day in that place.

10.2 Prohibition and enforceability

- (a) Any provision of, or the application of any provision of, this Agreement or any power which is prohibited in any jurisdiction is, in that jurisdiction, ineffective only to the extent of that prohibition.
- (b) Any provision of, or the application of any provision of, this Agreement which is void, illegal or unenforceable in any jurisdiction does not affect the validity, legality or enforceability of that provision in any other jurisdiction or of the remaining provisions in that or any other jurisdiction.
- (c) Where a clause is void, illegal or unenforceable, it may be severed without affecting the enforceability of the other provisions in this Agreement.

10.3 Entire agreement

This Agreement constitutes the entire agreement between the parties in relation to its subject matter. All prior discussions, undertakings, agreements, representations, warranties and indemnities in relation to that subject matter are replaced by this Agreement and have no further effect.

10.4 No waiver

No failure to exercise nor any delay in exercising any right, power or remedy by a party operates as a waiver. A single or partial exercise of any right, power or remedy does not preclude any other or further exercise of that or any other right, power or remedy. A waiver of any right, power or remedy on one or more occasions does not operate as a waiver of that right, power or remedy on any other occasion, or of any other right, power or remedy. A waiver is not valid or binding on the party granting that waiver unless made in writing

10.5 Remedies cumulative

The rights, powers and remedies provided to each party in this Agreement are in addition to, and do not exclude or limit, any right, power or remedy provided by law or equity or by any agreement.

10.6 Further assurances

Each party must do or cause to be done all things necessary or reasonably desirable to give full effect to this Agreement and the transactions contemplated by it (including, but not limited to, the execution of documents).

10.7 Amendment

No amendment or variation of this Agreement is valid or binding on a party unless made in writing executed by each of the parties, which may so make an amendment or variation notwithstanding that one or more other parties or persons may be entitled to the benefit of all or any of the provisions of this Agreement.

10.8 Assignment

The rights and obligations of each party under this Agreement are personal. They cannot be assigned, encumbered or otherwise dealt with and no party may attempt, or purport, to do so without the prior consent of the other parties.

10.9 No merger

The rights and obligations of the parties will not merge on the completion of any transaction contemplated by this Agreement. They will survive the execution and delivery of any assignment or other document entered into for the purpose of implementing a transaction.

10.10 Attorney

Each attorney executing this Agreement states that he or she has no notice of revocation or suspension of his or her power of attorney.

10.11 Counterparts

This Agreement may be executed in any number of counterparts. All counterparts together will be taken to constitute one instrument.

**SCHEDULE 1
AGREED BID TERMS**

1. Consideration

The consideration under the Offer is A\$0.0775 (or 7.75 cents) for each Share that Mercantile OFM and MVT do not already own.

2. Offer Period

The initial Offer Period shall last for at least one month and shall be subject to Mercantile OFM's right to extend the period in accordance with the Corporations Act.

3. Conditions

- (a) **ASIC Relief:** Before the end of the Offer Period, ASIC granting relief from the minimum bid price rule in section 621(3) of the Corporations Act to allow Mercantile OFM to take into account the decrease in the underlying value of the Shares as a result of the return of capital announced by IPE on 1 March 2018.
- (b) **50.1% minimum acceptance:** Mercantile OFM, together with its Associates, has a relevant interest in more than 50.1% (by number) of Shares on issue before the end of the Offer Period.
- (c) **No regulatory action:** During the period starting on the date of this Agreement and ending at the end of the Offer Period:
- (i) no preliminary or final decision, order or decree is made or issued;
 - (ii) no action, proceeding or investigation is announced, commenced or threatened; and
 - (iii) no application is made (other than by Mercantile OFM or its associates),
- by or to any regulatory organisation or government agency which is likely to or threatens to restrain, prohibit, impede or otherwise materially adversely affect the making of the Offer, the acquisition of the Shares by Mercantile OFM, the rights of Mercantile OFM in respect of IPE and the Shares or the continued operation of the investment business of IPE (other than any action or decision by or application to ASIC or the Takeovers Panel in exercise of the powers or discretions conferred by the Corporations Act).
- (d) **No prescribed occurrences:** Between the date of this Agreement and the date 3 Business Days after the end of the Offer Period (each inclusive), none of the following prescribed occurrences (being the occurrences listed in section 652C of the Corporations Act) happen:
- (i) IPE converting all or any of IPE Shares into a larger or smaller number of shares under section 254H of the Corporations Act;
 - (ii) IPE resolving to reduce its share capital in any way;
 - (iii) IPE entering into a buyback agreement or resolving to approve the terms of a buyback agreement under section 257C(1) or 257D(1) of the Corporations Act;

- (iv) IPE making an issue of Shares or granting an option over the Shares or agreeing to make such an issue or grant such an option;
- (v) IPE issuing, or agreeing to issue, convertible notes;
- (vi) IPE disposing or agreeing to dispose, of the whole, or a substantial part, of its business or property;
- (vii) IPE granting, or agreeing to grant, a Security Interest in the whole, or a substantial part, of its business or property;
- (viii) IPE resolving that it be wound up;
- (ix) the appointment of a liquidator or provisional liquidator of IPE;
- (x) the making of an order by a court for the winding up of IPE;
- (xi) an administrator of IPE being appointed under section 436A, 436B or 436C of the Corporations Act;
- (xii) IPE executing a deed of company arrangement;
- (xiii) the appointment of a receiver, receiver and manager, other controller (as defined in the Corporations Act) or similar official in relation to the whole, or a substantial part, of the property of IPE,

other than to the extent resulting from any actions taken (or omitted to be taken) following a written request from Mercantile OFM or with Mercantile OFM's prior written consent.

- (e) **No distributions:** Between the Announcement Date and the end of the Offer Period (each inclusive), IPE does not announce, make, declare or pay any distribution (whether by way of dividend, capital reduction or otherwise and whether in cash or in specie).
- (f) **Fall in NTA:** at any time after the date of this Agreement, IPE's net tangible asset value decreases by 10% or more than the value set out in the last Monthly NTA Announcement released to the ASX prior to the date of this Agreement.
- (g) **No breach of representation or warranty:** Between the date of this Agreement and the end of the Offer Period (each inclusive), the IPE warranties in Clause 6.2 are true and correct in all material respects.

SCHEDULE 2

Timetable

Event	Target Date
Announcement of Offer	6 June 2018
Mercantile OFM serves Bidder's Statement on IPE	25 June 2018
IPE serves Target's Statement and Expert's Report on Mercantile OFM	25 June 2018
Mercantile OFM and IPE despatch the Bidder's Statement and Target's Statement respectively to IPE shareholders	29 June 2018
Anticipated closing date for Offer	30 July 2018