

Mercantile Investment Company Limited

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4 July 2018

The Manager
Company Announcements
ASX Limited

ASX ANNOUNCEMENT

Bidder's Statement - Off-market bid for IPE Limited by Mercantile OFM Pty Limited

We refer to the takeover bid announced on 6 June 2018 for the acquisition by Mercantile OFM Pty Limited (ACN 120 221 623) (**Mercantile OFM**) of all the ordinary shares in IPE Limited (ACN 107 843 381) (**IPE**) not already held by Mercantile OFM or its associates, at a cash price of \$0.0775 (7.75 cents) per IPE share (**Offer**).

Attached in accordance with item 5 of section 633(1) of the *Corporations Act 2001* (Cth) is a copy of the bidder's statement issued by Mercantile OFM in relation to the Offer.

The Bidder's Statement was lodged with the Australian Securities and Investments Commission and sent to IPE earlier today.

Yours sincerely,



Gabriel Radzyminski
Director

Bidder's Statement

for the

RECOMMENDED
Off-market cash Offer

by

Mercantile OFM Pty Ltd (Mercantile OFM)
(ACN 120 221 623)

**Mercantile OFM is a wholly owned subsidiary of Mercantile
Investment Company Limited (MVT)**
(ACN 121 415 576)
(ASX Code MVT)
to acquire all the ordinary Shares in

IPE Limited
(ACN 107 843 381)
(ASX Code IPE)

The Directors of IPE Limited have
recommended that you

ACCEPT THE OFFER

in the absence of a Superior Proposal

at \$0.0775 (7.75 cents) cash for each IPE Share

This is an important document and requires your immediate attention.

If you are in any doubt as to how to deal with it, you should consult your financial or other professional adviser.

To accept the Offer please complete the enclosed Acceptance Form and use the reply paid envelope supplied to return the completed Acceptance Form to us. An Acceptance Form will not be accepted if returned by fax or email.

The Offer is dated 10 July 2018 and will expire at 7.00pm (Sydney time) on 10 August 2018 (unless withdrawn or extended). ASIC takes no responsibility for this Bidder's Statement.

Summary of the Offer

The information set out below is only a summary of the Offer. You should read the entire Bidder's Statement before deciding whether to accept the Offer.

The Offer	Mercantile OFM is offering to acquire all of your IPE Shares.
Offer Price	The Offer Price is \$0.0775 (7.75 cents) cash per IPE Share.
Offer Period	The Offer is scheduled to close at 7pm (Sydney time) on 10 August 2018 (but it may be extended).
Why accept the Offer?	<p>The Offer allows IPE Shareholders to sell all of their IPE Shareholding at a cash price that represents a 23% premium to \$0.063, the last price at which IPE Shares traded prior to the Announcement Date.</p> <p>The Offer also represents 15.7% premium to IPE's NTA (after allowing for estimated performance fees) as at 31 May 2018 (being the last reported NTA prior to the date of this Bidder's Statement).</p> <p>The cash Offer provides IPE Shareholders an opportunity for IPE Shareholders to exit their investment for cash.</p> <p>IPE Shareholders who accept this Offer will no longer be exposed to the risks and uncertainties associated with IPE's wind down strategy including there being no certainty as to the timing and quantum of future distributions from IPE and as IPE's assets are liquidated the resulting increases to risks associated with:</p> <ul style="list-style-type: none">(a) concentration and volatility within IPE's portfolio; and(b) the ratio of IPE's fixed operating costs to assets increasing and disproportionately affecting returns to IPE Shareholders.
Is the Offer recommended?	<p>Yes, the Directors of IPE have unanimously recommended that you ACCEPT THE OFFER in the absence of a Superior Proposal.</p> <p>The IPE Directors who hold (or whose Associates hold) IPE Shares intend to accept the Offer in full, in the absence of a Superior Proposal.</p>
Is the Offer fair and reasonable?	Titan Partners Corporate Finance Pty Limited (AFSL 427275), an independent expert retained by IPE, has concluded that the Offer is FAIR and REASONABLE to the IPE Shareholders. The Independent Expert Report was released to the market via the ASX announcement platform on 4 July 2018.
Limited conditions	<p>As at the date of this Bidder's Statement the only conditions to the Offer are:</p> <ul style="list-style-type: none">(a) Mercantile OFM and its Associates acquiring a Relevant Interest in more than 50.1% (by number) of IPE Shares on issue before the end of the Offer Period;(b) No Prescribed Occurrences, being the non-occurrence of each of the events referred to in Section 652C(1) and (2) of the Corporations Act;(c) No regulatory actions that would prohibit, prevent or inhibit the making of the Offer, including the acquisition of the Shares by Mercantile OFM and the continued operation of the investment business of IPE;(d) 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);(e) IPE's net tangible asset value not decreasing by 10% or more before the end of the Offer Period; and(f) IPE not materially breaching any warranties or representations

made to Mercantile OFM in the Merger Implementation Agreement.

The Offer is not subject to approval by IPE Shareholders in a general meeting.

The above is only a summary. The full terms of these Conditions are set out in Section 7.1 of this Bidder's Statement.

Payment

If you accept the Offer, you will be paid the cash proceeds, by the later of:

- (a) the date 1 month after you validly accept the Offer; and
- (b) 1 month after the date the Offer becomes or is declared unconditional,

but in any event (assuming the Offer becomes or is declared unconditional), no later than the date 21 days after the end of the Offer Period.

**Mercantile OFM
existing shareholding
in IPE**

Immediately before this Offer was sent, Mercantile OFM did not hold a Relevant Interest in any IPE Shares. However, Mercantile OFM's parent company, MVT, holds a Relevant Interest in 30,545,989 IPE Shares. Accordingly, Mercantile OFM and its Associates (together) have Voting Power in IPE of 22.5%. See Section 8.3 for details.

The above information is a summary only of key elements of this Bidder's Statement. IPE Shareholders should read all of this Bidder's Statement before making any decision in relation to the Offer.

How to accept the Offer

There are different ways to accept the Offer depending on how you hold your IPE Shares. See Section 1.6 for details.

Why you should accept the Offer

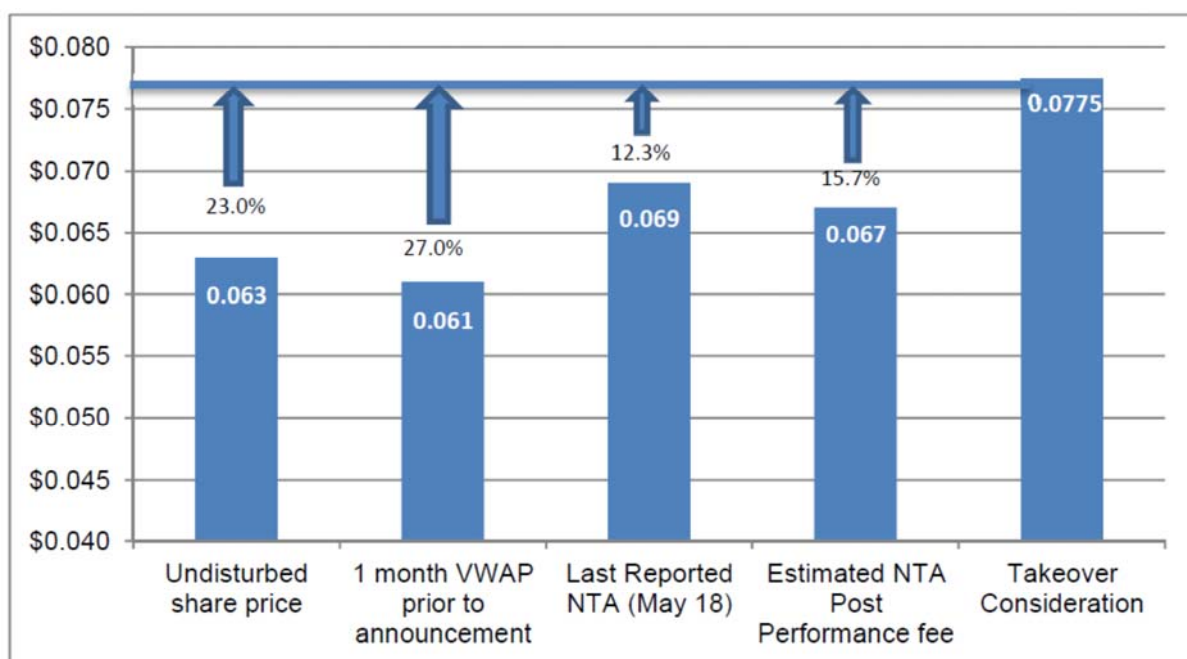
1. Cash offer

The Offer is \$0.0775 (7.75 cents) cash per IPE Share (**Offer Price**) and is for all of the IPE Shares that Mercantile OFM and its Associates do not already own.

2. Premium to NTA and ASX trading prices

The Offer Price is \$0.0775 (7.75 cents) cash per IPE Share. The Offer Price represents a 23% premium to \$0.063, the last price at which IPE Shares traded on ASX prior to the Announcement Date.

The Offer also represents a 15.7% premium to IPE's NTA after adjusting for IPE's estimated performance fees as at 31 May 2018 (being the last reported NTA prior to the date of this Bidder's Statement).



Notes:

1. "Undisturbed share price" in the above graph is the last price at which IPE Shares traded on ASX prior to the Announcement Date.
2. "1 month VWAP" in the above graph is the volume weighted average price at which IPE Shares traded over the one month period ending on 5 June 2018, being the last trading day prior to the Announcement Date.
3. "Last report NTA" in the above graph is the unaudited net tangible asset backing for IPE Shares (**NTA**) as at 31 May 2018 (before and after tax) released to the market on 13 June 2018, being the last NTA reported by IPE before the date of the Bidder's Statement.
4. "NTA Post Performance Fee" is the NTA (before and after tax) as at 31 May 2018 adjusted for the estimated fees that IPE would be required to pay to its investment manager Pomona Australia Pty Limited if the 3 year fee calculation period under the management agreement with Pomona Australia ended on 31 May 2018 (not 30 November 2018). This adjusted NTA was released to the market by IPE on 13 June 2018 in the last NTA announcement released before the date of the Bidder's Statement.
5. "Takeover Consideration" means the Offer Price of \$0.0775 cash per IPE Share.

Based on the volume weighted average price at which IPE Shares traded on-market on ASX over the one month period ending on 5 June 2018, being the last trading day prior to the Announcement Date, the Offer Price represents a premium of 27%.

IPE Shareholders should note that on 1 March 2018, IPE announced a dividend (of 3.75 cents per IPE Share) and a return of capital (of 3.25 cents per IPE Share). IPE Shares traded "ex" entitlement to the dividend and return of capital from 21 March 2018 onwards. The payment of the dividend and return of capital reduced the value of IPE Shares, all other things being equal, by 7 cents per IPE Share. All figures quoted above are shown on an ex-dividend and ex-capital return basis.

Over the 3 months to 5 June 2018, the last trading day before the Announcement Date, IPE Shares have traded in the range of \$0.06 to \$0.14. Note that the \$0.14 market price was on a “cum” dividend and return of capital basis. On an “ex” basis the \$0.14 price would be reduced by \$0.07, and equates to an adjusted market price of \$0.07 cents per IPE Share.

The Offer Price is \$0.0775, which is at a 10.7% premium to the highest adjusted market price at which IPE Shares traded over the 3 months before the Announcement Date.

3. The Offer provides certainty of value for all of your IPE Shares

The Offer is an offer to acquire all of your IPE Shares for cash.

Since mid-2009 IPE’s strategy has been to allow its private equity portfolio to wind down and to return cash to IPE Shareholders (whenever feasible and prudent to do so). Consistent with this strategy, IPE has paid dividends and made returns of capital in the financial years ended 30 June 2014, 30 June 2015, 30 June 2016, 30 June 2017 and 30 June 2018.

There is no certainty as to the timing and quantum of future distributions from IPE. The cash Offer provides IPE Shareholders with certainty. It is an opportunity for IPE Shareholders to exit their investment for cash.

Another consequence of IPE’s wind down strategy is that as IPE’s portfolio size reduces, the fixed costs of maintaining IPE as a stand-alone entity will become an increasingly larger proportion of the remaining assets. These fixed costs will begin to disproportionately affect returns to IPE Shareholders. It is possible that at some time in the future, the remaining assets of IPE are used solely to pay operating expenses.

4. You may not incur any brokerage costs in accepting the Offer

By accepting the Offer you will not incur any brokerage charges if your IPE Shares are registered in an issuer sponsored holding.

You may incur brokerage fees if you instruct your Controlling Participant to accept the Offer on your behalf.

5. ASX trading in IPE Shares

The Offer is to IPE Shareholders to sell all of their IPE Shares.

In the one month period up to 5 June 2018 (being the last trading day before the Announcement Date), the volume weighted average daily price at which IPE Shares traded on ASX was only \$0.061. Over this period, IPE Shares were traded on ex-dividend and ex-capital return basis. See paragraph 2 above for information regarding IPE’s March 2018 dividend and capital return.

6. There is no Superior Proposal or alternative offer for your IPE Shares

The Offer is the only offer available to IPE Shareholders as at the date of this Bidder’s Statement. As at the date of this Bidder’s Statement, there is no on-market buy back available through which IPE Shareholders could exit their investment.

7. There are risks of not accepting

After the Offer, there will be no certainty that IPE Shareholders will be able to dispose of their IPE Shares at the Offer Price.

Depending on what level of acceptances Mercantile OFM receives, the market for your IPE Shares may be more illiquid after the Offer. If, under the Offer, Mercantile OFM and its Associates acquire a Relevant Interest in at least 90% of IPE, Mercantile OFM intends to exercise its entitlement to compulsorily acquire the remaining IPE Shares. If your IPE Shares are compulsorily acquired you will be paid later than IPE Shareholders who accept the Offer.

Important information

Important dates

Event	Date
Date of this Bidder's Statement	4 July 2018
Dispatch of Bidder's Statement and Offer opens	10 July 2018
Date of Offer conditions notice *	3 August 2018
Close of Offer*	10 August 2018

* This date is indicative only and may be changed as permitted by the Corporations Act.

Bidder's Statement and Offer

This is a bidder's statement dated 4 July 2018 given by Mercantile OFM to IPE and each IPE Shareholder under Part 6.5 of Chapter 6 of the Corporations Act. This Bidder's Statement was approved by a resolution of the board of directors of Mercantile OFM. It includes an Offer for the IPE Shares dated 10 July 2018. The Offer relates to all IPE Shares that exist on 5 July 2018.

ASIC

A copy of this Bidder's Statement was lodged with ASIC on 4 July 2018. Neither ASIC nor any of its officers takes any responsibility for the contents of this Bidder's Statement.

Investment decision

This is an important document. This Bidder's Statement does not take into account the individual investment objectives, financial situation or any particular needs of each IPE Shareholder or any other person. IPE Shareholders may wish to seek independent financial and taxation advice before making a decision as to whether to accept the Offer.

Disclaimer

Except for historical information contained in this Bidder's Statement, there may be matters discussed in this Bidder's Statement that are forward-looking statements. Such statements are only predictions and are subject to inherent risks and uncertainty. Those risks and uncertainties include factors and risks specific to the industry in which the Mercantile OFM and IPE operate as well as general economic conditions and prevailing exchange rates and interest rates. Actual events or results may differ materially. For a discussion of important risk factors which could cause actual results to differ materially from such forward-looking statements, refer to Section 6 of this Bidder's Statement.

None of the Mercantile OFM Directors, any person named in this Bidder's Statement with their consent or any person involved in the preparation of this Bidder's Statement makes any representation or warranty (express or implied) as to the accuracy or likelihood of fulfilment of any forward looking statement, except to the extent required by law.

Defined terms

Defined terms used in this Bidder's Statement are capitalised. Definitions of these terms are set out in Section 10. Unless the contrary intention appears, the context requires otherwise or words are defined in Section 10, words and phrases in the Bidder's Statement have the same meaning and interpretation as in the Corporations Act.

Sources of Information

Information included in this Bidder's Statement relating to IPE and its business has been derived solely from publicly available sources published by IPE, including annual and half yearly financial reports and ASX announcements. Information regarding any other listed company included in this Bidder's Statement has also been derived solely from publicly available sources published by those companies.

Subject to the foregoing and to the maximum extent permitted by law, Mercantile OFM and its Directors disclaim all liability for any information concerning IPE including in this Bidder's Statement. IPE Shareholders should form their own views concerning IPE from publicly available information.

Privacy

Mercantile OFM has collected your personal information from the register of IPE Shareholders for the purposes of making the Offer. The Corporations Act requires the names and addresses of IPE Shareholders to be held in a public register. Your information may be disclosed on a confidential basis to Mercantile OFM's related bodies corporate and its related bodies corporate, service providers and advisers, and may be required to be disclosed to regulators such as ASIC.

1. Main features of the Offer

This Section sets out a summary of the main features of the Offer. It is qualified by the detailed information contained in the remainder of the Bidder's Statement.

1.1. The Offer

The Offer is being undertaken by way of an off-market takeover bid. The Offer is a takeover offer for all of the issued Shares of IPE that Mercantile OFM and its Associates do not already own. Appendix A of this Bidder's Statement contains the terms of the Offer. The remainder of this Bidder's Statement contains other information known to Mercantile OFM which is relevant to your decision as to whether to accept or reject the Offer.

1.2. What is Mercantile OFM Offering for my IPE Shares?

The Offer is a cash offer of \$0.0775 (7.75 cents) per IPE Share for all of the IPE Shares you own.

The Offer extends to IPE Shares on issue on 5 July 2018 not held by Mercantile OFM or its Associates.

1.3. Is the acceptance of the Offer recommended by your IPE Directors?

The IPE Directors **UNANIMOUSLY RECOMMEND** that IPE Shareholders **ACCEPT** the Offer in the absence of a Superior Proposal.

The IPE Directors who hold (or whose Associates hold) IPE Shares intend to accept the Offer in full, in the absence of a Superior Proposal.

1.4. Foreign Shareholders

This Offer is not registered in any jurisdiction outside Australia (unless an applicable foreign law treats it as registered as a result of the Bidder's Statement being lodged with ASIC). It is your sole responsibility to satisfy yourself that you are permitted by any foreign law applicable to you to accept this Offer. See Appendix A of this Bidder's Statement for more information.

1.5. Will I pay any brokerage or stamp duty if I accept any of the Offer?

You will not pay brokerage or stamp duty as a result of accepting the Offer (you may incur brokerage fees if you choose to sell your IPE Shares on market or if you instruct your Controlling Participant to accept the Offer on your behalf).

1.6. When does the Offer close?

The Offer closes at 7.00pm (Sydney time) on 10 August 2018, unless extended or withdrawn in accordance with the Corporations Act.

Mercantile OFM intends to proceed to compulsory acquisition of the remaining IPE Shares if it is entitled to do so under the Corporations Act.

1.7. How do I accept the Offer?

There are different ways to accept the Offer depending on how you hold your IPE Shares.

For CHESSE Holdings

Instruct your stockbroker or other Controlling Participant to initiate acceptance of the Offer on your behalf in sufficient time for the Offer to be accepted before the end of the Offer Period.

Alternatively, you may complete and sign the enclosed Acceptance Form in accordance with the instructions on that form and within this Bidder's Statement and return it so it is received before the end of the Offer Period to:

By post:

Mercantile OFM – IPE Offer
Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235

Hand delivery:

Mercantile OFM – IPE Offer
Link Market Services Limited
1A Homebush Bay Drive
Rhodes NSW 2138

An Acceptance Form will not be accepted if returned by fax or email.

For Issuer Sponsored Holdings

Complete and sign the accompanying Acceptance Form in accordance with instructions on that form and within this Bidder's Statement and return it so it is received before the end of the Offer Period to:

By post

Mercantile OFM – IPE Offer
Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235

Hand delivery

Mercantile OFM – IPE Offer
Link Market Services Limited
1A Homebush Bay Drive
Rhodes NSW 2138

An Acceptance Form will not be accepted if returned by fax or email.

The Acceptance Form

The Acceptance Form which accompanies this Bidder's Statement forms part of the Offer. The requirements on the Acceptance Form must be observed in accepting the Offer.

You may only accept the Offer for all of your IPE Shares.

1.8. Are there any Conditions to the Offer?

As at the date of this Bidder's Statement, the only conditions to the Offer are:

- (a) Mercantile OFM and its Associates acquiring a Relevant Interest in more than 50.1% (by number) of IPE Shares on issue before the end of the Offer Period;
- (b) No Prescribed Occurrences, being the non-occurrence of each of the events referred to in Section 652C(1) and (2) of the Corporations Act;
- (c) No regulatory actions that would prohibit, prevent or inhibit the making of the Offer, including the acquisition of the Shares by Mercantile OFM and the continued operation of the investment business of IPE;
- (d) 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);
- (e) IPE's net tangible asset value not decreasing by 10% or more before the end of the Offer Period; and
- (f) IPE not materially breaching any warranties or representations made to Mercantile OFM in the Merger Implementation Agreement.

The Offer is subject to no other conditions. In particular, the Offer is not subject to approval by IPE Shareholders in general meeting.

The above is only a summary. The full terms of these Conditions are set out in Section 7.1 of this Bidder's Statement.

1.9. When will I be paid my Offer Consideration?

Mercantile OFM will provide or procure the provision of the Offer Consideration for all Offers that are accepted on or before the later of:

- (a) the date 1 month after the date you validly accept this Offer; and
- (b) 1 month after the date the Offer becomes or is declared unconditional,

but in any event (assuming the Offer becomes or is declared unconditional), no later than the date 21 days after the end of the Offer Period.

1.10. What happens if I do not accept?

If Mercantile OFM does not compulsorily acquire your IPE Shares, unless you otherwise dispose of them, you will remain an IPE Shareholder.

You should consider the potential risks of remaining a Shareholder in IPE as discussed in Section 6.

1.11. What are the tax consequences of the Offer?

Our understanding of the major tax implications for IPE Shareholders resident for tax purposes in Australia are summarised in Section 7.

Your personal financial and other circumstances will influence your taxation position. You should read Section 7 carefully and seek professional taxation advice if necessary.

1.12. Questions

If you have any enquiries about the Offer or its terms, please contact Mercantile OFM on (02) 8014 1188 between 9am and 5pm (Sydney time) Monday to Friday or submit your query in writing to Level 5, 139 Macquarie Street, Sydney NSW, 2000, by fax on 02 8084 9918, or consult your financial or other professional advisor.

2. About Mercantile OFM

2.1. Corporate

Mercantile OFM is a wholly owned subsidiary of Mercantile Investment Company Ltd (**MVT**). MVT is an ASX listed investment company trading under ASX code MVT.

2.2. Directors of Mercantile OFM and MVT

The Directors of Mercantile OFM are:

- Sir Ron Brierley – non-executive Chairman;
- Mr James Chirnside – non-executive director; and
- Mr Gabriel Radzynimski – non-executive director.

The Directors of MVT are:

- Sir Ron Brierley – non-executive Chairman;
- Mr James Chirnside – non-executive director;
- Mr Ron Langley – non-executive director;
- Mr Gabriel Radzynimski – executive director;
- Mr Daniel Weiss – non-executive director; and
- Dr Gary Weiss – alternate director for Daniel Weiss.

2.3. Public announcements by MVT

MVT is a disclosing entity for the purposes of Section 111AC(1) of the Corporations Act and as such, is subject to regular reporting and disclosure obligations. Broadly, these obligations require MVT to:

- (a) prepare and lodge with the ASX both yearly and half-yearly financial statements accompanied by a directors' statement and report and an audit or review report; and
- (b) immediately notify the ASX of any information concerning MVT of which it is, or becomes, aware and which a reasonable person would expect to have a material effect on the price or value of securities in MVT, subject to certain limited exceptions related mainly to confidential information.

Copies of documents lodged at the ASIC in relation to MVT may be obtained from or inspected at an office of ASIC. Copies of documents lodged with the ASX in relation to MVT may be obtained from the ASX website (www.asx.com.au).

2.4. Benefits for IPE Shareholders

The key benefit for IPE Shareholders accepting the Offer is that they will be able to realise \$0.0775 (7.75 cents) per IPE Share for all of their IPE Shareholding, in cash.

The Offer is priced at what Mercantile OFM believes is a highly compelling 15.7% premium to IPE's most recent NTA adjusted for estimated performance fees (being IPE's NTA as at 31 May 2018 adjusted by IPE's current estimate of performance fees as disclosed to the market on 13 June 2018).

Since mid-2009 IPE has been winding down its private equity portfolio. As a result, IPE's portfolio is now highly concentrated. As of 31 May 2018, IPE holds interests in 5 active private equity funds, with exposure to 10 individual investments within these 5 funds. The 5 largest exposures comprised more than 80% of the total private equity portfolio. It is likely this concentration risk will continue to increase

as more portfolio positions are liquidated. In addition to the 5 active funds, as of 31 May 2018, IPE held interests in 2 private equity funds that are in the process of being wound up and have no underlying investments or value.

Another consequence of IPE's strategy is that as the portfolio size reduces, the fixed costs of maintaining IPE as a stand-alone entity will become an increasingly larger proportion of the remaining assets. These fixed costs will begin to disproportionately affect returns to IPE Shareholders. It is possible that at some time in the future, the remaining assets of IPE are used solely to pay operating expenses. The cash Offer provides the IPE Shareholders with an opportunity to exit their investment before IPE's operating costs materially impact returns to IPE Shareholders.

IPE Shareholders seeking to exit their investment in IPE will receive \$0.0775 (7.75 cents) cash per IPE Share.

IPE Shareholders who accept this Offer will no longer be exposed to the risks and uncertainties of remaining an IPE Shareholder.

There is no certainty as to the timing and quantum of future distributions from IPE. The cash Offer provides IPE Shareholders with certainty. It is an opportunity for IPE Shareholders to exit their investment for cash.

3. IPE

3.1. Disclaimer

The following description of IPE and the financial information concerning IPE contained in this Section 3 has been prepared by Mercantile OFM using publicly available information. Information in this document concerning IPE's business has not been independently verified and Mercantile OFM has not conducted any due diligence on IPE or IPE's business. To the extent permitted by law, Mercantile OFM does not make any representation or warranty, express or implied, as to the currency, accuracy or completeness of such information.

The primary sources of information about IPE's business used by Mercantile OFM are as follows:

- IPE's annual and half-year financial reports;
- IPE's ASX announcements; and
- IPE's website.

3.2. Overview of IPE and its main undertaking

IPE is a listed investment entity that was established to provide its investors with access to the private equity sector. IPE is managed by Pomona Australia Pty Ltd (ACN 146 787 091) (**Pomona**).

Since mid-2009, IPE's strategy has been to allow the private equity portfolio to wind down and to return cash to IPE Shareholders whenever it is feasible and prudent to do so. Consistent with this strategy IPE's portfolio of investments now effectively comprises investments in 5 private equity funds (as at 31 May 2018). Within these five funds there are 10 individual investments¹.

3.3. Directors

As at the date of this Bidder's Statement, there are 3 IPE Directors, being:

- Mr Geoff Brunsdon - non-executive director and Chairman;
- Mr Jon Schahinger - managing director; and
- Mr Tony Sims - non-executive director.

Information about each of the IPE Director's experience and qualifications is contained on page 8 of IPE's 2017 Annual Report. This document was released to the market via the ASX announcements platform on 23 August 2017. A copy of this report can be obtained for free at www.asx.com.au.

3.4. Recommendation

The IPE Directors **unanimously recommend** that IPE Shareholders **ACCEPT** the Offer in the absence of a Superior Proposal.

The IPE Directors who hold (or whose Associates hold) IPE Shares intend to accept the Offer in full, in the absence of a Superior Proposal.

3.5. Pomona Australia

IPE is managed by Pomona Australia Pty Ltd, an entity controlled by Jon Schahinger, the Managing Director of IPE. The management agreement between Pomona and IPE will be terminated upon completion of the Offer, provided the Offer is declared unconditional and Mercantile OFM, together with its Associates, achieve a Relevant Interest in at least 50.1% of the IPE Shares.

¹ In addition to the 5 active funds, as of 31 May 2018, IPE held interests in 2 private equity funds that are in the process of being wound up and have no underlying investments or value.

The termination fee payable by IPE to Pomona is \$400,000 exclusive of GST.

3.6. Independent Expert concluded the Offer is fair and reasonable

The IPE Directors have retained Titan Partners Corporate Finance Pty Limited (AFSL 427275), an independent expert, to report on the terms of the Offer and opine on whether or not the Offer is fair and reasonable to IPE Shareholders (**Independent Expert Report**). The Independent Expert Report was released to the market via the ASX announcement platform on 4 July 2018 and is been incorporated into this document by reference.

The Independent Expert's Report concludes that the Offer is **fair and reasonable** to the IPE Shareholders.

In determining that the Offer is fair and reasonable to IPE Shareholders, Titan Partners compared the assessed fair value of IPE Shares (on a controlling basis) to the Offer Consideration (7.75 cents cash per IPE Share) (see sections 2.2 and 8 of the Independent Expert's Report). To support the reasonableness assessment, Titan Partners also considered the material advantages and disadvantages of the Offer (see sections 2.3 and 8 of the Independent Expert's Report for further details).

3.7. Major IPE Shareholders

As at the date of this Bidder's Statement, substantial shareholder notices received by IPE and released to the market through ASX disclose the following substantial shareholders:

Name	Number of Shares	Percentage of issued capital
Stafford Fund Nominees Pty Ltd	34,369,189	25.3%
Mercantile Investment Company Limited	30,545,989	22.5%

3.8. Overview of IPE's historical financial performance

A summary of the historical consolidated financial performance of IPE and its previously controlled entities since 1 July 2014 is set out below:

	30 Jun 2017	30 Jun 2016	30 Jun 2015
Total Revenue	5,981,000	6,571,000	9,297,000
Management fees	(197,000)	(357,000)	(425,000)
Performance fees	(297,000)	-	-
Directors' fees	(70,000)	(70,000)	(95,000)
Other expenses	(655,000)	(1,084,000)	(307,000)
Other	(5,699,000)	-	(5,859,000)
Total Expenses	(6,918,000)	(1,511,000)	(6,686,000)
Result from operating activities	(937,000)	5,060,000	2,611,000
Net finance income / (costs)	41,000	118,000	118,000
Profit / (Loss) after tax	(1,032,000)	2,048,000	1,997,000
Accumulated losses	(26,996,000)	(21,350,000)	(14,233,000)

Notes:

- The information in the table above has been drawn from the 2017 and 2016 Annual Reports.

3.9. Commentary on IPE financial results

Since mid-2009, IPE has been winding down its private equity portfolio. As a result, its financial performance largely reflects this strategy. IPE's returns comprise the dividends and distributions it receives from the private equity funds in which it invested. In turn, these are dependent on the performance of the investments within these funds. It is difficult to predict with any degree of reliability when returns might be achieved, if at all.

The IPE Board has sought to maintain a tight control of corporate costs, though as IPE's portfolio reduces in size, these costs become an increasingly large proportion of the remaining asset base. These fixed costs will begin to disproportionately affect returns to IPE Shareholders. It is possible that at some time in the future, the remaining assets of IPE are used solely to pay operating expenses.

During 2018, the performance of IPE's portfolio was positively impacted by one fund, CM Capital Venture Trust No, 4, when one of its investee companies, Threatmatrix, was sold. The realisation of this investment led to IPE being able to pay a fully franked dividend of 3.25 cents per IPE Share as well as a 3.75 cents per IPE Share return of capital.

Another consequence of this performance is the potential payment of a performance fee to the manager of IPE, Pomona. IPE becomes liable to pay a performance fee to Pomona if performance over a three year period to 30 November 2018 exceeds certain thresholds.

IPE have estimated that if the performance fee calculation period were to have ended on 31 May 2018 instead of 30 November 2018, the performance fee adjusted NTA as at 31 May 2018 would be 6.7 cents per IPE Share. The actual performance fee obligation, if any, will be calculated in November 2018. It may be smaller or larger than the 31 May 2018 estimate depending on actual performance of the portfolio and the position of the relevant thresholds. If IPE terminates Pomona's investment management agreement, IPE will have no further obligations to Pomona.

3.10. ASX Announcements and ASIC disclosure

IPE is a disclosing entity for the purposes of Section 111AC(1) of the Corporations Act and as such, is subject to regular reporting and disclosure obligations. Broadly, these obligations require IPE to:

- (a) prepare and lodge with ASIC both yearly and half-yearly financial statements accompanied by a directors' statement and report and an audit or review report; and
- (b) immediately notify the ASX of any information concerning IPE of which it is, or becomes, aware and which a reasonable person would expect to have a material effect on the price or value of securities in IPE, subject to certain limited exceptions related mainly to confidential information.

Copies of documents lodged at ASIC in relation to IPE may be obtained from or inspected at an office of ASIC. Copies of documents lodged with the ASX in relation to the Company may be obtained from, or inspected at, an office of the ASX.

Since announcing its annual report for the year ended 30 June 2017, IPE has issued the following announcements to the ASX:

Date	Announcement
13/06/2018	Net Tangible Asset Backing
13/06/2018	Company Secretary Appointment / Resignation
06/06/2018	Merger Implementation Agreement – Recommended Takeover of IPE
06/06/2018	Directors Statement re Takeover
10/05/2018	Net Tangible Asset Backing
10/04/2018	Net Tangible Asset Backing
09/03/2018	Change in substantial holding from MVT
09/03/2018	Net Tangible Asset Backing
07/03/2018	Change in substantial holding from MVT

07/03/2018	Ceasing to be a substantial holder
05/03/2018	Change in substantial holding
01/03/2018	Dividend Details
01/03/2018	Dividend/Distribution - IPE
01/03/2018	Return of Capital - IPE
16/02/2018	Half Yearly Report to Investors
16/02/2018	Half Yearly Report and Accounts
09/02/2018	Net Tangible Asset Backing
30/01/2018	Asset realisation and possible impact on Net Tangible Assets
12/01/2018	Net Tangible Asset Backing
11/12/2017	Net Tangible Asset Backing
04/12/2017	Change in substantial holding
13/11/2017	Net Tangible Asset Backing
25/10/2017	Results of Meeting
25/10/2017	Chairman's Address to Shareholders
09/10/2017	Net Tangible Asset Backing
11/09/2017	Net Tangible Asset Backing
04/09/2017	Ceasing to be a substantial shareholder from WAA
04/09/2017	Ceasing to be a substantial shareholder from WAM
31/08/2017	Change in substantial holding from MVT
23/08/2017	Notice of Annual General Meeting/Proxy Form
23/08/2017	Appendix 4G

4. Mercantile OFM's Intentions

4.1. General

This Section 4 sets out Mercantile OFM's intention in relation to:

- the continuation of the IPE business; and
- any significant changes to be made to the IPE business, including any redeployment of IPE's fixed assets.

Mercantile OFM's intentions are based on the information known and the circumstances that exist at the date of this Bidder's Statement.

Mercantile OFM has reviewed information in the public domain concerning IPE, its business and the general business environment in which it operates. Based on its review of that material, and on its current assessment of IPE's operations, Mercantile OFM's intentions in relation to IPE are summarised below. Statements set out in this Section are statements of current intention only, which may change as new information becomes available or circumstances change.

4.2. Rationale for the Offer

At the date of this Bidder's Statement, MVT owns 22.5% of IPE. IPE's costs will increase as a proportion of remaining assets as IPE continues to wind down its portfolio. Mercantile OFM believes it could partly mitigate this risk if IPE were a subsidiary.

As a subsidiary, with no third party management, Mercantile OFM believes it will be able to eliminate or reduce IPE's costs, including but not limited to directors fees, listing fees, registry costs and insurance costs. Whether Mercantile OFM has the ability to control the reduction or elimination of all of these IPE's costs will depend on Mercantile OFM's level of control following the Offer.

4.3. Strategic review

As Mercantile OFM does not currently have access to all material information, facts and circumstances which it considers necessary to assess the operational, commercial, taxation and financial implications of its current intentions, final decisions on these matters have not been made. Upon completion of the Offer, Mercantile OFM proposes to conduct a review of IPE's strategy, operations (if any), activities (if any), assets and employees (if any) in light of the information that then becomes available (**Review**). The Review is expected to focus on matters which have not been publicly disclosed and any changes that may have been made since the publication of the 2017 Annual Report.

Final decisions will only be reached in light of all material facts and circumstances. Accordingly, the statements set out in this Section are statements of current intention only which may change as new information becomes available or circumstances change. Until the Review is concluded, no decisions will be made on the business activities IPE may undertake following completion of the Offer.

As far as Mercantile OFM is aware, there are no employees of IPE. IPE Mercantile OFM's current intentions in relation to the directors of IPE are set out below.

At this stage (and subject to the outcome of the Review) Mercantile OFM intends to continue IPE's current wind up strategy, disposing of the remaining assets held by IPE and returning cash to IPE Shareholders whenever feasible and prudent to do so.

4.4. Mercantile OFM's intentions upon acquisition of 90% or more of IPE Shares

This Section sets out Mercantile OFM's intentions if it acquires 90% or more of IPE Shares and becomes entitled to proceed to compulsory acquisition under the Corporations Act for the IPE Shares.

- (a) At this point in time Mercantile OFM intends to proceed to compulsory acquisition of the remaining IPE Shares if it is entitled to do so under the Corporations Act. If Mercantile OFM

does not proceed with compulsory acquisition of the IPE Shares it does not own, it will undertake the actions referred to in Section 4.5.

- (b) Mercantile OFM intends to replace the IPE Board with nominees of Mercantile OFM. As at the date of this Bidder's Statement, Mercantile OFM has not determined who it will nominate to the IPE Board.
- (c) Mercantile OFM intends to undertake the Review.
- (d) The Management Agreement between IPE and Pomona will be terminated following completion of the Offer and IPE's investment portfolio will be managed by the newly composed Board.
- (e) Subject to the outcome of the Review, Mercantile OFM will continue IPE's wind down strategy, liquidating the final positions within IPE's portfolio and returning cash as and when it is appropriate and feasible to do so; and
- (f) Mercantile OFM would delist IPE and take other actions identified by the Review that would eliminate or reduce IPE's operating costs.

4.5. Mercantile OFM's intentions upon acquisition of more than 50% but less than 90% of IPE Shares

This Section sets out Mercantile OFM's intentions if, by virtue of acceptance of the Offer, Mercantile OFM was to gain effective control of IPE without becoming entitled to compulsorily acquire the outstanding IPE Shares.

In the event that Mercantile OFM achieves a Relevant Interest in IPE of at least 50.1% but less than 90%, Mercantile OFM's current intentions are as set out below.

- (a) IPE will become a controlled entity of Mercantile OFM.
- (b) The Management Agreement between IPE and Pomona will be terminated following completion of the Offer and IPE's investment portfolio will be managed by the IPE Board.
- (c) Subject to the Corporations Act, Mercantile OFM proposes to seek the appointment of 3 nominees to the IPE Board, and the retirement of all IPE's current Directors. As at the date of this Bidder's Statement, Mercantile OFM has not determined who the 3 nominee directors would be.
- (d) Mercantile OFM intends to undertake the Review.
- (e) Subject to the outcome of the Review, Mercantile OFM will continue IPE's wind down strategy, liquidating the final positions within IPE's portfolio and returning capital through dividends and capital returns, as and when it becomes appropriate and feasible to do so.
- (f) To the extent permitted by its control of IPE, Mercantile OFM would seek to delist IPE and take other actions identified by the Review that would eliminate or reduce IPE's operating costs.
- (g) Mercantile OFM may, at some later time, acquire further IPE Shares in a manner consistent with the Corporations Act.
- (h) If Mercantile OFM becomes entitled at some later time to exercise general compulsory acquisition rights under Part 6A.2 of the Corporations Act, it may exercise those rights.

4.6. Mercantile OFM's intentions upon acquisition of less than 50.1% of IPE Shares

If Mercantile OFM and its Associates do not achieve a Relevant Interest in IPE of at least 50.1%, Mercantile OFM will endeavour, to the extent possible through its non-controlling holding of IPE Shares, to give effect to the intentions set out in Sections 4.5. However, Mercantile OFM considers that its ability to effect the intentions set out in some parts of Sections 4.5 will be significantly limited if Mercantile OFM is unable to achieve a Relevant Interest in IPE of at least 50.1%.

Mercantile OFM may consider acquiring additional IPE Shares under the “creep” provisions of Item 9 in Section 611 of the Corporations Act (which provides that Mercantile OFM and its Associates may acquire up to 3% of IPE Shares every 6 months) until it achieves a majority Voting Power. Mercantile OFM has not yet decided whether it will acquire further IPE Shares as this will depend upon the extent to which Mercantile OFM has the capacity to acquire further IPE Shares and market conditions at that time.

4.7. Limitations on intentions

The intentions and statements of future conduct set out in this Section 4 must be read as being subject to:

- the law (including the Corporations Act) and the Listing Rules, including in particular the requirements of the Corporations Act and the Listing Rules in relation to conflicts of interest and “related party” transactions given that, if Mercantile OFM gains control of IPE but does not acquire all of the IPE Shares, it will be treated as a related party of IPE for these purposes;
- the legal obligation of the IPE Board at the time, including any nominees of Mercantile OFM, to act in good faith and the best interests of IPE and for proper purposes and to have regard to the interest of all IPE Shareholders (in which regard the role of independent directors of IPE will also be important); and
- the outcome of the Review.

5. Sources of Bid consideration

5.1. Consideration under the Offer

The total amount that Mercantile OFM would be required to pay for IPE Shares if Mercantile OFM acquires all of the IPE Shares on issue on the date of this Bidder's Statement in which it or its Associates do not have a Relevant Interest is \$8,144,948.52.

5.2. Commitment of Mercantile OFM funding

Mercantile OFM has received a letter of commitment from MVT, under which MVT has committed to loan Mercantile OFM, on an unsecured basis, the funds necessary to pay the Offer consideration. This loan must be repaid by Mercantile OFM one year after the closing date of the Offer. Interest on this loan will accrue at the Reserve Bank of Australia cash rate.

Funds made available to Mercantile OFM under that Commitment Letter:

- are immediately available and are not subject to any conditions or limitations to drawdown;
- may be repaid at any time without penalty;
- are not subject to termination conditions; and
- are sufficient to fund the maximum available amount of consideration payable under the Offer and all associated transaction costs.

The Offer is not subject to a financing condition.

MVT holds in excess of \$12,103,260.50 in cash as at the date of this Bidder's Statement, of which \$11,753,286.47 is uncommitted. MVT's cash balance will vary in accordance with its investment activities. It has a revolving funding facility with Sir Ron Brierley upon which it can draw funds to the extent it requires additional cash to fund its commitment to Mercantile OFM.

6. Risk factors

6.1. Risk factors associated with selling IPE Shares

IPE Shareholders who accept the Offer will receive cash as their Offer Consideration. Those who accept the Offer will no longer be exposed to the risks associated with IPE's winding down of its portfolio.

Investors should appreciate that owning IPE Shares involves various risks which can be broadly categorised into risks relating to the Offer, general investment risks and specific business risks.

Each of these broad categories are outlined below in the following sections.

6.2. Risks relating to the Offer

The following risk factors may arise as a result of the Offer and the acquisition of IPE Shares by Mercantile OFM.

IPE information

In preparing the information on IPE included in this Bidder's Statement, Mercantile OFM has relied only on publicly available information. Mercantile OFM has not undertaken due diligence and therefore it is possible that additional risks may exist in relation to IPE's operations that are unknown to Mercantile OFM.

Minority Shareholders in IPE

If you do not accept the Offer you may, depending on the level of acceptance of the Offer, become part of a minority in IPE. In such a case, the liquidity of IPE Shares may be significantly diminished.

Taxation risks

Tax liabilities are the responsibility of each individual investor, and Mercantile OFM is not responsible either for taxation or penalties incurred by IPE Shareholders. IPE Shareholders should consult their own taxation advisers to ascertain the tax implications of their investment.

Taxation considerations

The effects of taxation can be complex and may change over time. A summary of the current Australian income tax implications associated with acceptance of the Offer is outlined in Section 7. However, this summary is general in nature and, as the circumstances for each IPE Shareholder may vary, IPE Shareholders should seek professional taxation advice in relation to their own position.

This list is not exhaustive and IPE Shareholders should read this Bidder's Statement in full. If IPE Shareholders require further information on these risks, they should seek professional advice.

Ability to exercise effective control

Mercantile OFM may acquire the ability to effectively control all decisions regarding IPE's future operations. This will be dependent upon the level of acceptances of the Offer and any other IPE Shares that may be acquired by Mercantile OFM on-market or otherwise in accordance with the Corporations Act.

Potential impact on subsequent bids

Mercantile OFM's shareholding may become of such a size that a Third Party would not be able to successfully make a takeover bid for IPE without the support of Mercantile OFM, meaning that it may be less likely that IPE's Share price will reflect a control premium in the future.

6.3. Specific risks relating to retaining IPE Shares

Portfolio wind down

Irrespective of the outcome of the Offer, IPE Shareholders will retain exposure to the risks associated with the wind down of IPE's portfolio.

Volatility and concentration risk

As a result of IPE's wind down strategy, the number of underlying investments within its portfolio is down to ten and the five largest exposures comprise more than almost 80% of the total private equity portfolio value. Consequently, the potential remains for greater volatility in the monthly NTA. That NTA relies heavily on the fund valuations advised by the various managers within the portfolio and those managers generally value their investments on a quarterly or six monthly basis.

No Superior Proposal / Risk of no alternative at premium to NTA

Mercantile OFM's Offer is at a 15.7% premium to last reported NTA per IPE Share (adjusted for IPE's estimate of performance fees as at 31 May 2018) reported to the market prior to the date of this Bidder's Statement. Mercantile OFM's Offer is at a premium to the unadjusted NTA per IPE Share as at 31 May 2018 (being the last NTA reported prior to the date of this Bidder's Statement).

IPE Shareholders who consider retaining their IPE Shares should consider the likelihood of another party paying a premium to NTA for their IPE Shares. At the date of this Bidder's Statement there is no Superior Proposal. Mercantile OFM considers it unlikely that any third party would consider paying a premium to NTA for IPE Shares.

IPE Shareholders are reminded that the Offer is recommended by their Board (in the absence of a Superior Proposal) and that Directors (or their Associates) who hold IPE Shares intend to accept the Offer (in the absence of a Superior Proposal).

Fixed Operating Costs

Whilst the IPE Board has sought to maintain a tight control of corporate costs, as IPE's portfolio reduces in size, IPE's fixed operating costs become an increasingly large proportion of IPE's remaining asset base. These fixed costs will begin to disproportionately affect returns to IPE Shareholders. It is possible that at some time in the future, the remaining assets of IPE are used solely to pay operating expenses.

Impact of performance fees

Under the terms of its management agreement with Pomona, IPE will become liable to pay a performance fee if performance over a three year period to 30 November 2018 exceeds certain thresholds.

IPE have estimated that if the performance fee calculation period were to have ended on 31 May 2018 instead of 30 November 2018, the performance fee adjusted NTA as at 31 May 2018 would be 6.7 cents per IPE Share.

The actual performance fee obligation, if any, will be calculated in November 2018. It may be smaller or larger than the 31 May 2018 estimate depending on actual performance of the portfolio and the position of the relevant thresholds. If IPE terminates Pomona's investment management agreement, IPE will have no further obligations to Pomona.

6.4. General risks relating to retaining IPE Shares

An outline of some of the general business risks facing IPE are as set out below.

IPE Shareholders should be aware that retaining IPE Shares involves various risks. There are general risks associated with owning securities in publicly listed companies. The price of securities can go down as well as up due to factors outside the control of IPE. These factors include Australian and worldwide economic and political stability, natural disaster, performance of the Australian stock

market as a whole, and Australian interest rate, foreign exchange, taxation and labour relations environments.

These are risks that are considered beyond the control of IPE.

Possible volatility of IPE Share price

The stock market has from time to time experienced significant price and volume fluctuations, which may be unrelated to the operating performance of particular companies. Mercantile OFM believes the Offer represents such a price at which all IPE Shareholders can exit their investment.

The market price of IPE Shares may be volatile and may go down as well as up. Factors that may have a significant impact on the market price and marketability of IPE Shares include announcements as to government regulation, variation in interest rates, the activities of any competitors, economic and other external factors, as well as fluctuations in IPE's operating results and NTA.

The Offer is made at what Mercantile OFM believes is a highly compelling 15.7% premium to IPE's most recently NTA per IPE Share adjusted for IPE's estimate of performance fees².

Macroeconomic risks

The general state of the Australian and international economies as well as changes in taxation, monetary policy, interest rates, statutory requirements and currency exchange rates may influence the financial performance of IPE, and may affect the value of IPE Shares.

Regulatory changes

Changes to the regulatory environment, including ASX, the Corporations Act and ASIC policy and their commercial application may have a material adverse effect on an IPE Shareholder's investment in IPE Shares or otherwise have a material adverse effect on IPE's business and financial position.

The above list of general and specific risk factors should not be taken as exhaustive of the risks faced by IPE or by IPE Shareholders. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of IPE and the value of the IPE Shares.

² This is the NTA (before and after tax) as at 31 May 2018 adjusted for the fees that IPE would be required to pay to its investment manager Pomona Australia Pty Limited if the 3 year fee calculation period under the management agreement with Pomona ended on 31 May 2018 (not 30 November 2018). This adjusted NTA was released to the market by IPE on 13 June 2018 in the last NTA announcement released before the date of the Bidder's Statement.

7. Taxation implications

7.1. Introduction

The following is a broad outline of the principal Australian income tax consequences for Australian resident individual and company IPE Shareholders associated with acceptance of the Offer. This outline is not exhaustive of all possible income tax considerations that could apply to IPE Shareholders. There are a number of limitations to the outline including that:

- it applies only to Australian resident individual and company taxpayers. It does not cover the tax treatment for any other classes of taxpayers including individuals who are non-residents of Australia for tax purposes, insurance organisations, superannuation funds, trusts or employees of IPE who acquired their IPE Shares in respect of their employment;
- it applies only where IPE Shareholders hold their IPE Shares on capital account. It does not apply where the IPE Shares are held on revenue account (e.g. Shares held by IPE Shareholders who trade in Securities or hold IPE Share as trading stock); and
- it is based on Australian tax law in effect at the date of this Bidder's Statement. It does not consider or anticipate any changes in the law (including changes to legislation, judicial authority or administrative practice).

Mercantile OFM and its advisers do not accept any liability or responsibility in respect of any statement concerning the taxation consequences of the Offer or in respect of the taxation consequences themselves. All IPE Shareholders, and particularly those IPE Shareholders whose situation is not addressed in this outline as noted above, should consult their own independent professional tax advisers regarding the tax consequences of disposing of IPE Shares.

7.2. Acceptance of the Offer and disposal of IPE Shares

The disposal of IPE Shares by an IPE Shareholder under the Offer constitutes a Capital Gains Tax (CGT) event for Australian income tax purposes.

IPE Shareholders may realise a capital gain or a capital loss in respect of the disposal of their IPE Shares.

In certain circumstances, IPE Shareholders may be eligible to apply the CGT discount to reduce their assessable capital gain (the eligibility requirements for the CGT discount are discussed in the following paragraphs). The relevant rate of the CGT discount is 50% for individuals, and $33\frac{1}{3}\%$ for complying superannuation funds.

Any capital gain realised in respect of the disposal of the IPE Shares should be included in the IPE Shareholder's assessable income in the tax year in which the Offer is accepted (unless the resulting capital gains are completely offset against other capital losses of the IPE Shareholder). Capital losses may be applied against any other capital gains derived by the IPE Shareholder in the same year. Any unapplied capital losses may be carried forward to be applied against future capital gains.

The availability of indexation or a CGT discount in calculating the amount of the capital gains included in assessable income depends on the date of acquisition of the IPE Shares whether the Shareholders are companies or individuals and the choice made by these IPE Shareholders.

If IPE Shares are held by an individual and:

- they were acquired after 11.45am on 21 September 1999; and
- have been held for more than 12 months before the date on which the IPE Shareholder accepted the Offer,

then the CGT discount referred to above should generally be available.

There is no entitlement to indexation of the cost base for the IPE Shareholder in these circumstances.

It should be noted that the CGT discount is not available where IPE Shares are held by a company.

All IPE Shareholders should obtain their own independent professional taxation advice.

7.3. Stamp duty

All Australian States and Territories currently exempt the transfer of shares quoted on a recognised stock exchange from stamp duty. Therefore, no stamp duty should be payable on the transfer of IPE Shares under the Offer.

7.4. GST

On the basis of current GST law, the disposal of IPE Shares under the Offer would not be subject to GST, with the exception of GST payable on any brokerage charged for carrying out your instructions.

8. Information on IPE Shares

8.1. IPE capital structure

As at the date of this Bidder's Statement, there are 135,642,099 IPE Shares on issue.

8.2. IPE Share trading

As noted previously, on 1 March 2018 IPE announced a dividend (of 3.75 cents per IPE Share) and a return of capital (of 3.25 cents per IPE Share). IPE Shares traded "ex" entitlement to the dividend and return of capital from 21 March 2018 onwards. The payment of the dividend and return of capital reduced the value of IPE Shares, all other things being equal, by 7 cents per IPE Share.

In the one month period up to 5 June 2018 (being the last trading day before the Announcement Date), the volume weighted average daily price at which IPE Shares traded on ASX was only \$0.061. Over this period, IPE Shares were traded on ex-dividend and ex-capital return basis.

Over the 3 months to 5 June 2018, the last trading day before the Announcement Date, IPE Shares have traded in the range of \$0.06 to \$0.14. Note that the \$0.14 market price was quoted on a cum dividend and cum return of capital basis. On an ex basis the price would be reduced by \$0.07 per share and equate to an adjusted market price of \$0.07 cents per IPE Share.

8.3. Interests of Mercantile OFM and Associates in IPE

As at the date immediately before preparation of this Bidder's Statement for printing, Mercantile OFM did not hold a Relevant Interest in any IPE Shares. However, Mercantile OFM's parent company and Associate MVT, holds a Relevant Interest in 30,545,989 IPE Shares.

Accordingly, as at the date immediately before preparation of this Bidder's Statement for printing, Mercantile OFM and its Associates have Voting Power in IPE of 22.5%.

8.4. No collateral benefits

Except as set out below, neither Mercantile OFM nor any of its Associates has, during the period of four months ending on the day immediately before the preparation of this Bidder's Statement for printing, given, or offered or agreed to give, a benefit to another person likely to induce the other person, or an Associate, to:

- accept the Offer; or
- dispose of IPE Shares,

which benefit was not offered to all IPE Shareholders under the Offer.

8.5. No escalation agreements

Neither Mercantile OFM nor any of its Associates has entered into any escalation agreement that is prohibited by Section 622 of the Corporations Act.

8.6. IPE Shares

In the 4 months prior to the date immediately before preparation of this Bidder's Statement for printing, MVT acquired 4,036,352 IPE Shares on the following dates and at the following prices:

Purchase Date	IPE Share No.	Price per IPE Share
2 March 2018	1,275,000	\$0.128
5 March 2018	293,100	\$0.130
6 March 2018	487,400	\$0.130
7 March 2018	230,852	\$0.130
9 March 2018	1,750,000	\$0.135

Mercantile OFM has obtained relief to allow it to offer bid consideration under the Offer that is lower than the maximum consideration provided in the above pre-bid purchase to the extent of the decrease in the underlying value of IPE Shares resulting from the return of capital paid to IPE Shareholders on 9 April 2018. Mercantile OFM is entitled to make a similar adjustment in respect of the dividend paid on the same date pursuant to *ASIC Corporations (Minimum Bid Price) Instrument 2015/1068*.

There have been no other dealings by MVT, Mercantile OFM, their respective Associates, Directors or related entities in IPE Shares during this period.

9. Additional information

9.1. Conditions

As at the date of this Bidder's Statement, the Offer is conditional on:

- (a) Mercantile OFM and its Associates obtaining a Relevant Interest in more than 50.1% (by number) of IPE Shares on issue before the end of the Offer Period;
- (b) No Prescribed Occurrences, being the non-occurrence of each of the events referred to in Section 652C(1) and (2) of the Corporations Act;
- (c) No regulatory actions that would prohibit, prevent or inhibit the making of the Offer, including the acquisition of the Shares by Mercantile OFM and the continued operation of the investment business of IPE;
- (d) 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);
- (e) IPA's net tangible asset value not decreasing by 10% or more before the end of the Offer Period; and
- (f) IPA not materially breaching any warranties or representations made to Mercantile OFM in the Merger Implementation Agreement.

The above is only a summary. The full terms of these Conditions are set out in Section 7 of Appendix A to this Bidder's Statement.

9.2. Date for determining holders of IPE Shares

For the purposes of Section 633 of the Corporations Act, the date for determining the people to whom information is to be sent under items 6 and 12 of Section 633(1) is 5 July 2018.

9.3. Merger Implementation Agreement

On 6 June 2018, Mercantile OFM and IPE entered into the Merger Implementation Agreement. This agreement sets out the agreed basis on which Mercantile OFM would make the Offer and the respective obligations of Mercantile OFM and IPE in relation to the Offer.

The Merger Implementation Agreement includes customary termination provisions, exclusivity restrictions by IPE in favour of Mercantile OFM including a right to be notified of and to match any third party proposals. An executed copy of the Merger Implementation Agreement accompanied Mercantile OFM's announcement of the Offer on 6 June 2018.

9.4. Termination of Management Agreement

Under the Merger Implementation Agreement, IPE has agreed to terminate the management agreement currently in place with its manager Pomona following the Offer period. The obligation to terminate is triggered if the Offer is declared unconditional and Mercantile OFM and its Associates obtain a Relevant Interest in more than 50.1% (by number) of IPE Shares on issue before the end of the Offer Period.

Under the agreed form of termination deed, IPE must pay Pomona a termination fee of \$400,000.

9.5. ASIC modifications and exemptions

ASIC has published various other class order instruments providing for modifications and exemptions that apply generally.

Mercantile OFM has relied, under Class Order 13/521 "Takeover bids" by ASIC, on the modifications to Section 624(2) of the Corporations Act, by paragraphs 4(f) and (g) of the Class Order. These

paragraphs are concerned with clarifying the timing issues related to the closing time for offer periods that are automatically extended under the Corporations Act.

Mercantile OFM has obtained relief to allow it to offer bid consideration under the Offer that is lower than the maximum consideration provided in the above pre-bid purchase to the extent of the decrease in the underlying value of IPE Shares resulting from the return of capital paid to IPE Shareholders on 9 April 2018. Mercantile OFM is entitled to make a similar adjustment in respect of the dividend paid on the same date pursuant to *ASIC Corporations (Minimum Bid Price) Instrument 2015/1068*.

Mercantile OFM will make available a copy of the documents containing these statements (or relevant extracts from these documents), free of charge to IPE Shareholders who request them before the end of the Offer Period. To obtain a copy of these documents (or the relevant extracts) IPE Shareholders should contact Mercantile OFM on (02) 8014 1188 between 9am and 5pm (Sydney time) Monday to Friday.

9.6. Consents

MVT has given and before lodgement of this Bidder's Statement has not withdrawn its written consent to be named in the form and context in which it is named.

KardosScanlan Pty Limited has given and before lodgement of this Bidder's Statement has not withdrawn its written consent to be named as legal adviser to the Offer in the form and context in which it is named.

Link Market Services Limited has given and before lodgement of this Bidder's Statement has not withdrawn its written consent to be named as registrar for the Offer in the form and context in which it is named.

Each of MVT, KardosScanlan Pty Limited and Link Market Services Limited:

- (a) has not authorised or caused the issue of the Bidder's Statement;
- (b) does not make, or purport to make, any statement in this Bidder's Statement other than as specified in this Section; and
- (c) to the maximum extent permitted by law, expressly disclaims all liability in respect of, makes no representation regarding and takes no responsibility for, any part of this Bidder's Statement other than the reference to its name and the statements (if any) included in this Bidder's Statement with the consent of that party as specified in this Section.

In addition, this Bidder's Statement includes statements which are made in, or based on statements made in documents lodged with ASIC or given to ASX. Under ASIC Class Order CO 13/521, the makers of those statements are not required to consent to, and have not consented to, inclusion of those statements in this Bidder's Statement. If you would like to receive a copy of any of those documents (free of charge) please contact Mercantile OFM by fax on 02 8084 9918 or in writing to Level 5, 139 Macquarie Street, Sydney NSW, 2000.

9.7. Other material information

There is no other information material to the making of a decision by an offeree whether or not to accept an Offer (being information that is known to Mercantile OFM and has not previously been disclosed to the holders of IPE Shares) other than as disclosed in this Bidder's Statement.

10. Definitions and interpretation

10.1. Definitions

The following defined terms are used throughout this Bidder's Statement unless the context otherwise requires. These terms are used throughout this Bidder's Statement.

\$	Australian Dollars.
Acceptance Form	The acceptance form for the Offer accompanying this Bidder's Statement.
Announcement Date	6 June 2018 being the date on which MVT announced that it intended to undertake an off-market takeover bid for IPE.
ASIC	Australian Securities and Investments Commission.
Associate	Has the same meaning given to that term in section 9 of the Corporations Act.
ASX	ASX Limited (ABN 98 008 624 691) or the financial products market, Australian Securities Exchange, as the context requires.
ASX Settlement	ASX Settlement Pty Limited (ACN 008 504 532), the body which administers the CHESS system in Australia.
ASX Settlement Operating Rules	The settlement rules of ASX Settlement, a copy of which is available at www.asx.com.au .
Bidder's Statement	This bidder's statement dated 4 July 2018.
Board	Means the board of directors of IPE.
Broker	A person who is a share broker and a participant in CHESS.
Business Day	Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day and any other day that ASX declares is not a business day.
CGT	Capital gains tax.
CHESS	The Clearing House Electronic Sub-register System, which provides for electronic share transfer in Australia.
CHESS Holding	A holding of IPE Shares on the CHESS subregister of IPE.
Condition	The conditions of the Offer being the conditions set out in section 7 of Appendix A.
controlled entity	Has the meaning given to that word in the Corporations Act.
Controlling Participant	The Broker who is designated as the controlling participant for Shares in a CHESS Holding in accordance with the ASX Settlement Operating Rules.
Corporations Act	The <i>Corporations Act 2001</i> (Cth).
Encumbrance	An interest or power: <ul style="list-style-type: none"> (a) reserved in or over an interest in any asset including,

without limitation, any retention of title; or

- (b) created or otherwise arising in or over any interest in any asset under a bill of sale, mortgage, charge, lien, pledge, trust or power,

by way of security for the payment of a debt, any other monetary obligation or the performance of any other obligation and includes, without limitation, any agreement to grant or create any of the above.

IPE	IPE Limited (ACN 107 843 381).
IPE Board	The board of Directors of IPE.
IPE Director	A director of IPE.
IPE Share	An ordinary Share in IPE.
IPE Shareholder	A registered holder of IPE Shares.
IPE Shareholding	The IPE Shares which an IPE Shareholder is recorded on the register of members of IPE as holding.
Foreign Law	A law of any jurisdiction other than an Australian jurisdiction.
Foreign Shareholder	Any IPE Shareholder whose address in IPE's register of members is a place outside Australia and its external territories, to whom it is unlawful for the Mercantile OFM to make the Offer or for whom it is unlawful to accept the Offer.
Governmental Agency	Any government, semi-government, administrative, fiscal, judicial or regulatory body, department, commission, authority, tribunal, agency or entity.
Management Agreement	the investment management agreement between IPE and Pomona established under the deed of novation dated 30 June 2011 between ING Investment Management Limited (ACN 003 731 959) (INGIML), 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.
Mercantile OFM	Mercantile OFM Pty Ltd (ACN 120 221 623).
Mercantile OFM Director	A director of Mercantile OFM.
Merger Implementation Agreement	Has the meaning given to that term in Clause 9.3.
MVT	Mercantile Investment Company Limited (ACN 121 415 576).
No Prescribed Occurrences	The non-occurrence of each of the events referred to in Section 652C(1) and (2) of the Corporations Act.
Offer	The offer to acquire IPE Shares set out in Appendix A sent or to be sent to the holders of IPE Shares (or persons entitled to receive those offers under the Corporations Act).
Offer Consideration	Consideration offered by Mercantile OFM for IPE Shares, being \$0.0775 per IPE Share.

Offer Period	The period for which the Offer remains open as set out in Section 2 of Appendix A.
Pomona	Pomona Australia Pty Ltd (ACN 146 787 091).
Relevant Interest	Has the same meaning given to that term in sections 608 and 609 of the Corporations Act.
Rights	All accretions, rights or benefits of whatever kind attaching to or arising from IPE Shares directly or indirectly after the date of this Bidder's Statement, including, without limitation, all dividends, distributions, and all rights to receive dividends, distributions or to receive or subscribe for Securities, stock, shares, notes, bonds, options or other securities, declared, paid or issued by IPE or any of its controlled entities.
Security	Has the meaning as given in Section 92 of the Corporations Act.
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.
Superior Proposal	<p>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 the Merger Implementation Agreement) which the Board, acting in good faith, and after taking written advice from its legal and financial advisors, determines is:</p> <ul style="list-style-type: none"> (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 Offer, taking into account all terms and conditions of the Third Party Proposal.
Third Party	Means a party other than MVT or Mercantile OFM and any subsidiary of Mercantile OFM or MVT.
Third Party Proposal	<p>Means a transaction or arrangement pursuant to which a Third Party will, if the transaction or arrangement is entered into or completed:</p> <ul style="list-style-type: none"> (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 Offer; 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.

Voting Power Has the same meaning given to that term in section 610 of the Corporations Act.

10.2. Interpretation

In this Bidder's Statement, unless the context requires otherwise:

- (a) a reference to a word includes the singular and the plural of the word and vice versa;
- (b) a reference to a person in this Bidder's Statement or any other document or agreement includes its successors and permitted assigns;
- (c) a reference to a gender includes any gender;
- (d) a reference to an item in a Section, Schedule, Annexure or Appendix is a reference to an item in the section of or schedule, annexure or appendix to this Bidder's Statement and references to this Bidder's Statement include its schedules and any annexures;
- (e) if a word or phrase is defined, then other parts of speech and grammatical forms of that word or phrase have a corresponding meaning;
- (f) a term which refers to a natural person includes a company, a partnership, an association, a corporation, a body corporate, a joint venture or a Governmental Agency;
- (g) headings are included for convenience only and do not affect interpretation;
- (h) a reference to a document or agreement including this Bidder's Statement, includes a reference to that document or agreement as amended, novated, supplemented, varied or replaced from time to time;
- (i) a reference to a thing includes a part of that thing and includes but is not limited to a right;
- (j) the terms "included", "including" and similar expressions when introducing a list of items do not exclude a reference to other items of the same class or genus;
- (k) a reference to a statute or statutory provision includes but is not limited to:
 - (i) a statute or statutory provision which amends, extends, consolidates or replaces the statute or statutory provision;
 - (ii) a statute or statutory provision which has been amended, extended, consolidated or replaced by the statute or statutory provision; and
 - (iii) subordinate legislation made under the statute or statutory provision including but not limited to an order, regulation, or instrument;
- (l) reference to "\$", "A\$", "Australian Dollars" or "dollars" is a reference to the lawful tender for the time being and from time to time of the Commonwealth of Australia; and
- (m) a reference to an asset includes all property or title of any nature including but not limited to a business, a right, a revenue and a benefit, whether beneficial, legal or otherwise.

10.3. Approval of Bidder's Statement

This Bidder's Statement has been approved by a resolution of the Mercantile OFM Directors.

Dated 4 July 2018

Signed For and on behalf of Mercantile OFM Pty Ltd.

A handwritten signature in black ink, appearing to read 'G. Radzynski', with a long horizontal flourish extending to the right.

Gabriel Radzynski
Director

Appendix A

Terms of Offer

1. Mercantile OFM's Offer

- 1.1 Mercantile OFM offers to acquire your IPE Shares on the terms and conditions of this Offer. You may only accept this Offer in respect of all of your IPE Shares.
- 1.2 The consideration being offered by Mercantile OFM is \$0.0775 (7.75 cents) for each IPE Share acquired under this Offer.
- 1.3 If you accept this Offer and Mercantile OFM acquires your IPE Shares, Mercantile OFM is also entitled to any Rights in respect of those of your IPE Shares acquired by Mercantile OFM.

2. Offer Period

Unless withdrawn, this Offer remains open for acceptance during the period commencing on 10 July 2018 and ending at 7:00pm on 10 August 2018 Sydney time. 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. Who may accept

- 3.1 An offer in the form of this Offer is being made to:
- (a) each holder of IPE Shares other than Mercantile OFM and its Associates registered in the register of members of IPE at 7:00pm Sydney time on 5 July 2018; and
 - (b) each other holder of IPE Shares other than Mercantile OFM and its Associates who become so registered before the end of the Offer Period.
- 3.2 If at the time this Offer is made to you, another person is, or at any time during the Offer Period and before this Offer is accepted becomes, the holder of any of your IPE Shares (**transferred Shares**), Mercantile OFM is deemed, in place of this Offer, to have made at that time a corresponding Offer on the same terms and conditions:
- (a) to the other person, relating to the transferred Shares; and
 - (b) to you, relating to your IPE Shares other than the transferred Shares (if any).
- 3.3 If at any time during the Offer Period and before this Offer is accepted, you hold your IPE Shares in two or more distinct portions (for example, you hold some as trustee, nominee or otherwise on account of another person) within the meaning of Section 653B of the Corporations Act:
- (a) this Offer is deemed to consist of a separate corresponding Offer to you in relation to each distinct portion of your IPE Shares;
 - (b) to accept any of those corresponding Offers, you must specify:
 - (i) by written notice accompanying your Acceptance Form; or
 - (ii) if the notice relates to IPE Shares in a CHES Holding, in an electronic form approved by the ASX Settlement Operating Rules,

that your IPE Shares consist of distinct portions and the number of the IPE Shares to which the acceptance relates; and

- (c) otherwise, Section 653B of the Corporations Act applies to this Offer in respect of your IPE Shares and any acceptance of this Offer by you.

4. How to accept this Offer

- 4.1 You may accept this Offer only in respect of all of your IPE Shares.
- 4.2 You may only accept this Offer during the Offer Period.
- 4.3 If your IPE Shares are held in a CHESS Holding, you can only accept this Offer in accordance with the ASX Settlement Operating Rules.
- 4.4 To accept this Offer, you should proceed as follows:
 - (a) you may complete and sign the Acceptance Form in accordance with the instructions on the Acceptance Form and the Bidder's Statement and return it, so that the envelope in which they are sent is received by Mercantile OFM in accordance with the Acceptance Form before the end of the Offer Period; and
 - (b) if your IPE Shares are held in a CHESS Holding (as an alternative to completing the Acceptance Form) you may either:
 - (i) instruct your Controlling Participant to initiate acceptance of the Offer in accordance with Rule 14.4 of the ASX Settlement Operating Rules before the end of the Offer Period; or
 - (ii) if you are a Broker or an ASX Settlement Participant, initiate acceptance of the Offer in accordance with the requirements of the ASX Settlement Operating Rules before the end of the Offer Period.

5. Effect of acceptance

- 5.1 By accepting the Offer in accordance with Clause 4, you will have:
 - (a) accepted this Offer in respect of all of your IPE Shares;
 - (b) agreed to transfer your IPE Shares to Mercantile OFM (subject to this Offer and the contract resulting from your acceptance of it becoming unconditional);
 - (c) represented and warranted to Mercantile OFM that your IPE Shares will at the time of acceptance of this Offer and at the time of their transfer to Mercantile OFM be fully paid up and that Mercantile OFM will acquire good title to and beneficial ownership of your IPE Shares free from all Encumbrances and other adverse Third Party interests of any kind;
 - (d) on the Offer or the contract resulting from your acceptance of the Offer becoming unconditional, irrevocably appointed Mercantile OFM and each of its directors, secretaries and officers severally from time to time as your attorney to do all things which you could lawfully do in relation to your IPE Shares or in exercise of any right derived from the holding of such IPE Shares, including without limitation:
 - (i) attending and voting at any general meeting of IPE;
 - (ii) notifying IPE that your address in the records of IPE for all purposes including the dispatch of notices of meeting, annual reports and dividends should be altered to an address nominated by Mercantile OFM;

- (iii) do all things necessary to effect the transfer of your IPE Shares on the same terms and conditions set out in the Offer, legally and beneficially to Mercantile OFM; and
- (iv) doing all things incidental and ancillary to any of the above.

This appointment terminates on the registration of Mercantile OFM as the registered holder of your IPE Shares;

Mercantile OFM must indemnify you and keep you indemnified in respect of all costs, expenses and obligations which might otherwise be incurred or undertaken as a result of the exercise by an attorney of any powers under this Clause 5.1(d);

- (e) agreed that in exercising the powers conferred by the power of attorney under Clause 5.1(d) the attorney may act in the interests of Mercantile OFM as the intended registered holder and beneficial holder of those IPE Shares;
- (f) on the Offer or the contract resulting from your acceptance of the Offer becoming unconditional, agreed not to attend or vote in person at any general meeting of IPE or to exercise or purport to exercise any of the powers conferred on an attorney under Clause 5.1(d);
- (g) represented and warranted to Mercantile OFM that the making of the Offer to you and your acceptance of this Offer is lawful under any Foreign Law which applies to you, to the making of this Offer or to your acceptance of this Offer;
- (h) agreed to indemnify Mercantile OFM and IPE fully in respect of any claim, demand, action, suit or proceeding made or brought against IPE and any loss, expense, damage or liability whatsoever suffered or incurred by Mercantile OFM, in each case as a result of any representation or warranty made by you not being true;
- (i) if and when the contract resulting from your acceptance of the Offer becomes unconditional (even though Mercantile OFM has not yet provided the consideration due to you) you authorise Mercantile OFM to transmit a message to ASX Settlement in accordance Rule 14.17.1 of the ASX Settlement Operating Rules so as to enter those of your IPE Shares which are CHES Holdings into the Mercantile OFM Takeover Transferee Holding; and
- (j) if and when the contract resulting from your acceptance of this Offer becomes unconditional (even though Mercantile OFM has not provided the Consideration due to) authorised Mercantile OFM to enter those of your IPE Shares which are Issuer Sponsored Holdings into the name of Mercantile OFM.

5.2 By completing, signing and returning the Acceptance Form, you will also have:

- (a) authorised Mercantile OFM and each of its directors, secretaries, officers, servants and agents severally to complete the Acceptance Form by correcting any errors in or omissions from the Acceptance Form as may be necessary for either or both of the following purposes:
 - (i) to make the Acceptance Form an effectual acceptance of this Offer; and
 - (ii) to enable registration of the transfer to Mercantile OFM of your IPE Shares; and
- (b) authorised Mercantile OFM and each of its directors, secretaries, officers, servants, and agents severally on your behalf to initiate acceptance or instruct your Controlling Participant to initiate acceptance in accordance with Rule 14.14 of the ASX Settlement Operating Rules.

- 5.3 Mercantile OFM may at any time in its absolute discretion:
- (a) treat the receipt by it of an Acceptance Form during the Offer Period as a valid acceptance although any of the other requirements for a valid acceptance have not been complied with; and
 - (b) where you have satisfied the requirements for acceptance in respect of only some of your IPE Shares, treat the acceptance as a valid acceptance only in respect of those IPE Shares.
- 5.4 In respect of any part of an acceptance treated by Mercantile OFM as valid, Mercantile OFM must provide you with the relevant consideration in accordance with Clause 6.1.

6. Consideration for your IPE Shares

- 6.1 Subject to Clauses 6.2 and 6.4 of this Offer, if you accept this Offer and the contract resulting from your acceptance of this Offer becomes unconditional, Mercantile OFM will pay to you the Offer Consideration to which you are entitled by the later of:
- (a) the date 1 month after the date you validly accept this Offer; and
 - (b) 1 month after the date the Offer becomes or is declared unconditional,
- but in any event (assuming the Offer becomes or is declared unconditional), no later than the date 21 days after the end of the Offer Period.
- 6.2 If you accept the Offer and you are a Foreign Shareholder, you are not entitled to receive the Offer Consideration unless and until all requisite authorities or clearances have been obtained from the Reserve Bank of Australia and or the Australian Taxation Office. Refer to Clause 6.9 of this Offer for further information.
- 6.3 Notwithstanding anything else in the Bidder's Statement, Mercantile OFM is under no obligation to spend any money, or undertake any action, in order to satisfy themselves of the eligibility of Foreign Shareholders to receive the Offer Consideration as set out in this Clause 6.2.
- 6.4 Where the Acceptance Form or any subsequent request from Mercantile OFM requires additional documents to be given with your acceptance (such as a certified copy of any of a power of attorney, grant of probate or letters of administration, or any other document requested by Mercantile OFM to give better effect to your acceptance):
- (a) if the documents are given with your acceptance, Mercantile OFM will provide the Offer Consideration in accordance with Clause 6.1 of this Offer;
 - (b) if the documents are given after acceptance and before the end of the Offer Period and this Offer is subject to a defeating condition at the time that Mercantile OFM is given the documents, Mercantile OFM will provide the Offer Consideration by the end of whichever of the following periods ends earlier:
 - (i) one month after the contract resulting from your acceptance of this Offer becomes unconditional; and
 - (ii) 21 days after the end of the Offer Period; or
 - (c) if the documents are given after acceptance and before the end of the Offer Period and this Offer is unconditional at the time that Mercantile OFM is given the documents, Mercantile OFM will provide the Offer Consideration by the end of whichever of the following periods ends earlier:
 - (i) one month after Mercantile OFM is given the documents; and

(ii) 21 days after the end of the Offer Period.

6.5 If you do not provide Mercantile OFM with the required additional documents within one month after the end of the Offer Period, Mercantile OFM may, in its sole discretion, rescind the contract resulting from your acceptance of this Offer.

6.6 If Mercantile OFM becomes entitled to any Rights as a result of your acceptance of this Offer, it may require you to give Mercantile OFM all documents necessary to vest those Rights in Mercantile OFM or otherwise to give Mercantile OFM the benefit or value of those Rights. If you do not give those documents to Mercantile OFM, or if you have received the benefit of those Rights, then Mercantile OFM may reduce the Offer Consideration to which you are otherwise entitled under this Offer by the amount equal to the value, (as reasonably assessed by Mercantile OFM), of those Rights.

6.7 If:

- (a) you have (or any previous holder of your IPE Shares has) received the benefit of any Rights (whether in respect of non-cash benefits or otherwise); or
- (b) you are (or any previous holder of your IPE Shares is) entitled to receive the benefit of any Rights under the terms that provide for or otherwise apply to those Rights (for example, if the Right is to receive a dividend, if you are (or any previous holder of your IPE Shares is) the registered holder of the Shares at the specified time for determining those entitled to the distribution); or
- (c) your IPE Shares were issued (or otherwise came into existence) on or after the record date in respect of any Rights to IPE Shareholders,

then Mercantile OFM may reduce the Offer Consideration to be paid to you under this Offer by the value (as reasonably assessed by Mercantile OFM) of such Rights.

6.8 If Mercantile OFM does not, or cannot, make such a reduction, you must pay such value or amount to Mercantile OFM.

6.9 If, at the time of acceptance of this Offer, any consent, authority or clearance of the Reserve Bank of Australia and/or the Australian Taxation Office is required for you to receive any consideration under this Offer or you are resident in or a resident of a place to which, or you are a person to whom:

- (a) the Banking (Foreign Exchange) Regulations 1959 (Cth);
- (b) Part 4 of the Charter of the United Nations Act 1945 (Cth);
- (c) the Charter of the United Nations (Dealing with Assets) Regulations 2008 (Cth);
- (d) Part 9 of the Anti-Money Laundering And Counter-Terrorism Financing Act 2006 (Cth);
- (e) any other regulations made under Part 4 of the *Charter of the United Nations Act 1945* (Cth); or
- (f) any other law of Australia that would make it unlawful for Mercantile OFM to provide Consideration for your IPE Shares,

applies, then acceptance of this Offer will not create or transfer to you any right (contractual or contingent) to receive (and you will not be entitled to receive) any consideration under this Offer unless and until all requisite consents, authorities or clearances have been obtained.

7. Condition of this Offer

7.1 This Offer and the contract that results from acceptance of this Offer are each subject to the fulfilment of the following conditions:

- (a) **50.1% minimum acceptance:** Mercantile OFM and its Associates have a Relevant Interest in more than 50.1% (by number) of IPE Shares on issue before the end of the Offer Period.
- (b) **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.
- (c) **No Prescribed Occurrences:** none of the following happens between the date of the Merger Implementation 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:
 - (a) IPE converting all or any of IPE Shares into a larger or smaller number of shares under section 254H of the Corporations Act;
 - (b) IPE resolving to reduce its share capital in any way;
 - (c) 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;
 - (d) 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;
 - (e) IPE issuing, or agreeing to issue, convertible notes;
 - (f) IPE disposing or agreeing to dispose, of the whole, or a substantial part, of its business or property;
 - (g) IPE granting, or agreeing to grant, a Security Interest in the whole, or a substantial part, of its business or property;
 - (h) IPE resolving that it be wound up;
 - (i) the appointment of a liquidator or provisional liquidator of IPE;
 - (j) the making of an order by a court for the winding up of IPE;
 - (k) an administrator of IPE being appointed under section 436A, 436B or 436C of the Corporations Act;
 - (l) IPE executing a deed of company arrangement;
 - (m) 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.

- (d) **No regulatory action:** During the period starting on the date of this Merger Implementation 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).

- (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) **No fall in NTA:** At any time after the date of the Merger Implementation Agreement, IPE's net tangible asset value decreases by 10% or more than the value set as at 30 April 2018
- (g) **No breach of representation or warranty:** Between the date of the Merger Implementation Agreement and the end of the Offer Period (each inclusive), the following IPE warranties provided in the Merger Implementation Agreement are true and correct in all material respects:
 - (i) 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
 - (ii) 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;
 - (iii) all information provided to Mercantile is complete and accurate in all material respects and is not misleading or deceptive whether by inclusion or omission;
 - (iv) 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;
 - (v) 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
 - (vi) the Management Agreement will be terminated on the terms and conditions (including, without limitation, the quantum of any payments) approved by Mercantile OFM.

7.2 Each paragraph and sub-paragraph of Section 7.1:

- (a) is and must be construed as a separate condition; and
- (b) subject to the Corporations Act, operates only for the benefit of Mercantile OFM and any breach or non-fulfilment of such condition may be relied upon only by Mercantile OFM which may waive (generally or in respect of a particular event) the breach or non-fulfilment of that Condition.

- 7.3 The Condition does not prevent a contract to sell your IPE Shares resulting from your acceptance of this Offer but:
- (a) breach of the Condition entitles Mercantile OFM to rescind that contract by notice to you; and
 - (b) non-fulfilment of the Condition at the end of the Offer Period will have the consequences set out in this Section 7.1.
- 7.4 Where an event occurs that would mean at the time the event occurs the Condition to which this Offer or the contract resulting from your acceptance of this Offer is then subject would not be fulfilled, each paragraph of the Condition in Section 7.1 affected by that event becomes two separate Conditions on identical terms except that:
- (a) one of them relates solely to that event; and
 - (b) the other specifically excludes that event.
- Mercantile OFM may declare the Offer free under Section 7.1 from any paragraph of the Condition without declaring it free from the other paragraphs and may do so at different times.
- 7.5 Subject to the Corporations Act, Mercantile OFM may declare this Offer and any contract resulting from acceptance of this Offer free from the Condition by giving written notice to IPE not later than 3 business days after the end of the Offer Period.
- 7.6 The date for giving the notice on the status of the Condition as required by section 630(1) of the Corporations Act is 3 August 2018 (subject to extension in accordance with the Corporations Act) if the Offer Period is extended.
- 7.7 Your acceptance or the contract resulting from your acceptance of this Offer is void if:
- (a) at the end of the Offer Period the Condition in Section 7.1 is not fulfilled; and
 - (b) Mercantile OFM has not declared this Offer and any contract resulting from the acceptance of it free of the Condition in accordance with Section 7.5.

8. Withdrawal of Offers

- (a) This Offer, if not previously accepted, may be withdrawn by Mercantile OFM, but only with ASIC's written consent (which consent may be given subject to any conditions which may be imposed by ASIC).
- (b) Subject to ASIC's consent (and any conditions imposed by ASIC), withdrawal of this Offer may be effected by written notice from Mercantile OFM given to IPE.
- (c) Subject to any conditions imposed by ASIC on its consent, where Mercantile OFM withdraws this Offer, if not previously accepted, automatically becomes incapable of acceptance.

9. Variation

Mercantile OFM may vary this Offer in accordance with the Corporations Act.

10. Mercantile OFM's Relevant Interests

At the date of this Offer, there are 135,642,099 IPE Shares on issue. Immediately before this Offer was sent, Mercantile OFM does not hold a Relevant Interest in any IPE Shares. However, Mercantile OFM's parent company, MVT holds a Relevant Interest in 30,545,989 IPE Shares.

Accordingly, as at the date immediately before preparation of this Bidder's Statement for printing, Mercantile OFM and its Associates have Voting Power in IPE of 22.5%.

11. No duty

Mercantile OFM must pay all duty payable on the transfer of your IPE Shares to it if you accept this Offer.

12. Foreign laws

This Offer is not registered in any jurisdiction outside Australia (unless an applicable foreign law treats it as registered as a result of the Bidder's Statement being lodged with ASIC). It is your sole responsibility to satisfy yourself that you are permitted by any foreign law applicable to you to accept this Offer and to receive the Offer Consideration.

13. Governing law

This Offer and any contract resulting from acceptance of the Offer are governed by the law in force in NSW.

This Offer is dated 10 July 2018.