

16 May 2024

Unsolicited Take-Over Offer – Lodgement of Target’s Statement

In accordance with item 14 of section 633(1) of the *Corporations Act 2001* (Cth) (**Corporations Act**), attached is a copy of the target’s statement (**Target’s Statement**) of Locality Planning Energy Holdings Limited (ABN 90 147 867 301) (**LPE**) in response to the off-market takeover bid by River Capital Pty Ltd (ACN 073 531 469) as trustee for River Capital Embedded Network Trust (**River Capital**) for all of the fully paid ordinary shares in LPE (**Offer**).

The Target’s Statement sets out the reasons for LPE Directors unanimously recommending that LPE shareholders **REJECT** the Offer.

The Target’s Statement has been sent to River Capital and lodged with the Australian Securities and Investments Commission today. In accordance with section 110D of the Corporations Act, despatch of the Target’s Statement to LPE shareholders will occur today by the following means:

1. LPE shareholders who have nominated an email address to receive communications from LPE will receive an email to their nominated email address, providing a link to an electronic copy of the Target’s Statement; and
2. LPE shareholders who have not nominated an email address to receive communications from LPE will receive a letter from LPE to their registered postal address, providing a link to an electronic copy of the Target’s Statement.

Copies of the communications sent to LPE shareholders (and an equivalent communication sent to holders of LPE option and performance rights) are attached to this notice.

LPE Shareholders are encouraged to read the Target’s Statement in its entirety as it will assist them in making an informed decision with respect to the Offer. Shareholders may also wish to seek independent legal, financial, taxation or other professional advice in relation to the Offer.

The Board will keep LPE shareholders fully informed of any key developments.

Authorised by the Board.

For further information:

David Jarjoura

Executive Chairman

investors@localityenergy.com.au

1800 040 168

ENDS

About LPE

LPE is a growing electricity provider to strata communities challenging the way customers receive their electricity; leaders in innovation, supporting communities to think of tomorrow. With first to market technology, LPE has delivered renewable solutions for apartment living and carbon neutral centralised hot water systems, creating shareholder value through long term supply agreements that provide strong recurring revenue.

LPE predominantly service the Queensland energy market, selling electricity, hot water, solar and battery systems to strata communities. Supporting those living in strata communities to reduce their carbon footprint and energy bills with no upfront cost.

If you have any questions on this announcement or any past LPE announcements, check out our InvestorHub. Like, comment, ask a question and view video summaries on important announcements. You can find this through the following link or scanning the QR code: investorhub.localityenergy.com.au





THIS IS AN IMPORTANT DOCUMENT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to its contents, you should contact your financial, tax or other professional adviser immediately

Target's Statement

This Target's Statement has been issued by Locality Planning Energy Holdings Limited (ASX:LPE) (ABN 90 147 867 301) (**LPE**) in response to the unsolicited off-market cash takeover bid made by River Capital Pty Ltd (ACN 073 531 469) as trustee for River Capital Embedded Network Trust (**River Capital**)

REJECT

the Offer

Your LPE Directors unanimously recommend that you **REJECT the Offer** and **DO NOTHING** in relation to any documents received from River Capital

Legal adviser

KING&WOOD
MALLESONS
金杜律师事务所

Important notices

This document is the Target's Statement dated 16 May 2024 given by LPE under Part 6.5 Division 3 of the Corporations Act. This Target's Statement is given in response to the Bidder's Statement dated 16 April 2024 which River Capital served on LPE on 16 April 2024 in relation to the Offer by River Capital to acquire all of your LPE Shares. The purpose of this Target's Statement is to provide you, as a LPE Shareholder, with information in response to the Bidder's Statement to assist you in your decision as to whether or not to accept the Offer.

You should read this Target's Statement in its entirety before making a decision as to whether or not to accept the Offer for your LPE Shares.

Defined terms and interpretation

Capitalised terms and certain abbreviations used in this Target's Statement have the meanings set out in the glossary in Section 8.1. In addition, unless the contrary intention appears or the context requires otherwise, words and phrases used in this Target's Statement have the same meaning and interpretation as in the Corporations Act.

Section 8.2 sets out some rules of interpretation which apply to this Target's Statement.

Unless otherwise specified, all references to \$, A\$, AUD and cents are references to Australian currency.

All references to times in this Target's Statement are references to time in Sydney, unless otherwise stated.

No account of personal circumstances

This Target's Statement and the recommendations and other information contained in it does not constitute financial product advice and should not be taken as personal financial or taxation advice, as each LPE Shareholder's deliberations and decision will depend upon their own financial situation, tax position, investment objectives and particular needs.

Your LPE Directors encourage you to seek independent financial and taxation advice before making a decision as to whether or not to accept the Offer for your LPE Shares.

Disclaimer regarding forward looking statements

This Target's Statement contains forward looking statements. Forward looking statements generally relate to future events or future financial or operating performance. In some cases, you can identify forward looking statements because they contain words such as "aim", "may", "might", "will", "likely", "shall", "should", "expects", "foresee", "plans", "anticipates", "could", "is confident", "intends", "target", "projects", "contemplates", "believes", "estimates", "predicts", "potential" or "continue" or the negative of these words or other similar terms or expressions that convey expectations, strategy, plans or intentions.

You should be aware that these statements are not guarantees or predictions of future performance, and involve known and unknown risks, uncertainties, assumptions and other important factors that could cause the actual results, performance or achievements of LPE to be materially different from future results, performance or achievements expressed or implied by those statements. Those risks and uncertainties include factors and risks specific to the industry in which LPE operates as well as general economic conditions and conditions in the financial markets. Actual events or results may differ materially from the events or results expressed or implied in any forward looking statement and deviations are both normal and to be expected. None of LPE, any of its officers or employees, or any person named in this Target's Statement with their consent or any person involved in the preparation of this Target's Statement makes any representation, warranty, assurance or guarantee (either express or implied) as to the accuracy or likelihood of fulfilment of any forward looking statement, or any events or results expressed or implied in any forward looking statement, except to the extent required by law. You are cautioned not to place undue reliance on any forward looking statements.

The forward looking statements in this Target's Statement reflect views held only as at the date of this Target's Statement. Subject to any continuing obligations under the Listing Rules or the Corporations Act, LPE and its officers disclaim any obligation or undertaking to update or revise any forward looking statements to reflect any change in expectations in relation to them or any change in events, conditions or circumstances on which any forward looking statement is based.

ASIC and ASX disclaimer

A copy of this Target's Statement was lodged with ASIC and given to ASX on 16 May 2024. None of ASIC, ASX or any of their respective officers takes any responsibility for the content of this Target's Statement.

Disclaimer as to information

The information in this Target's Statement about River Capital has been compiled from or is otherwise based on information obtained from publicly available sources and has not been independently audited or verified by LPE or its advisers. Accordingly, LPE does not, subject to the Corporations Act, make any representation or warranty (either express or implied), as to the accuracy or completeness of this information. If the information obtained or the public sources are inaccurate or incomplete, this may affect the information included in this Target's Statement. In particular, if the information has been used as the basis for forward looking statements in this Target's Statement, this may add to the risk that actual values, results,

performance or achievements will differ materially from those expressed or implied by the statements.

Foreign jurisdictions

The release, publication or distribution of this Target's Statement in jurisdictions other than Australia may be restricted by law or regulation in other jurisdictions and persons who come into possession of it should seek advice on and observe any restrictions. Any failure to comply with these restrictions may constitute a violation of applicable laws or regulations. This Target's Statement has been prepared in accordance with Australian law and the information contained in this Target's Statement may not be the same as that which would have been disclosed if this Target's Statement had been prepared in accordance with the laws and regulations outside Australia.

Charts, diagrams and rounding

Any diagrams, charts, maps, graphs and tables appearing in this Target's Statement are illustrative only and may not be drawn to scale. Unless stated otherwise, all data contained in diagrams, charts, maps, graphs and tables is based on information available at the date of this Target's Statement. A number of amounts, percentages, prices, estimates and other figures in this Target's Statement are subject to the effect of rounding. Accordingly, actual numbers may differ from those set out in this Target's Statement.

Websites

LPE's website does not form part of this Target's Statement and LPE Shareholders should not rely on its content.

Any website links in this Target's Statement are textual references only. Information contained in, or otherwise accessible from, those websites does not form part of this Target's Statement.

Privacy

LPE has collected your information from the LPE Share Registry for the purpose of providing you with this Target's Statement. The type of information LPE has collected about you includes your name, contact details and information on your shareholding in LPE. Without this information, LPE would be hindered in its ability to issue this Target's Statement. The Corporations Act requires the name and address of shareholders to be held in a public register. Your information may be disclosed on a confidential basis to LPE's Related Bodies Corporate and external service providers (such as the LPE Share Registry and print and mail service providers) and may be required to be disclosed to regulators such as ASIC. If you would like details of information about you held by LPE, please contact investors@localityenergy.com.au. LPE's privacy policy is available at <https://investorhub.localityenergy.com.au/governance>. The registered address of LPE is Level 8, 8 Market Lane, Maroochydore, Queensland, Australia.

Key dates

Date of Offer	3 May 2024
Date of this Target's Statement	16 May 2024
Scheduled close of Offer Period (unless withdrawn or extended)	5.00pm (AEST) on 7 June 2024

Note: the closing date for the Offer may change as permitted by the Corporations Act.

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Chair's letter

Dear LPE Shareholder

YOUR DIRECTORS RECOMMEND YOU **REJECT THE OFFER**

You should have recently received a Bidder's Statement from River Capital Pty Ltd as trustee for River Capital Embedded Network Trust (**River Capital**) in relation to its unsolicited offer to acquire all of your shares in Locality Planning Energy Holdings Limited (**LPE**) (**Offer**). River Capital is offering \$0.08 cash per LPE Share.

This Target's Statement, which I encourage you to read in its entirety, sets out the recommendation of the LPE Directors in relation to the Offer and the key reasons for the LPE Directors' recommendation to **REJECT the Offer**.

Recommendation

Your Directors have carefully considered the Offer to assess whether it is in the best interests of LPE Shareholders and unanimously recommend that you **REJECT the Offer**. Your Directors will continue to make decisions having regard to the best interests of LPE Shareholders.

Reasons for the Directors' recommendation

The key reasons why your Directors unanimously recommend you **REJECT the Offer** are:

1. **The Offer undervalues LPE and its growth prospects:** Your Directors are of the view that the Offer undervalues LPE and that the value of LPE's current business and long term prospects significantly exceeds \$0.08 per LPE Share.

Your Directors consider that the Offer does not reflect the success of recent LPE initiatives and the significant improvement in the net profit result for FY24 with the Board's full year updated guidance in the range of \$1.95m to \$2.0m compared to a net loss of \$12m for FY23. The Board's EBITDA guidance is between \$3.3m and \$3.5m.¹

Your Directors have shown conviction in their belief that LPE's medium to long term prospects significantly exceed \$0.08 per LPE Share by acquiring, in aggregate, 7,227,043 additional LPE Shares since the Offer was announced at an average price of \$0.08 per LPE Share.

2. **If you accept the Offer, you lose the potential upside of key initiatives being pursued by LPE:** By accepting the Offer, LPE Shareholders may lose the opportunity to participate in the growth of LPE from various business initiatives currently being pursued by LPE. Your Directors consider that the Offer does not adequately reflect the potential value that can be realised for LPE through these ongoing initiatives. Accepting the Offer now will deny you the opportunity to participate in any value uplift to LPE that may occur in the future.
3. **If you accept the Offer, you may not benefit from the value of the loan to Bundaberg BioHub and tax losses:** Your Directors believe that the Offer does not fully account for the value of the loan to Bundaberg BioHub which is currently due for repayment on 28 June 2024 nor LPE's accrual of significant historic tax losses from which it can benefit as it returns to profitability. Accepting the Offer will deny you the opportunity to benefit from these assets.

¹ This guidance extrapolates the 10-month net profit position to 30 April 2024 out to the end of FY24. However, the Board is not aware of any reason that extrapolating the result in that way is not reasonable. As with all forward-looking information, it is subject to circumstances outside the control of LPE and both revenue and cost metrics may be higher or lower than anticipated. As a result, there can be no assurance that the ultimate result will be consistent with guidance.

4. **The Offer is opportunistically timed:** Your Directors believe that the announcement of the unsolicited Offer was opportunistically timed so as to avoid offering full value for LPE Shares. The Offer:

- takes advantage of recent significant changes which have adversely affected the value of LPE but which the Board believes have been resolved;
- was announced just prior to the release of LPE's March quarterly report which showed significant improvement in LPE's year to date cash flows and the Board's profit guidance of \$1.6m to \$1.8m net profit for FY24 (subsequently updated to \$1.95m to \$2.0m); and
- has been timed shortly before the due date for repayment of the loan from Bundaberg BioHub and may not adequately reflect the value of the loan to LPE Shareholders.

5. **Your Directors intend to REJECT the Offer:** Each of your Directors has confirmed that they consider the Offer of \$0.08 per LPE Share undervalues LPE and that they have no intention to accept the Offer in respect of the LPE Shares which they hold or control.

The Directors' holdings in aggregate represent approximately 23.66% of the issued LPE Shares. Their rejection of the Offer will mean that the Offer will not become effective unless River Capital waives its 90% Minimum Acceptance Condition or declares the Offer unconditional. As a result, River Capital will not be able to reach 90% voting power in LPE and therefore will not become entitled to squeeze-out any non-accepting LPE Shareholders following the Offer through Compulsory Acquisition.

6. **The Offer is conditional and uncertain to proceed:** The Offer is subject to various Conditions and triggering any of those Conditions may cause the Offer to lapse. There is therefore no certainty the Offer will proceed. If you accept the Offer whilst it remains subject to Conditions, you may lose control of your LPE Shares and be unable to trade your LPE Shares for the duration of the Offer Period.

7. **If you accept the Offer, you may be unable to benefit from the proposed LPE Share Buyback:** Accepting the Offer may deny you the benefit of the proposed LPE Share Buyback announced by LPE on 24 April 2024, which will enable LPE to return surplus cash and provide additional liquidity for LPE Shareholders looking to realise their investment whilst allowing remaining LPE Shareholders the opportunity to access greater earnings per share.

8. **If you accept the Offer, you may be unable to accept a superior proposal if one emerges:** Accepting the Offer may deny you the benefit of any subsequent superior proposal by another party, should one emerge during the Offer Period².

More information on the reasons your Directors recommend you **REJECT the Offer** can be found in Section 1 of this Target's Statement.

Each of your LPE Directors intends to **REJECT the Offer** in relation to the LPE Shares which they hold or control.

To **REJECT the Offer**, you should **DO NOTHING** and **TAKE NO ACTION** in relation to all documents sent to you by River Capital.

Yours sincerely



David Jarjoura
Executive Chair
Locality Planning Energy Holdings Limited

² As at the date of this Target's Statement, no superior proposal has emerged.

How to **REJECT the Offer**

1. To **REJECT the Offer**, **DO NOTHING** and **TAKE NO ACTION** in relation to all documents sent to you by River Capital.
2. You should read this Target's Statement which contains your LPE Directors' unanimous recommendation to **REJECT the Offer** and the reasons for this recommendation.
3. If you have any queries in relation to the Offer, please contact:
investors@localityenergy.com.au.

To **REJECT the Offer**, **DO NOTHING** and **TAKE NO ACTION** in relation to all documents sent to you by River Capital.

Key Reasons to **REJECT the Offer**

1.	The Offer undervalues LPE and its growth prospects
2.	If you accept the Offer, you lose the potential upside of key initiatives being pursued by LPE
3.	If you accept the Offer, you may not benefit from the value of the loan to Bundaberg BioHub and tax losses
4.	The Offer is opportunistically timed
5.	Your Directors intend to REJECT the Offer
6.	The Offer is conditional and uncertain to proceed
7.	If you accept the Offer, you may be unable to benefit from the proposed LPE Share Buyback
8.	If you accept the Offer, you may be unable to accept a superior proposal if one emerges

LPE Directors' recommendation and intention to **REJECT the Offer**

Directors of LPE

The LPE Directors as at the date of this Target's Statement are:

- Mr David Jarjoura, Executive Chair;
- Mr Stanislav (Stan) Kolenc, Non Executive Director; and
- Mr Simon Tilley, Non Executive Director.

Recommendations and intentions

In assessing the Offer, your Directors have had regard to a number of considerations, including the information set out in this Target's Statement and the Bidder's Statement.

Based on this assessment and for the reasons set out in this Target's Statement (in particular those set out in Section 1), your LPE Directors believe that the Offer Consideration of \$0.08 cash per LPE Share offered by River Capital undervalues LPE and is opportunistically timed.

Each of your LPE Directors recommends that you **REJECT the Offer.**

Each of your LPE Directors intends to **REJECT the Offer** in relation to the LPE Shares which they hold or control³ (refer to Section 7.1(a) for more information on the respective LPE shareholdings of your LPE Directors).

To **REJECT the Offer** you should **DO NOTHING** and **TAKE NO ACTION** in relation to all documents sent to you by River Capital.

³ Absent any unforeseen personal circumstances.

1 Reasons to **REJECT** the Offer

1.1 The Offer undervalues LPE and its growth prospects

Your Directors are of the view that the Offer undervalues LPE and that the value of LPE's current business and its long term prospects significantly exceeds \$0.08 per LPE Share.

Your Directors consider that the Offer does not reflect the success of recent LPE initiatives and the **significant improvement in the net profit result for FY24 with the Board's full year updated guidance in the range of \$1.95m to \$2.0m compared to a net loss of \$12m for FY23**. The Board's EBITDA guidance for FY24 is between \$3.3m and \$3.5m.⁴

Your Directors consider that the Offer does not adequately reflect the underlying strength in LPE's business model for the following reasons:

- LPE is one of the largest embedded network operators in Queensland which is an attractive market with strong future growth potential. Queensland accounts for over 20% of the Australian population and is consistently in the top 3 Australian states and territories in terms of energy demand per capita and approvals for residential apartments;
- LPE is a utility services business that has a contracted customer base of over 32,000 service points under medium to long term contracts. This underpins stable and reliable future income for LPE when compared to more project based or transactional businesses and therefore can attract relatively higher valuations; and
- LPE has a large customer base to which it can sell more services. LPE currently provides primarily electricity and hot water to its customers. There are, however, significant future opportunities to provide more services to this same customer base such as increased hot water systems to LPE's embedded electricity customers and internet, fibre to the premises, and building technologies and systems.

For these reasons and the points raised below, your Directors believe the value of LPE is significantly higher than the Offer Consideration of \$0.08 per LPE Share offered by River Capital.

Your Directors have shown conviction in their belief that LPE's prospects significantly exceed \$0.08 per LPE Share by acquiring, in aggregate, 7,227,043 additional LPE Shares since the Offer was announced at an average price of \$0.08 per LPE Share. Further details of the acquisitions recently undertaken by LPE Directors are set out at Section 7.1(b).

1.2 If you accept the Offer, you lose the potential upside of key initiatives being pursued by LPE

By accepting the Offer, LPE Shareholders may lose the opportunity to participate in the growth of LPE from various business initiatives currently being pursued by LPE which include the following:

- (a) in the short period that the Board has existed as currently composed, it has sought to strengthen the management team and increase accountability. This has resulted in reshaping organisational leadership to ensure a singular focus on business improvement;

⁴ This guidance extrapolates the 10-month net profit position to 30 April 2024 out to the end of FY24. However, the Board is not aware of any reason that extrapolating the result in that way is not reasonable. As with all forward-looking information, it is subject to circumstances outside the control of LPE and both revenue and cost metrics may be higher or lower than anticipated. As a result, there can be no assurance that the ultimate result will be consistent with guidance.

- (b) with a change in leadership in LPE, there has been a restructure of LPE's sales team with a new Head of Sales and Solutions which has enabled a singular focus on and capacity to pursue new customers. During April 2024, qualified leads for new service points had increased 70% on the prior corresponding period in 2023;
- (c) the LPE team is focused on improving its customer experience and retention. Business functions across communications, billing, delivery and procurement are being reviewed with new systems and processes being actively implemented. Improving customer experience is expected to result in better retention, operating efficiencies and greater ability to sell more services;
- (d) LPE continues to review its cost structure and has identified areas for savings. Of note, LPE is in the process of finalising a new energy supply contract that could deliver up to 10-15% savings to the business' energy costs. This could equate to \$1m to 1.5m⁵ in savings per annum commencing in July 2024; and
- (e) LPE is actively exploring future growth opportunities and has commenced discussions with potential partners regarding the delivery of additional internet services to its sites. This could unlock the potential to deliver additional revenues of up to a further 10% per converted customer per year with minimal additional costs.

Your Directors consider that the Offer does not adequately reflect the potential value that can be realised for LPE through the above initiatives. Accepting the Offer now will deny you the opportunity to participate in any value uplift to LPE that may occur in the future.

1.3 If you accept the Offer, you may not benefit from the value of the loan to Bundaberg BioHub and tax losses

Your Directors believe that the Offer does not fully account for the value of the following additional LPE assets and therefore accepting the Offer will deny you the opportunity to benefit from them:

- LPE has a loan to Bundaberg BioHub which is currently due for repayment by Bundaberg BioHub on 28 June 2024. As at 1 May 2024 the total debt owed to LPE was \$6,153,8628 which includes interest which was being capitalised until the start of 2024. Bundaberg BioHub has now commenced paying interest on the loan and LPE's last interest payment was received on 30 April 2024, in line with the current agreement. The debt is secured by a second ranking mortgage over the property owned by Bundaberg BioHub in Bundaberg East and a second ranking general security over all the present and after-acquired personal and other property of Bundaberg BioHub. While there can be no assurance that the debt will be repaid in full when due, to the extent that repayments are received they could benefit shareholders up to a maximum amount of \$0.034 per LPE Share; and
- LPE has accrued significant historic tax losses from which it can benefit as it returns to profitability. The value of LPE gross tax losses as at 30th June 2023 totalled \$21,056,265.

1.4 The Offer is opportunistically timed

Your Directors believe that announcement of the unsolicited Offer was opportunistically timed so as to avoid offering full value for LPE Shares:

- the Offer takes advantage of recent significant changes which have adversely affected the value of LPE. The Board believes that these issues have now been

⁵ Calculated based on estimated customer annual usage and estimated rate per kilowatt hour.

resolved with a number of strategies already implemented to deliver future growth and profitability to LPE;

- the Offer was announced just prior to the release of LPE's March quarterly report which showed significant improvement in LPE's year to date cash flows and the Board's profit guidance of \$1.6m to \$1.8m net profit for FY24 (subsequently updated to \$1.95m to \$2.0m). This means that the Offer was not informed by these updates; and
- the Offer has been timed shortly before the due date for repayment of the loan to Bundaberg BioHub and may not adequately reflect the value of the loan to LPE Shareholders.

1.5 Your Directors intend to **REJECT the Offer**

Each of your Directors has confirmed that they consider the Offer of \$0.08 per LPE Share undervalues LPE and that they have no intention to accept the Offer in respect of the LPE Shares which they hold or control.⁶

The Directors' holdings in aggregate represent approximately 23.66% of the issued LPE Shares. Their rejection of the Offer will mean that the Offer will not become effective unless River Capital waives its 90% Minimum Acceptance Condition or declares the Offer unconditional. As a result, River Capital will not be able to reach 90% voting power in LPE and therefore will not become entitled to squeeze-out any non-accepting LPE Shareholders following the Offer by Compulsorily Acquiring the remaining LPE Shares.

1.6 The Offer is conditional and uncertain to proceed

The Offer is subject to various Conditions and triggering any of those Conditions may cause the Offer to lapse. There is therefore no certainty the Offer will proceed.

As described in Section 4.3 there is a real likelihood that during the Offer Period several of the Conditions may be triggered, including as a result of:

- River Capital failing to achieve its 90% Minimum Acceptance Condition (taking into account, amongst other things, that the Directors who hold in aggregate approximately 23.66% of the issued LPE Shares intend to **REJECT the Offer**); and
- LPE completing the acquisition of any LPE Shares during the Offer Period under the proposed LPE Share Buyback.

The effect of this will be to provide River Capital with an option to waive the relevant Conditions or to let the Offer lapse.

If you accept the Offer whilst it remains subject to Conditions, you will lose control of your LPE Shares and give up your right to trade your shares on the ASX for the duration of the Offer Period (with only a limited ability to withdraw your acceptance as detailed in Section 4.8), without any certainty the Offer will succeed.

1.7 If you accept the Offer, you may be unable to benefit from the proposed LPE Share Buyback

As part of the Board's strategic plans for the future, the Board announced to the ASX on 24 April 2024 its intention for LPE to undertake an on-market share buyback over the course of the next 12 months (within LPE's 10% / 12 month capacity under the Corporations Act) (**LPE Share Buyback**). The LPE Share Buyback will enable LPE to return surplus cash and

⁶ Absent any unforeseen personal circumstances

provide additional liquidity for LPE Shareholders looking to realise their investment whilst allowing remaining LPE Shareholders the opportunity to access greater earnings per share.

Completing the acquisition of any LPE Shares under the LPE Share Buyback while the Offer is on foot is likely to trigger the no Prescribed Occurrences Condition to the Offer and may therefore result in the Offer lapsing. For that reason, the Board will have regard to the progress of the Offer and the likelihood of it succeeding (and other relevant factors under the Takeovers Panel policy on frustrating action) before actually completing any acquisitions under the LPE Share Buyback.

The timing and actual number of LPE Shares purchased under the LPE Share Buyback will also be subject to other considerations including consent requirements under LPE's facilities with Roadnight, LPE's surplus capital position, market conditions and any other opportunities to deploy capital by the business.

1.8 If you accept the Offer, you may be unable to accept a superior proposal if one emerges

If you accept the Offer, you may not be able to obtain the benefit of any subsequent superior proposal by another party, should one emerge during the Offer Period, unless in certain limited circumstances you become eligible to withdraw your acceptance or the Offer lapses.

Since the announcement of the Offer, LPE has engaged with third parties regarding potential alternative proposals for LPE and appointed a financial adviser to source interested parties that may be willing to offer greater value for LPE Shareholders.

As at the Last Practicable Date, no proposal has reached a stage where it is sufficiently progressed to disclose in this Target's Statement and the Directors can give no assurance that any alternative proposal will emerge.

Your Directors will advise you if there are any material developments in relation to the Offer during the Offer Period.

2 Frequently asked questions

This Section 2 answers some commonly asked questions in relation to the Offer. It is not intended to address all relevant issues for LPE Shareholders. This Section should be read together with the rest of this Target's Statement.

#	Question	Answer	Further information
Information about the Offer			
2.1	What is this Target's Statement?	This Target's Statement has been prepared by LPE and provides LPE's response to the Bidder's Statement to help you decide whether to accept or reject the Offer, including the recommendation of your LPE Directors to REJECT the Offer .	N/A
2.2	What is the Bidder's Statement?	The Bidder's Statement was prepared by River Capital for distribution to LPE Shareholders. The Bidder's Statement describes the terms of the Offer for your LPE Shares and information relevant to your decision whether or not to accept the Offer. River Capital lodged the Bidder's Statement with ASIC on 16 April 2024 and served it on LPE on the same date. The Bidder's Statement was sent to LPE Shareholders on 3 May 2024.	N/A
2.3	Who is River Capital?	River Capital is a Melbourne based investment firm. River Capital is controlled by RC Strategic Investments Pty Ltd (ACN 652 230 218), an entity controlled by entities associated with Mr Barry Carp, Ms Suzi Carp and Mr James Craig.	Section 4.1
2.4	What is River Capital offering for my LPE Shares under the Offer?	River Capital is offering \$0.08 cash for every LPE Share that you hold.	Section 4.2(a)
2.5	When does the Offer close?	The Offer is currently scheduled to close at 5.00pm (AEST) on 7 June 2024 unless withdrawn or extended in accordance with the Corporations Act. Your LPE Directors will keep you informed if there are any material developments in relation to the Offer. If you wish to follow the LPE Directors' unanimous recommendation and REJECT the Offer, you do not need to do anything.	Section 4.2(b)
2.6	Can River Capital extend the closing date of the Offer?	Yes. River Capital can extend the Offer in accordance with the Corporations Act. In addition, the Offer Period may be extended automatically in certain circumstances. However, the Offer Period cannot exceed 12 months.	Section 4.2(c)
The recommendation of your LPE Directors			
2.7	What is the recommendation	Your LPE Directors unanimously recommend that you REJECT the Offer .	Page 7 and Section 1

#	Question	Answer	Further information
	n of your LPE Directors?	To follow your LPE Directors' recommendation, you should DO NOTHING . If there is a change in this recommendation or any material developments in relation to the Offer, LPE will lodge a supplementary target's statement.	
2.8	Why do your LPE Directors recommend you REJECT the Offer?	The key reasons why your LPE Directors recommend you REJECT the Offer are: 1. The Offer undervalues LPE and its growth prospects. 2. If you accept the Offer, you lose the potential upside of key initiatives being pursued by LPE. 3. If you accept the Offer, you may not benefit from the value of the loan to Bundaberg BioHub and tax losses. 4. The Offer is opportunistically timed. 5. Your Directors intend to REJECT the Offer. 6. The Offer is conditional and uncertain to proceed. 7. If you accept the Offer, you may be unable to benefit from the proposed LPE Share Buyback. 8. If you accept the Offer, you may be unable to accept a superior proposal if one emerges.	Page 6
2.9	What do your LPE Directors intend to do with their own LPE Shares?	Each LPE Director intends to REJECT the Offer in respect of the LPE Shares which they hold or control.⁷ The Directors' holdings in aggregate represent approximately 23.66% of the issued LPE Shares.	Section 7.1(a)
2.10	What happens if the Offer Consideration is improved?	If River Capital improves the Offer Consideration, your LPE Directors will carefully consider the revised Offer and advise you accordingly.	Section 4.7(a)
2.11	What will happen if a superior proposal emerges?	Your LPE Directors will carefully consider any competing or superior proposal and will advise LPE Shareholders accordingly.	N/A
Your choices as a LPE Shareholder			
2.12	What choices do I have as a LPE Shareholder?	As an LPE Shareholder, you have three choices available: 1. REJECT the Offer and DO NOTHING – and remain a LPE Shareholder (unless your LPE Shares are Compulsorily Acquired). If you agree with the LPE Directors' unanimous recommendation to REJECT the Offer then do not fill in or return any of the Offer documentation. Ignore all correspondence, documents and communications received from River Capital. You are not required to do anything;	Section 3

⁷ Absent any unforeseen personal circumstances

#	Question	Answer	Further information
		2. sell your LPE Shares on the ASX (unless you have already accepted the Offer and have not validly withdrawn your acceptance as permitted in limited circumstances (see Section 4.8)) which may be at a higher or lower price than the Offer Consideration. If you wish to sell your LPE Shares on the ASX, you should not accept the Offer and should instruct your broker at the time you wish to sell; and 3. accept the Offer for all of your LPE Shares. If you choose to accept the Offer you should follow the instructions in the Bidder's Statement. However, you should note that the LPE Directors' unanimous recommendation is that you REJECT the Offer. Once you accept the Offer, you may only validly withdraw your acceptance in limited circumstances (see Section 4.8). Although your Directors unanimously recommend that you REJECT the Offer, there may be a number of reasons why you may choose to accept the Offer, including that: - the Offer provides value certainty and immediate liquidity; - the Offer reflects a premium to recent LPE Share prices; and - if the Offer is unsuccessful or a superior proposal does not emerge, the LPE Share price may fall in the short term. If you are in any doubt as to what to do, your LPE Directors recommend that you seek independent financial and taxation advice from your professional advisers. LPE Shareholders should carefully consider the LPE Directors' recommendation and other important information set out in this Target's Statement.	
2.13	What happens if I do nothing?	You will remain a LPE Shareholder. If River Capital acquires 90% or more of LPE Shares, River Capital has stated that it intends to Compulsorily Acquire your LPE Shares. However, as noted at Section 1.5, given your Directors' holdings in aggregate represent approximately 23.66% of the issued LPE Shares, their rejection of the Offer will mean that River Capital will not reach 90% and will therefore not be entitled to Compulsorily Acquire your LPE Shares following the Offer. If River Capital acquires between 50% and 90% of LPE Shares under the Offer and all of the Conditions of the Offer are satisfied or waived, you will become a minority shareholder of LPE.	Section 4.9
2.14	How do I REJECT the Offer ?	To REJECT the Offer , you should DO NOTHING . You should TAKE NO ACTION in relation to all documents sent to you by River Capital regarding the Offer.	Section 3
2.15	How do I accept the Offer?	To accept the Offer, you should refer to Section 1 of the Bidder's Statement for instructions on how to do so. However, the LPE Directors unanimously recommend that you REJECT the Offer .	Sections 3 and 4.6
2.16	What are the risks of rejecting the Offer?	If you REJECT the Offer you will continue to hold LPE Shares and your investment will remain subject to the risks associated with LPE.	Section 6.3

#	Question	Answer	Further information
2.17	What are the risks of accepting the Offer?	If you accept the Offer, you will forego the opportunity to benefit from any superior proposal by another party for your LPE Shares should a superior proposal eventuate. Alternatively, you may be able to sell your LPE Shares in the future for more valuable consideration than that offered under the Offer (although LPE can give no assurances and makes no forecast of whether this will occur). Further details on the risks of accepting the Offer are set out in Section 6.2.	Section 6.2
2.18	When do I have to make a decision?	If you wish to follow the LPE Directors' recommendation and REJECT the Offer, you do not need to do anything. If you wish to accept the Offer, you need to do so before the end of the Offer Period (currently scheduled to close at 5.00pm (AEST) on 7 June 2024).	N/A
2.19	If I accept the Offer, can I later change my decision?	Once you have accepted the Offer, you will be unable to revoke your acceptance and the contract resulting from your acceptance will be binding on you. You will be unable to withdraw from the Offer or otherwise dispose of the LPE Shares you have accepted into the Offer except in very limited circumstances, namely if River Capital varies the Offer in a way that postpones, for more than one month, the time by which it has to meet its obligations under the Offer. Section 13.5 of the Bidder's Statement describes in more detail the circumstances in which LPE Shareholders may validly withdraw their acceptance.	Section 4.8
2.20	What happens if I accept the Offer and a superior proposal is made for my Shares after I accept?	If you accept the Offer, you are only able to withdraw your acceptance in limited circumstances (see Section 4.8). Accordingly, if you accept the Offer, you may be unable to accept a superior proposal if one arises. At this time, the LPE Directors do not know if a superior proposal will arise.	Section 4.7(a)
2.21	What are the consequences of accepting the Offer now?	If you accept the Offer, you will, subject to your right to withdraw your acceptance of the Offer in limited circumstances (see Section 4.8): ▪ limit your right to sell your LPE Shares on the ASX (or any other trading platform) or otherwise deal with your LPE Shares while the Offer remains open (this may prevent you from accepting any superior proposal, if one was to emerge); and ▪ relinquish control of your LPE Shares with no guarantee of receiving the Offer Consideration until if and when the Offer becomes unconditional. The effect of accepting the Offer is set out in Section 13.5 of the Bidder's Statement. You should read those provisions in full to understand the effect that acceptance will have on your ability to exercise rights attaching to your LPE Shares and the	Section 4.7

#	Question	Answer	Further information
		representations and warranties which you make if you accept the Offer. It is uncertain when, if ever, the Offer will become unconditional.	
2.22	Can I accept the Offer for only some of my LPE Shares?	No, the terms of the Offer only allow you to accept the Offer for all of your LPE Shares unless you hold the LPE Shares as trustee or nominee for, or otherwise on account of, another person.	Section 4.2
2.23	If I choose to accept the Offer, when will I be paid?	If you accept the Offer, you will have to wait until the earlier of: - one month after the Offer is validly accepted by you or, if the Offer is subject to a defeating Condition, within one month after the Offer becomes unconditional; and 21 days after the end of the Offer Period, provided the Offer has become unconditional, before you receive your Offer Consideration. It is uncertain when (if ever) the Offer will become unconditional.	Section 4.2(a)
2.24	Can I be forced to sell my LPE Shares?	You cannot be forced to sell your LPE Shares unless River Capital is legally entitled to proceed to Compulsory Acquire your LPE Shares. River Capital will need to acquire at least 90% of voting power in LPE (under the Offer or otherwise) in order to exercise its Compulsory Acquisition rights. If River Capital proceeds to Compulsory Acquisition and you have not accepted the Offer then your LPE Shares will be Compulsorily Acquired by River Capital and you will receive the same consideration as is to be provided by River Capital under the Offer. However, as noted at Section 1.5, given your Directors' holdings in aggregate represent approximately 23.66% of the issued LPE Shares, their rejection of the Offer will mean that River Capital will not reach 90% and will therefore not become entitled to Compulsorily Acquire any LPE Shares following the Offer.	Section 4.9
2.25	During the period of the Offer, can I sell my LPE Shares on the ASX?	Yes, you can sell your LPE Shares on the ASX unless you have accepted the Offer in respect of those LPE Shares and have not validly withdrawn your acceptance (see Section 4.8). If you sell your LPE Shares on market: - you will not benefit from any possible increase in the value of LPE Shares; and - you will not benefit from any possible increase in the consideration that may be provided under the Offer or any other offer for your LPE Shares, should one emerge.	Sections 3 and 4.7
Offer Conditions and their implications			
2.26	What are the Conditions of the Offer?	The Offer is conditional. The Conditions include (in summary form only): 90% Minimum Acceptance Condition: River Capital acquiring 90% of LPE;	Section 4.3

#	Question	Answer	Further information
		▪ Prescribed Occurrences Condition: none of the prescribed occurrences listed in section 652C of the Corporations Act occurring; and ▪ Regulated Event Condition: none of the events listed in Section 13.7(c) of the Bidder's Statement occurring. This is only a summary of the Conditions of the Offer. See Section 4.3 for further details and the views of the LPE Board on the likelihood of the Conditions being satisfied. The Conditions are also set out in full in Section 13.7 of the Bidder's Statement.	
2.27	Can River Capital waive the Conditions?	Yes, River Capital can waive any or all of the Conditions.	Section 4.3
2.28	What happens if the Conditions are not satisfied or waived by River Capital?	If the Conditions are not satisfied or waived by River Capital before the Offer closes, the Offer will lapse, and you will not receive the Offer Consideration (even if you had accepted the Offer). However, you would then be free to deal with your LPE Shares in another way.	Section 4.4
2.29	What happens if I accept the Offer and the Conditions are satisfied or waived?	If you have accepted the Offer and each of the Conditions are satisfied or waived, then the Offer will become unconditional, you will relinquish control of your LPE Shares and the rights attaching to them to River Capital and receive the Offer Consideration from River Capital. Once you accept the Offer, you may only validly withdraw your acceptance in limited circumstances (see Section 4.8).	Sections 4.6 and 4.7
Other			
2.30	What impact does the Offer have on any LPE dividends or other rights?	River Capital will be entitled to all Rights (including any LPE dividends) declared, paid, made, or which arise or accrue after the Announcement Date in respect of any LPE Shares that it acquires pursuant to acceptances of the Offer. If any Rights are declared, paid, made or arise or accrue in cash after the Announcement Date, River Capital will (provided the same has not been paid to River Capital) be entitled to reduce the Offer Consideration payable by it to any LPE Shareholders who accept the Offer by an amount equal to the value of the cash Rights in respect of their accepted LPE Shares. If any non-cash Rights are issued or made or arise or accrue after the Announcement Date, River Capital will (provided the same has not been issued to River Capital shareholders) be entitled to reduce the Offer Consideration payable by it to any LPE Shareholders who accept the Offer by an amount equal to the value of the non-cash Rights (as reasonably assessed by River Capital) in respect of their accepted LPE Shares. See Sections 13.5(c) and 13.6 of the Bidder's Statement for more information.	N/A

#	Question	Answer	Further information
2.31	Are there any tax consequences of accepting the Offer?	A general outline of the Australian taxation considerations for certain LPE Shareholders accepting the Offer is set out in Section 4.12 and Section 11 of the Bidder's Statement. You should not rely on those outlines as advice on your own affairs. Your LPE Directors encourage you to seek your own professional independent financial and taxation advice before making a decision as to whether or not to accept the Offer.	Section 4.12
2.32	Will I need to pay brokerage fees or stamp duty if I accept the Offer?	If your LPE Shares are registered in an issuer sponsored holding in your name on acceptance of the Offer, you will not incur any brokerage fees or stamp duty in connection with your acceptance of the Offer. If your LPE Shares are registered in a CHESS Holding, or if you are a beneficial owner whose LPE Shares are registered in the name of a broker, bank custodian or other nominee, you will not be obliged to pay stamp duty if you accept the Offer, but you should ask your Controlling Participant (usually your broker) or that nominee whether it will charge any transactional fees or service charges in connection with acceptance of the Offer.	Sections 4.12(g) and 4.6
2.33	Can River Capital withdraw its Offer?	River Capital may only withdraw the Offer with the written consent of ASIC in accordance with the requirements of the Corporations Act and subject to the conditions (if any) specified in this consent.	Section 4.2(d)
2.34	Is the Offer open to exercised LPE Options and/or LPE Performance Rights?	The Offer extends to LPE Shares that are issued or otherwise come into existence during the Offer Period due to the conversion of, or exercise of rights attached to, other securities convertible into LPE Shares (including LPE Performance Rights and LPE Options) that are on issue at the Register Date.	Section 7.6
2.35	Will LPE remain listed on the ASX?	That depends on the outcome of the Offer. If River Capital Compulsorily Acquires the LPE Shares (as is its stated intention if it becomes entitled to do so), River Capital will seek to delist LPE from the ASX at the conclusion of the Compulsory Acquisition process. In addition, River Capital has stated that if it were to acquire a Relevant Interest of less than 90% but more than 50% of LPE Shares, and then only if River Capital declares the Offer unconditional or the 90% Minimum Acceptance Condition to the Offer is waived, River Capital also intends to seek to delist LPE from ASX. Further information on River Capital's intentions on delisting LPE is set out at Section 10 of the Bidder's Statement. Any proposal to delist LPE from the ASX will require ASX's consent and may be subject to conditions imposed by ASX. Although there is a possibility of LPE being delisted if River Capital obtains a Relevant Interest of less than 90% but more than 50% of LPE Shares, the LPE Directors consider it is unlikely for LPE to be delisted in this circumstance so long as there are a substantial number of minority LPE Shareholders.	Section 4.11

#	Question	Answer	Further information
2.36	How can I get updates on the LPE Share price?	You can receive updates by visiting the ASX website at www.asx.com.au using the code 'LPE'.	Section 7.11
2.37	If I have any questions who can I contact?	Any questions should be directed to investors@localityenergy.com.au . Announcements made to ASX by LPE and other information relating to the Offer can be obtained from LPE's website at https://investorhub.localityenergy.com.au/announcements .	N/A

3 Your choices as a LPE Shareholder

The LPE Directors unanimously recommend that you **REJECT the Offer**

However, as a LPE Shareholder you have three choices currently available to you.

Your LPE Directors encourage you to consider your personal risk profile, investment objectives and financial and tax circumstances before making a decision as to whether or not to accept the Offer for your LPE Shares.

Option 1 REJECT the Offer	If you do not wish to accept the Offer and wish to retain your LPE Shares, you should DO NOTHING. Simply disregard the documents sent to you by River Capital. In particular, you should not complete or return the Acceptance Form that accompanied the Bidder's Statement nor should you respond to any documentation sent to you by River Capital or any other communication from River Capital (including telephone solicitation or canvassing by River Capital or its representatives). This is the approach recommended by your LPE Directors. You should note that: ▪ if you choose not to accept the Offer, you will not receive the Offer Consideration unless River Capital holds 90% of the LPE Shares at the end of the Offer Period. In this event (subject to satisfaction of various legal requirements), River Capital will become entitled to Compulsorily Acquire all those LPE Shares that it does not already own, and you will receive your Offer Consideration later than LPE Shareholders who choose to accept the Offer (see Section 4.9 for further information regarding Compulsory Acquisition); and ▪ if River Capital acquires more than 50% but less than 90% of LPE Shares and all of the Conditions of the Offer are satisfied or waived, and you continue to hold LPE Shares, you will be exposed to the risks associated with being a minority shareholder of LPE. Some of these risks are explained in Section 4.10.
Option 2 Sell your LPE Shares on market	During the Offer Period, you may sell your LPE Shares on market through ASX at the prevailing market price for cash (less any brokerage), provided you have not accepted the Offer (or, if you have accepted the Offer, provided you have validly withdrawn that acceptance (see your limited withdrawal options at Section 4.8)). However, there is no guarantee that the price you will receive for your LPE Shares on market will be higher than the Offer Consideration. You should be aware that the market price of LPE Shares may rise or fall in the period during which the Offer remains open and following the close of the Offer. The latest trading price of LPE Shares may be obtained from the ASX website www.asx.com.au using the code 'LPE'. As at the Last Practicable Date, the closing price of LPE Shares was A\$0.083, being higher than the Offer Consideration of \$0.08 per LPE Share. If you sell your LPE Shares on market, you may receive the consideration for your LPE Shares sooner than if you accept the Offer while it is subject to Conditions, however you: ▪ will lose the ability to accept the Offer and receive the Offer Consideration (and any subsequent improvement in the Offer Consideration), in relation to those LPE Shares; ▪ will lose the ability to accept any superior proposal for your LPE Shares if one emerges;

	▪ will receive cash consideration for the sale of your LPE Shares which may be more or less than the Offer Consideration; ▪ may incur a tax liability on the sale of those LPE Shares; ▪ may incur a brokerage charge; and ▪ will lose the opportunity to receive future returns from LPE in relation to those LPE Shares. You should contact your broker for information on how to sell your LPE Shares on ASX and your tax advisor to determine your tax implications from a sale.
Option 3 Accept the Offer	The LPE Directors unanimously recommend that you REJECT the Offer. However, if you choose to accept the Offer: ▪ you will not receive the Offer Consideration from River Capital unless and until each of the Conditions are satisfied or waived in accordance with the terms of the Offer. Details of the Offer Consideration that you will receive if you accept the Offer are set out in Section 4.2(a) as well as in Section 13.1(b) of the Bidder's Statement; ▪ you will only be able to withdraw your acceptance in limited circumstances which are set out in Section 4.8, meaning that you may not be able to sell your LPE Shares on market or accept a higher price as part of a superior proposal if one emerges; and ▪ you may be liable for tax on the disposal of your LPE Shares as a result of your acceptance. An overview of the taxation consequences for certain Australian resident LPE Shareholders of selling LPE Shares is provided in Section 11 of the Bidder's Statement. See also Section 4.12 for further information on the tax consequences of the Offer. If River Capital increases the Offer Consideration, all LPE Shareholders, whether or not they have already accepted the Offer before then, will be entitled to receive the increased Offer Consideration if they accept the Offer and it becomes unconditional. Although your Directors unanimously recommend that you REJECT the Offer, there may be a number of reasons why you may choose to accept the Offer. A summary of those reasons is set out below. ▪ Value certainty and immediate liquidity LPE Shareholders who accept the Offer will receive \$0.08 in cash per LPE Share they hold, provided all of the Conditions are satisfied or waived. Therefore, you may wish to accept the Offer as it will give you the opportunity to realise certain value and achieve full liquidity in respect of your investment in LPE, without having to incur any brokerage fees which would likely be incurred if you were to sell your LPE Shares on market. Additionally, accepting the Offer means you will also be relieved from any risks associated with LPE's future activities. The Board's view is that the Offer undervalues LPE, in particular LPE's medium to long term prospects, and therefore if you accept the Offer you will not be able to obtain any future benefits which arise as a result of the financial performance of LPE. ▪ Premium to recent LPE Share prices The Board recognises that the Offer Consideration of \$0.08 per LPE Share reflects a premium to recent LPE Share prices. The Offer Consideration is a 48% premium to the closing LPE Share price of \$0.054 on 15 April 2024, the date prior to the

	release of the Bidder's Statement. As such, LPE Shareholders may wish to accept the Offer to take advantage of this premium. ▪ LPE Share price may fall in the short-term absent a superior proposal While the price of LPE Shares trading on the ASX is subject to a range of factors, if the Offer is unsuccessful or a superior proposal does not emerge, there is a risk that the LPE Share price may fall to a lower price than the price at which it traded prior to the announcement of the Offer. However, the Board believes that the Offer undervalues LPE and that the value of LPE's current business and long term prospects significantly exceeds \$0.08 per LPE Share. Further information on the consequences of accepting the Offer is discussed in Section 4.7. See Section 1 of the Bidder's Statement and the Acceptance Form provided to you by River Capital for instructions on how to accept the Offer.
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4 Information about River Capital and the Offer

4.1 Information about River Capital

(a) Overview⁸

River Capital is a Melbourne based investment firm founded in 1996. River Capital is controlled by RC Strategic Investments Pty Ltd, an entity controlled by entities associated with Mr Barry Carp, Ms Suzi Carp and Mr James Craig. River Capital Pty Ltd (ACN 073 531 469) acts as trustee and manager for River Capital Embedded Network Trust (a unit trust established for the purposes of the Offer), the River Capital Dividend Plus Fund and the River Capital Founders Fund.

River Capital was established to manage a portfolio of assets in both public and private markets with the aim of investing in business with a long term view.

At the date of the Bidder's Statement, the River Capital Dividend Plus Fund had assets under management greater than \$150m and the River Capital Founders Fund had assets under management greater than \$375m.

(b) Overview of River Capital's interest in LPE

According to Section 8.3 of the Bidder's Statement, River Capital, at the date of the Bidder's Statement, had a Relevant Interest and voting power in 35,598,545 LPE Shares which represents 19.75% of the total number of LPE Shares on issue.

4.2 Summary of the Offer

River Capital has lodged with ASIC and served on LPE a copy of the Bidder's Statement, which contains the Offer to LPE Shareholders to acquire all of your LPE Shares, including any rights attaching to those LPE Shares.

You may only accept the Offer in respect of all of your LPE Shares unless you hold some of your LPE Shares as a trustee or nominee for, or otherwise on account of, another person. You cannot accept the Offer in respect of only some of your LPE Shares.

(a) Offer Consideration

River Capital is offering \$0.08 cash per LPE Share.

If you accept the Offer, you will have to wait until the earlier of the following before you receive the Offer Consideration:

- (i) one month after the Offer is validly accepted by you or, if the Offer is subject to a defeating Condition, within one month after the Offer becomes unconditional; or
- (ii) 21 days after the end of the Offer Period, provided the Offer has become unconditional,

before you receive the Offer Consideration.

It is uncertain when, if ever, the Offer will become unconditional.

⁸ This information regarding River Capital has been collated from public sources, including the Bidder's Statement and the website of River Capital at <https://rivercapital.com.au/> and has not been independently verified. The information included should not be considered comprehensive.

Refer to Section 13.6 of the Bidder's Statement for further details on when you will receive the Offer Consideration from River Capital.

(b) Offer Period

The Offer Period is open for acceptance from 3 May 2024 until 5pm (AEST) on 7 June 2024, unless it is withdrawn or the Offer Period is extended in accordance with the Corporations Act. If you choose to accept the Offer, then your acceptance must be received by River Capital before the end of the Offer Period. Instructions on how to accept the Offer are set out in the Bidder's Statement and on the Acceptance Form that accompanies the Bidder's Statement. If you want to accept the Offer, you should follow those instructions carefully to ensure that your acceptance is valid. Once you accept the Offer, you may only validly withdraw your acceptance in limited circumstances (see Section 4.8).

(c) Extension of the Offer Period

If the Offer is unconditional (that is, all the Conditions are satisfied or waived), River Capital may extend the Offer Period at any time before the end of the Offer Period. However, if the Offer is subject to Conditions, River Capital may extend the Offer Period at any time before it gives LPE Shareholders a Notice on Status of Conditions (as described in Section 4.5), but may only extend the Offer after it gives the Notice on Status of Conditions in the circumstances described in the next paragraph or in other limited circumstances set out in the Corporations Act, which only apply where another person also announces or makes a takeover bid for LPE Shares.

There will be an automatic extension of the Offer Period if, within the last 7 days of the Offer Period, River Capital increases the Offer Consideration or River Capital's voting power in LPE increases to more than 50%. If either event happens, the Offer Period is automatically extended so that it ends 14 days after the relevant event.

The maximum duration of the Offer Period is 12 months.

(d) Withdrawal of the Offer

River Capital may withdraw the Offer at any time but only in limited circumstances if it obtains the written consent of ASIC and subject to the conditions (if any) specified in that consent. See Section 13.9 of the Bidder's Statement for more information.

(e) Lapse of the Offer

The Offer will lapse if, at the end of the Offer Period, the Conditions to which the Offer is subject (as summarised in Section 4.3) are not satisfied or waived. If this occurs then any acceptances of the Offer given by LPE Shareholders will be void. LPE Shares the subject of any acceptances will be returned to you and you will be free to deal with them as you choose.

(f) Variation of the Offer

River Capital may vary the Offer in any of the ways permitted by the Corporations Act, including by extending the Offer Period or by increasing the Offer Consideration, provided the varied terms and Conditions are not less favourable to LPE Shareholders than the Offer. If River Capital varies the Offer in any of those ways, it must give written notice to ASIC and LPE and send you a copy of that notice (however River Capital will not be required to send you a copy of the notice if, at the time of the variation, you have already accepted the Offer, the Offer is unconditional and the variation merely extends the Offer Period).

4.3 Conditions of the Offer

LPE Shareholders should note that the Offer is subject to the fulfilment of a number of Conditions as outlined in this Section 4.3. The Conditions are set out in full in Section 13.7 of the Bidder's Statement.

If all of the Conditions are not satisfied, or waived by River Capital, before the end of the Offer Period (including any extended Offer Period), then River Capital will have an option as to whether to proceed with the Offer (by waiving the relevant Conditions) or allow the Offer to lapse with unsatisfied Conditions. If the Offer lapses, all acceptances of the Offer will be void and of no effect and the Offer Consideration will not be paid to LPE Shareholders who have accepted the Offer.

Furthermore, LPE Shareholders who accept the Offer will, in the meantime whilst the Offer is subject to the Conditions, lose their ability to deal with their LPE Shares (ie to sell them on market) or accept any superior proposal, should one eventuate, except in limited circumstances where LPE Shareholders have validly withdrawn their acceptance of the Offer (see Section 4.8).

Name of Condition and Section of Bidder's Statement	Summary of Condition	Likely to be satisfied
90% Minimum Acceptance Condition See Bidder's Statement Section 13.7(a)	River Capital acquiring a Relevant Interest in at least 90% of all LPE Shares.	No. The LPE Directors intend to REJECT the Offer in respect of the LPE Shares which they hold or control. ⁹ Given the Directors' holdings in aggregate represent approximately 23.66% of the issued LPE Shares, their rejection of the Offer will mean that River Capital will not be able to satisfy the 90% Minimum Acceptance Condition.
Prescribed Occurrences Condition See Bidder's Statement Section 13.7(b)	None of the prescribed occurrences listed in section 652C of the Corporations Act occurring.	Potentially not. To the extent that any LPE Shares are acquired under the proposed LPE Share Buyback during the Offer Period, the no Prescribed Occurrences Condition will be triggered. The Board will have regard to the progress of the Offer and the likelihood of it succeeding (and other relevant factors under the Takeovers Panel policy on frustrating action) before actually completing any acquisitions under the LPE Share Buyback. The timing and actual number of LPE Shares purchased under the LPE Share Buyback will also be subject to other considerations including consent requirements under LPE's facilities with Roadnight, LPE's surplus capital position, market conditions and any other opportunities to deploy capital by the business.

⁹ Absent any unforeseen personal circumstances

Name of Condition and Section of Bidder's Statement	Summary of Condition	Likely to be satisfied
Regulated Event Condition See Bidder's Statement Section 13.7(c)	None of the regulated events set out in Section 13.7(c) of the Bidder's Statement occurring	Potentially not. Given the extent to which this Condition restricts LPE's activities over an uncertain period of time (noting the Offer Period is scheduled to close on 7 June 2024 but may be further extended by River Capital) and the limited latitude and flexibility afforded by this Condition, the LPE Directors consider that, by LPE conducting its business in the ordinary course and in the interests of LPE Shareholders, it is possible that this Condition will become incapable of being fulfilled in the future.

4.4 Consequences of Conditions not being satisfied

As discussed in Section 4.3, there is no certainty that the Conditions of the Offer will be satisfied.

You should be aware that, even if the Conditions of the Offer are not satisfied (or are triggered, as appropriate), they may be waived by River Capital.

If any Condition is unsatisfied (or has been triggered), and has not been waived, River Capital will have an option as to whether to proceed with the Offer (by waiving the relevant Condition) or allow its Offer to lapse with unsatisfied Conditions. Generally speaking, River Capital would not have to decide whether to proceed with the acquisition of LPE Shares under the Offer until the date that it is required to provide its Notice on Status of Conditions which, as discussed in Section 4.5, can be postponed if the Offer Period is extended.

If, by the end of the Offer Period the Conditions have not been satisfied or waived, the Offer will lapse and all acceptances of the Offer will be void and have no effect.

4.5 Notice on Status of Conditions

The Bidder's Statement indicates that River Capital will give a Notice on Status of Conditions on 30 May 2024.

River Capital is required to set out in its Notice on Status of Conditions:

- (a) whether its Offer is free of any or all of the Conditions;
- (b) whether, so far as River Capital knows, any of the Conditions have been satisfied; and
- (c) River Capital's voting power in LPE at that time.

If the Offer Period is extended before the date on which the Notice on Status of Conditions is to be given, the date that River Capital must give its Notice on Status of Conditions will be taken to be postponed for the same period. In the event of an extension, River Capital is required, as soon as practicable after the extension, to notify ASX and LPE of the new date for giving the Notice on Status of Conditions.

In addition, if a Condition of the Offer is satisfied during the Offer Period but before the date on which the Notice on Status of Conditions is required to be given, River Capital must, as soon as practicable, give ASX and LPE a notice stating that the particular Condition has been satisfied.

4.6 How to accept the Offer

Instructions on how to accept the Offer are set out in Section 13.3 of the Bidder's Statement and on the Acceptance Form that accompanies the Bidder's Statement. If you want to accept the Offer, you should follow those instructions carefully to ensure that your acceptance is valid. Once you accept the Offer, you may only validly withdraw your acceptance in limited circumstances (see Section 4.8).

If your LPE Shares are in a CHESS Holding and you want to accept the Offer, you should accept the Offer online in accordance with Section 13.3 of the Bidder's Statement or complete the CHESS Acceptance Form, or give instructions to your broker in sufficient time before the end of the Offer Period to allow your broker to initiate your acceptance under CHESS. If your LPE Shares are in an issuer sponsored holding and you want to accept the Offer, you should accept the Offer online in accordance with Section 13.3(b) of the Bidder's Statement or complete and deliver the Issuer Acceptance Form in sufficient time so that it is received by LPE before the end of the Offer Period.

4.7 Effect of acceptance

If you accept the Offer you will be entitled to receive the Offer Consideration from River Capital in accordance with the terms of the Offer.

Accepting the Offer while it is conditional may (subject to the possible withdrawal rights discussed at Section 4.8):

- (a) **prevent you from accepting any superior proposal** that may be made or any alternative superior transaction that may be recommended by the LPE Board (noting that as at the date of this Target's Statement the LPE Directors are not aware of any other takeover offer or transaction which may be made or announced for LPE Shares). Should another takeover offer or transaction be announced during the Offer Period, LPE will issue a supplementary target's statement providing further information to LPE Shareholders. However if River Capital improves the Offer Consideration, all LPE Shareholders, whether or not they have accepted the Offer before that improvement of the Offer Consideration, will be entitled to the benefit of that improved Offer Consideration should they accept the Offer;
- (b) **prevent you from selling** or otherwise dealing with your LPE Shares on ASX during the Offer Period;
- (c) **result in you relinquishing control of your LPE Shares to River Capital and the rights attaching to them with no guarantee of payment** until the Offer becomes, or is declared, unconditional – and as the Offer Period could be extended by River Capital so that the Offer is open for up to 12 months, this could result in further delays in River Capital issuing the Offer Consideration;
- (d) **give River Capital the option to keep your LPE Shares** if the Conditions are not satisfied, but River Capital declares the Offer unconditional by waiving the 90% Minimum Acceptance Condition or any other unsatisfied Conditions;
- (e) **require River Capital to return your LPE Shares** if the Conditions are not satisfied or waived and the Offer lapses (as discussed in Section 4.2(e)); and
- (f) **require you to pay tax** on the disposal of your LPE Shares which may have financial consequences (as discussed in Section 4.12).

The effect of acceptance of the Offer is set out in more detail in Section 13.5 of the Bidder's Statement. You should read those provisions in full to understand the effect that acceptance will have on your ability to exercise the rights attaching to your LPE Shares and the representations and warranties that you are deemed by River Capital to give to it by accepting the Offer.

4.8 Withdrawal rights

If you accept the Offer, you will have a right to withdraw your acceptance only in limited circumstances:

Under the Corporations Act, you may withdraw your acceptance of the Offer if River Capital varies the Offer in a way that postpones, for more than one month, the time when River Capital needs to meet its obligations under the Offer. This will occur if River Capital extends the Offer Period by more than one month and the Offer is still subject to any Conditions at that time.

If this occurs, River Capital is required to send you a notice at the time explaining your rights in this regard.

In these circumstances, you will have a period of one month after the date of receiving that notice from River Capital to withdraw your acceptance. Your statutory withdrawal rights will terminate upon the expiry of that one month period, although if the Offer Period is then further extended, you may receive further statutory withdrawal rights.

More information on withdrawal rights can be found in Section 13.5 of the Bidder's Statement.

4.9 Compulsory Acquisition

(a) Post-bid Compulsory Acquisition

River Capital will be entitled and has stated that it intends to Compulsorily Acquire any outstanding LPE Shares for which it has not received acceptances on the same terms as the Offer if, during or at the end of the Offer Period, River Capital (taken together with its Associates):

- (i) has a Relevant Interest in at least 90% (by number) of the LPE Shares on issue at the relevant time; and
- (ii) has acquired at least 75% (by number) of LPE Shares for which it has made an Offer.

River Capital has indicated in Section 10 of the Bidder's Statement that if it becomes entitled to proceed to Compulsorily Acquire the outstanding LPE Shares, it intends to do so. However, LPE Shareholders should note that the LPE Directors intend to **REJECT the Offer** in respect of the LPE Shares which they hold or control.¹⁰ Given the Directors' holdings in aggregate represent approximately 23.66% of the issued LPE Shares, their rejection of the Offer will mean that River Capital will not be able to acquire a Relevant Interest in at least 90% of the LPE Shares.

If the Compulsory Acquisition thresholds above are met, River Capital will have one month from the end of the Offer Period within which to give Compulsory Acquisition notices to LPE Shareholders who have not accepted the Offer, but it may choose to commence Compulsory Acquisition as soon as the relevant thresholds are satisfied. The consideration payable by River Capital will be the Offer Consideration last offered under the Offer.

¹⁰ Absent any unforeseen personal circumstances

In addition, River Capital must also offer to buy out the remaining holders of any outstanding securities that are convertible into LPE Shares (including LPE Performance Rights and LPE Options). In these circumstances, River Capital must give notice of the terms of the acquisition along with an expert's report to holders of those convertible securities of their right to be bought out, during, or within one month after the end of, the Offer Period. A copy of the notice must be lodged with ASX and ASIC. Within one month after the notice is given by River Capital, the relevant holders of those convertible securities may choose to give River Capital notice requiring that it acquire their securities.

A LPE Shareholder has statutory rights to challenge the Compulsory Acquisition, but this will require the relevant LPE Shareholder to establish to the satisfaction of a court that the terms of the Offer do not represent fair value for LPE Shares. LPE Shareholders should be aware that, if their LPE Shares are Compulsorily Acquired, they are not likely to receive the Offer Consideration until at least one month after the Compulsory Acquisition notices are sent.

(b) General Compulsory Acquisition

If River Capital does not become entitled to Compulsorily Acquire LPE Shares in accordance with the above procedures, it may nevertheless become entitled to exercise general Compulsory Acquisition rights in relation to the LPE Shares and any securities that are convertible to LPE Shares (including LPE Performance Rights and LPE Options) under Part 6A.2 Division 1 of the Corporations Act.

Broadly, River Capital will be entitled to Compulsorily Acquire:

- (i) all outstanding LPE Shares, if River Capital (either alone or together with its Related Bodies Corporate) holds full beneficial interests in at least 90% (by number) of LPE Shares; and
- (ii) any outstanding securities that are convertible into LPE Shares (including LPE Performance Rights and LPE Options), if River Capital's voting power in LPE is at least 90% and River Capital (either alone or together with its Related Bodies Corporate) holds full beneficial interests in at least 90% (by value) of all securities in LPE that are LPE Shares or convertible into LPE Shares (including LPE Performance Rights and LPE Options).

If this threshold is met, River Capital will have six months after River Capital becomes a 90% holder within which to give Compulsory Acquisition notices to the relevant remaining holders of LPE Shares. These Compulsory Acquisition notices must be accompanied by an expert's report and an objection form.

The expert's report must consider whether River Capital's price for Compulsory Acquisition under this procedure gives 'fair value' for the LPE securities concerned and the expert's reasons for forming that opinion.

LPE securityholders with at least 10% of the securities covered by the Compulsory Acquisition notice may challenge any Compulsory Acquisition relating to their securities and object to the acquisition before the end of the objection period (which must be at least one month). If this occurs, River Capital may apply to the court for approval of the acquisition of the securities covered by the notice. The court must approve the acquisition if River Capital establishes that the terms offered give fair value for the securities being acquired. The costs incurred by any securityholder who objects in legal proceedings in relation to the Compulsory Acquisition must be borne by River Capital, unless the court is satisfied that the securityholder acted improperly, vexatiously or otherwise unreasonably.

4.10 Implications of River Capital acquiring less than 90% of LPE Shares

If River Capital waives the 90% Minimum Acceptance Condition and acquires a Relevant Interest of more than 50%, but less than 90%, of LPE Shares (and all the other Conditions are satisfied or waived), LPE will become a controlled entity of River Capital and LPE Shareholders who do not accept the Offer will become minority shareholders in LPE. There are a number of possible implications and risks of rejecting the Offer and remaining a LPE Shareholder in this regard, including:

- (a) the number of LPE Shares traded on ASX could be significantly reduced, thereby potentially lessening the value of the shareholdings of LPE Shareholders who do not accept the Offer (i.e. these LPE Shareholders run the risk of being minority shareholders in a company with reduced share trading liquidity). LPE Shares could become a more illiquid and infrequently traded share and, as such, the ASX market price may no longer be a reliable indicator of value or be at a lower price should LPE Shareholders wish to sell them in the future;
- (b) there is a risk that LPE could be fully or partially removed from certain S&P/ASX market indices due to lack of free float and/or liquidity;
- (c) subject to satisfying the relevant ASX requirements, River Capital has stated its intention to seek to remove LPE from the official list of the ASX (see Section 4.11 for more information on the implications of a potential delisting). If this occurs, LPE Shares will not be able to be traded on the ASX;
- (d) River Capital will be in a position to cast the majority of votes at a general meeting of LPE Shareholders. This will enable it to control the composition of the LPE Board and senior management, and control the strategic direction of LPE and its Subsidiaries;
- (e) River Capital has stated in Section 10.5(a) of its Bidder's Statement that, subject to the Corporations Act and the constitution of LPE, River Capital intends to support the current LPE Board while reserving its right to appoint nominees of River Capital to the LPE Board to reflect its shareholding. There is a risk that LPE Shareholders may be dissatisfied with the altered strategic direction or the altered Board composition, or that alterations may adversely impact the LPE business;
- (f) River Capital has also stated in Section 10.5(b) of its Bidder's Statement that it intends to conduct a review of LPE's overall capital allocation and capital structure as part of a larger review of LPE's business operations and that new external capital may be required to fund LPE's operations and development projects in the future. River Capital has stated that it will review how best to fund activities which, depending on the circumstances at the time, may include raising new equity. This could lead to dilution for existing LPE Shareholders;
- (g) if River Capital acquires 75% or more of the LPE Shares, it will be able to pass special resolutions at meetings of LPE Shareholders. This will enable River Capital to, among other things, change the LPE Constitution; and
- (h) it is possible that even if River Capital is not entitled to proceed to Compulsory Acquisition of minority holdings after the end of the Offer Period under Part 6A.1 of the Corporations Act, it may subsequently become entitled to exercise rights of general Compulsory Acquisition under Part 6A.2 of the Corporations Act. For example, as a result of acquisitions of LPE Shares in reliance on the "3% creep" exception in item 9 of section 611 of the Corporations Act. If so, it may exercise those rights.

4.11 Potential delisting

River Capital states in its Bidder's Statement that it intends to proceed with Compulsory Acquisition if it becomes entitled to Compulsorily Acquire your LPE Shares, which will result in the delisting of LPE from ASX. Alternatively, if River Capital obtains a Relevant Interest of more than 50% but less than 90% of LPE Shares, and then only if River Capital declares the Offer unconditional or the Minimum Acceptance Condition to the Offer is waived, River Capital also intends to delist LPE from ASX. If LPE is delisted, LPE Shares will not be able to be bought or sold on ASX. Further information on River Capital's intentions on delisting LPE is set out at Section 10.4 of the Bidder's Statement.

Although there is a possibility of LPE being delisted if River Capital obtains a Relevant Interest of more than 50% but less than 90% of LPE Shares (and the 90% Minimum Acceptance Condition to the Offer is waived), the LPE Directors consider it unlikely that LPE would be delisted in these circumstances so long as there are a substantial number of minority LPE Shareholders.

(a) Important legal protections concerning a delisting of LPE

LPE Shareholders should note the following important legal protections regarding any potential delisting of LPE:

- (i) any decision to apply to ASX to delist LPE would need to be made by the LPE Board;
- (ii) the LPE Board, including nominee directors appointed by River Capital, could only decide to seek a delisting if the Board concludes that this action is in the best interests of LPE and LPE Shareholders as a whole at the relevant time;
- (iii) ASX states that it will use its discretion to ensure that the delisting of any entity is being sought for acceptable reasons. For example, ASX notes that a request to remove an entity from ASX that is primarily or solely aimed at denying minority securityholders a market for their securities, in order to coerce them into accepting an offer from a controlling securityholder to buy their securities at an undervalue, would be an unacceptable reason for requesting removal from the official list of ASX;
- (iv) ASX applies a number of guidelines to safeguard the interests of minority shareholders in the context of any proposed delisting;
- (v) a key ASX guideline provides that the approval of minority LPE Shareholders would most likely be needed for ASX to allow delisting following a takeover bid unless each of the following 4 conditions are met:
 - (A) River Capital has attained ownership or control of at least 75% of LPE Shares;
 - (B) there are fewer than 150 LPE Shareholders (excluding River Capital and its Related Bodies Corporate) whose shareholding is worth at least \$500;
 - (C) the Offer remains open for at least an additional 2 weeks after River Capital has attained ownership or control of at least 75% of LPE Shares; and
 - (D) LPE has applied for removal from the official list of ASX no later than one month after the close of the Offer.

(b) **Disadvantages to LPE Shareholders on delisting**

If, despite the above procedural protections, LPE is ultimately delisted at some point in the future, any remaining LPE Shareholders (i.e. those who did not accept the Offer) would be holders of unquoted shares. A delisting could result in a number of disadvantages for those LPE Shareholders, such as:

- (i) the absence of an orderly, transparent and timely mechanism for share trading;
- (ii) restricted information compared to that currently provided as LPE would no longer be subject to the continuous disclosure requirements of the Listing Rules. If LPE remains a public company after delisting and has at least 100 shareholders, LPE would still be required to disclose material information to ASIC and likely on its website. Nevertheless, the level of shareholder reporting in these circumstances could be diminished; and
- (iii) the ceasing of various requirements and protections for minority shareholders under the Listing Rules. Examples of provisions that would cease to apply include:
 - (A) restrictions on the issue of new securities;
 - (B) a governance framework for related party transactions; and
 - (C) requirements to seek shareholder approval for significant changes in the nature or scale of LPE's activities.

4.12 Taxation consequences

(a) **Introduction**

The following is a brief outline of certain Australian tax consequences generally applicable to a LPE Shareholder who disposes of LPE Shares by accepting the Offer.

It is also relevant to those LPE Shareholders who do not accept the Offer, if those LPE Shares are Compulsorily Acquired following River Capital acquiring a Relevant Interest in at least 90% of the LPE Shares at any time during the Offer Period.

This summary does not consider the Australian tax considerations that may be relevant for LPE Shareholders who:

- (i) hold (or will hold) shares in LPE as trading stock or on revenue account, or who are exempt from Australian tax, or who are subject to the Taxation of Financial Arrangements provisions in Division 230 of the Tax Act or the Investment Manager Regime under Subdivision 842-I of the Tax Act;
- (ii) acquired (or are deemed to have acquired) their LPE Shares prior to 20 September 1985;
- (iii) hold LPE Options, LPE Performance Rights, LPE Shares, or any other rights in relation to LPE Shares, pursuant to an employee share plan, employee share option plan or employee share rights plan or scheme;
- (iv) are under a legal disability;
- (v) are a financial institution, insurance or life insurance company, or superannuation or pension fund;

- (vi) are foreign residents who hold their LPE Shares in carrying on a business through a permanent establishment in Australia; or
- (vii) are temporary residents or who changed their tax residence while holding LPE Shares.

Except where specifically stated, this Section 4.12 does not consider the Australian tax considerations for LPE Shareholders that are partnerships, partners of partnerships or trusts or beneficiaries under trusts. If an LPE Shareholder is a partnership or trust, the partners of such partnership or the beneficiaries of such trust should obtain their own independent taxation advice.

This section is general in nature and based on current Australian law and taking into account LPE's understanding of the current administrative practices of Australian revenue authorities as at the date of this Target's Statement. It is not advice to any particular LPE Shareholder and does not set out all the Australian tax considerations that may be applicable. Except where specifically stated, this outline does not take into account or anticipate changes to the law, whether by way of judicial decision or legislative action, nor does it take into account tax legislation or regulatory policies of countries apart from Australia.

You should seek your own tax advice that takes into account your personal circumstances. LPE Shareholders who are tax resident of another country other than Australia should also take into account the tax consequences of the Offer under the laws of their country of residence.

(b) Taxation on the disposal of LPE Shares

If you accept the Offer, or if River Capital proceeds to Compulsorily Acquire your LPE Shares, the disposal of your LPE Shares will be a CGT event.

For LPE Shareholders who accept the Offer, the date of the CGT event will be the date the contract to dispose of your LPE Shares is formed, being the date the Offer is accepted and becomes unconditional (see Section 11.2 of the Bidder's Statement).

For LPE Shareholders whose LPE Shares are Compulsorily Acquired, the date of the CGT event will be the date when River Capital becomes the owner of your LPE Shares.

The Australian tax consequences will differ depending on the residence of the LPE Shareholder.

(c) Determination of capital gains and losses

You may make a capital gain or loss on the disposal of the LPE Shares.

You will make a capital gain on a LPE Share to the extent that your capital proceeds from the disposal of a LPE Share are more than your cost base for that LPE Share.

You will make a capital loss on a LPE Share to the extent that your capital proceeds from the disposal of a LPE Share are less than your reduced cost base for that LPE Share.

Your capital proceeds should be equal to the amount you receive for the disposal of your LPE Share.

Broadly, your cost base for a LPE Share generally includes your cost of acquisition of the LPE Share and certain incidental costs of acquisition and disposal. The reduced cost base of a LPE Share is usually determined in a similar (but not identical) matter. There may be circumstances where the cost base or reduced cost base is

determined differently. You should seek tax advice to confirm the cost base or the reduced cost base of your LPE Shares.

Any net capital gain in respect of an income year should be included in your assessable income for that income year. Broadly, your net capital gain in respect of an income year is calculated by aggregating all of your capital gains realised in respect of that income year and reducing that amount by your capital losses realised in that income year and any net capital losses from prior years that can be utilised. The amount may be further reduced by other concessions, such as under the discount CGT rules (see below).

Capital losses may not be deducted against other income for income tax purposes, but may be carried forward to offset against future capital gains (subject to the satisfaction of any applicable loss utilisation rules).

(d) Australian resident LPE Shareholders

Australian resident individuals and certain types of trusts may be eligible for discount capital gains treatment in respect of a LPE Share that has been held for at least 12 months at the time of the disposal of the LPE Share, meaning the capital gain (after taking into account capital losses) will be reduced by 50%. Different rates apply for certain complying superannuation funds. Companies are not eligible for discount capital gains tax treatment. You should seek specific tax advice on the availability for the CGT discount in your own circumstances.

(e) Non-resident LPE Shareholders

If you are not a resident of Australia for tax purposes, you will generally not have to pay Australian tax on any capital gain when you dispose of your LPE Shares, unless either of the following conditions are satisfied:

- (i) the LPE Shares were used at any time in carrying on a business in Australia through a permanent establishment; or
- (ii) at the time of the disposal of your LPE Shares, your LPE Shares are “indirect Australian real property interests”, meaning:
 - (A) you, together with your Associates, have held an interest of 10% or in LPE at the time of disposal or for at least 12 months during the 2 years preceding the disposal (**non-portfolio interest**); and
 - (B) more than 50% of LPE’s assets are attributable to the market value of LPE’s direct or indirect interests in “taxable Australian real property” (as defined in the Tax Act) (being direct and indirect interests in real property, including leases of land situated in Australia and mining, quarrying or prospecting rights in respect of material situated in Australia).

If you are a non-resident and you have carried on business in Australia at any time through a permanent establishment or hold a “non-portfolio interest” in LPE, you should contact your tax adviser to determine if any capital gain on the disposal of your LPE Shares is taxable.

(f) Non-resident CGT withholding tax

In certain circumstances under the “foreign resident capital gains withholding tax” (**FRCGWT**) regime, River Capital may have an obligation to pay the Commissioner of Taxation an amount equal to 12.5% of the Offer Consideration.

These rules may apply to the Offer if the LPE Shares qualify as an “indirect Australian real property interest” and:

- (i) River Capital knows or reasonably believes that the LPE Shareholder is a foreign resident;
- (ii) River Capital does not reasonably believe that the LPE Shareholder is an Australian resident, and either:
 - (A) the LPE Shareholder has an address outside Australia; or
 - (B) River Capital is authorised to provide a related financial benefit to a place outside Australia (whether to the LPE Shareholder or to anyone else); or
- (iii) the LPE Shareholder has a connection outside Australia of a kind specified in the regulations.

If you are an Australian resident, or you are a foreign resident but your LPE Shares are not an “indirect Australian real property interest”, and you accept the Offer (or your LPE Shares are Compulsorily Acquired), to ensure River Capital does not withhold under the FRCGWT regime, a LPE Shareholder may provide River Capital with a signed and completed declaration (**FRCGWT Declaration**) to declare that:

- (iv) the LPE Shareholder is an Australian resident for tax purposes; or
- (v) the LPE Shares are “membership interests” but not “indirect Australian real property interests” (as those terms are defined in the Tax Act).

Additionally, if River Capital determines that a withholding will be required, it may ask you to complete a FRCGWT Declaration. If this occurs and you are able to give the declaration, you should promptly return the signed and completed FRCGWT Declaration in the form requested by River Capital. LPE Shareholders should seek independent professional tax advice on the Australian tax implications of the FRCGWT regime and the making of a FRCGWT Declaration.

If you fail to provide a FRCGWT Declaration and River Capital has determined that it has an obligation to pay FRCGWT, River Capital may withhold 12.5% of the Offer Consideration and remit that amount to the ATO. If this occurs, the amount payable to you will not be increased to reflect this withheld amount and the amount payable to you will be taken to be in full and final satisfaction of the amounts owing to you. FRCGWT is not a final tax and any amount withheld by River Capital should be able to be offset against the amount of Australian income tax payable by you in the relevant income year and should be refundable by the ATO to the extent that the amount of FRCGWT withheld exceeds the amount of income tax payable by you.

If you are not an Australian tax resident, or you are a foreign resident but your LPE Shares are an “indirect Australian real property interest”, you should speak to your tax advisor to determine whether there is any scope to vary the withholding amount from 12.5% or the process for obtaining a credit in respect of any amount withheld.

(g) **Stamp duty**

No stamp duty should be payable by LPE Shareholders on the disposal of their LPE Shares to River Capital under the Offer.

(h) **GST**

No GST should be payable by LPE Shareholders on the disposal of their LPE Shares to River Capital under the Offer. LPE Shareholders who are registered for GST

should seek advice on whether they are entitled to any input tax credits or reduced input tax credits for any GST incurred on costs associated with the disposal of their LPE Shares to River Capital under the Offer.

GST may be payable on any fees or charges that a broker, Controlling Participant (in respect of CHESS Holding) or other similar entity may charge in connection with acceptance of the Offer (such as brokerage and adviser fees).

You should contact your tax adviser to determine the impact of GST in relation to your individual circumstances.

5 Information on LPE

5.1 Overview

(a) Information about LPE

LPE is an electricity provider to strata communities, offering bespoke energy solutions, reducing community carbon footprints and energy bills with no upfront costs. Predominantly servicing the Queensland energy market, LPE provides electricity, hot water, solar and battery systems creating shareholder value through long term supply agreements that provide strong recurring revenue.

LPE is an Australian public company listed on ASX. It was incorporated in 2010 and its office is in Maroochydore, Queensland.

(b) Overview of operations

In the short period that the Board has existed as currently composed, working together with management, it has identified revenue opportunities and cost savings that have already arisen, and are likely to arise going forward, from a singular business focus. LPE has an engaged, high-quality workforce that has conviction in that focus. The Board commends their professionalism and culture of support and customer focus, all which continue to strengthen LPE.

To support its people through the growth of LPE, the Board has identified key new roles which are currently in the recruitment phase. The Board has separately commenced the executive search for a replacement CEO and is confident in finding the right candidate.

(c) LPE strategy

The LPE strategy involves growing LPE's service point numbers through a singular focus on efficient operations, improving LPE's customers' experience and leading to increased revenue per customer from existing services and potential new linked services.

5.2 Summary historical financial information

(a) Basis of preparation

The selected income statement, balance sheet and statement of cash flows information contained below for LPE is extracted from the audited consolidated financial statements of LPE for FY23 and the reviewed consolidated financial statements of LPE for HY124.

The financial information has been prepared in accordance with the Australian Accounting Standards, other authoritative pronouncements of the AASB, and the Corporations Act. The financial information also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The financial information presented in the tables below does not represent complete financial statements and should therefore be read in conjunction with the financial statements for the respective periods, including the description of accounting policies contained in those financial statements and the notes to those financial statements.

LPE Shareholders may view complete copies of the audited consolidated financial statements of LPE on ASX's website at www.asx.com.au or on LPE's website at <https://investorhub.localityenergy.com.au/>.

(b) Historical statement of profile or loss and other comprehensive income

Below is a summary of LPE's consolidated statements of profit or loss and other comprehensive income for FY23 and H1FY24.

\$'000s	Full year to 30 Jun-23	Half year to 31 Dec-23
Electricity revenue	38,582	18,595
Electricity cost of goods sold	(37,662)	(13,851)
Gain from trading	920	4,744
Other income	1,398	734
Total operating income	2,319	5,479
Impairment losses	(1,033)	(90)
Financing expenses	(4,875)	(736)
Other expenses	(8,435)	(4,311)
Net profit / (loss) for the period	(12,025)	341

(c) **Historical statement of financial position**

Below is a summary of LPE's consolidated financial position as at the end of FY23 and H1FY24.

\$'000s	As at 30 Jun-23	As at 31 Dec-23
Cash and cash equivalents	1,546	5,125
Trade and other receivables	10,257	7,912
Site conversion receivables	1,086	1,082
GST receivable	95	-
Financial assets	5,110	6,128
Other current assets	268	839
Total current assets	18,362	21,085
Trade and other receivables	749	83
Site conversion receivables	3,136	3,017
Financial assets	212	232
Plant and equipment	230	203
Leasehold improvements	235	187
Intangibles	914	810
Right of use assets	473	377
Total non-current assets	5,949	4,909
Total assets	24,312	25,994
Trade and other payables	5,497	9,816
GST payable	-	122
Employee entitlements - leave provisions	419	244
Lease liabilities	292	312
Provisions	40	42
Borrowings	4,981	2,439
Total current liabilities	11,230	12,975
Employee entitlements - leave provisions	88	172
Lease liabilities	493	333
Borrowings	3,724	3,296
Total non-current liabilities	4,305	3,802
Total liabilities	15,534	16,777
Net assets	8,778	9,218

(d) **Historical statement of changes in equity**

Below is a summary of LPE's consolidated statement of changes in equity for FY23.

\$'000s	Issued Capital	Options Reserve	Accumulated Losses	Totals
Balance at 1 July 2022	54,299	811	(34,816)	20,294
Issue of share capital	407	-	-	407
Capital raising costs	-	-	-	-
Expired share capital (LPE Options)	-	(273)	73	-
Issue of share capital (LPE Options)	-	102	-	102
Profit/(loss) after income tax	-	-	(12,025)	(12,025)
Balance at 30 June 2023	54,706	640	(46,568)	8,778

(e) **Historical statement of cash flows**

Below is a summary of LPE's consolidated statement of cash flow for FY23 and H1FY24.

\$'000s	Full year to 30 Jun-23	Half year to 31 Dec-23
Receipts from customers	57,886	11,810
Receipts from government utility relief scheme	-	13,228
Receipts from government grants	5	-
Payments to suppliers and employees	(45,987)	(18,092)
Interest received	856	353
Interest paid	(2,140)	(401)
Cash provided/(used) in operating activities	10,621	6,897
Receipt/(payment) for financial assets	2,890	90
Payment for plant and equipment	(24)	(6)
Proceeds from plant and equipment	32	-
Payment for intangibles	(900)	-
Cash provided/(used) in investing activities	1,998	84
Financing costs paid	(2,449)	(9)
Proceeds from loans	20,899	53
Repayment of leases	(253)	(138)
Repayment of loans	(32,409)	(3,309)
Cash provided/(used) in financing activities	(14,211)	(3,402)
Opening cash balance	3,138	1,546
Net increase/(decrease) in cash	(1,592)	3,579
Closing cash balance	1,546	5,125

5.3 FY24 guidance

LPE announced its profit guidance to the ASX on 19 April 2024 in LPE's quarterly report for the period ending 31 March 2024. During the week commencing 13 May 2024, the Board received LPE's results for April which are materially better than expectations at the time of the profit guidance issued in the March quarterly report. The Board has consequently updated its guidance for the April results with the Board's guidance for FY24 now being a net profit result in the range of \$1.95m to \$2.0m and EBITDA between \$3.3m and \$3.5m.

This guidance extrapolates the 10 month position at 30 April 2024 out to the end of FY24. However, the Board is not aware of any reason that extrapolating the result in that way is not reasonable. As with all forward looking information, it is subject to circumstances outside the control of LPE and both revenue and cost metrics may be higher or lower than anticipated. As a result, there can be no assurance that the ultimate result will be consistent with guidance.

5.4 LPE Directors and management

(a) Board of Directors

Name/ position	Expertise, experience and qualifications
Mr David Jarjoura, Executive Chair	Mr Jarjoura was appointed as a Non-Executive Director on 17 May 2023 and took on the role of Executive Chair in March 2024. Mr Jarjoura has over 30 years of executive and non-executive board level experience in unlisted public, commercial and for purpose organisations across the retail, property, manufacturing, financial, legal, education and disability sectors.
Mr Simon Tilley, Non-Executive Director	Mr Tilley was appointed as a Non-Executive Director on 17 May 2023. Mr Tilley has been working in the hospitality industry for over 30 years. He started his career in the USA and has been focusing his attention solely on hotels ever since 1996. Mr Tilley is a passionate and focused business owner whose knowledge and experience allows him to continuously raise the bar in customer experience.
Mr Stanislav (Stan) Kolenc, Non-Executive Director	Mr Kolenc joined the LPE Board as a Non-Executive Director on 21 September 2023. Mr Kolenc is a Senior Managing Director of a Canadian pension fund. He has over 13 years of experience as a Non-Executive Director and is currently the Chairman of Kinetic and Flow Power as well as a Non-Executive Director of Australian renewable companies Ararat Wind Farm and Zenith Energy.

(b) **Key management**

Name/ position	Expertise, experience and qualifications
Ms Michelle Alexander , Chief Financial Officer	Ms Alexander joined LPE in March 2019 as a Financial Accountant. She was promoted to Financial Controller shortly thereafter and became LPE's Chief Financial Officer in December 2023. Over her five years with LPE, Ms Alexander has overseen LPE's financial accounting function, implementing continuous improvement programs to improve efficiencies. Ms Alexander has over 20 years of accounting and financial management experience across the banking, hospitality and energy sectors. She is a Certified Practising Accountant and holds a Bachelor's Degree in Accounting from Queensland University of Technology.
Mr Brendan Kay , Chief Operating Officer	Mr Kay joined LPE in August 2023, bringing extensive energy industry experience and general management skills to LPE. Prior to LPE, Mr Kay held senior management roles at 369 Labs/Embertec, Solarwatt Australia and Meyer Burger Technology AG. He holds a Master of Business Administration (MBA) from Griffith University.
Mr Charlie Notting , Head of Sales and Solutions	Mr Notting joined LPE in 2019 where he is responsible for developing and growing sales opportunities as well as end-to-end project management of LPE's energy and utility services. Prior to LPE, Mr Notting spent ten years as General Manager of Sunpak Projects, specialising in the design, installation and management of centralised hot water heating solutions for multi-residential buildings. He has over twenty years of experience in gas, electricity and heat pump water heating solutions as well as water metering and embedded network solutions. He holds an Associate Diploma of Applied Science in Architecture from Box Hill Institute and is a Sustainability Assessor with the Associate of Building Sustainability Assessors.

6 Risk factors

6.1 Introduction

In considering the Offer, LPE Shareholders should be aware that there are a number of risk factors associated with either accepting the Offer or rejecting the Offer and continuing to hold LPE Shares. While some of these risks can be mitigated, some are outside the control of LPE and the LPE Board and cannot be mitigated.

This Section 6 is not intended to be an exhaustive list of all the risks that may be relevant to the Offer or an investment in LPE. These risks set out in this Section 6 do not consider the individual investment objectives, financial situation, position or particular needs of LPE Shareholders.

In deciding whether to accept or reject the Offer, LPE Shareholders should read this Target's Statement and the Bidder's Statement carefully and consider these risks.

6.2 Risks associated with accepting the Offer

The LPE Board unanimously recommends that LPE Shareholders should **REJECT the Offer**. There are risks associated with accepting the Offer, including those described in this Section 6.2.

(a) Possibility of superior proposal emerging

A potential superior proposal may emerge (although the LPE Board can give no assurances that this will occur).

By accepting the Offer, you will not be able to accept any superior proposal that may be made, unless you become entitled to withdraw your acceptance under limited circumstances (see Section 4.8 for further information on your withdrawal rights). As such, you may not be able to obtain any potential benefit associated with any superior proposal.

(b) Possible appreciation of LPE Shares in the future

By accepting the Offer, you may forego any ability to sell your LPE Shares in the future for more valuable consideration than the Offer Consideration (although the LPE Board can give no assurances and make no forecast of whether this will occur).

(c) Taxation consequences of accepting the Offer

The taxation consequences of disposing of your LPE Shares pursuant to the Offer depend on a number of factors and your particular circumstances. A general outline of certain Australian tax considerations of a disposal is set out in Section 4.12. You should seek your own specific professional tax advice as to the taxation implications applicable to your circumstances.

6.3 Risks associated with an investment in LPE

There are risks which are specific to LPE and other risks which apply to similar investments generally which may materially and adversely affect the future operating and financial performance of LPE and the price or value of LPE Shares.

This Section 6.3 describes the material risks to which LPE Shareholders will continue to be exposed to if they reject the Offer and retain their current investment in LPE Shares. The risks described in this Section 6.3 are not the only risks that LPE faces. Other risks may not be known to LPE and some that the LPE Directors currently believe to be immaterial may subsequently turn out to be material. One or more or a combination of these risks could

materially impact LPE's businesses, its operating and financial performance, the price or value of LPE Shares or the dividends paid in respect of LPE Shares.

(a) **Risks specific to an investment in LPE**

(i) **(Business risks)** There are risks which have the potential to materially affect LPE's ability to meet its business objectives:

(A) **Regulatory policy:** LPE is exposed to regulatory policy change and government interventions. Changes in energy market design and climate change policies for example, have the potential to impact the financial outcomes of LPE.

(B) **Market:** LPE operates in a competitive market which can challenge LPE's margins and retention. LPE's strategy is to mitigate this risk by effectively building customer trust by delivering customer service with openness and transparency and offering innovative energy solutions that come with longer length supply terms.

(C) **Changes in demand for energy:** A decrease in demand for energy could possibly reduce LPE's revenues and adversely affect LPE's future financial performance. LPE cannot control the habits or consumption patterns of customers however is working to mitigate this risk by utilising data analytics to better predict customer demand.

(D) **Changes in market pricing for energy:** Pricing for energy sales is impacted by the default market pricing set by the Australian Energy Regulator. Changes to the default market pricing may impact LPE's revenues and future financial performance.

(E) **Changes to wholesale cost of energy:** LPE contracts with large market participants for the supply of energy. Changes to the terms of such supply may impact LPE's costs and future financial performance.

(F) **Technological developments and disruption:** Technology is allowing consumers to understand and manage their electricity usage through smart appliances, having the potential to disrupt LPE's existing relationships with its customers. LPE actively monitors and participates in technological developments and is exploring investments in new innovative products to enhance user experience.

(G) **Cyber security:** A cyber security incident could lead to a disruption of critical business operations. It could also lead to a breach of privacy, and loss of and/or corruption of commercially sensitive data which could adversely affect LPE's customers. LPE regularly assesses its cyber security profile.

(H) **Climate change:** The ongoing decarbonisation of energy markets and the decreasing demand for fossil fuels provides both risks and opportunities for LPE. LPE is focused and committed to growth and innovation of its alternate products.

(I) **Company Health and Safety Policy:** It is the responsibility of all employees to act in accordance with occupational health and safety legislation, regulations and policies applicable to their respective organisations and to use security and safety equipment provided. Specifically, all employees are responsible for safety in their work area by:

(aa) following the safety and security directives of management;

(ab) advising management of areas where there is a potential issue in safety and reporting suspicious occurrences; and

(ac) minimising risks in the workplace.

Any breach of these obligations could adversely affect the financial results of LPE and its reputation, and expose it to fines, penalties and claims for financial compensation or adverse regulatory consequences.

(b) **General risks**

(i) **(Inflation)** Inflation may have an adverse impact on LPE's financial performance where expenses such as third party service costs, interest rates, wages and other overhead expenses increase as a result of rising inflation. While LPE monitors market conditions to ensure appropriate price increments are applied in line with an inflationary environment, expenses may increase at a rate faster than revenue, thus eroding overall profitability.

(ii) **(Adverse movements in operating costs)** LPE incurs various expenses which may be outside its control in operating its businesses. Due to supply and demand issues affecting LPE's operating costs, LPE may be subject to increased costs which could lead to adverse effects on LPE's business and its financial performance.

(iii) **(Investment in capital markets)** The price of LPE Shares on the ASX may rise or fall due to numerous factors, including:

(A) the level of liquidity for LPE Shares;

(B) Australian and international general economic conditions, including inflation rates, the level of economic activity, interest rates and currency exchange rates;

(C) tensions and acts of terrorism in Australia and around the world; and

(D) investor perceptions in the local and global markets for listed securities.

LPE Shares may trade below the Offer Consideration from time to time and no assurances can be given that LPE's market performance will not be materially adversely affected by any market fluctuations or factors.

(iv) **(Changes to accounting standards)** Australian accounting standards are set by the AASB. Changes to accounting standards issued by the AASB could materially adversely affect LPE's reported results in any given period or LPE's financial position from time to time.

(v) **(Tax changes)** Any change to the taxation of shares (including the taxation of dividends) and the taxation of companies (including the existing rate of company income tax) may adversely impact on LPE Shareholder returns, as may a change to the tax payable by LPE Shareholders in general. Any other changes to Australian tax law and practice that impact LPE, or the energy industry generally, could also have an adverse effect on LPE Shareholder returns.

(vi) **(General economic risks)** The operating and financial performance of LPE is influenced by a variety of general economic and business conditions, including inflation, interest rates and exchange rates, supply and demand, industry disruption, access to debt and capital markets and government fiscal, monetary and regulatory policies. Changes in general economic

conditions could adversely impact the operating and financial performance of LPE.

7 Additional information

7.1 Interests of LPE Directors

(a) Interests of LPE Directors in LPE securities

The number and description of LPE securities in which each of the LPE Directors has a Relevant Interest is set out in the table below.

LPE Director	Number of LPE Shares held directly or indirectly	Number of LPE Performance Rights held directly or indirectly	Number of LPE Options held directly or indirectly
Mr David Jarjoura	200,000	Nil	Nil
Mr Simon Tilley	23,900,000	Nil	Nil
Mr Stanislav (Stan) Kolenc	18,537,944	Nil	Nil

As at the date of this Target's Statement, each LPE Director intends to **REJECT the Offer** in respect of the LPE Shares they hold or control.

(b) Dealings by LPE Directors in LPE Shares or other LPE securities

Except as set out below, there have been no acquisitions or disposals of LPE Shares or other LPE securities by any LPE Director in the four months ending on the day preceding the date of this Target's Statement.

LPE Director	Transaction type and date	Number of LPE Shares	Acquisition price	Name of purchaser/seller
Mr Stanislav (Stan) Kolenc	Acquisition 24 April 2024	1,100,000	\$83,883.41	KIC Advisor Pty Ltd as trustee for the KIC Superannuation Fund ¹¹
Mr Simon Tilley	Acquisition 26 and 29 April 2024	399,172 (26 April 2024) 2,000,828 (29 April 2024)	\$192,000	Fernsha Pty Limited <Simon's Brooklyn A/C> ¹²
Mr Stanislav (Stan) Kolenc	Acquisition 30 April 2024	3,527,043	\$283,529.13	KIC Advisor Pty Ltd as trustee for the KIC Superannuation Fund ¹³

¹¹ Mr Kolenc controls the trustee and is a beneficiary of the super fund.

¹² Mr Tilley is a director of the trustee and beneficiary of the trust.

¹³ Mr Kolenc controls the trustee and is a beneficiary of the super fund.

LPE Director	Transaction type and date	Number of LPE Shares	Acquisition price	Name of purchaser/seller
Mr Simon Tilley	Acquisition 3 May 2024	200,000	\$16,176	Sore Tooth Pty Limited ¹⁴

(c) **Interests and dealings in River Capital**

As at the date of this Target's Statement, neither LPE nor any of the LPE Directors has a Relevant Interest in any securities of River Capital or any Related Bodies Corporate of River Capital.

(d) **Benefits to LPE Directors**

As a result of the Offer, no benefit (other than a benefit permitted by section 200F or 200G of the Corporations Act and compulsory superannuation entitlements) has been paid or will be paid to any LPE Director or secretary in connection with the loss of, or their resignation from, their office in LPE or any Related Bodies Corporate of LPE.

(e) **Conditional agreements**

No agreement has been made between any of the LPE Directors and any other person in connection with, or conditional upon, the outcome of the Offer, other than in their capacity as a LPE Shareholder.

(f) **Interests in contracts with River Capital**

No LPE Director has any interest in any contract entered into by River Capital.

7.2 Substantial holders

Based on the information contained in substantial holder notices filed with the ASX, as at the Last Practicable Date, the substantial shareholders of LPE are:

Name of LPE Shareholder	Relevant Interest in number of LPE Shares	Relevant Interest as a % of shareholding
River Capital Group	35,598,545	19.75%
Mr Simon Tilley*	23,900,000	13.26%
Fernsha Pty Limited	22,400,000	12.34%
Mr Stanislav (Stan) Kolenc	18,537,944	10.29%

*Based on information disclosed in substantial holder notices, Mr Tilley's interest includes the shares held by Fernsha Pty Limited.

¹⁴ Mr Tilley is a director and shareholder of this company.

7.3 Issued securities

As at the date of this Target's Statement, LPE's issued capital comprises:

- (a) 180,204,412 LPE Shares;
- (b) 4,181,622 LPE Employee Performance Rights (ASX Code: LPEAO);
- (c) 1,000,000 LPE Options (ASX Code: LPEAM); and
- (d) 2,000,000 LPE Performance Rights (ASX Code: LPEAZ).

7.4 Potential impact of the Offer on financing arrangements and material contracts

The information below has been included in this Target's Statement because it may impact the future prospects of the LPE Group, which would be relevant to those LPE Shareholders who may remain as LPE Shareholders.

(a) Financing arrangements

LPE's financing arrangements with Roadnight (encompassing both a hedge facility and a growth facility) contain customary change of control provisions which will allow Roadnight to call for the repayment of all amounts owed by LPE under the facilities if River Capital is successful in acquiring control of LPE. LPE had approximately \$4.45m drawn under the Roadnight facilities as at 30 April 2024.

(b) Material contracts

As far as the LPE Directors are aware, none of LPE's other contracts, which are material in the context of LPE's business taken as a whole, contain change of control clauses which may be triggered if River Capital is successful in acquiring control of LPE, and which give rise to:

- (i) that contract being terminated; or
- (ii) the business of LPE otherwise being materially adversely affected.

7.5 Material litigation

As at the date of this Target's Statement, LPE is not aware of any litigation or disputes of a material nature being undertaken, commenced or threatened against any member of the LPE Group.

7.6 Impact of the Offer on LPE Performance Rights and LPE Options

(a) LPE Performance Rights

The LPE Performance Rights incentive arrangements contain the following provisions regarding a change of control event which may potentially be triggered as a result of the Offer:

- (i) **(LPE Employee Performance Rights)** Under the equity incentive plan rules applicable to the LPE Employee Performance Rights, where there is a change of control event, which includes where a takeover bid under Chapter 6 of the Corporations Act is, or is declared, unconditional or where the Board determines in its reasonable opinion that control of LPE has or is likely to change or pass to one or more persons, the Board may in its absolute discretion determine that all or a percentage of unvested LPE Employee

Performance Rights will vest and become exercisable (so that the applicable rights to LPE Shares can be exercised).

- (ii) **(LPE Performance Rights)** Under the terms applicable to the LPE Performance Rights, where there is a change of control event, which includes where a takeover bid under Chapter 6 of the Corporations Act is, or is declared, unconditional or where the Board determines in its reasonable opinion that control of LPE has or is likely to change or pass to one or more persons, unless the Board determines otherwise, all unvested LPE Performance Rights will vest (so that the applicable rights to LPE Shares can be exercised).

As at the Last Practicable Date, no applicable change of control events have occurred as a result of the Offer and the LPE Board has not made any formal determination to exercise any discretion under any LPE incentive plans (including the rules applicable to the LPE Employee Performance Rights and the LPE Performance Rights) as a result of the Offer.

(b) **LPE Options**

The terms applicable to the LPE Options do not contain any provisions regarding a change of control event which may potentially be triggered as a result of the Offer. The LPE Options have an exercise price of \$0.20 per LPE Option and are generally exercisable at any time prior to their expiry on 30 March 2026.

7.7 Reliance on ASIC relief generally

As permitted by *ASIC Corporations (Takeover Bids) Instrument 2023/683*, this Target's Statement contains statements which are made, or based on statements made, in documents lodged with ASIC or given to ASX. Pursuant to this ASIC Instrument, the consent of persons to whom statements are attributed is not required for the inclusion of these statements in this Target's Statement.

Any LPE Shareholder who would like to receive a copy of any of those documents may obtain a copy (free of charge) during the Offer Period by contacting investors@localityenergy.com.au.

As permitted by the *ASIC Corporations (Consents to Statements) Instrument 2016/72*, this Target's Statement may include or be accompanied by certain statements fairly representing a statement by an official person, or from a public official document or a published book, journal or comparable publication. Pursuant to this ASIC Instrument, the consent of persons to whom statements or documents are attributed is not required for the inclusion of those statements in this Target's Statement.

ASIC has published various other class order instruments providing for modifications to, or exemptions from, the Corporations Act that apply generally to all persons, including LPE.

7.8 Other regulatory relief

LPE has not been granted any relief by ASIC or waivers by the ASX in relation to the Offer.

7.9 Transaction expenses

The Offer has resulted in LPE incurring expenses that would not otherwise arise from its ordinary operations. These expenses include fees of legal, financial and tax advisers engaged to assist in responding to the Offer and other transaction related expenses which will have a negative impact on LPE's after tax earnings in FY24. The total cost of the takeover response depends on the outcome of the Offer, the duration of the Offer and required response activities, as well as the complexity of the issues addressed in the response.

Therefore, it is difficult to estimate the likely total cost to LPE. These costs will be reflected in LPE's financial results for the financial year ending 30 June 2024 (and 30 June 2025 to the extent the Offer extends to that financial year).

7.10 Consents

(a) Consents to inclusion of a statement

Each of the LPE Directors specified in Section 5.4 has given and has not, before the lodgement of this Target's Statement with ASIC, withdrawn its written consent to the inclusion of the statements in this Target's Statement that are specified in paragraph (c) below in the form and context in which the statements are included and to all references in this Target's Statement to those statements in the form and context in which they are included.

(b) Consents to be named

King & Wood Mallesons has given and has not, before the date of this Target's Statement, withdrawn its consent to the inclusion of its name in this Target's Statement as legal adviser to LPE.

Link Market Services has given and has not, before the date of this Target's Statement, withdrawn its consent to the inclusion of its name in this Target's Statement as LPE's Share Registry.

(c) Disclaimer regarding statements made and responsibility

Each person named above as having given its consent to the inclusion of a statement or to being named in this Target's Statement:

- (i) does not make, or purport to make, any statement or representation in this Target's Statement or any statement on which a statement in this Target's Statement is based other than, in the case of a person referred to above as having given their consent to the inclusion of a statement, a statement included in this Target's Statement with the consent of that person; and
- (ii) to the maximum extent permitted by law, expressly disclaims and makes no representation regarding and takes no responsibility for any statements or material in or omissions from this Target's Statement, other than a reference to its name and, in the case of a person referred to above as having given their consent to the inclusion of a statement, any statement or report which has been included in this Target's Statement with the consent of that party.

7.11 Miscellaneous and publicly available information

LPE is a listed disclosing entity for the purposes of the Corporations Act and is therefore subject to regular reporting and disclosure obligations. Specifically, as a listed company, LPE is subject to the Listing Rules which require continuous disclosure of any information LPE has concerning it that a reasonable person would expect to have a material effect on the price or value of LPE Shares and other securities.

LPE Shareholders should have regard to material announcements that have been lodged with ASX since LPE's last published audited financial statements for the half year ended 31 December 2023 which were lodged with ASX on 28 February 2024.

A list of announcements released by LPE in the period from 16 April 2024 to the Last Practicable Date is set out in Annexure A.

This Target's Statement also contains statements which are made in, or based on statements made in, documents lodged with ASIC or given to ASX by River Capital or LPE.

Any LPE Shareholder who would like to receive a copy of those documents may obtain a copy free of charge during the Offer Period by emailing investors@localityenergy.com.au. Copies of ASX announcements by LPE may also be obtained from its website at <https://investorhub.localityenergy.com.au/announcements>.

7.12 Other material information

This Target's Statement is required to include all the information that LPE Shareholders and their professional advisers would reasonably require to make an informed assessment as to whether or not to accept the Offer, but:

- (a) only to the extent to which it is reasonable for LPE Shareholders and their professional advisers to expect to find this information in this Target's Statement; and
- (b) only if the information is known to any LPE Director.

The LPE Directors are of the opinion that the information that LPE Shareholders and their professional advisers would reasonably require to make an informed assessment as to whether to accept the Offer is:

- (a) the information contained in the Bidder's Statement;
- (b) the information contained in LPE's announcements to ASX prior to the date of this Target's Statement; and
- (c) the information contained in this Target's Statement.

The LPE Directors have assumed, for the purposes of preparing this Target's Statement, that the information in the Bidder's Statement is accurate (unless they have expressly indicated otherwise in this Target's Statement). However, the LPE Directors do not take any responsibility for the contents of the Bidder's Statement and are not to be taken to be endorsing, in any way, any or all of the statements contained in it.

In deciding what information should be included in this Target's Statement, the LPE Directors have had regard to:

- (a) the nature of LPE Shares;
- (b) the matters that LPE Shareholders may reasonably be expected to know;
- (c) the fact that certain matters may reasonably be expected to be known to LPE Shareholders' professional advisers; and
- (d) the time available to LPE to prepare this Target's Statement.

7.13 Date of Target's Statement

This Target's Statement is dated 16 May 2024, which is the date on which it was lodged with ASIC.

7.14 Approval of Target's Statement

This Target's Statement has been approved by a resolution passed by the LPE Directors on 15 May 2024.

A handwritten signature in dark ink, appearing to read "David Jarjoura".

David Jarjoura
Executive Chair
LPE

8 Glossary

8.1 Definitions

Term	Meaning
90% Minimum Acceptance Condition	the Condition at Section 13.7(a) of the Bidder's Statement.
AASB	the Australian Accounting Standards Board.
ABN	Australian Business Number.
Acceptance Form	the acceptance form enclosed with the Bidder's Statement or, as the context requires, any replacement or substitute acceptance form provided by or on behalf of River Capital (including both the CHES Acceptance Form and the Issuer Acceptance Form).
ACN	Australian Company Number.
Announcement Date	the date of the announcement of the Offer by River Capital, being 16 April 2024.
ASIC	the Australian Securities and Investments Commission.
Associate	has the meaning given in section 12 of the Corporations Act.
ASX	as the context requires, ASX Limited (ABN 98 008 624 691) or the securities market conducted by it.
ASX Settlement	ASX Settlement Pty Limited (ABN 49 008 504 532).
ASX Settlement Operating Rules	the operating rules of ASX Settlement which govern the administration of CHES.
Bidder's Statement	the bidder's statement in relation to the Offer, prepared by River Capital and dated 16 April 2024.
Bundaberg BioHub	Bundaberg BioHub Pty Ltd (ACN 146 243 567).
CGT	capital gains tax.
Chair	the chair of LPE.
CHES	the Clearing House Electronic Subregister System, which provides for electronic security transfer in Australia.
CHES Acceptance Form	the acceptance form enclosed with the Bidder's Statement for LPE Shareholders with a CHES Holding.
CHES Holding	a number of LPE Shares which are registered on LPE's share register, being a register administered by ASX Settlement and which records uncertificated holdings of shares.
Commissioner of Taxation	has the meaning given in the <i>Taxation Administration Act 1953</i> (Cth).
Compulsory Acquisition or Compulsorily Acquire	the compulsory acquisition process in respect of the LPE Shares held by LPE Shareholders that do not accept the Offer under Part 6A.1 and/or Part 6A.2 of the Corporations Act that is expected to occur after completion of the Offer if the Offer is successful (as described in Section 4.9).
Conditions	each condition of the Offer set out in Section 13.7 of the Bidder's Statement.
Controlling Participant	in relation to your LPE Shares, has the same meaning as in the ASX Settlement Operating Rules.

Term	Meaning
Corporations Act	the <i>Corporations Act 2001</i> (Cth).
EBITDA	earnings before interest, tax, depreciation and amortisation.
FRCGWT	foreign resident capital gains withholding tax.
FRCGWT Declaration	a signed and completed foreign resident capital gains withholding tax declaration.
FY23	the financial year ending 30 June 2023.
FY24	the financial year ending 30 June 2024.
GST	goods and services tax.
H1FY24	the financial half-year ended 31 December 2023.
Issuer Acceptance Form	the acceptance form enclosed with the Bidder's Statement for LPE Shareholders with a holding of LPE Shares on LPE's issuer sponsored sub register.
Last Practicable Date	the last practicable trading date on the ASX prior to the finalisation of the Target's Statement, being 15 May 2024.
Link Market Services	Link Market Services Limited (ACN 083 214 537).
Listing Rules	the Official Listing Rules of ASX, as amended and waived by ASX from time to time.
LPE	Locality Planning Energy Holdings Limited (ABN 90 147 867 301).
LPE Board or Board	the board of Directors of LPE from time to time.
LPE Constitution	the constitution of LPE from time to time.
LPE Directors or Directors	the directors of LPE and LPE Director or Director means any one of them.
LPE Employee Performance Rights	a right to acquire a LPE Share granted from time to time under the terms of the LPE equity incentive plan and known as an employee performance right (ASX security code: LPEAO).
LPE Group	LPE and each of its Subsidiaries.
LPE Option	an option to acquire a LPE Share granted on or around 30 March 2022 exercisable at \$0.20 and expiring 30 March 2026 (ASX security code: LPEAM).
LPE Performance Right	a right to acquire an LPE Share granted on or around 19 December 2022 and known as a performance right (ASX security code: LPEAZ).
LPE Performance Rights	LPE Performance Rights and LPE Employee Performance Rights.
LPE Share	a fully paid ordinary share in the capital of LPE, including those shares on issue at the end of the Offer Period.
LPE Share Buyback	has the meaning given in Section 1.7.
LPE Share Registry	Link Market Services.
LPE Shareholder	a person who is registered as the holder of LPE Shares in the LPE register of members.

Term	Meaning
Notice on Status of Conditions	River Capital's notice disclosing the status of the Conditions of the Offer, which is required to be given under section 630(3) of the Corporations Act.
Offer	the off-market takeover offer by River Capital for all of the LPE Shares under Chapter 6 of the Corporations Act as described in the Bidder's Statement.
Offer Consideration	the consideration offered under the Offer, which as at the date of this Target's Statement, is \$0.08 cash for each LPE Share.
Offer Period	the period within which the Offer is open for acceptance in accordance with the Bidder's Statement and the Corporations Act, as set out in Section 4.2(b).
Prescribed Occurrences Condition	the Condition at Section 13.7(b) of the Bidder's Statement.
Register Date	the date set by River Capital under section 633(2) of the Corporations Act, being 5.00pm (AEST) on 7 June 2024.
Regulated Event Condition	the Condition at Section 13.7(c) of the Bidder's Statement.
Related Bodies Corporate	has the meaning given in section 50 of the Corporations Act.
Relevant Interest	has the meaning given in sections 608 and 609 of the Corporations Act.
Rights	all accreditations, rights or benefits of whatever kind attaching or arising from LPE Shares directly or indirectly at or after the Announcement Date (including, but not limited to, all dividends or other distributions and all rights to receive them or rights to receive or subscribe for shares, notes, bonds, options or other securities declared, paid, made or issued by LPE or any of its Subsidiaries).
River Capital	River Capital Pty Ltd (ACN 073 531 469) as trustee for River Capital Embedded Network Trust.
Roadnight	Roadnight Capital Pty Ltd (ACN 162 318 729).
Subsidiary	has the meaning given in section 9 of the Corporations Act, provided that an entity will also be taken to be a Subsidiary of another entity if it is Controlled by that entity and, without limitation: (a) a trust may be a Subsidiary, for the purposes of which a unit or other beneficial interest will be regarded as a share; (b) an entity may be a Subsidiary of a trust if it would have been a Subsidiary if that trust were a corporation; and (c) an entity will also be deemed to be a Subsidiary of an entity if that entity is required by the accounting standards to be consolidated with that entity.
Takeovers Panel	the Australian Takeovers Panel.
Target's Statement	this document being the statement of LPE under Part 6.5 of the Corporations Act in relation to the Offer.
Tax Act	the <i>Income Tax Assessment Act 1997</i> (Cth).

8.2 Interpretation

Unless the context otherwise requires:

- (a) headings used in this Target's Statement are inserted for convenience and do not affect the interpretation of this Target's Statement;
- (b) words or phrases defined in the Corporations Act have the same meaning in this Target's Statement;
- (c) a reference to a section is a reference to a section of this Target's Statement;
- (d) a reference to a statute, ordinance, code or other law includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them;
- (e) the singular includes the plural and vice versa;
- (f) the word "person" includes an individual, a firm, a body corporate, a partnership, a joint venture, an unincorporated body or association, or any government agency;
- (g) Australian dollars, dollars, A\$ or \$ is a reference to the lawful currency of Australia; and
- (h) the meaning of general words is not limited by specified examples introduced by "including", "for example", "such as" or similar expressions.

Annexure A

ASX Announcements

The table below contains a list of all material announcements released by LPE in the period from 16 April 2024 to the Last Practicable Date.

No.	Description of announcement	Date of announcement
1	Letter to Shareholders - Takeover Bid Update	09/05/2024
2	Change of Director's Interest Notice	03/05/2024
3	Dispatch of Bidder's Statement	03/05/2024
4	Commencement of Dispatch of Bidder's Statement	03/05/2024
5	Bundaberg BioHub Interest Payment Received	02/05/2024
6	Notice of people to whom information is to be sent	01/05/2024
7	Change in substantial holding	30/04/2024
8	Change of Director's Interest Notice	30/04/2024
9	Change in substantial holding x2	30/04/2024
10	Change of Director's Interest Notice	30/04/2024
11	Change of Director's Interest Notice	26/04/2024
12	Change in substantial holding	26/04/2024
13	Further Update on Unsolicited Takeover Offer & Buyback	24/04/2024
14	Notification of Buyback – LPE	24/04/2024
15	Cancellation of General Meeting	19/04/2024
16	Quarterly Activities/Appendix 4C Cash Flow Report	19/04/2024
17	Notification of Cessation of Securities	17/04/2024
18	Unsolicited Takeover Offer – Take No Action	16/04/2024
19	Change in Substantial Holding from River Capital	16/04/2024
20	Bidder's Statement	16/04/2024
21	Takeover Offer for LPE from River Capital	16/04/2024



16 May 2024

Dear LPE Shareholder

Release of LPE Target's Statement in response to River Capital's takeover offer

As you will be aware, on 16 April 2024 River Capital Pty Ltd (ACN 073 531 469) as trustee for River Capital Embedded Network Trust (**River Capital**) made an unsolicited takeover offer to acquire all of Locality Planning Energy Holdings Limited's (ABN 90 147 867 301) (**LPE**) shares that River Capital or its related entities do not already own at a price of 8 cents per LPE share (the **Offer**).

The purpose of this notice is to advise you that LPE has today released a target's statement in response to the Offer (**Target's Statement**), which has been approved by the LPE board of directors (**Board**).

A copy of the Target's Statement has been released to ASX and is available for LPE shareholders to view at: <https://investorhub.localityenergy.com.au/>.

The Target's Statement is required by the *Corporations Act 2001* (Cth) and importantly includes:

- the Board's unanimous recommendation to **REJECT** the Offer and the reasons for that recommendation; and
- other important information you should consider when deciding whether to accept or reject the Offer.

To **REJECT** the Offer, simply **DO NOTHING AND TAKE NO ACTION** in relation to any documents sent to you by River Capital including the Bidder's Statement.

The Board will keep you fully informed of any key developments. ASX announcements in relation to the Offer can also be found on the same website or on the ASX website at www.asx.com.au.

The Board encourages you to read the Target's Statement in its entirety as it will assist you in making an informed decision with respect to the Offer. If you are in any doubt as to the contents of this notice or the Target's Statement please contact your legal, financial, taxation or other professional adviser.

If you have any queries in relation to the Offer or this notice you can also contact investors@localityenergy.com.au.

Yours faithfully

David Jarjoura
Executive Chair
Locality Planning Energy Holdings Limited



16 May 2024

Dear LPE Performance Right or LPE Option Holder

Release of LPE Target's Statement in response to River Capital's takeover offer

As you will be aware, on 16 April 2024 River Capital Pty Ltd (ACN 073 531 469) as trustee for River Capital Embedded Network Trust (**River Capital**) made an unsolicited takeover offer to acquire all of Locality Planning Energy Holdings Limited's (ABN 90 147 867 301) (**LPE**) shares that River Capital or its related entities do not already own at a price of 8 cents per LPE share (the **Offer**).

The purpose of this notice is to advise you that LPE has today released a target's statement in response to the Offer (**Target's Statement**), which has been approved by the LPE board of directors (**Board**). Capitalised terms not defined in this letter have the meaning given to them in the Target's Statement.

A copy of the Target's Statement has been released to ASX and is available for LPE shareholders to view at: <https://investorhub.localityenergy.com.au/>.

You are receiving this notice because you are a holder of LPE Performance Rights or LPE Options. Importantly, River Capital is not making a separate offer to holders of LPE Performance Rights or LPE Options. However, holders of LPE Performance Rights or LPE Options whose rights or options (as applicable) vest and are converted into LPE Shares during the Offer Period will be able to accept the Offer in respect of those newly issued LPE Shares.

The Target's Statement is required by the *Corporations Act 2001* (Cth) and importantly includes:

- the Board's unanimous recommendation to **REJECT** the Offer and the reasons for that recommendation; and
- other important information you should consider when deciding whether to accept or reject the Offer.

To **REJECT** the Offer, simply **DO NOTHING AND TAKE NO ACTION** in relation to any documents sent to you by River Capital including the Bidder's Statement.

The Board will keep you fully informed of any key developments. ASX announcements in relation to the Offer can also be found on the same website or on the ASX website at www.asx.com.au.

The Board encourages you to read the Target's Statement in its entirety as it will assist you in making an informed decision with respect to the Offer (to the extent your LPE Performance Rights or LPE Options vest and are converted to LPE Shares during the Offer Period). If you are in any doubt as to the contents of this notice or the Target's Statement please contact your legal, financial, taxation or other professional adviser.

If you have any queries in relation to the Offer or this notice you can also contact investors@localityenergy.com.au.

Yours faithfully

David Jarjoura
Executive Chair
Locality Planning Energy Holdings Limited

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