IPEX®

Construction Payment Protection Platform
www.ipex.com.au

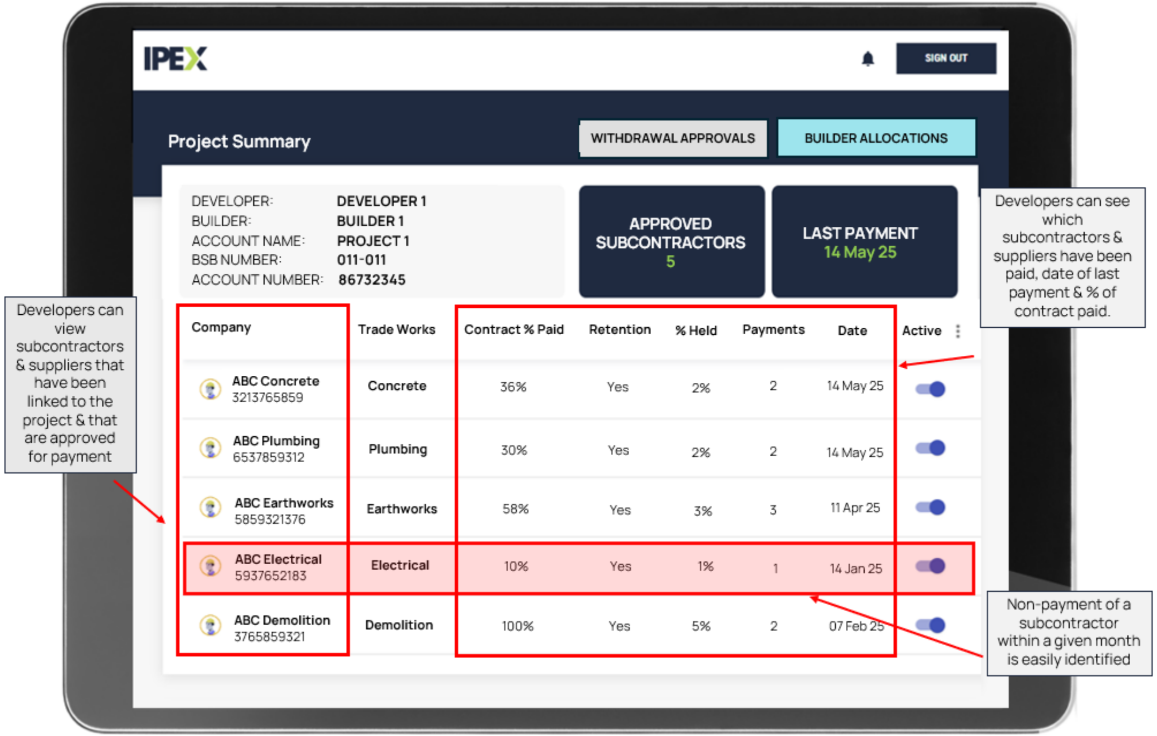
Construction insolvencies continue to rise

- The construction industry has the highest rate of insolvency across all industries in Australia
- Industry-standard processes aimed at detecting non-payment of subcontractors & suppliers are largely ineffective - they are easily circumvented by a distressed builder
- By the time issues escalate to the point of being identifiable by the developer/lender, **the money is typically gone;** builders almost always enter administration owing large sums of money across multiple progress claims

Protect against the risk/impact of builder insolvency

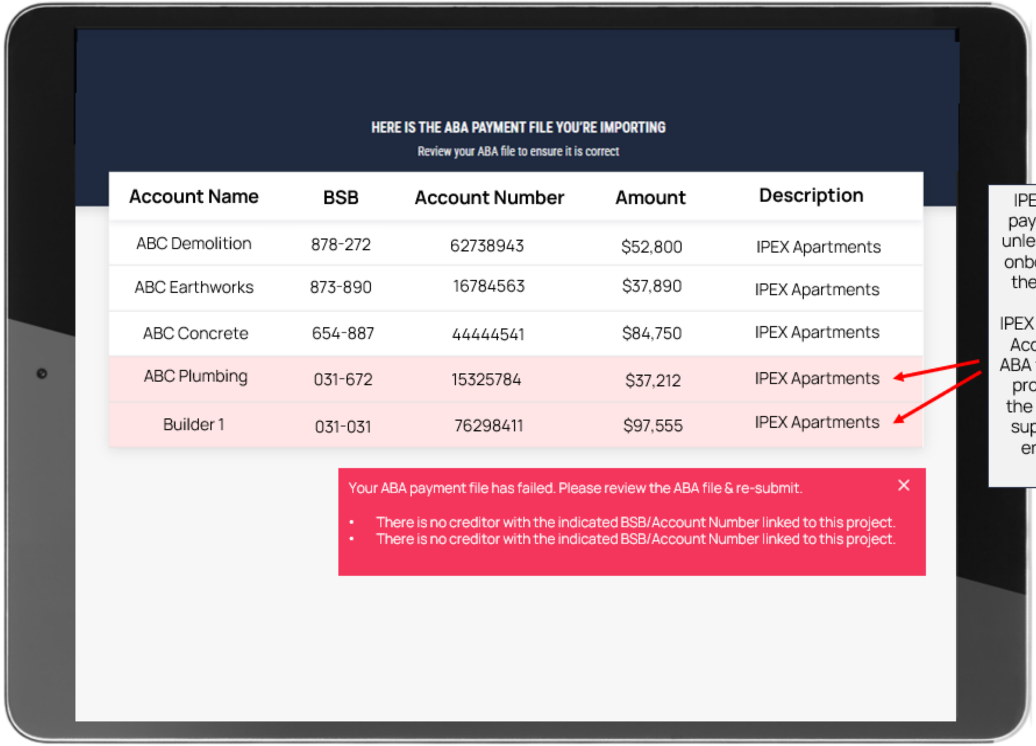
IPEX combines legal protections with practical controls to:

- ‘ring-fence’ funds to your project; only verified subcontractors & suppliers linked to your project can be paid from the IPEX account
- provide project owners with high-level visibility over account transactions: subcontractor and supplier payments can be cross-checked against each certified claim
- help to identify & remedy non-payment of subcontractors **before further claims are approved**
- enable escalation of oversight/control with repeated breaches & act on legal protections before a builder enters administration
- provide a clear audit trail should the builder enter administration.



IPEX Standard Developer View (Open Book transparency also available)

Ensure project funds reach subcontractors & suppliers


HERE IS THE ABA PAYMENT FILE YOU'RE IMPORTING

Review your ABA file to ensure it is correct

Account Name	BSB	Account Number	Amount	Description
ABC Demolition	878-272	62738943	$52,800	IPEX Apartments
ABC Earthworks	873-890	16784563	$37,890	IPEX Apartments
ABC Concrete	654-887	44444541	$84,750	IPEX Apartments
ABC Plumbing	031-672	15325784	$37,212	IPEX Apartments
Builder 1	031-031	76298411	$97,555	IPEX Apartments

Your ABA payment file has failed. Please review the ABA file & re-submit.

- There is no creditor with the indicated BSB/Account Number linked to this project.
- There is no creditor with the indicated BSB/Account Number linked to this project.

IPEX does not allow payments to entities unless they have been onboarded & linked to the specific project.

IPEX also checks BSB & Account Numbers in ABA files against those provided directly by the subcontractors & suppliers to prevent errors/fraudulent payments

- No change to subcontractor/builder claim or QS assessment process
- Once a claim is approved, funds are paid into the builders' IPEX account, not their everyday operational account
- Builders can access payment for their preliminaries, margin & any direct costs
- The balance of each progress payment is set aside & can't be withdrawn by the builder - these funds can only be used to pay verified subcontractors & suppliers linked to the project
- All subcontractors/suppliers linked to the account are subject to full AML/KYC checks & bank account details are manually verified

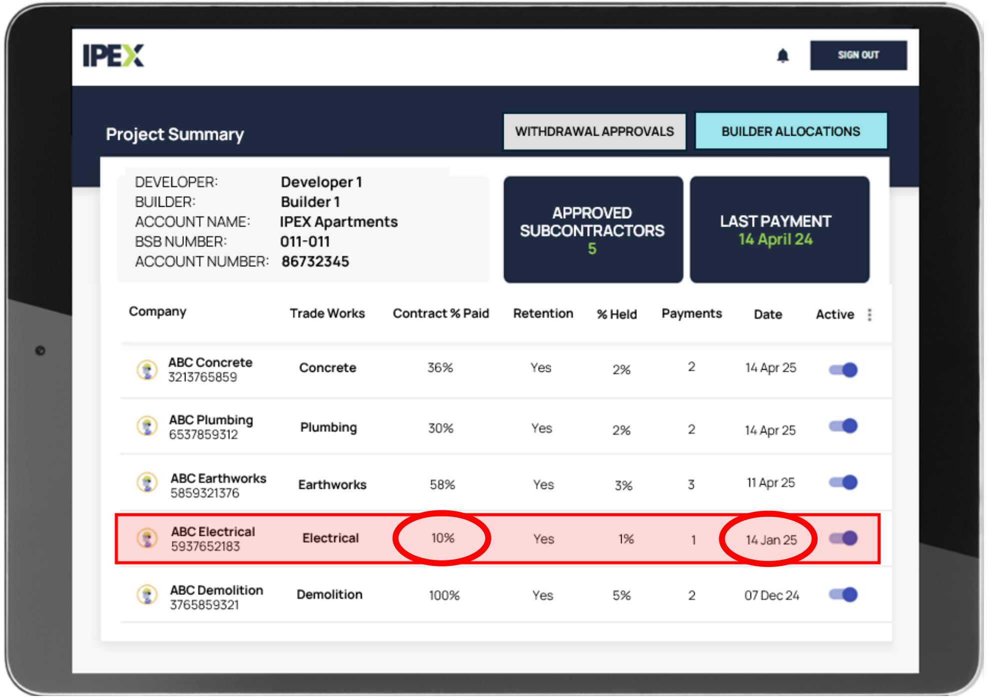
Certified vs Paid: validating the builders’ ‘stat dec’

In this example, IPEX shows that the electrical subcontractor has not been paid since January *despite Electrical Services being included in the builders’ March claim.* The amount paid to date is also significantly lower than the amount already certified. **The developer can now act on this information before approving the April claim.**

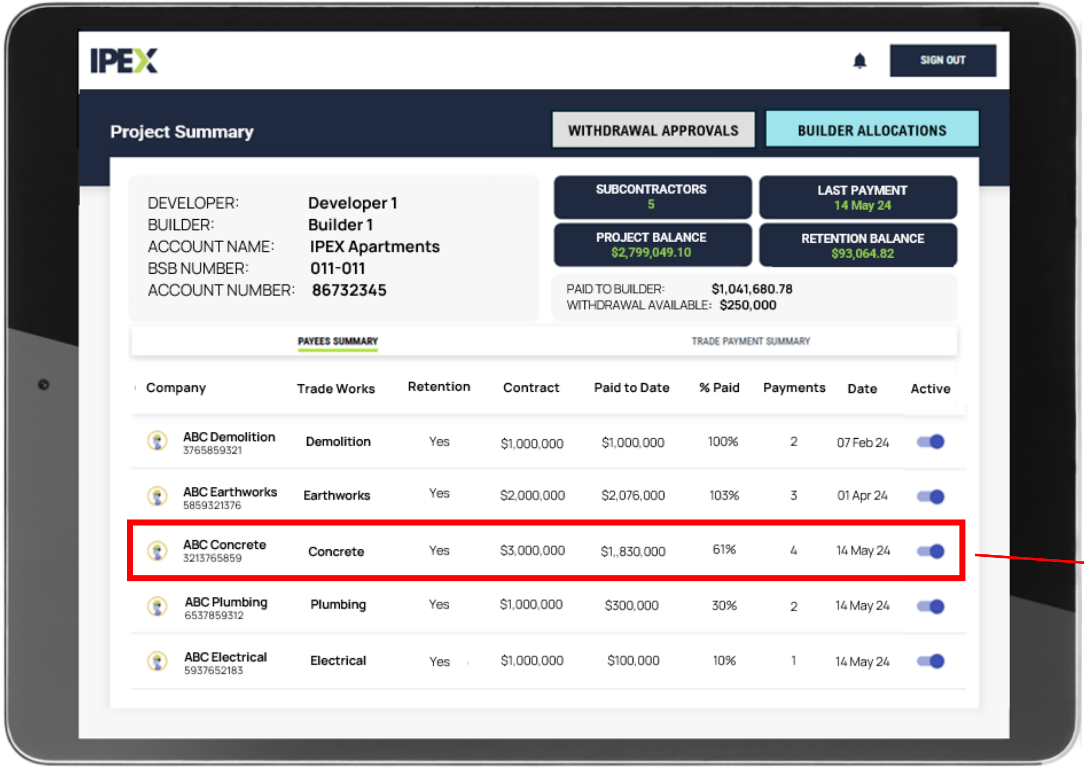
123 Contructions
Residential, commercial, and industrial

IPEX Apartments: Claims Assessment – March 2025

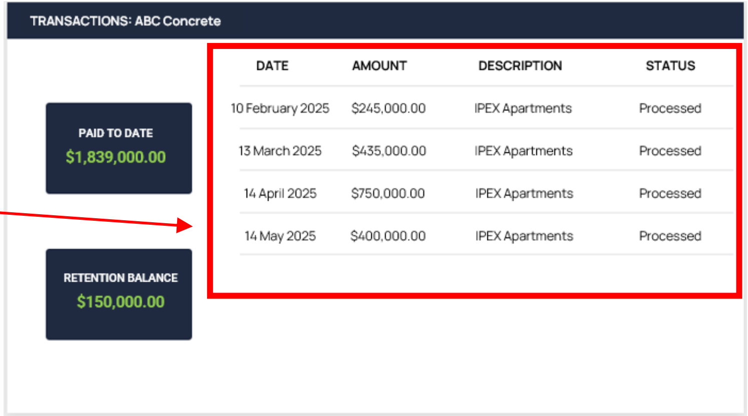
Item	Approved budget	Completed to date ($)	% Complete	Amount previously certified	This claim
Demolition	$1,000,000	$850,000	85%	$850,000	$150,000
Earthworks	$1,000,000	$700,000	70%	$700,000	$150,000
Concrete	$1,000,000	$120,000	12%	$120,000	$200,000
Plumbing services	$1,000,000	$80,000	8%	$80,000	$200,000
Electrical services	$1,000,000	$240,000	24%	$240,000	$100,000
Subtotal construction costs					**$800,000**
Preliminaries	$3,000,000	$2,100,000	70%	$2,100,000	$120,000
Margin	$1,000,000	$700,000	70%	$700,000	$80,000
Subtotal builder costs					**$200,000**
Total amount certified for payment in this claim					**$1,000,000**



Access transaction history in a builder insolvency event



- All transactions made via IPEX are tracked & documented, providing a clear audit trail should the builder enter administration
- Project owners/developers receive immediate and full details of subcontract values & account transaction history in a payment default/external administration event, allowing prompt execution of an effective remedial response



IPEX goes 'builder-friendly'

IPEX Monitor: subcontractor payment transparency without the awkward builder conversations…

IPEX Monitor operates under the same principles as the standard IPEX platform, but *builder withdrawal restrictions are removed.*

Prelims, margin and additional letting gains can be withdrawn from the project account without developer oversight or approval however, the payment transparency remains to deter 'bad' behaviour & ensure that there are immediate consequences for non-payment.

IPEX Monitor greatly reduces subcontractor non-payment risk for developers & lenders *without limiting the builder in any way.*

Limit your risk; identify payment issues before approving the next claim

Payment default/financial distress triggers escalation to full suite of IPEX protections

Full project account transaction history provided in an insolvency event

Developer protections and rights	Industry-standard processes	IPEX Monitor	IPEX
Require the builder to submit a 'stat dec' confirming they've paid all relevant subcontractors & suppliers	✓	✓	✓
Access to subcontractor & supplier payment information allowing validation of builder 'stat dec'	✗	✓	✓
Ability to identify non-payment of relevant subcontractors/suppliers before approving subsequent claims	✗	✓	✓
Ability to limit builder access to subcontractor/supplier portion of each progress payment	✗	✗	✓
Make builders' payment conditional on the 'on time & in full' payment of subcontractors & suppliers	✗	✗	✓
Developer right to escalate transparency & control under 'financial distress' / payment default events	✗	✓	✓
Developer right to access full account transaction history in a 'financial distress' / payment default event	✗	✓	✓

Who we work with:

Testimonials

What our partners say

"At Frasers, we take our commitment to every project, and every investor, builder, subcontractor, supplier, and customer we work with seriously. That means putting in place financial frameworks and processes to ensure that every dollar is used for its intended purpose, and there is full accountability and transparency over the budget for a project."
"We're so excited about the Encompass development, which has a real 'wow' factor, and through IPEX we're better positioned to deliver the project securely and successfully."

Sarah Bloom
General Manager Development Victoria

"From the moment I understood what IPEX provided I had no hesitation in introducing it to BlueScope. With such a major capital works project it was clearly a very prudent risk management tool. With hundreds of millions of dollars being paid to suppliers and subcontractors through major contractors, securing certainty that monies were being delivered into the accounts of the substantial number of subcontractors and suppliers was critical."

Steve Chandler
CEO

"After a year of utilising the IPEX platform on one of our key commercial construction projects, the experience has been overwhelmingly positive. The platform's user interface and our customer service experience have exceeded our expectations, significantly bolstering the security and efficiency of our collaboration with the builder. The adoption of IPEX has been embraced by the builder and & it provides additional comfort to trades particularly with the current construction industry challenges."

John Vickers
Director

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