

International Equities Corporation Ltd

ACN 009 089 696

INTERNATIONAL EQUITIES

NOTICE OF GENERAL MEETING

Notice is hereby given that a General Meeting of International Equities Corporation Ltd will be held at Seasons Botanic Gardens 348 St Kilda Road, Melbourne, VIC 3004 on 22nd June 2023 at 12:00 noon AEST

Shareholders may attend the General Meeting remotely by Zoom Meeting Link at the invitation of International Equities Corporation Ltd. Shareholders intending to participate will need to email cosec@internationalequities.com.au at least 48 hours prior for an invite. Your email should include the following:

1. Name as appears on International Equities Corporation Ltd's share registry
2. Evidence of number of shares held

Registration will commence at 11:30 am for 12:00 noon AEST start.

Alternatively, if you are unable to attend in person or by Zoom Meeting but wish your vote to be counted you may submit a proxy as appears on the last page of this notice.

1. Complete the Proxy Form and instructions herein
2. Return the Proxy Form prior to the meeting either by
 - By mail or in person to Room 6, Seasons of Perth, 37 Pier Street, Perth, Western Australia 6000
 - By facsimile to [03] 9685 2968
 - By email to cosec@internationalequities.com.au

Business

Ordinary resolution

1. Sale of Seasons of Perth (SOP) Hotel and its Business Assets

To consider, and if thought fit, to pass with or without amendment, the following resolution as an ordinary resolution:

"That, for the purposes of Listing Rule 11.2 and for all other purposes, approval is given for the sale of the Company's interest in SOP Hotel and its Business Assets, on the terms and conditions set out in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast in favour of this Resolution by or on behalf of

- (i) Tackelly No. 8 Pty Ltd.
- (ii) Pier Hospitality Pty Ltd.; and
- (iii) Any other person who will obtain a material benefit as a result of the disposal of SOP Hotel and its Business Assets (except a benefit solely by reason of being a Shareholder) or any associates of those persons.

However, the Company will not disregard a vote cast in favour of this Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair of the Meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair or to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

By order of the board.



Aubrey Menezes
Company secretary

Dated: 6th June 2023

Notes

YOUR VOTE IS IMPORTANT

The business of the Meeting affects your shareholding and your vote is important.

VOTING ELIGIBILITY

The Directors have determined pursuant to Regulations 7.11.37 and 7.11.38 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are registered shareholders as at 11:30 am Melbourne Victoria time on 22nd June 2023.

VOTING IN PERSON

To vote in person or attend the virtual General Meeting please go to the 1st page of this document and follow the instructions as set out there.

VOTING BY PROXY

To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, members are advised that:

- each member has a right to appoint a proxy;
- the proxy need not be a member of the Company; and
- a member who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

Proxy vote if appointment specifies way to vote

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, **if it does**:

- the proxy need not vote on a poll, but if the proxy does so, the proxy must vote that way (i.e. as directed); and
- if the proxy is the chair of the meeting at which the resolution is voted on – the proxy must vote on a poll, and must vote that way (i.e. as directed); and
- if the proxy is not the chair – the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (i.e. as directed).

Transfer of non-chair proxy to chair in certain circumstances

Section 250BC of the Corporations Act provides that, if:

- an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members; and
- the appointed proxy is not the chair of the meeting; and
- at the meeting, a poll is duly demanded on the resolution; and
- either of the following applies:

- the proxy is not recorded as attending the meeting;
- the proxy does not vote on the resolution,

the chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

The instrument appointing the proxy or the power of attorney or other authority (if any) under which it is signed or an office copy or notarially certified copy thereof must be deposited at the registered office of the company not less than 48 hours before the time fixed for the commencement of the meeting either

- By mail or in person to Room 6, Seasons of Perth, 37 Pier Street, Perth, Western Australia 6000
- By facsimile to [03] 9685 2968
- By email to cosec@internationalequities.com.au

Explanatory Memorandum

1. Introduction

This Explanatory Memorandum has been prepared for the information of Shareholders in connection with the business to be conducted at the Meeting. This Explanatory Memorandum should be read in conjunction with, and forms part of, the accompanying Notice.

The purpose of this Explanatory Memorandum is to provide information to Shareholders in deciding whether or not to pass the Resolution set out in the Notice.

A Proxy Form is located at the end of the Explanatory Memorandum.

ASX takes no responsibility for the contents of this Notice.

2. Background

On 4 May 2023 the Company announced a conditional sale of the SOP Hotel to Tackelly No 8 Pty Ltd, and a conditional sale of the Business Assets to Pier Hospitality Pty Ltd. ASX Listing Rule 11.2 requires shareholder approval for the disposal of an entity's main undertaking. While the sale of the SOP Hotel and Business Assets does not necessarily constitute disposal of the Company's main undertaking, the Directors have determined to seek Shareholder approval given the size of the assets being sold.

3. The Company's businesses and the SOP Hotel

As Shareholders will be aware, the Company currently operates 3 businesses being real estate property management, hotel management and property development and investment.

The Company's largest asset is the SOP Hotel which was built in the 70's. SOP Hotel now requires substantial upgrades to its infrastructure and renovation to rooms and facilities estimated to be between \$8 million - \$10 million. On analysis, the Board concluded that it is no longer viable to retain the investment. The Board has accepted an offer for the sale of SOP Hotel and its Business Assets; being stock in trade, room furniture, fixtures and fittings and office equipment.

During Covid, the Board was presented with possible buyers for SOP Hotel by a reputable real estate agent. Over the 2 year period these interested buyers were offered the opportunity to conduct a due diligence on the property allowing the Board to test the market value of SOP Hotel. Verbal discussions on price were entertained with no meaningful offers in writing received. What became apparent was a need for upgrades and renovations to SOP Hotel which could no longer be avoided.

Upon completion of their due diligence Tackelly No 8 Pty Ltd and Pier Hospitality Pty Ltd made an offer for SOP Hotel in writing. The Board returned with a counteroffer which was accepted. The Board relied on an independent valuation by CBRE if to accept or reject offers.

The Board intends to use the funds to retire SOP Hotel debt and other liabilities, provide working capital to the group of companies and grow its ongoing businesses. Details are as follows:

Utilisation of Sale Proceeds	\$ mil
Repayment of SOP Hotel secured loan	14.58
Estimated SOP Hotel liabilities	2.92
Funds for Future Business Venture	3.00
Group Working Capital requirements	2.00
	22.50

The Board is of the opinion it would require a sizeable amount of funds and a lengthy period of time for SOP Hotel operations to return to pre Covid revenues. This will drain cashflow resources of the entire group and forego opportunities to expand its other existing businesses. Aside from retiring loans and repaying all SOP Hotel liabilities the remaining funds will be utilised to concentrate on hotel management and real estate management opportunities.

4. Background to Tackelly No 8 Pty Ltd and Pier Hospitality Pty Ltd

Kyko Group (**Kyko**), through its associated entities Tackelly No. 8 Pty Ltd as trustees of the Tackelly No. 8 Trust (existing real estate owning company for the purchase of SOP Hotel) and Pier Hospitality Pty Ltd (a new company established for the purchase of Business Assets), are the purchasers under the Contract for Sale.

Kyko was founded in 1989 and is an Australian multi-sector property development and investment group. Kyko has a strong track record in the acquisition and development of major office, retail and hospitality property in Brisbane, Sydney, Melbourne and Adelaide. Kyko is recognised and respected as being a stable investor who has successfully transacted on a number of acquisitions in Australia and continues to own substantial real estate assets.

Neither Tackelly No 8 Pty Ltd and Pier Hospitality Pty Ltd are related parties to the Company, and no director has an interest in either company.

5. Material terms of the Sale Agreement

Material terms of the Sale Agreement are:

Price	SOP Hotel \$22,400,000 Business Assets \$100,000
Payment Terms	10% deposit on contract signing (paid) Balance at Settlement
Settlement Date	6 months from date of contract (28 April 2023) with an option to extend for a further 3 months
Conditions	<ul style="list-style-type: none"> obtaining confirmation that Optus has declined to exercise its first right to purchase the property pursuant to the terms of its current rooftop lease; Shareholder approval to be obtained within 2 months from date of sale; purchaser obtaining approval for transfer of liquor license from Director of Liquor Licensing WA, without objection from the seller.
Other	There are no other unusual or non-standard terms or conditions

6. Impact of the proposed sale

The proposed sale will not occur during Financial Year 2023 and will therefore impact the results for Financial Year 2024. In order to assist Shareholders in making a decision however, the following is the pro forma impact of the sale assuming the Company had sold the SOP Hotel and its Business Assets during FY22

	FY 2022 Full Year (audited)			FY 2023 Half Year (audit reviewed)			FY 2023 Full Year (unaudited)*		
	pre-sale	post-sale	Change	pre-sale	post-sale	Change	pre-sale	post-sale	Change
	\$('000)	\$('000)	%	\$('000)	\$('000)	%	\$('000)	\$('000)	%
Total assets	36,600	24,220	(33.82)	35,892	23,067	(35.73)	N/A	N/A	N/A
Total equity	6,514	8,203	25.92	6,327	8,082	27.74	N/A	N/A	N/A
Annual revenues	6,633	8,322	25.45	4,633	6,388	37.88	N/A	N/A	N/A
EBITDA	761	2,449	221.81	1,062	2,817	165.17	N/A	N/A	N/A
Annual profit before tax	(1,397)	291	120.86	(187)	1,567	936.17	N/A	N/A	N/A

*FY 2023 Full Year unaudited financials have not been forecasted and announced to the general public prior to publication of this document.

7. Business intentions following the sale

International Equities Corporation Ltd (IEQ) group has 3 business segments namely Property development and Investment, Hotel Management and Real Estate Management. As reported on 28 February 2023, Appendix 4D financials are as follows:

	Segment Revenue		Segment Results	
	31 December		31 December	
	2022	2021	2022	2021
	\$000	\$000	\$000	\$000
Property Development	1	9	(416)	(403)
Tourism	4,247	2,612	98	(270)
Leasing/Rental Property	385	417	131	189
Government Grants	-	60	-	60
	<u>4,633</u>	<u>3,098</u>	<u>(187)</u>	<u>(424)</u>

Property Development and Investment will remain one of IEQ's principal businesses. This will always be subject to the right investment opportunities and profitability. To date, the Board of IEQ has not identified prospective projects to undertake. As such, the Board has not allocated any portion of surplus cashflows from the sale of SOP Hotel and Business Assets towards this.

'Seasons' is a trade-mark brand of Seasons Apartment Hotel Group Pty Ltd. It currently manages Seasons of Perth, Seasons Heritage Melbourne, Seasons Darling Harbour Sydney and Seasons Botanic Gardens on St Kilda Road in Melbourne. Management of Seasons of Perth will cease upon sale of SOP Hotel and Business Assets. The Board will continue to manage the remaining hotel managements. The Board will earmark \$3.0 million of surplus cashflows from the sale of SOP Hotel and Business Assets to actively secure serviced apartment rooms to manage and grow the portfolio.

IEQ also manages residential and commercial properties for various property owners through its licensed real estate arm. It is a highly regulated and competitive industry. However, yields are above average and provide a consistent income stream. The Board will allocate \$200,000 out of working capital to facilitate the purchase of leasing managements from other agencies.

The Board of IEQ has also allocated \$1.8 million out working capital to reduce the group's exposure to some covid era trade creditors and deferred rents payable to certain serviced apartments lessors.

Lastly, the Board of IEQ is obliged to retire \$14.58 million in secured loans and \$2.92 million in trade creditors and other unsecured creditors of SOP Hotel and its Business Assets.

8. Advantages of the proposed sale

The advantages of the proposed sale are as follows:

- The Board considers that the SOP Hotel and Business Assets are being sold for a fair price and proposed sale represents a good value for Shareholders;
- The proposed sale will enable the Company to become mostly debt free, while surplus cash will be used to grow the remaining businesses and increase earnings, without having to undertake a dilutive capital raising. The Board also considers that in a rising interest rate environment, debt will continue to become more expensive over time;
- To remain a competitive offer in the Perth market, the SOP Hotel requires substantial renovations. The additional spend could not be reflected in an uptick in valuation. The proposed sale removes that obligation;

9. Disadvantages of the proposed sale

The disadvantages of the proposed sale are as follows:

- The Company will lose its biggest asset and revenue generated from that asset. Details of audited financials are as follows:

Renaissance Australia Pty Ltd t/a Seasons of Perth				
Audited Financial Highlights				
	FY 2019	FY 2020	FY 2021	FY 2022
	\$('000)	\$('000)	\$('000)	\$('000)
Total assets	21,338	21,349	20,638	21,061
Total equity	4,181	3,890	3,270	2,364
Annual revenues	3,590	2,833	1,874	2,068
EBITDA	312	383	118	{17}
Annual profit before tax	{538}	{291}	{620}	{906}

The financials above are a snapshot of Renaissance Australia Pty Ltd t/a Seasons of Perth's performance over the last 4 years. Full pre-covid financial year was 2019 and is included to provide a benchmark for comparison. EBITDA as a percentage of revenue is between 6% - 13%. This was achieved with assistance from covid related government grants and low interest rates.

However, FY 2022 better reflects more normal trading, the end of covid related government grants and higher interest rates. Whilst it is expected that revenues will improve in FY 2023, any gains will be offset by higher operating costs, wages and high interest rates. Revenues are expected to plateau in FY 2024.

- While the cash generated from the proposed sale will be used to retire debt and fund the Company's remaining businesses, there can be no guarantees that those businesses will generate increased revenues and profits;
- The sale would signal an exit from the Perth market. It would be a more expensive proposition should the strategy include a return to this market.

10. Implications if the proposed sale does not proceed

If the proposed sale does not proceed, either because Shareholder approval is not given or for any other reason, then the Company will retain the asset and either seek another buyer (assuming Shareholders have approved the sale) or maintain and operate the SOP Hotel.

11. Timetable

A timetable for the sale process is as follows:

Event	Date
Signing of contract	28 April 2023
Shareholder meeting	22 June 2023
Settlement	On or before 28 October 2023 unless extended to on or before 28 January 2024

12. Board recommendation

The Board unanimously recommends that Shareholder approve the proposed Sale. Directors who are Shareholders intend to vote in favour of it and the Chairman will vote all undirected proxies in favour of it.

Glossary

\$ means Australian dollars.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited.

ASX Listing Rules means the Listing Rules of ASX.

Board means the current board of directors of the Company.

Business Assets means the assets associated with carrying on the business of the SOP Hotel.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

Chair means the chair of the Meeting.

Company means International Equities Corporation Limited (ACN 009 089 696).

Corporations Act means the Corporations Act 2001 (Cth).

Directors means the current directors of the Company.

Explanatory Statement means the explanatory statement accompanying the Notice.

General Meeting or **Meeting** means the meeting convened by the Notice.

Notice or **Notice of Meeting** means this notice of meeting including the Explanatory Statement and the Proxy Form.

Melbourne Victoria Time means Australian Eastern Standard Time as observed in Melbourne Victoria.

Pier Hospitality Pty Ltd means Pier Hospitality (ACN 667 521 995).

Proxy Form means the proxy form accompanying the Notice.

Resolution means the resolution set out in the Notice, or any one of them, as the context requires.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a holder of a Share.

SOP Hotel means the Seasons of Perth Hotel located at 37 Pier St, Perth WA.

Tackelly No. 8 Pty Ltd means Tackelly No. 8 Pty Ltd ACN 078 310 817 as trustees of the Tackelly No. 8 Trust

International Equities Corporation Ltd

ACN 009 089 696

Proxy form

I/We
of
being a member of International Equities Corporation Ltd hereby appoint
.....of.....
or failing him/her the Chairperson (delete if not applicable) as my proxy to vote for me and on my behalf at the general meeting of the company to be held on the 22nd June 2023 and at any adjournment thereof in the manner indicated below or in the absence of indication as he/she thinks fit.

Instructions as to voting

This form is to be used:

In Favour Against Abstain

Resolution 1 approval of sale of SOP Hotel and its business
assets

If you do not wish to direct your proxy how to vote, please place a mark in the box

By marking this box, you acknowledge that the Chairperson may exercise your proxy even if the Chairperson has an interest in the outcome of the resolution and votes cast by the Chairperson other than as proxy holder will be disregarded because of that interest. The Chairperson's intention is to vote in favour of the resolution.

The Chairperson of the Meeting intends to vote undirected proxies in favour of each item of business.

Please note: If you mark the abstain box for a particular Resolution, you are directing your proxy not to vote on that Resolution on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

This completed form must be sent to arrive not less than 48 hours before the time fixed for the commencement of the meeting either:

- ***By mail or in person to Room 6, Seasons of Perth, 37 Pier Street, Perth, Western Australia 6000***
- ***By facsimile to [03] 9685 2968***
- ***By email to cosec@internationalequities.com.au***

This proxy form **must** be signed:

Signature of Shareholder

Date:

How to vote:

STEP 1 – APPOINT A PROXY

If you wish to appoint someone other than the Chair of the Meeting as your proxy, please write the name of that Individual or body corporate. A proxy need not be a Shareholder of the Company. Otherwise, if you leave this box blank, the Chair of the Meeting will be appointed as your proxy by default.

DEFAULT TO THE CHAIR OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chair of the Meeting, who is required to vote these proxies as directed. Any undirected proxies that default to the Chair of the Meeting will be voted according to the instructions set out in this Proxy Voting Form.

STEP 2 - VOTES ON ITEMS OF BUSINESS

You may direct your proxy how to vote by marking one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

APPOINTMENT OF SECOND PROXY

You may appoint up to two proxies. If you appoint two proxies, you should complete two separate Proxy Voting Forms and specify the percentage or number each proxy may exercise. If you do not specify a percentage or number, each proxy may exercise half the votes. You must return both Proxy Voting Forms together. If you require an additional Proxy Voting Form, contact Automic Registry Services.

SIGNING INSTRUCTIONS

Individual: Where the holding is in one name, the Shareholder must sign.

Joint holding: Where the holding is in more than one name, all Shareholders should sign.

Power of attorney: If you have not already lodged the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Voting Form when you return it.

Companies: To be signed in accordance with your Constitution. Please sign in the appropriate box which indicates the office held by you.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate 'Appointment of Corporate Representative' should be produced prior to admission.