

FACSIMILE

Date: 11 March 2016
To: **Australian Securities Exchange** Fax number: **1300 135 638**
From: KordaMentha
No. pages to follow: 1
Subject: **ILH Group Limited (Subject to Deed of Company Arrangement)**
ACN 120 394 194 ('the Company')

Dear Sir/Madam

Please find enclosed a notice of to be placed on the Company's public ASX announcements.

Yours faithfully



Michael Brereton

Confidentiality Notice

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ASX Release

**ILH Group Limited (Subject to a Deed of Company Arrangement) (ASX: ILH)
ACN 120 394 194 ('the Company')**

ILH makes the following announcement:

Following the execution of the varied Deed of Company arrangement with Benelong Capital Partners on 2 March 2016, the Company has called a General Meeting of Shareholders to be held 8 April 2016.

Attached to this announcement is the Notice of a General Meeting of Shareholders.

For further information, please contact:

Michael Brereton, Deed Administrator
KordaMentha
Level 5, Chifley Tower
2 Chifley Square
Sydney NSW 2000
Telephone: (02) 8257 3000
Facsimile: (02) 8257 3099

Dated: 11 March 2016

**ILH GROUP LIMITED
ABN 20 120 394 194**

(Subject to Deed of Company Arrangement)

NOTICE OF GENERAL MEETING OF SHAREHOLDERS AND EXPLANATORY STATEMENT

**For a General Meeting of Shareholders to be held on Friday 8th April 2016 at 11.00am (AEDT)
at
Nicols and Brien, Level 2, 350 Kent Street, Sydney, New South Wales, Australia**

LETTER TO SHAREHOLDERS

Dear Shareholder

10 March 2016

As you may be aware, on 12 December 2014, the Company's Shares were suspended from quotation on the official list of the Australian Securities Exchange ("**ASX**").

On 17 December 2014, we were appointed Joint and Several Voluntary Administrators of the Company. We then called for expressions of interest to recapitalise the Company. We received 30 enquiries and only 7 proposals. A Deed of Company Arrangement was entered into on 22 April 2015 with the Company and Pager Partners Corporate Advisory Pty Limited ("**Pager Partners**"). The Deed of Company Arrangement with Pager Partners was not completed as per our ASX announcement on 20 August 2015.

A proposal from Benelong Capital Partners Pty Ltd ("**Benelong**"), for the restructure and recapitalisation of the Company was submitted to the Company on 8 December 2015 ("**Recapitalisation Proposal**"). We considered this proposal to be superior to other proposals due to certainty and speed of payment of funds.

The Creditors of the Company have agreed to the Benelong Recapitalisation Proposal. An amended Deed of Company Arrangement was entered into by the Company on 2 March 2016 under which, we, as Deed Administrators, were appointed to effect the terms of the Benelong Recapitalisation Proposal ("**DOCA**").

The Recapitalisation Proposal requires, and is subject to, various approvals being obtained from the Shareholders ("**Resolutions**"). A summary of the Resolutions being put forward at the Meeting are as follows:

- (1) The Company to allot and issue 465,132,151 shares and 100,000,000 performance options rights to raise a total of \$452,000;
- (2) Existing directors and company secretary of the Company be removed;
- (3) New directors and a new company secretary be appointed to the Company;
- (4) Change of name of the Company; and
- (5) Consolidation of the existing Shares, immediately prior to the proposed issue in Resolutions 2 and 3, on the basis of one share for each nineteen Shares held.

Accordingly, we have called a General Meeting of the Company to consider the Resolutions ("**Meeting**"). The Meeting will be held at 11.00am (Sydney Time) at the premises of Nicols and Brien, Level 2, 350 Kent Street, Sydney NSW on Friday 8th April 2016.

Enclosed with this letter are the Notice of General Meeting ("**Notice**"), the Explanatory Statement and an Independent Expert's Report prepared by Stantons International Securities ("**Report**") and a Proxy Form.

The Recapitalisation Proposal is also subject to the following conditions ("**Conditions**"), summarised as follows:

- (a) the Resolutions being approved without amendment;
- (b) the Deed Administrators creating the Creditors Trust (as defined in the DOCA) and effectuating the DOCA in accordance with the terms of the DOCA;
- (c) Benelong paying the Benelong Capital Contribution (as defined in the DOCA) to the Deed Administrators;
- (d) the Deed Administrators procuring that creditors with a security interest registered on the PPSR Register remove such interest from the personal property securities register established by the Personal Property Securities Act, 2009; and
- (e) the Deed Administrators retiring from office upon collection of the Benelong Capital Contribution.

If the Conditions are not met or waived by 30 June 2016 or such or other date as agreed by the Deed Administrators and Benelong or if it appears the terms of the DOCA cannot be fulfilled then the Deed Administrators may take steps to place the Company into liquidation.

In considering the Resolutions, Shareholders should bear in mind the Company's current financial circumstances. As mentioned above, the Company's Shares have been suspended from quotation on the ASX since 12 December 2014 and the Company requires recapitalisation in order to continue its operations and to seek reinstatement of its Shares to official quotation on the ASX.

Ultimately, if the Resolutions are approved and implemented, the Company will be debt free, and in a position to seek opportunities to create shareholder wealth.

If the Resolutions are not approved and the Conditions have not been met by the time stated in the DOCA, the DOCA may terminate in which case the Company may be placed into liquidation. It is expected that there will be no return to Shareholders on a liquidation.

However, we make no representation or warranty whatsoever that the Recapitalisation Proposal will enhance Shareholder value. We have not considered the situation of any particular Shareholder. The information contained in the Notice and Explanatory Statement has been provided by Benelong and it has not been verified by us or our advisers. Shareholders should make their own enquiries to satisfy themselves on all aspects of the Recapitalisation Proposal. The Deed Administrators disclaim liability for any information contained within this letter, the Notice, Explanatory Statement and Report that has been provided by Benelong and which has not been independently verified by the Deed Administrators or their advisers.

Before voting on the Resolutions, Shareholders should consider the appropriateness of the Recapitalisation Proposal having regard to their own objectives, financial situation and needs including any taxation consequences, and carefully read the Report.

Yours faithfully



Michael Brereton and Cliff Rocke

Joint and Several Deed Administrators

ILH Group Limited (ACN 120 394 194)

(Subject to Deed of Company Arrangement)

ILH GROUP LIMITED
ABN 20 120 394 194

(Subject to Deed of Company Arrangement)

NOTICE OF GENERAL MEETING

Notice is given that a General Meeting of Shareholders of ILH Group Limited (Subject to Deed of Company Arrangement) (**Company**) will be held at Nicols and Brien, Level 2, 350 Kent Street, Sydney, New South Wales at 11.00a.m. (AEDT) on Friday 8 April 2016 (meeting).

For the purpose of regulation 7.11.37 of the Corporations Regulations 2001, the Deed Administrators have determined that the shareholding of each Shareholder for the purposes of ascertaining their voting entitlements for the Meeting will be as it appears on the Company's share register at 11.00am (Sydney Time) on 6 April 2016 (**the Entitlement Time**). Accordingly, only those persons registered as holders of Shares at the Entitlement Time will be entitled to attend and vote at the Meeting. Transactions registered after that time will be disregarded in determining Shareholders entitled to attend and vote at the Meeting.

The Explanatory Statement that accompanies and forms part of this Notice of General Meeting (**the Notice**) describes in more detail the matters to be considered at the Meeting. In addition, the Explanatory Statement should be read in conjunction with the Independent Expert's Report prepared by Stantons International Securities is contained in Annexure A to the Explanatory Statement.

The Deed Administrators have been appointed under the DOCA and have the authority to convene the Meeting to give effect to the Recapitalisation Proposal. The information contained in this Notice and the Explanatory Statement has been provided by Benelong and has not been verified independently by the Deed Administrators or their advisers. The Deed Administrators do not make any representation or warranty as to, the accuracy, reasonableness or completeness of the information provided by Benelong in these documents. The Deed Administrators have issued these documents in their capacity as Deed Administrators only. The Deed Administrators disclaim liability for any information contained within this document to the extent that it has been provided by Benelong and to the extent that it has not otherwise been independently verified by the Deed Administrators or their advisers..

Unless otherwise stated, all references to sums of money, '\$' and 'dollars' are references to Australian currency. Please refer to the glossary at the end of the Explanatory Statement accompanying this Notice for a glossary of terms and abbreviations used in this Notice.

AGENDA

Resolution 1 – Consolidation of Existing Shares

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

"That subject to the passing of Resolutions 2 to 10 for the purposes of Section 254H of the Corporations Act and Listing Rules 7.20 and 7.22.1 and for all other purposes, approval is given for the Company's existing ordinary shares and Options be consolidated on a one for nineteen basis, ("**Consolidation**"), with any fractions rounded up".

Resolution 2 – Allotment and Issue of Shares to Benelong Capital Partners Pty Ltd

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

"That, subject to the passing of Resolutions 1 and 3 to 10 for the purposes of Listing Rule 7.1 of the Listing Rules of the ASX, and for all other purposes, approval is given to the Company to allot and issue 15,132,151 fully paid ordinary shares in the capital (post Consolidation) of the Company to Benelong Capital Partners Pty Ltd or its nominee, at an issue price of \$0.00006608445 to raise \$1,000 and otherwise on the terms set out in the Explanatory Statement accompanying this Notice."

Note: The maximum level of voting power will be 3.1609% if this resolution is passed along with all other resolutions.

Voting Exclusion: The Company will disregard any votes cast on this resolution by Benelong Capital Partners Pty Ltd and any person who might obtain a benefit, except a benefit solely in the capacity of a security holder if the resolution is passed, and any associates of those persons

Resolution 3 – Allotment and Issue of Shares to BGA Capital Pty Ltd

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

"That, subject to the passing of Resolutions 1, 2 and 4 to 10 for the purposes of Item 7 of Section 611 and Chapter 2E of the Corporations Act and Listing Rule 10.11 and for all other purposes, approval is given to the Company to allot and issue to BGA Capital Pty Ltd, 450,000,000 fully paid ordinary shares in the capital (post Consolidation) of the Company at an issue price of \$0.001 to raise a total amount of \$450,000 and otherwise on the terms set out in the Explanatory Statement accompanying *this Notice*."

Note: The maximum level of voting power will be 94% if this resolution is passed along with all other resolutions.

Voting Exclusion: The Company will disregard any votes cast on this resolution by BGA Capital Pty Ltd and any person who might obtain a benefit, except a benefit solely in the capacity of a security holder if the resolution is passed, and any associates of those persons

Resolution 4 – Approval for Allotment and Issue of Performance Options Rights to BGA Capital Pty Ltd

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

"That, subject to the passing of Resolutions 1 to 3 and 5 to 10 for the purposes of Listing Rules 7.1 and 10.11 of the Listing Rules of the ASX, and Item 7 of Section 611 of the Corporations Act and for all other purposes, approval is given to the Company to allot and issue 100 million performance based options rights in the capital (post Consolidation) of the company at an issue price of \$0.00001 to raise \$1,000.00;

and otherwise on the terms set out in the Explanatory Statement accompanying *this Notice*."

Note: The maximum level of voting power will be 95% if this resolution is passed along with all other resolutions.

Voting Exclusion: The Company will disregard any votes cast on this resolution by by a person who may participate in the proposed issue and any person who might obtain a benefit, except a benefit solely in the capacity of a security holder if the resolution is passed, and any associates of those persons

Resolution 5 – Removal of David McKay French as a Director

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

“That, subject to the passing of Resolutions 1 to 4 and 6 to 10, David McKay French be and he is hereby removed as a director of the Company, effective from the conclusion of meeting.”

Resolution 6 – Removal of Owen Glendower Evans as a Director

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

“That, subject to the passing of Resolutions 1 to 5 and 7 to 10, Owen Glendower Evans be and he is hereby removed as a director of the Company, effective from the conclusion of meeting.”

Resolution 7 – Removal of Reena Minhas as Company Secretary

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

“That, subject to the passing of Resolutions 1 to 6 and 8 to 10, Reena Minhas be and he is hereby removed as company secretary of the Company, effective from the conclusion of meeting.”

Resolution 8 - Election of Mr Benjamin Harkham as a Director

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

“That, subject to the passing of Resolutions 1 to 7, and 9 and 10, Mr Benjamin Harkham, being eligible and having consented to act, be elected as a director and as the Company Secretary of the Company, effective at the conclusion of the meeting.”

Resolution 9 – Election of Mr Gideon Phillip Harkham as a Director

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

“That, subject to the passing of Resolutions 1 to 8 and 10, Mr Gideon Phillip Harkham being eligible and having consented to act, be elected as a director of the Company, effective at the conclusion of the meeting.”

Resolution 10 – Election of Mr Allan Richard Farrar

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

“That, subject to the passing of Resolutions 1 to 9, Allan Richard Farrar, being eligible and having consented to act, be elected as a director of the Company, effective at the conclusion of the meeting.”

Resolution 11 – Change of Name

“To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **special resolution**:

"That for the purpose of Section 157(1) of the Corporations Act and for all other purposes, the name of the company be changed to "Wakenby Limited" and the Constitution be amended accordingly".

Dated 10 March 2016



Michael Brereton and Cliff Rocke

Joint and Several Deed Administrators

ILH Group Limited (Subject to Deed of Company Arrangement)

NOTES:

1. A Shareholder of the Company who is entitled to attend and vote at a general meeting of Shareholders is entitled to appoint not more than two proxies. Where more than one proxy is appointed, each proxy must be appointed to represent a specified proportion of the Shareholder's voting rights. If the Shareholder appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half of the votes. A proxy need not be a shareholder of the Company.
2. Where a voting exclusion applies, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the proxy form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.
3. For the purposes of Regulation 7.11.37 of the Corporations Act, the Deed Administrators have determined that the shareholding of each Shareholder for the purposes of ascertaining their voting entitlements for the Meeting will be as it appears on the Company's share register at 11.00am (Sydney Time) on 6 April 2016 (the Entitlement Time). Accordingly, only those persons registered as holders of Shares at the Entitlement Time will be entitled to attend and vote at the Meeting. Transactions registered after that time will be disregarded in determining Shareholders entitled to attend and vote at the Meeting.
4. In accordance with Section 250BA of the *Corporations Act 2001* the Company specifies the following information for the purposes of receipt of proxy appointments:

Mail and physical address

C/- Benelong Capital Partners Pty Ltd
Level 2, 350 Kent Street,
SYDNEY NSW 2000

Facsimile: +61 2 9299 2239

The instrument appointing the proxy must be received by the Company at the address specified above at least forty eight (48) hours before the time notified for the meeting (proxy forms can be lodged by facsimile).

For any questions, please call Steve Nicols on phone +61 2 9299 2289 or email to steve@benelongcapitalpartners.com

EXPLANATORY STATEMENT

1. GENERAL INFORMATION

This Explanatory Statement has been prepared for the Shareholders of ILH Group Limited (**Company**)(Subject to Deed of Company Arrangement) in connection with the Resolutions 1-11 (inclusive) to be considered at the General Meeting of the Company's Shareholders to be held Nicols and Brien, Level 2, 350 Kent Street, Sydney, New South Wales at 11.00 a.m. (Sydney Time) on Friday 8 April 2016 ("**Meeting**").

The purpose of this Explanatory Statement is to provide information to Shareholders which is considered to be material to them in deciding whether or not to pass the Resolutions in the Notice of General Meeting of the Company ("**Notice**").

Shareholders should read this Explanatory Statement in full because individual sections do not give a comprehensive review of the Resolutions. In addition, this Explanatory Statement should be read in conjunction with the accompanying Notice and the Independent Expert's Report prepared by Stantons International Securities, a copy of which is attached to Annexure A of the Explanatory Statement ("**IER**").

In considering the Resolutions, Shareholders must bear in mind the current financial circumstances of the Company. In this regard, Shareholders should note that reports have been made by the Company's appointed Administrators in accordance with the Corporations Act. The reports set out in detail the financial position of the Company, the actions and investigations to be taken by the Administrators and the reasons for the current status of the Company. The Administrators reports are available by contacting KordaMentha on phone (02) 8257 3000, or Steve Nicols on phone (02) 9299 2289, who can arrange for copies to be sent.

If all of the Resolutions are passed and the Recapitalisation Proposal proposed by Benelong is completed, the Company will be debt free and solvent . Completion of the Benelong proposal will not be enough to meet the ASX Listing Rule requirements for re-quotations. Re-quotations is a difficult exercise (among other things, the company will be required to re-comply with Chapters 1 and 2 of the ASX Listing Rules), and the completion of the Recapitalisation Proposal will not guarantee the reinstatement of the company to the official list of the ASX. If Shareholders do not approve the Resolutions and consequently and as a consequence the Recapitalisation Proposal is rejected , the Company will likely go into liquidation and it is likely that there will be no return to Shareholders .

1.1 Overview

1.1.1 Background

A general background in respect of the appointment of the Administrators is set out in the letter by the Deed Administrators to Shareholders accompanying the Notice ("**Letter**") and in the IER.

1.1.2 Past and future business of the Company

Past Business

The Company was incorporated on 27 June 2006, and was admitted to the Official List of the ASX on 17 August 2007.

The Company's business sought to acquire high quality professional services businesses, help them develop, grow and improve, and work collaboratively with other ILH businesses to provide market leading and innovative services for clients. ILH has four complementary business units: Legal Services (Rockwell Olivier), On-line legal services (Law Central),

Corporate Advisory, and Wealth Management (Capricorn Investment Partners and The Pentad Group). The company experienced trading losses and this led to the appointment of Voluntary Administrators.

On 12 December 2014, the Company's Shares were suspended from quotation on the official list of the Australian Securities Exchange and on 17 December 2014 Administrators were appointed to the company.

Future Business

The proposed new Directors will seek out opportunities in other industries with a view to enhancing Shareholder value, in particular, projects with a focus on property and or health care services. Any significant change in the nature of Company's activities will require Shareholder approval under Listing Rule 11.

1.1.3 Purpose of funds to be raised under the Recapitalisation Proposal

The Recapitalisation Proposal seeks to raise the sum of \$452,000.00 through issues of Shares and Performance Options Rights to sophisticated, professional or other exempt investors who do not require a disclosure document under section 708 of the Corporations Act. The purpose of these capital raisings are to:

- (a) pay for the Deed of Company Arrangement ("DOCA"), payment to creditors so as to remove the Company from Administration and to extinguish all liabilities;
- (b) pay for the recapitalisation costs, detailed below;
- (c) provide working capital to meet the administration costs of the Company.

An estimated budget is set out below.

Use of Funds – Expenditure Budget

Total funds raised \$452,000	\$
Deed of Company Arrangement Payment to Creditors	350,000
Independent Experts Report	8,500
Printing and Postage of Notice of Meeting	9,000
Legal costs for review and advice on Notice of Meeting	8,000
ASX Fees	3,500
Company Secretarial	5,000
Benelong Capital Partners Pty Ltd	23,000
Goods and Services Tax	10,000
Working Capital for proposed administration costs of the company including proposed accounting and proposed auditing and assessment of opportunities	35,000
Total funds utilised (\$)	452,000

The company's arrangement with Benelong Capital Partners Pty Ltd is the company will reimburse Benelong for payments Benelong pays to third parties to achieve the recapitalisation proposal. The company will also pay a fee of \$23,000 as detailed above, only if the recapitalisation proposal is successfully completed. Therefore, Benelong is taking a risk that it may not be reimbursed payments Benelong pays to third parties if the recapitalisation proposal fails.

The arrangement with Benelong and BGA Capital Pty Ltd is that BGA Capital Pty Ltd has paid Benelong a mandate fee of \$45,454 plus GST to formulate the recapitalisation proposal.

The Deed Administrators arrangement with Benelong is that Benelong is required to pay \$350,000 into the Deed Fund in order to pay creditors and extinguish all company liabilities. When the payment occurs, Benelong is entitled to be reimbursed by the company, as stated above.

1.1.4 Investors

The investors in the Recapitalisation Proposal are Benelong Capital Partners Pty Ltd and BGA Capital Pty Ltd.

Benelong Capital Partners Pty Ltd ("Benelong") is co-ordinating the completion of the proposal, the shareholders meeting, the DOCA effectuation and the transition of new shareholders and new directors.

Benelong is a Sydney based firm specialising in recapitalising ASX listed and suspended companies. Its managing director, Steve Nicols, has assisted in 22 re-capitalisations of ASX listed companies in the last 10 years.

BGA Capital Pty Ltd ("BGA") is a Sydney based company formed in 2005. It is directed by Mr Benjamin Harkham, Gideon Harkham, and Allan Richard Farrar. BGA has established criteria for the acquisition of a portfolio of retirement villages following demographic studies and review of operating models.

Current Capital Structure

	Shares
Current Shares on Issue	258,233,800

Proposed Capital Structure

	Shares	Performance Options Rights	(Approx) % Percentage	(Approx) % if options counted
Consolidation on 1:19 basis	13,591,252	-	2.839061537%	2.348488402%
Resolution 2 Issue of Shares	15,132,151	-	3.160938217%	2.614746685%
Resolution 3 Issue of Shares	450,000,000	100,000,000	94.000000246%	95.036764912%
TOTALS	478,723,403	100,000,000	100%	100%

1.2 Summary of the terms of the Recapitalisation Proposal

Set out below is a detailed summary of the Recapitalisation Proposal.

The Recapitalisation Proposal provides for the appointment of the New Directors and does not in any way provide for the continuing involvement of the existing Directors in any capacity.

The essential terms of the Recapitalisation Proposal are as follows:

- (a) Consolidation of existing Company Shares and options, on a one for nineteen basis;
- (b) The investors, will subscribe in aggregate for 465,132,151 shares to raise \$451,000.00. Performance Options Rights will be issued to raise \$1,000.00.
- (c) The New Directors and a new company secretary for the Company will be appointed together with a change of company name of the Company.

The Recapitalisation Proposal was submitted to the Administrators by Benelong on 8 December 2015 and accepted by the Company's Creditors on 2 March 2016. The original Deed of Company Arrangement was amended by a Deed of Accession, Amendment and Restatement, incorporating the Recapitalisation Proposal and was signed on 2 March 2016. The Resolutions put forward in the Meeting are for the purposes of implementing the Recapitalisation Proposal. The key terms of the DOCA are that Benelong is to pay \$350,000 into the Deed Fund; directors will be changed; creditors debts are extinguished and are transferred to the Creditors Trust; the company is removed from External Administration; the Deed Administrators retire; the conditions precedent are that shareholders pass all resolutions of the recapitalisation proposal.

The Recapitalisation Proposal involves the simultaneous completion or "effectuation" of the Deed of Company Arrangement and the creation of a Creditors Trust. This enables the Company to be immediately released from administration under the DOCA once all Resolutions are passed at the Meeting and all other conditions as set out in the DOCA are met or waived ("**Completion**"). The Company will also be released from all Creditors Claims estimated at \$13,921,140 and will have nil liabilities once Completion occurs. The amount existing creditors will receive is \$350,000, (less Deed Administration fees), as per the DOCA noted above.

The Creditors Trust Deed has been signed, and is awaiting receipt of funds from the Recapitalisation Proposal if shareholders approve all resolutions.

1.3 New Directors

The proposed new directors are the directors of BGA Capital Pty Ltd.

Proposed Director Mr Benjamin Harkham, B.Laws

Benjamin Harkham graduated from Sydney University in 1974 with a Bachelor's Degree in Law (LLB). He established Harkham Solicitors. At Harkham Solicitors, Benjamin specialised in real estate and probate transactions.

As a result of his practice as a solicitor, Benjamin subsequently gained an interest in the property industry. Benjamin has principally concentrated his activities in the property sector. He has developed, bought and sold various interests in commercial, industrial retail and residential properties both as an investor and as an active manager and developer of those properties.

Proposed Director Mr Gideon Phillip Harkham, B.Sc, B.Laws

Gideon Harkham graduated from Sydney University in 2005 with a Bachelor's Degree Science (Bsc) and a Bachelor's Degree in Law (LLB). Gideon is a Director of a number of property investment, holding and development companies, where responsible for the day to day financing needs, investment decisions and strategic planning of the companies.

Proposed Director Mr Allan Richard Farrar, Affiliate Member of Institute of Chartered Accountants, Dip. Acc., Dip Fin. Services

Allan is a director of PKF Corporate Finance. He has more than 30 years experience providing accounting, tax, business and corporate finance advisory services to clients in

the property development industry, clients in manufacturing, and industry retailers. Allan has extensive experience in residential property development and financing. He helped establish ASX listed Balmoral Corporation Limited, and was chairman of Rosecorp (Rose Property Group) one of Sydney's leading private development companies, from 2003 to 2014.

1.4 ASX Listing

The Company is admitted to the Official List of ASX. However trading in the Company's Shares was suspended on 12 December 2014. Trading in the Shares will not recommence until all Resolutions are passed and not until the Company complies with Chapters 1 and 2 of the Listing Rules, or until ASX advises otherwise.

The intention of the New Directors with regard to the business of the Company is to use the working capital to be injected into the Company via the Recapitalisation Proposal for the purposes described in Section 1.1.3 of this Statement. The New Directors' plan is to seek out opportunities that might enable the Company's Shares to be reinstated to quotation on the ASX. There is no certain timeframe as to when this may occur. There is no present intention for any party to inject further capital into the Company apart from that already stated in the Recapitalisation Proposal.

1.5 Advantages and Disadvantages of the Recapitalisation Proposal

Advantages

- 1.5.1 The passing and consummation of Resolutions 1 to 9 as part of the recapitalisation proposal would result in a net cash position of approximately \$35,000 (assuming the capital raising of the \$452,000 referred to above) and having a company with minimal or no liabilities, compared with the current position whereby the Company has net assets of \$nil and significant debts to pay.
- 1.5.2 If the proposals per Resolutions 1 to 9 are consummated as part of the recapitalisation process, the net cash asset backing of a ILH share rises from nil cents to approximately 0.0073 cents (assumes \$452,000 worth of shares and performance options rights are issued for cash).
- 1.5.3 If Resolutions 1 to 9 are passed together with the completion of the recapitalisation proposal, the Company's chances to continue to investigate opportunities are enhanced as without the recapitalisation, it is likely that the Company may be dissolved and struck off. The Company would need to find a new business and raise additional funds so that it could meet the Listing Rules.
- 1.5.4 The proposed directors bring additional expertise to the Company in that such Directors have financial, accounting, finance and corporate experience and/or experience as directors or managers of public listed companies or other trading entities. Paragraph 1.3 above discloses the background of the proposed directors.

Disadvantages

- 1.5.5 A significant shareholding in the Company is being given to BGA Capital Pty Ltd in that it could own approximately 95% of the expanded issued capital of the Company after the passing of Resolutions 1 to 9 (the passing of Resolutions 1 to 9 are dependent on all resolutions being passed). However, we note that ILH will be partly recapitalised with approximately \$35,000 in net cash (assuming only the \$452,000 total capital raising), will have no debt and will have the opportunity to consider the acquisition of other assets or businesses. The existing shareholders are diluted to approximately 2.839% if the recapitalisation proposal is completed. It is assumed that all investors will obtain a benefit

particularly if the Company's shares can be re-quoted on ASX (the Company will need to re-comply with Chapters 1 and 2 of the ASX Listing Rules).

1.5.6 ILH would only have approximately net cash of \$35,000 (assuming the raising of \$452,000 as noted above) after the issue of the 450,000,000 post consolidation shares to BGA Capital Pty Ltd (and the issue of 15,132,151 shares to Benelong for a total capital raising of \$1,000 per Resolutions 2 and 3, and \$1,000 as per Resolution 4). The Company would still need to find a new business and raise additional funds so that it could meet the Listing Rules. In the absence of a superior offer (made before shareholders vote on Resolutions 1 to 9) then shell value does not exist and it is quite possible in the absence of any other recapitalisation proposal, the Company could be placed into liquidation.

1.5.7 If the Company seeks new business opportunities, there is no guarantee that such businesses will be profitable.

1.6 Conclusion

The Resolutions set out in the Notice are important and affect the future of the Company. All of the Resolutions need to be approved in order to implement the Recapitalisation Proposal. Shareholders are therefore urged to give careful consideration to the Notice the contents of this Statement and the IER.

2. THE RESOLUTIONS

2.1 Resolution 1– Consolidation of existing Shares

Background

Section 254(H) of the Corporations Act states that a company may convert all or any of its shares into a larger or smaller number by resolution passed at a general meeting. The conversion takes effect on the day the resolution is passed or a later date specified in the resolution.

The Company presently has 258,233,800 of Shares on issue ("**Existing Shares**").

The Investors require that the Existing Shares be consolidated on a one for nineteen ("**Consolidation**") basis. The Consolidation will not change the rights and obligations of existing Shareholders nor option holders. The Consolidation is part of the Recapitalisation Proposal.

The purpose of the Consolidation is to provide the Company with a more appropriate capital structure for a company of its size and nature. It is also desired to facilitate the implementation of the Recapitalisation Proposal.

Immediately upon Consolidation the number of Existing Shares shall be reduced to 13,591,252.

Fractional Entitlements

The Consolidation may result in Shareholders receiving a fraction of a Share. These fractional entitlements will be rounded up as part of the Consolidation, so that the consolidated holding will be rounded up to the nearest whole number.

Taxation

It is not considered that any taxation consequences will exist for Shareholders arising from the Consolidation. However, Shareholders are advised to seek individual tax advice on the effect of the Consolidation. The Company, Investment Group or the Deed

Administrators do not accept any responsibility for the individual taxation consequences arising from the Consolidation.

Holding Statements

From the date of the Consolidation, all holding statements for Shares will cease to have any effect, except as evidence of entitlement to a certain number of Shares on a post-Consolidation basis. After the Consolidation becomes effective, the New Directors will arrange for new holding statements to be issued to Shareholders. It is the responsibility of each Shareholder to check the number of Shares held prior to any sale or transaction.

Timetable

The Consolidation will take effect on the day the resolution is passed. In accordance with section 254H(4) of the Corporations Act, a copy of this Resolution, if passed by this Meeting, will be lodged with ASIC within one month.

The consolidation timetable will be lodged shortly.

2.2 Resolution 2 Allotment and Issue of new Shares to Benelong Capital Partners Pty Ltd

This Resolution is required to be approved by Shareholders in accordance with ASX Listing Rule 7.1 and Resolution 2, seeks approval for the issue of 15,132,151 shares to Benelong Capital Partners Pty Ltd or its nominee at an issue price of \$0.00006608445 to raise \$1,000.

ASX Listing Rules

ASX Listing Rule 7.1 provides that a company must not, subject to certain exceptions, issue during any 12 month period any equity securities, or other securities with rights of conversion to equity (such as an option), if the number of those securities exceeds 15% of the number of ordinary shares on issue at the commencement of that 12 month period.

One circumstance where an issue is not taken into account in the calculation of this 15% threshold is where the issuer has the prior approval of Shareholders in general meeting.

Information required by ASX Listing Rules

- (a) The following information is provided to Shareholders in accordance with Listing Rule 7.3 for the purpose of obtaining shareholder approval under Listing Rule 7.1 for Resolution 2:
- (b) The maximum number of shares to be issued by the Company to Benelong Capital Partners Pty Ltd or its nominee is 15,132,151 shares at an issue price of \$0.00006608445 to raise \$1,000;
- (c) It is anticipated that the issue of the shares will occur on one date and will not be later than three months after the date of the meeting;
- (d) It is proposed that the 15,132,151 shares be issued to Benelong Capital Partners Pty Ltd or its nominee;
- (e) The new shares will rank equally with the existing shares;
- (f) The funds raised from the issue of the shares will be used in accordance with the Recapitalisation Proposal and for the purposes set out in Section 1.1.3 of this Statement; and

- (g) The date of allotment of the shares will be the same date on which they are issued.

2.3 Resolutions 3 and 4 Allotment and Issue of new Shares and Performance Options Rights to BGA Capital Pty Ltd

These Resolutions are required to be approved by Shareholders in accordance with Item 7 of Section 611 of the Corporations Act. 450 million shares are being issued to BGA Capital Pty Ltd at an issue price of \$0.001 to raise \$450,000.00, and 100 million Performance Options Rights are being issued at a price of \$0.00001 to raise \$1,000.00.

Table 1 – Maximum number of Shares which BGA Capital Pty Ltd will hold after the allotment.

Column 1	Column 2	Column 3
Name of allottee	Maximum number of Shares to be issued under Resolutions 3 & 4	Maximum Voting power of BGA Capital Pty Ltd
BGA Capital Pty Ltd	Shares 450 million	(Approx) 94 %
BGA Capital Pty Ltd	Performance Options Rights 100 million	If converted (Approx) 95%

Section 611 of the Corporations Act

Shareholder approval of Resolutions 3 and 4 is also required under Item 7 of Section 611 of the Corporations Act given Resolutions 3 and 4 involves the issue of more than 20% of all Shares then on issue.

Pursuant to Section 606(1) of the Corporations Act, a person must not acquire a relevant interest in issued voting shares in a listed company if the person acquiring the interest does so through a transaction in relation to securities entered into by or on behalf of the person and because of the transaction, that person's or someone else's voting power in the company increases:

- (a) from 20% or below to more than 20%; or
- (b) from a starting point above 20% and below 90%.

The voting power of a person in a body corporate is determined in accordance with Section 610 of the Corporations Act. The calculation of a person's voting power in a company involves determining the voting shares in the company in which the person and the person's associates have a relevant interest.

The "associate" reference includes a reference to a person in concert with whom a primary person is acting or proposes to act.

A person has a relevant interest in securities if they:

- (a) are the holder of the securities;
- (b) have the power to exercise, or control the exercise of, a right to vote attached to securities; or
- (c) have power to dispose of, or control the exercise of a power to dispose of, the securities.

It does not matter how remote the relevant interest is or how it arises. If two or more people can jointly exercise one of these powers, each of them is taken to have that power.

Chapter 2E of the Corporations Act and ASX Listing Rules 10.11, 10.13

Section 208(1) of the Corporations Act requires that for a public company to give a financial benefit to a related party of the public company, it must either fall within certain exceptions or obtain shareholder approval. A related party includes a party that does or may control a public company. Accordingly BGA Capital Pty Ltd is a related party of the Company for the purposes of Chapter 2E of the Corporations Act.

Pursuant to Resolutions 3 and 4, the company is seeking shareholder approval for the issue of 450 million shares, (post consolidation) and 100 million Performance Options Rights (post consolidation) to raise \$450,000.00 and \$1,000.00 respectively from BGA Capital Pty Ltd. Mr Benjamin Harkham, Mr Gideon Phillip Harkham and Mr Allan Richard Farrar, the three proposed directors, and are related parties, as they are directors of BGA Capital Pty Ltd and proposed directors of the company.

The following information is provided:

- (a) The related parties are Mr Benjamin Harkham, Mr Gideon Phillip Harkham and Mr Allan Richard Farrar;
- (b) The maximum number of shares, being the nature of the financial benefits being provided to be issued, will be 450 million shares on a post consolidation basis;
- (c) The maximum number of performance options rights to be issued is 100 million (all on post consolidation basis);
- (d) The shares will be issued no later than 1 month after the date of the meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules state;
- (e) The issue price will be:
 - (i) \$0.001 per share (on a post consolidation basis);
 - (ii) \$0.00001 per performance option rights on a post consolidation basis, being the same as all other options issued under the capital raising;
- (f) The funds raised will be used for the same purposes as all other funds raised under the capital raising as set out in Section 1.1.3 of this explanatory statement;
- (g) The shares issued under the capital raising will be fully paid ordinary shares in the capital of the company issued on the same terms and conditions as the company's existing shares;
- (h) The performance options rights will be issued on the terms and conditions set out on pages 19 and 20;
- (i) The value of the financial benefit provided to each proposed director by virtue of being related parties to both BGA Capital Pty Ltd and the company is calculated by the number of securities being issued to that proposed director multiplied by the issue price under the General Placement and is set out below:

Securities	Value	per	Financial	Amount Paid
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	Security	Benefit	
450 million Shares	\$0.001	\$450,000	\$450,000
100 million Performance Options Rights	\$0.00001	\$1,000	\$1,000
TOTAL		\$451,000	\$451,000

The company has been suspended from trading since 14 December 2014 with the last trading price of the company prior to going into administration being \$0.02.

The company will be issuing shares at \$0.001 and the proposed directors therefore consider that \$0.001 is a more appropriate valuation for the cost of the shares being issued, the subject of Resolution 3.

(j) The value of the performance options rights is \$1,000 and this is the amount paid.

(k) The current relevant interests of the proposed director in the securities of the company are set out below;

Related Party	Shares	Options
Benjamin Harkham	Nil	Nil
Gideon Phillip Harkham	Nil	Nil
Allan Richard Farrar	Nil	Nil

(l) the remuneration and emoluments from the company to the proposed director for the previous financial year and the proposed remuneration and emoluments for the current financial year are set out below:

Related Party	Financial Year ended 30 June 2016	Financial Year ended 30 June 2015
Benjamin Harkham	\$36,000	Nil
Gideon Phillip Harkham	\$36,000	Nil
Allan Richard Farrar	\$36,000	Nil

(m) if performance options rights are issued to the proposed director's company BGA Capital Pty Ltd and the options are exercised into shares, a total of 100 million shares (on a post consolidation basis) would be issued. If the first proposed capital raising is completed, and the performance options rights are exercised, there will be 578,723,402 shares on issue, (see table on paragraph 1.1.4 earlier in this report). Therefore, the 100 million shares to be issued following the exercise of the performance options rights will have the effect that they will represent 17.28% of 578,723,402.

The market price for shares during the term of the performance options rights would normally determine whether or not they are exercised, if, at any time any of the performance options rights are exercised and the shares are trading on ASX at a price that is higher than the exercise price of the performance options rights, there may be a perceived cost to the company.

- (n) The trading history of the shares on ASX in the 12 months before the date of this notice is set out below:

	Price	Date
Highest	0	30 January 2015
Lowest	0	30 January 2015
Last	0	30 January 2015

Shareholders should note that the company's securities were suspended from quotation on 14 December 2014 and remain suspended.

- (o) The primary purpose of the issue of the shares and options is to raise fresh capital and to allow the proposed directors to participate in the capital raising; and
- (p) none of the current directors have an interest in the outcome of resolutions 3 and 4. The directors do not make a recommendation because the company is subject to Deed of Company Arrangement. However, it is noted that:
- a. the issue of shares and performance options rights pursuant to resolutions 3 and 4 are on the same terms as the issue of shares and performance options rights under the capital raising; and
 - b. the issue of shares and performance options rights to the proposed director's company might be regarded as aligning the interests of the proposed director with those of shareholders; and
- (q) the proposed directors and the Deed Administrators are not aware of any other information that would be reasonably required by shareholders to allow them to make a decision whether it is in the best interests of the company to pass resolutions 3 and 4.

Approval pursuant to ASX Listing Rule 7.1 is not required for the participation as approval is being obtained under Item 7 of Section 611 of the Corporations Act and ASX Listing Rule 10.11. Accordingly, the issue of shares and performance options rights to the proposed director (or their respective nominees) will not be included in the use of the company's 15% annual placement capacity pursuant to ASX Listing Rule 7.1.

Information required by Item 7 of the Section 611 of the Corporations Act

Also set out below are the matters required to be disclosed in accordance with Item 7(b) of Section 611 of the Corporations Act being:

- (a) *the identity of the person proposing to make the acquisition and their associates:*
- It is proposed that 450 million Shares be issued to BGA Capital Pty Ltd as per Resolution 3. None of its associates have relevant interests in any Shares existing as at the date of this Notice.
- (b) *the maximum extent of the increase in that persons voting power in the company that would result from the acquisition:*
- If Resolution 3 is passed BGA Capital Pty Ltd's voting power in the Company will increase from 0% to 94.000000246%.
- (c) *the voting power that the relevant allottees would have as a result of the acquisition:*
- If Resolution 3 is passed BGA Capital Pty Ltd's voting power in the Company will be 94.000000246%.
- (d) *the maximum extent of the increase in the voting power of each of the allottee's associates that would result from the acquisition.*
- As BGA Capital Pty Ltd has no associates holding any relevant interest in existing Shares there is no increase in its voting power in the Company as a result of the acquisition.
- (e) *the voting power that each of the allottee's associates would have as a result of the acquisition:*
- As BGA Capital Pty Ltd has no associates holding any relevant interest in existing shares, its voting power in the Company as a result of the acquisition will be 94.000000246%.
- (f) *the maximum voting power if Performance Options Rights are exercised:*
- If BGA Capital Pty Ltd or its related parties achieve the conditions of the Performance Options Rights and exercise the right to convert to shares, it will have approximately 95.036764912% of the voting power.
- (g) *the identity of the person proposing to make the performance option rights and their associates:*
- BGA Capital Pty Ltd or its related parties.
- (h) *the maximum extent of the increase in that persons voting power in the company that would result from the acquisition:*
- BGA Capital Pty Ltd or its related parties voting power would increase to 95.036764912%.
- (i) *the voting power that the relevant allottees would have as a result of the acquisition:*
- BGA Capital Pty Ltd or its related parties will have voting power of 95.036764912%.

- (j) *the maximum extent of the increase in the voting power of each of the allottees associates that would result from the acquisition:*

BGA Capital Pty Ltd has no associates holding any relevant interest in existing shares there is no increase in its voting power.

- (k) *the voting power that each of the allottees associates would have as a result of the acquisition:*

As BGA Capital Pty Ltd has no associates holding any relevant interest in the existing shares, its voting power will be 95.036764912%.

Other Required Information - ASIC regulatory Guide 74

The following further information is disclosed:

- (a) The Company will review its current business activities. As part of this process, it is proposed that New Directors will be elected to the Board. These elections form the subject of separate Resolutions. The existing Directors and company secretary will be removed;
- (b) In accordance with the Recapitalisation Proposal, the Company intends to raise capital to:
- (i) pay for the DOCA and recapitalisation costs and expenses so as to remove the Company from Administration and to extinguish all debt of the Company; and
 - (ii) meet the administration and working capital costs of the Company .
- The Company will have sufficient funds if all Resolutions are passed and share capital raised in order to meet the aims of the Recapitalisation Proposal;
- (c) There is no current intention to redeploy any other fixed assets of the Company or to change the Company's existing policies in relation to financial matters or dividends. At present, the Company does not pay a dividend. The dividend policy of the Company will be assessed in accordance with the future profitability of the Company's business; and
- (d) BGA Capital Pty Ltd does not intend to inject further capital into the company.
- (e) Independent Expert's Report or IER
- (f) BGA Capital Pty Ltd will have a right to compulsorily acquire the shares of minority shareholders pursuant to Section 664C of the Corporations Act if it owns more than 90%, however it has no intention whatsoever to exercise that right.

The Listing Rules and the Corporations Act provide that an independent expert's report on the transaction (as contemplated by Resolutions 3 and 4) must be provided to Shareholders. The IER provides an opinion as to whether the acquisition of the voting power referred to in Resolutions 3 and 4 and this section, is fair and reasonable to the non- associated Shareholders of the Company.

Accordingly, Benelong has commissioned Stantons International Securities to produce the IER as an independent expert. The IER is enclosed with the Notice and is attached to Annexure A.

Stantons International Securities has concluded that the acquisition of the voting power by BGA Capital Pty Ltd as contemplated by Resolutions 3 and 4 ("**Acquisition**") **is fair and reasonable to the Shareholders of the Company.**

The advantages and disadvantages of the Recapitalisation Proposal are outlined in the IER and are provided to enable non-associated Shareholders of the Company to determine whether they are better off if the Acquisition proceeds than if not.

Shareholders are urged to carefully read the IER in deciding how to vote on the Resolutions, particularly Resolutions 3 and 4.

Other required information – ASIC Regulatory Guide 76

The following further information is disclosed:

- (a) The related party is BGA Capital Pty Ltd, a Sydney based company controlled by Mr Benjamin Harkham, Mr Gideon Phillip Harkham and Mr Allan Richard Farrar;
- (b) The nature of the financial benefit is the issue of 450,000,000 Ordinary Shares in the capital of the Company as set out in this Explanatory Memorandum;
- (c) The Directors of the Company make no recommendation in relation to whether Shareholders should or should not vote in favour of the Resolution;
- (d) No Directors have an interest in the outcome of the Resolution
- (e) All other information that is reasonably required by Shareholders to decide whether or not it is in the Company's interests to pass a resolution and that is known to the Company is set out in this Explanatory Memorandum and in the Independent Expert's Report.
- (f) The Performance Options Rights material conditions are as follows:
 - (i) BGA Capital Pty Ltd must pay \$1,000.00 to obtain the right to Performance Options Rights;
 - (ii) The options are exercisable at any time prior to 5.00 p.m. 31 December 2017 (expiry date), provided BGA Capital Pty Ltd or its related parties successfully introduce a project to the company that leads to the company signing a Heads of Agreement adopting such a project with a project value of at least \$10 million.
 - (iii) The exercise price of each option is \$0.00001;
 - (iv) The options may be exercised by completing an application form for shares (Notice of Exercise) delivered to the company's Share Registry before the expiry date;
 - (v) Upon the exercise of an option, and receipt of funds applicable, BGA Capital Pty Ltd or its related parties will be allotted and issued ordinary shares in the company, ranking *pari passu* with the then issued shares;
 - (vi) The unexercised options will not be entitled to any bonus issue of shares, nor any rights entitlements, if any, are issued prior to exercise;
 - (vii) The options have been valued at \$1,000.00 as the shares have no market value and it is uncertain if the performance hurdle will be achieved.

Directors' Recommendations

As the Company is subject to the DOCA, and as the existing Directors of the Company have not participated in the decision making with regard to the Recapitalisation Proposal, the existing Directors of the Company do not make any recommendation in respect of the Recapitalisation proposal. Shareholders should read this Statement in full, including the Letter , and the IER , to form an opinion on the merits of the Recapitalisation Proposal.

Pro forma Consolidated Balance Sheet

Set out below is a statement of financial position of the Company based on the Administrators records as at December 2014 , and compiled by Mr Steve Nicols, together with the pro forma balance sheet as at February 2016 date if all Resolutions are passed, (compiled by Mr Steve Nicols).

	Unaudited	Pro-forma
	Estimated Statement of Financial Position As at Dec 2014 \$	Statement of Financial Position after resolutions passed \$
Current Assets		
Cash assets	0	35,000 *See Note 1
	-----	-----
	0	
Non Current Assets		
Interests in Subsidiaries	0	0
Intellectual Property	0	0
	-----	-----
Total Assets	0	35,000
	-----	-----

Liabilities

Trade creditors; employees;

Secured creditor (13,921,140)

Total Current Liabilities (13,921,140)

Net Deficiency/Surplus (13,921,140)

Equity

Issued Capital 38,862,375

Accumulated Losses (54,831,916)

Reserves 2,048,401

Total Equity (13,921,140)

0

35,000

38,897,375 **See Note 2

(38,862,375)**See Note 3

35,000

Note 1

The movement in the cash assets is reconciled as follows:

Cash assets: \$

Opening Balance 0

Placement of shares at \$0.001 each 450,000

Placement of shares at \$0.00006608445 each 1,000

Performance Options rights 1,000

DOCA, Recapitalisation Costs (417,000)

Closing balance (estimated) 35,000

Note 2

The movement in the issued capital reconciled as follows:

Issued Capital: \$

Opening Balance 38,862,375

Placement of shares at \$0.001 each 450,000

Placement of shares at \$0.06608445 each 1,000

Performance Options Rights 1,000

DOCA, Recapitalisation Costs (417,000)

Closing balance (estimated) 38,897,375

Note 3

Creditors claims reduced via DOCA settlement.

Prior Financial Position

The company's last set of financial statements were for the year ending 30 June 2014, and were lodged on ASX on 30 September 2014. The assets disclosed therein have since been subject to sale by the secured creditor and Administrator. The Administrator has now sold all operational company assets as per his ASX announcements on 24 December 2014; 28 January 2015; 26 February 2015 and 16 March 2015.

2.4 Resolutions 5 to 7 – Removal of Directors and Company Secretary

The Recapitalisation Proposal provides for the removal of the existing Directors and Company Secretary of the Company. Resolutions 5 to 7 seeks to achieve this objective. The New Directors will pass a resolution removing the existing Company Secretary following the conclusion of the Meeting.

2.5 Resolutions 8 to 10 – Election of New Directors and a New Company Secretary

The Recapitalisation Proposal provides for the appointment of a new Board consisting of Mr Benjamin Harkham, Mr Gideon Phillip Harkham, Mr Allan Richard Farrar. Resolutions 8 to 10 seek to achieve this.

The curriculum vitae of each New Director is provided in Section 1.3.

2.6 Resolution 11 - Change of Name

Pursuant to section 157(1) of the Corporations Act, Resolution 10 **is a special resolution** which seeks the approval of Shareholders to change the name of the Company to "Wakenby Limited".

The New Directors believe that this new name is more appropriate for the Company. The change of name will not, in itself, affect the legal status of the Company or any of its assets or liabilities.

To pass a special resolution, 75% of Shareholders attending and entitled to vote at a meeting must approve the resolution. Section 157(1) of the Corporations Act requires, amongst other things, a company to pass a special resolution adopting a new name if it wants to change its name. The Company will apply to ASIC for the change of name which will take effect upon a new certificate of registration being issued.

3. ENQUIRIES

Shareholders are invited to contact Mr Steve Nicols of Benelong Capital Partners Pty Ltd on phone +61 2 9299 2289 if they have any queries in respect of the matters set out in these documents.

TIME AND PLACE OF MEETING AND HOW TO VOTE

Venue

A General Meeting of the shareholders of ILH Group Limited (Subject to Deed of Company Arrangement) will be held at 11.00am on Friday 8 April 2016 at:-

Nicols and Brien
Level 2
350 Kent Street
SYDNEY NSW 2000
AUSTRALIA
Phone +61 2 9299 2289

How to Vote

You may vote by attending the Meeting in person, by proxy or authorised representative.

Voting in Person

To vote in person, attend the Meeting on the date and at the place set out above. The Meeting will commence at 11.00 a.m. (Sydney Time).

Voting by Proxy

To vote by proxy, please complete and sign the proxy form enclosed with this Notice of General Meeting as soon as possible and either:

- send the proxy by facsimile to the Company on facsimile number (International: + 61 2 9299 2239); or
- deliver the proxy to the Company at c/- Nicols and Brien, Level 2, 350 Kent Street, Sydney, New South Wales, Australia.

so that it is received not later than 11.00am (Sydney Time) on Wednesday 6 April 2016.

Your proxy form is enclosed.

GLOSSARY

Administrators mean Michael Brereton and Cliff Rocke of KordaMentha, Level 5 Chifley Tower, 2 Chifley Square, Sydney NSW 2000.

ASIC means Australian Securities and Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or the financial market known as the Australian Securities Exchange, operated by ASX Limited, as the context requires

ASX Listing Rules or **Listing Rules** means the Listing Rules of ASX.

Benelong means Benelong Capital Partners Pty Ltd (ACN 145 496 233)

Benelong Capital Contribution means the sum of \$350,000 required to be paid by Benelong under the DOCA

Board means the board of directors of the Company.

Company means ILH Group Limited (Subject to Deed of Company Arrangement) (ABN 20 120 394 194).

Constitution means the Company's constitution.

Corporations Act means the Corporations Act 2001 (Cth).

Creditor means a creditor of the Company as at the date of the Notice.

Creditor's Trust means the trust to be established in accordance with the terms of the Recapitalisation Proposal and the DOCA for the purpose of satisfying approved Creditor's claims.

Deed Administrators means Michael Brereton and Cliff Rocke of KordaMentha, Level 5 Chifley Tower, 2 Chifley Square, Sydney NSW 2000, so appointed under the DOCA.

Deed of Accession, Amendment and Restatement means the Deed entered into by the company and Benelong to vary the original DOCA dated 2 March 2016.

Deed of Company Arrangement or DOCA means the Deed of Company Arrangement between Benelong, Deed Administrators and the Company Dated 2 March 2016 and includes any variation to such.

Director means a director of the Company.

Dollar or \$ means Australian dollars.

Explanatory Statement or **Statement** means the explanatory statement to the Notice of General Meeting.

Glossary means this glossary.

Independent Expert's Report or IER means the Independent Expert's Report prepared by Stantons International Securities and contained in Annexure A to the Notice.

Meeting means the general meeting of the Shareholders convened by the Notice to be held on 8 April 2016.

New Directors means the Directors to be appointed under Resolutions 7, 8 and 9.

Notice means this notice of general meeting of the Shareholders in respect of the Meeting to be held on 8 April 2016.

Options means the options granted over shares from time to time that have not yet expired.

Original DOCA means the Deed of Company Arrangement entered into by the company and Pager Partners Pty Ltd on 22 April 2015.

Recapitalisation Proposal means the Recapitalisation Proposal submitted by Benelong to the Deed Administrators dated 8 December 2015 relating to the restructure and recapitalisation of the Company.

Resolutions means the resolutions described in the Notice.

Shareholder means the holder of Shares.

Shares means ordinary class shares in the capital of the Company.

Sydney Time means time in Sydney NSW from time to time.

Trustees means Trustee of the Creditors Trust, being Michael Brereton and Cliff Rocke.

**PROXY FORM
APPOINTMENT OF PROXY
ILH GROUP LIMITED
(Subject to Deed of Company Arrangement)
ABN 20 120 394 194**

GENERAL MEETING

I/We

being a Member of ILH Group Limited (Subject to Deed of Company Arrangement) entitled to attend and vote at the Meeting, hereby

Appoint

Name of proxy

or failing the person so named or, if no person is named, the Chairman of the Meeting or the Chairman's nominee, to vote in accordance with the following directions or, if no directions have been given, as the proxy sees fit at the General Meeting to be held at Nicols and Brien, Level 2, 350 Kent Street, Sydney, New South Wales on Friday 8 April 2016 and at any adjournment thereof. If no directions are given, the Chairman will vote in favour of all of the resolutions.

Voting on Business of the General Meeting

		FOR	AGAINST	ABSTAIN
Resolution 1	Consolidation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Allotment and Issue of Shares to Benelong Capital Partners	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Allotment and Issue of Shares to BGA Capital Pty Ltd	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Allotment and Issue of Performance Options Rights to BGA Capital Pty Ltd	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Removal of David McKay French as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Removal of Owen Glendower Evans as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7	Removal of Reena Minhas as Company Secretary	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 8	Appointment of Benjamin Harkham as Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 9	Appointment of Gideon Phillip Harkham as Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 10	Appointment of Allan Richard Farrar as Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 11	Change of Name (Special Resolution)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

OR

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

☐

By marking this box, you acknowledge that the Chairman may exercise your proxy even if he has an interest in the outcome of the resolution and votes cast by him other than as proxy holder will be disregarded because of the interest. The Chairman will vote in favour of all of the resolutions if no directions are given.

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

If two proxies are being appointed, the proportion of voting rights this proxy represents _____ %

Signed this _____ day of _____ 20_____

Individuals and joint holders Companies (affix common seal if appropriate)

Signature
Signature

Director
Sole Director and Sole Company Secretary

Instructions for Completing 'Appointment of Proxy' Form

1. A Shareholder entitled to attend and vote at a Meeting is entitled to appoint not more than two proxies to attend and vote on their behalf. Where more than one proxy is appointed, such proxy must be allocated a proportion of the Shareholder's voting rights. If the Shareholder appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half the votes.
2. A duly appointed proxy need not be a Shareholder of the Company. In the case of joint holders, all must sign.
3. Corporate Shareholders should comply with the execution requirements set out on the Proxy Form or otherwise with the provisions of Section 127 of the Corporations Act. Section 127 of the Corporations Act provides that a company may execute a document without using its common seal if the document is signed by:
 - 2 directors of the company;
 - a director and a company secretary of the company; or
 - For a proprietary company that has a sole director who is also the sole company secretary – that director.

For the Company to rely on the assumptions set out in Section 129(5) and (6) of the Corporations Act, a document must appear to have been executed in accordance with Section 127(1) or (2). This effectively means that the status of the persons signing the document or witnessing the affixing of the seal must be set out and conform to the requirements of Section 127(1) or (2) as applicable. In particular, a person who witnesses the affixing of a common seal and who is the sole director and sole company secretary of the company must state that next to his or her signature.

4. Completion of a Proxy Form will not prevent individual shareholders from attending the Meeting in person if they wish. Where a Shareholder completes and lodges a valid proxy form and attends the Meeting in person, then the proxy's authority to speak and vote for that shareholder is suspended while the shareholder is present at the Meeting.
5. Where a Proxy Form or form of appointment of corporate representative is lodged and is executed under power of attorney, the power of attorney must be lodged in like manner as this proxy.
6. You may fax the Proxy form to: Facsimile No. +61 2 9299 2239 or mail to Benelong Capital Partners Pty Ltd, Level 2, 350 Kent Street, Sydney NSW 2000.
7. The instrument appointing the proxy must be received by the Company at the address specified above at least forty eight (48) hours before the time notified for the meeting (proxy forms can be lodged by facsimile).
8. Any questions, please call Steve Nicols on phone +61 2 9299 2289, or email to steve@benelongcapitalpartners.com

ANNEXURE A

INDEPENDENT EXPERT'S REPORT BY STANTONS INTERNATIONAL SECURITIES

9 March 2016

The Directors
ILH Group Limited (Subject to a Deed of Company Arrangement)
C/o KordaMentha
Level 5,
Chifley Tower
2 Chifley Square St
SYDNEY NSW 2000

Summary of Opinion

For the purposes of Section 611 (item 7) of TCA, in relation to the approval to issue 450,000,000 Placement Shares and 100,000,000 Performance Options, in our opinion taking into account the factors noted elsewhere in this report including the factors (positive, negative and other factors) noted in section 7 of this report, the proposals as outlined in paragraph 1.1 and Resolutions 3 and 4 may on balance collectively be considered to be fair and reasonable at the date of this report.

Dear Sirs

RE: ILH GROUP LIMITED ("ILH" OR "THE COMPANY") (ACN 120 394 194) ON THE PROPOSAL THAT SHAREHOLDERS APPROVE THE ISSUE OF 450,000,000 SHARES AT 0.1 CENTS EACH AND 100,000,000 PERFORMANCE SHARE OPTIONS AT AN ISSUE PRICE OF 0.001 CENTS PER OPTION AS NOTED BELOW AND IN RESOLUTIONS 3 AND 4 TO CUMULATIVELY RAISE \$452,00. MEETING PURSUANT TO SECTION 611 (ITEM 7) OF THE CORPORATIONS ACT 2001 ("TCA").

1. Introduction

- 1.1 We have been requested by Benelong Capital Pty Ltd ("Benelong") who is authorised to act on behalf of ILH Group Limited to prepare an Independent Expert's Report to determine the fairness and reasonableness relating to the proposals as set out in Resolutions 4 and 5 of the Notice of Meeting ("the Notice") to be disseminated to shareholders of ILH in March 2016.

The Company's arrangement with Benelong is that the Company will reimburse Benelong for payments for payments Benelong pays to third parties to achieve the recapitalisation process. 15,132,151 shares ("Benelong Placement Shares") are to be issued to Benelong at approximately 0.0066084 cents each to raise a gross \$1,000 as noted in Resolution 2.

Resolution 3 relates to issue a total of 450,000,000 ordinary shares ("Placement Shares") in ILH to BGA Capital Pty Ltd ("BGS") at an issue price of 0.1 cent each to raise a gross \$450,000 and Resolution 4 relates to the proposal to issue 100,000,000 performance options to BGA in ILH ("Performance Options") at an issue price of 0.001 cents per option to raise \$1,000 to be exercisable at 0.001 cent per Performance Option with an expiry date on or before 31 December 2017.

The Performance Options have a vesting condition, in that they can only be exercised if BGA or a related party of BGA successfully introduce a project to the Company that leads to the Company signing a Heads of Agreement adopting such a project with a project value of at least \$10,000,000.

- 1.2 BGA is a company formed in 2005 and is directed by Benjamin Harkham, Gideon Phillip Harkham and Allan Richard Farrar. BGA has established criteria for the acquisition of a portfolio of retirement villages. It is proposed that the three persons noted will become directors of ILH following the passing of Resolutions 8, 9 and 10 (and all other Resolutions in the Notice must be approved).

- 1.3 Resolution 1 relates to a 1 for 19 consolidation of capital proposed to be voted upon by shareholders of ILH. Accordingly, for the purposes of this report, the Placement Shares, Performance Options and the Benelong Placement Shares relate to securities being issued on a post consolidated basis.
- 1.4 The Resolutions pertaining to the issue of Placement Shares, Performance Options and Benelong Placement Shares is as follows:

Resolution	Related Party	Maximum First Placement Shares to be issued	Issue and Exercise of Performance Options	Total Potential Share Issue	Maximum Voting Power*
3/4	BGA	450,000,000	100,000,000	550,000,000	95.04%
2	Other Non Associated Party (Benelong)	15,132,151	-	15,132,151	2.61%
2, 3 and 4	Total	465,132,151	100,000,000	565,132,151	97.65%

**In an expanded share capital structure of ILH assuming existing 13,591,252 post-consolidation shares on issue (the number of shares on issue prior to 1 for 19 consolidation totals 258,233,800). That is should the Placement Shares, Performance Options and Benelong Placement Shares be issued to the relevant holder and assuming the 1 for 19 share consolidation proposed as part of Resolution 1, the number of shares on issue may be 578,723,403.*

- 1.5 ILH entered into voluntary administration on 17 December 2014. On 22 April 2015, the administrators of the Company, entered into a Deed of Company Arrangement ("DOCA") with Pager Partners Corporate Advisory Pty Ltd but the planned recapitalisation of the Company with Pager Partners Corporate Advisory Pty Ltd fell through as announce to the market in August 2015. A proposal has been put to recapitalise the Company by Benelong and a Deed of Accession, Amendment and Restatement ("Deed of Accession") was entered into on 2 March 2016. As referred to in the Explanatory Statement in the Notice, it is proposed that the Company will be restructured (hereinafter referred to as the "Restructure"), subject to shareholder approval such that:
- i) ILH's existing business assets are all transferred to the Creditors Trust (refer below);
 - ii) the Company enters into a Creditors Trust Deed for the purpose of satisfying approved creditor claims;
 - iii) the Company making any rights in its sundry debtors and other assets not acquired by the Consortium for the purposes of satisfying the Company's Creditors;
 - iv) the payment of \$350,000 in cash for the full satisfaction of the Company's Creditor's claims;
 - v) the Consolidation of the Company's existing share capital on a 1 for 19 share consolidation basis (Resolution 1 refers);
 - vi) a new Capital Raising be undertaken (refer to proposal put to existing ILH shareholders as part of Resolutions 2, 3 and 4 of the Notice);
 - vii) new Directors, namely Messer's Benjamin Harkham, Gideon Phillip Harkham and Allan Richard Farrar be appointed as Directors of ILH (Resolutions 8 to 10 refer);
 - (viii) The removal of the existing Directors and Company Secretary of the Company (Resolutions 5, 6 and 7 refer); and
 - (ix) Change the name of the Company to Wakenby Limited (Resolution 11).

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1.6 The total value of the restructure is set as below:

- i) 450,000,000 Placement Shares being issued at 0.1 cent per share to BGA to raise \$450,000;
- ii) 100,000,000 Performance Options being issued to BGA (or their nominees) at 0.001 cents per option, exercisable at 0.001 cent, to raise \$1,000;
- iii) 15,132,151 Benelong Shares being issued at approximately 0.006084 cents per share to raise \$1,000; and
- iv) payment of \$350,000 to the Administrators for the satisfaction of Creditor's claims.

1.7 The above Restructure is subject to the Company obtaining necessary shareholder approvals, as well as ILH being released from all liabilities and long term commitments through the contemporaneous effectuation of the Deed of Accession and payment of cash consideration. Inter alia, the Company's secured creditors voted on 2 March 2016 to release security over assets. All creditors will be required to be satisfied from the Creditors Trust. Furthermore, all subsidiaries of ILH shall be excised from ILH.

1.8 Under section 606 of TCA, a person must not acquire a relevant interest in issued voting shares in a company if because of the transaction, that persons or someone else's voting power in the company increases:

- (a) from 20% or below to more than 20%; or
- (b) from a starting point that is above 20% and below 90%.

Under section 611 (Item 7) of TCA, section 606 does not apply in relation to any acquisition of shares in a company approved by resolution passed at a general meeting at which no votes were cast in favour of the resolution by the acquirer or the disposer or their respective associates. An independent expert is required to report on the fairness and reasonableness of the transaction pursuant to a section 611 (Item 7) meeting.

1.9 Prior to the Restructure, ILH has 258,233,800 shares on issue. On a post consolidated basis, ILH would have 13,591,252 shares on issue (subject to rounding due to consolidation). Following completion of the Restructure and the other proposals noted in paragraph 1.1 above and in the Notice, BGA who currently holds Nil shares in ILH would own a total of up to 450,000,000 shares in ILH (not including the potential issue and exercise of the Performance Options) representing approximately 94% of the then shares on issue (assuming no other shares are issued or options converted). There would be 478,723,403 ILH shares on issue.

Should all the Performance Options be issued (only exercisable if the vesting condition noted above is met and exercised, BGA could own up to 550,000,000 shares in the expanded capital of ILH, and this would represent approximately 95.04% of the then expanded shares on issue in ILH (total shares on issue would increase to 578,723,403).

As it is envisaged that BGA would hold approximately 95% of the issued capital of ILH (post issuance of the Placement Shares, but before the issue and exercise of the Performance Options), and hold up to approximately 95.04% of the expanded share capital of ILH (post issuance and exercise of the Performance Options), BGA will be deemed to have control of ILH and will have effective Board control post the effectuation of the Restructure.

1.10 A notice prepared in relation to a meeting of shareholders convened for the purposes of Section 611 (Item 7) of TCA should be accompanied by an independent expert's report stating whether it is fair and reasonable to approve the issue of 450,000,000 Placement Shares and 100,000,000 Performance Options to raise up to a gross \$451,000.

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To assist shareholders in making a decision on the proposals outlined in Resolutions 3 and 4 of the Notice, the directors have requested that Stantons International Securities Pty Ltd prepare an Independent Expert's Report, which must state whether, in the opinion of the Independent Expert, the proposal under Resolutions 3 and 4 are fair and reasonable to the non-associated shareholders of ILH (not associated with BGA).

1.11 We are not reporting on the fairness and reasonableness of the other resolutions referred to in the Notice and Explanatory Statement, other than Resolutions 3 and 4 as outlined above. However, we note that all resolutions are interdependent on each other as part of the overall Restructure.

1.12 Apart from this introduction, this report considers the following:

- Summary of opinion
- Implications of the proposals with BGA
- Corporate history and nature of business
- Future direction of ILH
- Basis of valuation of ILH shares
- Premium for control
- Consideration as to fairness
- Conclusion on fairness
- Conclusion as to fairness and reasonableness
- Shareholder Decision
- Sources of information
- Appendix A and Financial Services Guide

1.13 In determining the fairness and reasonableness of the transactions pursuant to Resolutions 3 and 4 we have had regard to the definitions set out by the Australian Securities and Investments Commission ("ASIC") in its Regulatory Guide 111, "Content of Expert Reports". The Regulatory Guide 111 states that an opinion as to whether an offer is fair and/or reasonable shall entail a comparison between the offer price and the value that may be attributed to the securities under offer (fairness) and an examination to determine whether there is justification for the offer price on objective grounds after reference to that value (reasonableness). The concept of "fairness" is taken to be the value of the offer price, or the consideration, being equal to or greater than the value of the securities in the above mentioned offer. Furthermore, this comparison should be made assuming 100% ownership of the "target" and irrespective of whether the consideration is scrip or cash. An offer is "reasonable" if it is fair.

An offer may also be reasonable, if despite not being "fair", there are sufficient grounds for security holders to accept the offer in the absence of any higher bid before the close of the offer. It also states that, where an acquisition of shares by way of an allotment is to be approved by shareholders pursuant to Section 611 (Item 7) of TCA, it is desirable to commission a report by an independent expert stating whether or not the proposal is fair and reasonable, having regards to the proposed allottees and whether a premium for potential control is being paid by the allottees.

Regulatory Guide 111 also provides that such an allotment should involve a comparison of the advantages and disadvantages likely to accrue to non associated shareholders if the transactions proceed compared with if they do not.

1.14 Accordingly, our report in relation to Resolutions 3 and 4 comprising the approval to issue 450,000,000 Placement Shares and 100,000,00 Performance Options to BGA is concerned with the fairness and reasonableness of the proposal with respect to the existing non-associated shareholders of ILH and whether BGA is paying a premium for control.

Summary of Opinions

- 1.15 For the purposes of Section 611 (Item 7) of TCA, the proposals in relation to the approval to issue 450,000,000 Placement Shares and 100,000,000 Performance options to BGA and as set out in Resolutions 3 and 4 respectively are, in our opinion taking into account the factors noted elsewhere in this report, including the factors (positive, negative and other factors) noted in section 7 of this report, considered to be fair and reasonable to the non associated shareholders at the date of this report.

- 1.16 Each shareholder needs to examine the share price of ILH, market conditions and announcements made by ILH up to the date of the shareholders meeting at the time of exercise of vote to ascertain the impact, if any, on Resolutions 3 to 4 (and all other Resolutions). The opinions expressed above must be read in conjunction with the more detailed analysis and comments made in this report.

2. Implications of the Proposals

- 2.1 As at 8 March 2016, there are 258,233,800 pre-consolidated ordinary fully paid shares on issue in ILH. Post the implementation of all of the recapitalisation proposals, the number of shares may be:

Number of Pre-consolidated shares on issue	<u>258,233,800</u>
1 for 19 Consolidation of capital	13,591,252
Issue of Placement Shares	450,000,000
Issue of Benelong Placement Shares	<u>15,132,151</u>
Shares on issue prior to exercise of share options	478,723,403
Exercise of the Performance Options	100,000,000
Potential shares on issue	<u>578,723,403</u>

- 2.2 Post the 1 for 19 capital consolidation and the issue of the Performance Options, the following unlisted share options will be outstanding:

- 100,000,000 Performance Options

The Performance Options have a vesting condition, in that they can only be exercised if BGA or a related party of BGA successfully introduce a project to the Company that leads to the Company signing a Heads of Agreement adopting such a project with a project value of at least \$10,000,000.

- 2.3 Following completion of the capital raisings and the other proposals noted in paragraph 1.1 above and in the Notice, BGA who currently holds nil shares in ILH could own a total of 450,000,000 shares in ILH representing approximately 94% of the then shares on issue. Should all the Performance Options be issued (only exercisable if the vesting condition noted above is met and exercised, BGA could own up to 550,000,000 shares in the expanded capital of ILH, and this would represent approximately 95.04% of the then expanded shares on issue in ILH (total shares on issue would increase to 578,723,403).

The Company will raise \$452,000 from the issue of the Placement Shares, Benelong Placement Shares and Performance Options. Should BGA exercise the Performance Options (after meeting the vesting condition), the amount raised from BGA alone would increase by \$1,000 to a total amount raised of \$452,000.

- 2.4 We understand that the Placement monies raised will be used for working capital, payment to the Deed Administrator under the DOCA and Deed of Accession and identifying new opportunities for ILH shareholders. Section 1.1.3 in the Explanatory Statement refers to the proposed use of funds.

We have read the Administrators Report to Creditors and note that no offers have been made to purchase the Company as a shell company other than the proposal with Pager Partners Corporate Advisory Pty Ltd and that proposal fell through. The deed of Accession acknowledges the removal of Pager Partners Corporate Pty Ltd as a party to restructure the Company. We note that the Administrators recommended the Benelong proposal to recapitalise the Company. It is noted that values of shell companies vary considerably but for small cap companies may vary between \$250,000 and \$500,000. However it is noted that the Company cannot sell itself and parties are only prepared to place funds in a company shell on the back of a firm proposal (as is the case with ILH). The amount payable is dependent on a number of factors including shareholder spread, ASX compliance matters and extent of debt amongst many factors. In our view a Company such as ILH may have a shell value not exceeding \$300,000 but realistically this would be based on the premise that the Company has no or very minimal debt. ILH has net liabilities and will need to comply with ASX Listing Rules (Chapters 1 and 2) in order to have its shares requoted. This can be a difficult exercise and no guarantee that it can occur. The raising of an initial gross \$452,000 will not be enough to ensure meeting ASX Listing Rules for re-quotations.

In the event that a notional value was ascribed to the Company as a shell company of \$300,000, the value per share would be negative pre-recapitalisation and 0.069 cents on a post consolidation and post recapitalisation basis. However, we consider this is misleading as no investor(s) would pay for a controlling interest in ILH without a firm recapitalisation proposal that not only assumes the investor(s) would place funds in ILH but would assume further investors would place funds in ILH to recapitalise the Company (at least to the extent of sufficient funds to pay out creditors) and have some sufficient working capital to explore new business opportunities, and probably seek ASX quotation, that as noted elsewhere in this report, has quite a challenge attached to it.

3. Corporate History and Nature of Business

- 3.1 ILH is currently suspended from its listing on the ASX. ILH's main business was the provision of legal services (through associated businesses Rockwell Olivier Legal Services, Signet Lawyers, Law Central Co and Civic Legal), the provision of wealth management and related advice (through its 100% owned Capricorn Investment Partners Limited (CIPL) and the business assets of the Pentad financial planning Group (Pentad)), as well as an online legal document service provided within Australia. ILH entered into voluntary administration of 17 December 2014.

Since ILH entered into voluntary administration, the Administrators had divested the Law Central Co Pty Ltd business in late December 2014 for \$1,025,000. In addition, the Administrators had also sold the CIPL business in late February 2015 for \$3,410,000, and the Administrators had also completed the sale of ILH's interest in Rockwell Bates, also in late February 2015.

The Company will look to acquire other projects in the future.

- 3.2 A summarised unaudited consolidated balance sheet (statement of financial position) of the ILH Group post ratification of all Resolutions are passed and consummated is outlined in paragraph 2.7 of this report.
- 3.3 Any remaining ILH Business is minimal and has no value whatsoever. The net asset position of the company is currently estimated to be negative (prior to the above recapitalisation) and is therefore valued at nil.

4. Future Directions of ILH

4.1 We have been advised by a representative of Benelong that post shareholder approval:

- The immediate long-term plan is to reapply for trading on the ASX so that the shares are freely tradable on the ASX. If Resolutions 1 to 11 are passed together with the completion of the recapitalisation proposal, the Company's chances to continue to investigate opportunities are enhanced as without the recapitalisation, it is likely that the Company may be dissolved and struck off. However, in the short term the re-quotations of the Company's shares on ASX is unlikely as the Company may need to meet Chapters 1 and 2 of the ASX Listing Rules. The Company would need to find a new business and raise additional funds so that it could meet the Listing Rules;
- To complete all the Resolutions in the Notice to raise \$452,000 (not including the effect of any further funds from the exercise of Performance Options) and such funds will be used for working capital, payment to the Deed Administrator under the DOCA and identifying new opportunities for ILH shareholders;
- Composition of the Board of directors of ILH may change in the near future as outlined in paragraph 2.5;
- No dividend policy has been set and it is not proposed to be set until such time as the Company is profitable and has a positive cash flow; and
- The Company may seek to raise further capital if required but no further capital raisings are expected to mid 2016 (other than the \$452,000 monies raised as noted in this report).

5. Basis of Valuation of ILH

5.1 Shares

5.1.1 In considering the proposals as outlined in Resolutions 3 and 4, we have sought to determine whether the issue price of the Placement Shares to BGA is in excess of the current fair value of the shares in ILH on issue and whether the BGA subscription is at a price that ILH could make to unrelated third parties and then conclude whether the proposal is fair and reasonable to the existing non associated shareholders of ILH.

5.1.2 The valuation methodologies we have considered in determining a theoretical value of an ILH share are:

- capitalised maintainable earnings/discounted cash flow;
- takeover bid - the price at which an alternative acquirer might be willing to offer;
- adjusted net asset backing and windup value; and
- the recent market prices of ILH shares.

5.2 Capitalised maintainable earnings and discounted cash flows

5.2.1 ILH currently does not have a reliable cash flow or profit history from a business undertaking and therefore this methodology is not considered to be appropriate, particularly given the fact that the Company entered into voluntary administration on 17 December 2014.

5.3 Takeover Bid

5.3.1 It is possible that a potential bidder for ILH could purchase all or part of the existing shares, however no certainty can be attached to this occurrence. Currently the Company is in voluntary administration, and the Company has undertaken a DOCA and a Deed of Accession for the Company to emerge from Administration. To our knowledge, there were rival bids to recapitalise the Company, however in the view of the Administrator and ILH's creditors, the Benelong proposal was the most appropriate for all creditors of ILH. However, if all of the Placement Shares are issued and the Performance Options are issued and

exercised, BGA would control up to approximately 95.04% of the expanded ordinary issued capital of ILH.

5.4 Adjusted Net Asset Backing

5.4.1 Net asset backing and windup value

As noted above prior to the recapitalisation process, ILH has no cash and limited other assets and minimal business activities and the Administrator considers that on a windup basis, the return to shareholders would be nil (refer paragraph 2.7 of this report).

- 5.4.2 Purely based on the net cash value of a recapitalised ILH, the net assets would be disclosed at approximately \$35,000 (assuming the Company raises \$452,000 as noted above) which would be equivalent to approximately 0.0073 cents per share, assuming 478,723,403 shares would be on issue after the recapitalisation process (but before the exercise of Performance Options). This compares with the estimated current net value of an ILH share of nil cents. Should the Performance Options be exercised to raise a further \$1,000 and the total number of shares on issue would increase to 578,723,403 shares or approximately 0.006 cents per share (assuming no further share are issued). This assumes no losses incurred post Restructure and before introduction of a new project that must be worth more than \$10,000,000 for the Performance Options to be exercised. It would be expected that additional value would be added to the Company as the new project must be worth at least \$10,000,000.

5.5 Market price of ILH shares

- 5.5.1 As the Company is suspended from the ASX, we do not believe it is appropriate to value the ILH share based on prior quoted prices of ILH shares on the ASX.

Summary conclusion on value of a share in ILH

- 5.6 After taking into account the matters referred to in the preceding paragraphs, we are of the view that the current theoretical value of an ILH share (prior to the recapitalisation process) is nil cents. As disclosed above the Company has no material assets with minimal business activities.
- 5.7 If the recapitalisation process is finalised, the net value of an ILH share immediately post recapitalisation would approximate 0.0073 per share (assuming the \$452,000 is raised as noted in the Resolutions in the Notice, but before the exercise of the Performance Options).

6. Premium for Control

- 6.1 Premium for control for the purposes of this report has been defined as the difference between the price per share that a buyer would be prepared to pay to obtain a controlling interest in the Company and the price per share at which the same person would be required to pay per share which does not carry with it control of the Company.
- 6.2 Under TCA, control may be deemed to occur when a shareholder or group of associated shareholders' control more than 20% of the issued capital. In this case, BGA would hold approximately 94% of the expanded issued capital of ILH. In take-over offers, it is often the case that a premium for control falls in the normal range of 15% to 40% and it is often accepted that a 20% premium for control should be payable. The actual premium may be more or less. In this case taking into account the precarious financial situation of the Company, we assume a reasonable premium for control should be 20%.
- 6.3 The ILH shares that are proposed to be issued to BGA (the subject of Resolution 3), are deemed to be theoretically worth nil cents. After certain transaction costs, a net cash balance of approximately \$35,000 will remain in the Company (assuming the raising of the \$452,000 referred to above).

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In our opinion, it is possible that BGA are paying a premium for control, however, the non associated shareholders of ILH are benefiting in that the theoretical value of an ILH share rises from nil cents and a company in Administration to a company with a theoretical cash backed value of approximately 0.0073 per share.

If Resolutions 1 to 11 are passed together with the completion of the recapitalisation proposal, the Company's chances to continue to investigate opportunities are enhanced as without the recapitalisation, it is likely that the Company may eventually be dissolved and struck off. However, in the short term the re-quotation of the Company's shares on ASX is unlikely as the Company may need to meet Chapters 1 and 2 of the ASX Listing Rules. The Company would need to find a new business and raise additional funds so that it could meet the Listing Rules.

- 6.4 Our preferred methodology is to value ILH and an ILH share on a technical net asset basis which assumes a 100% interest in the Company. Therefore no adjustment is considered necessary to the technical asset value determined under paragraph 5.4.2 as this already represents the fair value of the Company or a share in the Company on a pre Proposed Transaction control basis.
- 6.5 We set out below the comparison of the low, preferred and high values of an ILH share compared to the issue price for the Subscription Shares.

	Para.	Low (cents)	Preferred (cents)	High (cents)
Estimated fair value of an ILH Share	5.6	0.0	0.0	0.0
Issue price of the Placement Shares		0.1	0.1	0.1
Excess between Subscription Price and fair value		<u>0.1</u>	<u>0.1</u>	<u>0.1</u>

We note elsewhere in this report the potential shell value of ILH but also note that technically ILH is insolvent and thus without a recapitalisation proposal, the value of a share in ILH has no value.

- 6.6 On a pre Proposed Transaction control basis, the value of an ILH share is nil cents per share. The recapitalisation is expected to raise \$452,000 post consummation of all Resolutions. Based on the preferred value of nil cents per share, a premium for control of is being paid by BGA.
- 6.7 We note that BGA does not have Board control of ILH, and has a nil interest in ILH at the date of this report. However, BGA is to control the Board post Restructure.

7. Fairness of the Proposals

- 7.1 The concept of "fairness" is to be taken to be the value of the offer price, or the consideration being equal to or greater than the value of the securities in the above mentioned offer. As noted above the ILH shares that are proposed to be issued to BGA, (the subject of Resolution 3) are deemed to be theoretically worth nil cents. Assuming a 20% premium for control, the deemed theoretical value is still nil.
- 7.2 If the recapitalisation proposal is completed, the theoretical value of an ILH share increases to approximately 0.0073 cents before the potential exercise of any Performance Options. Based on a fully diluted basis (after the exercise of the 100,000,000 Performance Options at 0.001 cent each), the potential cash on hand increases by \$1,000, the net assets increase to \$36,000, and the theoretical value of an ILH share increases from nil to 0.006 cents based on the potential shares on issue of 578,723,403 shares. This assumes no

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losses incurred post Restructure and before introduction of a new project that must be worth more than \$10,000,000 for the Performance Options to be exercised.

The theoretical value of an ILH share post recapitalisation on a fully diluted basis, based on the estimated net assets of \$36,000 is 0.006 cents which is in excess of the theoretical value pre recapitalisation of nil cents per share

7.3 In arriving at our conclusion on fairness, we considered whether the transaction is "fair" by comparing:

- (a) the fair market value of an ILH share pre-transaction on a control basis; versus
- (b) the fair market value of an ILH share post-transaction on a minority basis, taking into account the additional cash raised and the associated dilution resulting from the issue of new shares under the proposed transactions.

7.4 The low, preferred and high values of an ILH share pre the Proposed Transactions on a control basis is:

	Para.	Low (cents)	Preferred (cents)	High (cents)
Estimated fair value of an ILH Share	5.6	nil	nil	nil

7.5 The preferred fair market value of an ILH share has been estimated at nil cents on a pre Proposed Transaction control basis. The BGA subscription yields to an adjusted value of 0.0073 cents per ILH share (refer below). As the preferred fair market value of an ILH share is greater on a post transaction basis, the proposed BGA subscription is considered to be fair to the non associated shareholders.

7.6 We set out below the range of estimated technical net asset values of ILH based on the Pro-forma Balance Sheet as detailed in paragraph 2.7 (after adjusting for the following transactions):

Option Issue	\$1,000
Placement of Placement Shares at 0.1 cents each	\$450,000
Placement of Benelong Placement Shares at approximately 0.0066084 cents each	\$1,0000

	\$
ILH Business Asset	-
Cash	35,000
Other current assets	-
Other current liabilities	-
Total net assets	<u>35,000</u>

Number of shares on issue	478,723,403
Net asset value per share (cents)	0.0073
Minority interest discount	16.67%
Minority value per share (cents)	0.0060

Issue Price of Placement Shares (see paragraph 6.5 above) (cents)	0.1
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7.7 In order to reflect the minority interest value we have applied a minority interest discount to the technical net asset value. The minority interest discount has been calculated as the inverse of the premium for control of 20% as discussed in paragraph 6.2.

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7.8 As noted above the fair market value of an ILH share Post-Transaction on a minority basis, taking into account the additional cash raised and the associated dilution resulting from the issue of new shares under the transaction has a preferred fair value of approximately 0.0073 cents (approximately 0.0062 cents if we assumed the exercise of the 100,000,000 Performance Options and no losses or profits incurred).

7.9 We set out below a comparison of:

- (a) the fair market value of an ILH share pre-transaction on a control basis; versus
- (b) the fair market value of an ILH share post-transaction on a minority basis, taking into account the additional cash raised and the associated dilution resulting from the issue of new shares under the transaction.

	Para.	Low (\$)	Preferred (\$)	High (\$)
Estimated fair value of an ILH Share Pre Transaction on a control basis	5.6	nil	nil	nil
Estimated fair value of an ILH Share Post Transaction on a minority basis	7.6	0.0073	0.0073	0.0073
Excess/(shortfall) between Pre Transaction Price and Post transaction Price		<u>0.0073</u>	<u>0.0073</u>	<u>0.0073</u>

Using the preferred net asset fair values, the estimated fair value of an ILH share Pre Transaction on a control basis is less than the estimated fair value of an ILH share Post Transaction on a minority basis and on this basis the BGA subscription is considered fair to the non associated shareholders of ILH.

7.10 Conclusion as to fairness

After taking into account the matters referred to in 7 above and elsewhere in this report, we are of the opinion that the proposals as outlined in Resolutions 3 and 4 are on balance fair to the non-associated shareholders of ILH as at the date of this report.

As noted above, if we ascribed a shell value of \$300,000 to the Company the net liabilities pre the recapitalisation proposals would decrease to \$13,621,140 being (5.27) cents per share or approximately (100.2) cents per post consolidated share. This is less than the share price of 0.1 cents per post consolidated share being subscribed by BGA under Resolution 3. If the Company had no debt and a shell value of \$300,000 the net asset value per share (assuming no options are exercised) pre recapitalisation would be approximately 0.116 cents per share or approximately 2.20 cents per post consolidated share. However, we reiterate that "shell value" is dependent on a commercial recapitalisation proposal and if shareholders do not approve BGA's proposal or a superior offer (made before shareholders vote on Resolutions 1 to 11), then shell value does not exist.

8. Reasonableness of the Proposals

Advantages

8.1 The passing and consummation of Resolutions 3 and 4 in conjunction with the completion of the recapitalisation process would result in a net cash injection of approximately \$35,000 (assuming the capital raising of the \$452,000 referred to above) into the Company and having a company with minimal or no liabilities, compared with the current position whereby the Company has net assets of approximately \$nil.

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- 8.2 If the proposals per Resolutions 3 and 4 are consummated along with the completion of the recapitalisation process, the net cash asset backing of an ILH share rises from nil cents to approximately 0.0073 cents (assumes \$452,000 worth of shares and options are issued and no exercise of the Performance Options).
- 8.3 If Resolutions 1 to 11 are passed together with the completion of the recapitalisation proposal, the Company's chances to continue to investigate opportunities are enhanced as without the recapitalisation, it is likely that the Company may be dissolved and struck off. However, in the short term the re-quotation of the Company's shares on ASX is unlikely as the Company may need to meet Chapters 1 and 2 of the ASX Listing Rules. The Company would need to find a new business and raise additional funds so that it could meet the Listing Rules.
- 8.4 The proposed directors bring expertise to the Company in that Messer's Benjamin Harkham, Gideon Phillip Harkham and Allan Richard Farrar have financial, accounting, marketing and corporate experience and/or experience as directors or managers of public listed companies or other trading entities. The Explanatory Statement discloses the background of the proposed directors.

Disadvantages

- 8.5 A significant shareholding in the Company is being given to BGA in that it could own up to approximately 94% of the expanded issued capital of the Company after the passing of Resolutions 1 to 11 (the passing of Resolutions 1 to 11 are dependent on all resolutions being passed). However, we note that ILH will be partly recapitalised with approximately \$35,000 in net cash (assuming only the \$452,000 total capital raising), will have no debt and will have the opportunity to consider the acquisition of other assets or businesses. The existing shareholders are diluted to approximately 2.90% after the passing of Resolutions 3 and 4 (after Resolution 2 is also passed but before any other shares are issued). It is assumed that all investors will obtain a benefit particularly if the Company's shares can be re-quoted on ASX (the Company will need to re-comply with Chapters 1 and 2 of the ASX Listing Rules).
- 8.6 ILH would only have approximately net cash of \$35,000 (assuming the raising of \$452,000 as noted above) after the issue of the 450,000,000 post consolidation shares to BGA (and the issue of 15,132,151 shares to Benelong for a total capital raising of \$1,000 per Resolution 2). As noted above, in the short term the re-quotation of the Company's shares on ASX is unlikely as the Company may need to meet Chapters 1 and 2 of the ASX Listing Rules. The Company would still need to find a new business and raise additional funds so that it could meet the Listing Rules. In the absence of a superior offer (made before shareholders vote on Resolutions 1 to 11) then shell value does not exist and it is quite possible in the absence of any other recapitalisation proposal, the Company could be placed into liquidation.
- 8.7 If the Company seeks new business opportunities, there is no guarantee that such businesses will be profitable. Refer to Section 1.1.3 of the Explanatory Statement accompanying the Notice on the proposed expenditure post the recapitalisation process.

Other

- 8.8 The 100,000,000 Performance Options, if exercised, would result in a further inflow of funds to ILH of \$1,000. The exercise price of the 100,000,000 Performance Options is 0.001 cents each. As noted above, the Performance Options have a vesting condition, in that they can only be exercised if BGA or a related party of BGA successfully introduce a project to the Company that leads to the Company signing a Heads of Agreement adopting such a project with a project value of at least \$10,000,000.

9. Conclusion as to Reasonableness

- 9.1** After taking into account the matters referred to in 8 above and elsewhere in this report, we are of the opinion that the proposals as outlined in Resolutions 3 and 4 are on balance reasonable to the non-associated shareholders of ILH as at the date of this report.

10. Shareholder Decision

- 10.1** Stantons International Securities Pty Ltd has been engaged to prepare an independent expert's report setting out whether in its opinion the issue of 450,000,000 Placement Shares and the issue of 100,000,000 Performance Options (that effectively approves allowing such options to be exercised) are fair and reasonable and state reasons for that opinion.

Stantons International Securities Pty Ltd has not been engaged to provide a recommendation to shareholders in relation to the proposals under Resolutions 1, 2 and 5 to 11 but we have been requested to determine whether the proposals pursuant to Resolutions 3 and 4 are fair and/or reasonable to those shareholders not associated with the Consortium. The responsibility for such a voting recommendation lies with the directors of ILH.

- 10.2** In any event, the decision whether to accept or reject Resolutions 3 and 4 (and all other Resolutions) is a matter for individual shareholders based on each shareholder's views as to value, their expectations about future market conditions and their particular circumstances, including risk profile, liquidity preference, investment strategy, portfolio structure and tax position.

If in any doubt as to the action they should take in relation to the proposals under Resolutions 3 and 4 (and all other Resolutions), shareholders should consult their own professional adviser.

- 10.3** Similarly, it is a matter for individual shareholders as to whether to buy, hold or sell shares in ILH. This is an investment decision upon which Stantons International Securities Pty Ltd does not offer an opinion and is independent on whether to accept the proposals under Resolutions 3 and 4 (and all other resolutions). Shareholders should consult their own professional adviser in this regard.

11. Sources of Information

- 11.1** In making our assessment as to whether the proposals pursuant to Resolutions 3 and 4 are fair and reasonable, we have reviewed relevant published available information and other unpublished information of ILH which is relevant in the current circumstances. In addition, we have held discussions with Steve Nicols of Benelong who is arranging the Restructure about the present state of affairs of ILH. Statements and opinions contained in this report are given in good faith, but in the preparation of this report, we have relied in part on information provided by the representative of Benelong and publicly filed information on the financial position of the Company lodged via the ASX website.

- 11.2** Information we have received includes, but is not limited to:

- drafts of the February 2016 Notice of General Meeting of Shareholders of ILH (and draft of the Explanatory Statement attached);
- discussions with Steve Nicols of Benelong;
- shareholding details of ILH;
- Administrators Report to Creditors of 24 March 2015 and 23 February 2016;
- announcements, if any, made by ILH to the ASX to 8 March 2016;
- the audited financial report of ILH for the year ended 30 June 2014;
- the Summary DOCA proposal to recapitalise ILH from Pager Partners Corporate Advisory Pty Ltd;

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- the Restructure Proposal arranged by Benelong;
- the reviewed financial report of ILH for the 6 months ended 31 December 2013;
- the Deed of Company Arrangement dated 22 April 2015;
- The Deed of Accession, Amendment and Restatement of 2 March 2016; and
- the ILH Group Creditors Trust Deed.

11.3 Our report includes Appendix A and Financial Services Guide, attached to this report.

Yours faithfully

STANTONS INTERNATIONAL SECURITIES PTY LTD
(Trading as Stantons International Securities)

A handwritten signature in black ink, appearing to read 'John P an Dieren', followed by a long horizontal flourish.

John P an Dieren - FCA
Director

APPENDIX A

AUTHOR INDEPENDENCE

This annexure forms part of and should be read in conjunction with the report of Stantons International Securities Pty Ltd dated 8 March 2016, relating to Resolutions 3 and 4 outlined in the Notice of Meeting of Shareholders and the accompanying Explanatory Statement to be distributed to shareholders of ILH in March 2016.

At the date of this report, Stantons International Securities Pty Ltd does not have any interest in the outcome of the proposals. There are no relationships with ILH other than acting as an independent expert for the purposes of this report. There are no existing relationships between Stantons International Securities Pty Ltd and the parties participating in the transactions detailed in this report which would affect our ability to provide an independent opinion. The fee to be received for the preparation of this report is based on the time spent at normal professional rates plus out of pocket expenses and is estimated not to exceed \$8,500 (excluding GST). The fee is payable regardless of the outcome. With the exception of that fee, neither Stantons International Securities Pty Ltd nor John P Van Dieren or Martin Michalik have received nor will or may they receive any pecuniary or other benefits, whether directly or indirectly for or in connection with the making of this report.

Stantons International Securities Pty Ltd or any directors of Stantons International Securities Pty Ltd do not hold any securities in ILH. There are no pecuniary or other interests of Stantons International Securities Pty Ltd that could be reasonably argued as affecting its ability to give an unbiased and independent opinion in relation to the proposal. Stantons International Securities Pty Ltd, John Van Dieren and Martin Michalik have consented to the inclusion of this report in the form and context in which it is included as an annexure to the Notice. Stantons International Securities Pty Ltd has prepared other independent expert reports for parties associated with Benelong.

QUALIFICATIONS

We advise Stantons International Securities Pty Ltd is the holder of an Investment Advisers Licence (No 448697) under the Corporations Act relating to advice and reporting on mergers, takeovers and acquisitions involving securities. A number of the directors of Stantons International Audit and Consulting Pty Ltd are the directors and authorised representatives of Stantons International Securities Pty Ltd. Stantons International Securities Pty Ltd have extensive experience in providing advice pertaining to mergers, acquisitions and strategic and financial planning for both listed and unlisted companies and businesses.

Mr John Van Dieren (FCA) and Mr Martin Michalik (ACA) the persons responsible for the preparation of this report, has extensive experience in the preparation of valuations for companies and in advising corporations on takeovers generally and in particular on the valuations and financial aspects thereof, including the fairness and reasonableness of the consideration offered. The professionals employed in the research, analysis and evaluation leading to the formulation of opinions contained in this report, have qualifications and experience appropriate to the tasks they have performed.

DECLARATION

This report has been prepared at the request of the proposed Directors and the Promoter in order to assist the shareholders of ILH to assess the merits of the proposals (Resolutions 3 and 4 to which this report relates. This report has been prepared for the benefit of the ILH shareholders and those persons only who are entitled to receive a copy for the purposes of Section 611 (Item 7) of the Corporations Act 2001 and does not provide a general expression of Stantons International Securities Pty Ltd opinion as to the longer term value of ILH. Stantons International Securities Pty Ltd does not imply, and it should not be construed, that it has carried out any form of audit on the accounting or other records of ILH or any of its subsidiaries. Neither the whole, nor any part of this report, nor any reference thereto may be included in or with or attached to any document, circular,

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resolution, letter or statement, without the prior written consent of Stantons International Securities Pty Ltd to the form and context in which it appears.

DUE CARE AND DILEGENCE

This report has been prepared by Stantons International Securities Pty Ltd with due care and diligence. The report is to assist shareholders in determining the fairness and reasonableness of the proposal set out in Resolutions 3 and 4 to the Notice and each individual shareholder may make up their own opinion as to whether to vote for or against Resolutions 3 and 4.

DECLARATION AND INDEMNITY

Recognising that Stantons International Securities Pty Ltd may rely on information provided by the Promoter (represented by Jonathan Pager of Pager Partners), its officers and other parties (save whether it would not be reasonable to rely on the information having regard to Stantons International Securities Pty Ltd experience and qualifications), the Promoter has agreed:

- (a) to make no claim by it or its officers against Stantons International Securities Pty Ltd (and Stantons International Audit and Consulting Pty Ltd) to recover any loss or damage which ILH may suffer as a result of reasonable reliance by Stantons International Securities Pty Ltd on the information provided by the Promoter and ILH's Deed Administrators; and
- (b) to indemnify Stantons International Securities Pty Ltd (and Stantons International Audit and Consulting Pty Ltd) against any claim arising (wholly or in part) from the Promoter or any of its officers and ILH providing Stantons International Securities Pty Ltd any false or misleading information or in the failure of the Promoter, ILH and their officers in providing material information, except where the claim has arisen as a result of wilful misconduct or negligence by Stantons International Securities Pty Ltd.

A draft of this report was presented to the proposed Directors and Benelong for a review of factual information contained in the report. Comments received relating to factual matters were taken into account, however the valuation methodologies and conclusions did not alter.

**FINANCIAL SERVICES GUIDE
FOR STANTONS INTERNATIONAL SECURITIES PTY LTD
(Trading as Stantons International Securities)
Dated 8 March 2016**

1. Stantons International Securities Pty Ltd (ABN 42 128 908 289 and AFSL Licence No 448697) ("SIS" or "we" or "us" or "ours" as appropriate) has been engaged to issue general financial product advice in the form of a report to be provided to you.

2. Financial Services Guide

In the above circumstances we are required to issue to you, as a retail client a Financial Services Guide ("FSG"). This FSG is designed to help retail clients make a decision as to their use of the general financial product advice and to ensure that we comply with our obligations as financial services licensees.

This FSG includes information about:

- who we are and how we can be contacted;
- the services we are authorised to provide under our Australian Financial Services Licence, Licence No: 448697;
- remuneration that we and/or our staff and any associated entities receive in connection with the general financial product advice;
- any relevant associations or relationships we have; and
- our complaints handling procedures and how you may access them.

3. Financial services we are licensed to provide

We hold an Australian Financial Services Licence which authorises us to provide financial product advice in relation to:

- Securities (such as shares, options and notes)

We provide financial product advice by virtue of an engagement to issue a report in connection with a financial product of another person. Our report will include a description of the circumstances of our engagement and identify the person who has engaged us. You will not have engaged us directly but will be provided with a copy of the report as a retail client because of your connection to the matters in respect of which we have been engaged to report.

Any report we provide is provided on our own behalf as a financial services licensee authorised to provide the financial product advice contained in the report.

4. General Financial Product Advice

In our report we provide general financial product advice, not personal financial product advice, because it has been prepared without taking into account your personal objectives, financial situation or needs. You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before you act on the advice. Where the advice relates to the acquisition or possible acquisition of a financial product, you should also obtain a product disclosure statement relating to the product and consider that statement before making any decision about whether to acquire the product.

5. Benefits that we may receive

We charge fees for providing reports. These fees will be agreed with, and paid by, the person who engages us to provide the report. Fees will be agreed on either a fixed fee or time cost basis.

Except for the fees referred to above, neither SIS, nor any of its directors, employees or related entities, receive any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of the report.

6. Remuneration or other benefits received by our employees

SIS has no employees and Stantons International Audit and Consulting Pty Ltd charges a fee to SIS. All Stantons International Audit and Consulting Pty Ltd employees receive a salary. Stantons International Audit and Consulting Pty Ltd employees are eligible for bonuses based on overall productivity but not directly in connection with any engagement for the provision of a report.

7. Referrals

We do not pay commissions or provide any other benefits to any person for referring customers to us in connection with the reports that we are licensed to provide.

8. Associations and relationships

SIS is ultimately a wholly owned subsidiary of Stantons International Audit and Consulting Pty Ltd a professional advisory and accounting practice. From time to time, SIS and Stantons International Audit and Consulting Pty Ltd (trading as Stantons International) and/or their related entities may provide professional services, including audit, accounting and financial advisory services, to financial product issuers in the ordinary course of its business.

9. Complaints resolution

9.1 Internal complaints resolution process

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. All complaints must be in writing, addressed to:

The Complaints Officer
Stantons International Securities Pty Ltd
Level 2
1 Walker Avenue
WEST PERTH WA 6005

Telephone: 08 9481 3188
Facsimile: 09 9321 1204

When we receive a written complaint we will record the complaint, acknowledge receipt of the complaints within 15 days and investigate the issues raised. As soon as practical, and not more than 45 days after receiving the written complaint, we will advise the complainant in writing of our determination.

9.2 Referral to External Dispute Resolution Scheme

A complainant not satisfied with the outcome of the above process, or our determination, has the right to refer the matter to the Financial Ombudsman Service Limited ("FOSL"). FOSL is an independent company that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial services industry.

Further details about FOSL are available at the FOSL website www.fos.org.au or by contacting them directly via the details set out below.

Financial Ombudsman Service Limited
PO Box 3
MELBOURNE VIC 8007

Toll Free: 1300 78 08 08
Facsimile: (03) 9613 6399