

INNLANZ LIMITED
ABN 83 628 420 824

**NOTICE OF
EXTRAORDINARY GENERAL MEETING
AND
EXPLANATORY STATEMENT**

Date of Meeting:	Friday, 14 June 2024
Time of Meeting:	10.00 am AEST
Place of Meeting:	Holiday Inn Parramatta, 18-40 Anderson Street, Parramatta NSW 2150

This Notice of Meeting and Explanatory Statement should be read in their entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor, or other professional adviser prior to voting.

Should you wish to discuss the matters in this Notice of Meeting, please do not hesitate to contact Indira Naidu (Company Secretary) by e-mail indira.naidu@innlanz.com.

Letter from the Chair

Dear Shareholders

On behalf of the Board, I am pleased to invite you to the general meeting of Innlanz Limited (ABN 83 628 420 824) (ASX: INL) (**Company**). The meeting will be held at Holiday Inn Parramatta, 18-40 Anderson Street, Parramatta NSW 2150 on Friday, 14 June 2024 at 10.00 am (AEST) (**General Meeting**).

Background

The Board has determined to pursue the removal of the Company from the Official List of the Australian Securities Exchange (**ASX**) pursuant to ASX Listing Rule 17.11 (**Delisting**).

The rationale for the Delisting is that, in light of the Company's financial position and the COVID-19 pandemic forced changes in the Company's business following its listing on ASX, the costs and administrative burden of remaining listed on ASX outweigh the benefits of a continued listing.

In order to provide Shareholders with the opportunity to realise their investment, the Company proposes to conduct an equal access off-market buy-back (**Buy-Back**) of up to a total of 63,263,608 fully paid ordinary shares in the Company (**Shares**), representing approximately 20.20% of the total Shares on issue as at the date of this Notice of Meeting, for cash consideration of A\$0.013 per Share (**Buy-Back Price**).

Pacific Merchants Group Pty Ltd (ABN 16 164 186 038) (**PMG**), as the Company's only substantial Shareholder with voting power of approximately 79.80% of the total issued capital of the Company, has undertaken not to participate in the Buy-Back.

The Delisting and Buy-Back are conditional on Shareholder approval, as set out in this Notice of Meeting and described in the Explanatory Statement. If the Resolutions are approved and subject to ASX approval, it is expected that the Delisting will take place on Monday, 22 July 2024.

Directors' recommendation

The Directors unanimously recommend that you vote in favour of all Resolutions, in the absence of a superior proposal. This Explanatory Memorandum contains information on the Resolutions for you to consider before voting, including advantages and disadvantages.

Independent Expert's Report

The Company has commissioned RSM Corporate Australia Pty Ltd (**Expert**) to prepare an independent report (**Independent Expert's Report**) in relation to the Buy-Back. The Expert has concluded that the Buy-Back is fair and reasonable to Shareholders in the absence of any superior proposal. A copy of the Independent Expert's Report is set out in **Annexure 1** of the Explanatory Statement.

Your vote is important

The Buy-Back and Delisting can only be implemented if the Resolutions are approved by Shareholders at the General Meeting, which is scheduled for Friday, 14 June 2024 at 10.00 am (AEST).

Your vote is important, and I encourage you to vote by attending the General Meeting or alternatively by completing the proxy form accompanying this Explanatory Memorandum.

If you wish the Buy-Back and Delisting to proceed, it is important that you vote in favour of all Resolutions so that it is approved.

Further information

You should carefully read this Explanatory Memorandum (including the Independent Expert's Report) in its entirety before making any decision in relation to the Delisting and Buy-Back. Further information on how you can participate in the General Meeting (including how to register, vote and ask questions) is set out on the following pages.

If you are in any doubt as to what you should do, please consult your legal, financial, tax or other professional adviser without delay.

On behalf of the Board, I would like to take this opportunity to thank you for your continued support of the Company.

Yours sincerely



Dr. Peter French
Chair
Innlanz Limited

**NOTICE OF GENERAL MEETING
OF INNLANZ LIMITED**

Notice is hereby given that an extraordinary general meeting of Innlanz Limited (ABN 83 628 420 824) (ASX: INL) (**Innlanz** or the **Company**) will be held at Holiday Inn Parramatta, 18-40 Anderson Street, Parramatta NSW 2150 at 10.00 am (AEST) on Friday, 14 June 2024 (**General Meeting**) to conduct business set out in this Notice of Meeting.

The Explanatory Statement which accompanies, and forms part of this Notice of Meeting describes the various matters to be considered and contains a glossary of defined terms that are not defined in full in this Notice of Meeting. The Explanatory Statement and annexures (including the Independent Expert's Report and the Proxy Form) are part of this Notice of Meeting.

If you have been nominated as a third-party proxy, for any enquiries relating to the meeting, please contact the Company's Share Registry on 1300 850 505 (for callers within Australia) and +61 (0)3 9415 4000 (for callers outside Australia).

If it becomes necessary to make further alternative arrangements for holding the General Meeting, the Company will ensure that Shareholders are given as much notice as possible. Further information and guidance will be made available on the Company's website <https://www.innlanz.com/shareholder-information/> and on ASX website at <https://www2.asx.com.au/markets/company/inl>.

Items of Business

1. Resolution 1 – Approval of removal of the Company from the Official List of ASX – Listing Rule 17.11

To consider and, if thought fit, pass the following resolution as a **special resolution**:

"That for the purposes of Listing Rule 17.11 and for all other purposes, the removal of the Company from the Official List of ASX on a date (being a date no earlier than one month after the date this Resolution is passed) and subject to conditions (if any) to be determined by ASX is approved, and that the Directors be authorised to do all things reasonably necessary to effect the removal of the Company from the Official List of ASX"

Please refer to the Explanatory Statement for further information on this resolution.

2. Resolution 2 – Approval of share buy-back in excess of the 10/12 limit – Section 257C of the Corporations Act

To consider and, if thought fit, pass the following resolution as an **ordinary resolution**:

"That, subject to Resolution 1 being passed, for the purposes of section 257C of the Corporations Act and for all other purposes, approval is given to the Company to undertake an off-market share buy-back of up to a total of 63,263,608 fully paid ordinary shares in the Company, as described in and in accordance with the terms detailed in the Explanatory Statement accompanying this Notice of Meeting."

Please refer to the Explanatory Statement for further information on this resolution.
A voting exclusion applies in respect of this resolution. See the Explanatory Statement for details.

By order of the Board

Indira Naidu
Company Secretary

15 May 2024

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VOTING AND PARTICIPATION NOTES

YOUR VOTE

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

WHO MAY VOTE

In accordance with Regulation 7.11.37 of the *Corporations Regulations 2001* (Cth), the Company (as convener of the General Meeting) has determined that a person's entitlement to attend and vote at the General Meeting and any adjourned meeting will be those persons set out in the register of Shareholders as at 7.00 pm (AEST) on Wednesday, 12 June 2024. This means that any Shareholder registered at 7.00 pm (AEST) on Wednesday, 12 June 2024 is entitled to attend and vote at the General Meeting.

VOTING IN PERSON

To vote in person, attend the General Meeting on the date and at the place set out above.

VOTING ONLINE

If you are unable to attend the General Meeting, we encourage you to submit your vote online at www.investorvote.com.au. For intermediary online subscribers only (custodians) www.intermediaryonline.com.

PROXIES

A Shareholder entitled to vote is entitled to appoint a proxy to attend and vote instead of the stakeholder. A suitable proxy form accompanies this Notice of Meeting.

A proxy need not be a Shareholder.

If the Shareholder is entitled to cast two or more votes at the General Meeting, the Shareholder may appoint two proxies and may specify the proportion or number of the votes which each proxy is appointed to exercise. If the Shareholder appoints two proxies and the appointment does not specify the proportion or number of votes each proxy may exercise, each proxy may exercise half of the votes held by that Shareholder.

Where two proxies are appointed, any fractions of votes resulting from the appointment of two proxies will be disregarded.

A Proxy Form accompanies this Notice of Meeting. Unless the Shareholder specifically directs the proxy how to vote, the proxy may vote as he or she thinks fit or abstain from voting.

If a Shareholder wishes to appoint a proxy, the Shareholder should complete the Proxy Form and comply with the instructions set out in that form relating to lodgement of the form with the Company.

The Proxy Form must be signed by the Shareholder or his or her attorney duly authorised in writing or, if the Shareholder is a corporation, either signed by an authorised officer or attorney of the corporation or otherwise signed in accordance with the *Corporations Act*.

If any attorney or authorised officer signs the Proxy Form on behalf of a Shareholder, the relevant power of attorney or other authority under which it is signed or a certified copy of that power or authority must be deposited with the Proxy Form.

The Proxy Form (together with any relevant authority) must be received by no later than 10.00 am (AEST) on Wednesday, 12 June 2024 before the time scheduled for the commencement of the meeting (or any adjournment of that meeting).

The completed Proxy Form must be delivered to Computershare Investor Services Pty Limited, either:

- By facsimile on 1800 783 447 (within Australia) or +61 3 9473 2555 (outside Australia).
- By post to GPO Box 242, Melbourne, VIC 3001; or
- By delivery to Level 3, 60 Carrington Street,

Not less than 48 hours prior to the General Meeting. Proxy Forms received later than this time will be invalid.

Shareholders are encouraged to submit their Proxy Forms online ahead of the General Meeting. If you wish to post a Proxy Form, please be aware of current postal timeframes.

CORPORATE REPRESENTATIVE

Any corporate Shareholder who has appointed a person to act as its corporate representative at the General Meeting should provide that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as that company's representative. The authority must be sent to the Company's Share Registry at least 24 hours in advance of the General Meeting.

POLL

Voting on all items will be determined by a poll during the General Meeting. Shareholders not attending the General Meeting may vote online or use the Proxy Form enclosed with the letter for those who have received this correspondence via the post before the deadline listed above.

SHAREHOLDER QUESTIONS

Shareholders are able to submit written questions ahead of the General Meeting. To submit a written question, Shareholders are encouraged to email ir@innlanz.com by no later than Thursday, 6 June 2024 which is 5 business days before the General Meeting. Questions should relate to matters that are relevant to the business of the meeting as outlined in the Notice of Meeting.

Shareholders may also ask questions during the meeting. The Chair will address the Shareholder questions during the meeting at appropriate times.

RESULTS OF THE MEETING

Voting results will be announced on the Australian Securities Exchange as soon as practical after the General Meeting and will also be made available on the Company's website at: www.innlanz.com.

KEY DATES

The following are key dates in relation to the Buy-Back and Delisting:

Event	Date
ASX announcement of Delisting and Buy-Back	Wednesday, 15 May 2024
Despatch of Notice of Meeting and Explanatory Statement	Wednesday, 15 May 2024
General Meeting	Friday, 14 June 2024
Ex-Entitlement Date for Buy-Back	Wednesday, 19 June 2024
Record Date for Buy-Back	Thursday, 20 June 2024
Despatch of the Buy-Back Booklet	Wednesday, 26 June 2024
Opening Date for buy-Back	Wednesday, 26 June 2024
Last day to extend Closing Date for Buy-Back	Friday, 5 July 2024
Closing Date for Buy-Back	Friday, 12 July 2024 at 5:00 pm
Announcement of the results of the Buy-Back and lodgement of Appendix 3C, Part 5 (Final Notice)	Monday, 15 July 2024
Shares to be cancelled and register of members to be updated.	Monday, 15 July 2024
Lodgement of Appendix 3H (notification of cessation of securities)	Tuesday, 16 July 2024
Suspension Date <i>Date on which the Shares are suspended from trading on ASX</i>	Tuesday, 16 July 2024
Settlement Date of Buy-Back	Monday, 22 July 2024
Delisting Date <i>Date on which the Delisting is expected to take effect</i>	Monday, 22 July 2024

Note: All times and dates in the above timetable are references to the time and date in Sydney, New South Wales, Australia and all such times and dates are subject to change. This timetable is indicative only and is subject to change. Certain times and dates are conditional on the approval of the Delisting and Buy-Back by Shareholders and ASX. The Company will inform Shareholders of any change by ASX announcement.

EXPLANATORY STATEMENT

Resolution 1 - Approval of removal of the Company from the Official List of ASX - Listing Rule 17.11

Resolution 1 seeks Shareholder approval to the removal of the Company from the Official List of ASX for the purposes of Listing Rule 17.11.

1. Background

Consistent with the announcement on 15 May 2024, the Directors have determined to pursue the removal of the Company from the Official List of ASX pursuant to ASX Listing Rule 17.11 (**Delisting**).

The Company now seeks approval from Shareholders for the Delisting.

The Company has previously obtained in-principle advice from ASX in relation to the proposed Delisting advising that, upon receipt of a formal application for the removal of the Company from the Official List of ASX pursuant to Listing rule 17.11, ASX would be likely to remove the Company on a date to be determined by ASX in consultation with the Company, subject to compliance with the following conditions:

- (a) that the Company's removal from the Official List of ASX is approved by special resolution of ordinary security holders of the Company at a general meeting;
- (b) the notice of meeting seeking Shareholder approval for the Company's removal from the Official List must include a statement, in form and substance satisfactory to ASX, setting out:
 - (i) a timetable of key dates, including the time and date at which the Company will be removed from ASX if that approval is given;
 - (ii) a statement to the effect that the removal will take place no earlier than one month after approval is granted;
 - (iii) a statement to the effect that if Shareholders wish to sell their Shares on ASX, they will need to do so before the Company is removed from the Official List; and if Shareholders do not wish to sell their Shares, details of the processes that will exist after the Company is removed from the Official List to allow a Shareholder to dispose of their holdings and how they can access those processes; and
 - (iv) the information prescribed in section 2.11 of *Guidance Note 33: Removal of Entities from the ASX Official List*;
- (c) the Company must apply for its Shares to be suspended from quotation at least two business days before its proposed removal date; and
- (d) that the full terms of ASX's decision is announced to the market immediately upon the Directors resolving to seek removal of the Company from the Official List of ASX,

(together, the **Delisting Conditions**).

In accordance with the Delisting Conditions:

- (a) Resolution 1 seeks Shareholder approval by way of a special resolution for the Delisting;

- (b) this Explanatory Statement includes the statements that are conditions of ASX's approval of the Delisting;
- (c) the Company intends to apply for its Shares to be suspended from quotation at least two business days before its proposed removal date, as set out in the "Key Dates" section above; and
- (d) the Company released the full terms of ASX's decision to the market upon making a formal application to ASX to remove the Company from the Official List in its announcement dated 15 May 2024.

The Company will provide a further announcement to the market once the formal Delisting application has been approved by ASX.

The proposed Delisting is considered by the Directors to be in the best interests of the Company for the reasons set out in this Explanatory Statement.

The Delisting may be perceived to have some disadvantages for Shareholders. Possible disadvantages are set out below.

The Directors recommend that Shareholders seek legal, financial and tax advice about the potential impact of Resolution 1, including the potential advantages and disadvantages of holding Shares in a Company that is not listed on ASX.

2. Reasons for seeking approval to delist and related advantages

The Directors consider that the Delisting is in the best interests of Shareholders as the benefits of delisting outweigh any benefits of the Company's continued listing. The Directors' key reasons for pursuing the Delisting and recommending that Shareholders approve the Delisting are as follows:

(a) Costs and administrative burden associated with being listed

The continued listing of the Company on ASX requires it to incur considerable corporate and administrative costs, including listing fees.

Though the Board and management of the Company are optimistic for the Company's future given the lessening impacts of the COVID-19 pandemic and related improvements in the Company's business outlook, the Company has limited available cash and cash equivalents (A\$462,000 as of 31 March 2024, as disclosed in INL's Quarterly Activities Report and Appendix 4C announced on 22 April 2024) and recognises the need to limit future losses.

Given the Company's financial position and business prospects and the low level of trading of Shares on ASX (as described below), the Company considers that the financial, administrative and compliance obligations and costs associated with maintaining an ASX listing are no longer justified and nor is the high level of compliance costs in the best interests of all Shareholders.

If the Company is delisted, the Directors expect that the Company will save at least approximately \$268,000 each year in ASX listing fees, audit and insurance costs and other ASX compliance and regulatory costs.

The above does not include any allocation of the cost of management's time taken up by matters associated with being listed.

If the Company is delisted, the Directors do not expect that the Company will incur any material additional expenses each year.

(b) Thin trading on ASX

There is no liquid market in the Company's Shares on ASX.

Over the three-month period to 25 April 2024, the average daily volume of Shares traded on ASX was approximately 77, which equates to approximately 0.00002% of the Company's total issued share capital of approximately 313.3 million Shares.

The low level of liquidity has resulted in limited trading opportunities for Shareholders who wish to exit their holdings.

(c) Liquidity constraints

Given the small daily trading volumes, small trades have a substantial impact on the Share price, which is not in the best interests of the Shareholders.

3. Potential disadvantages of the Delisting

The Directors have considered the potential disadvantages to the Company of Delisting, particularly:

(a) Shareholders' ability to sell Shares and realise their investment in the Company may be diminished

Following the Delisting Date, Shares will no longer be traded on ASX and will only be capable of sale by private transaction, therefore, the liquidity of Shares will be directly affected and likely to be further diminished. The ASX market for Shares has been relatively illiquid over the last 12 months, which the Directors consider has negatively affected the value of Shares.

In order to provide Shareholders with the opportunity to realise their investment, the Company proposes to conduct the Buy-Back which is the subject of the Shareholder approval sought under Resolution 2 of this Notice of Meeting. In the event Resolution 2 is approved by Shareholders, Shareholders will be provided the opportunity to participate in the Buy-Back (refer to Resolution 2 for further details).

Following the Delisting, the Directors may consider additional measures designed to provide Shareholders with a liquidity opportunity in order to realise their investment in the Company.

(b) If the Company is delisted, it will have more limited means by which it can raise capital by the issue of securities

An unlisted company does not have the ability to raise capital from the issue of securities by means of limited disclosure fundraising documents. Therefore, the main means for the Company (as an unlisted company) to raise equity funds will be by way of an offer of securities pursuant to a full form prospectus or by way of a placement of securities to sophisticated and professional investors and other investors who do not require a prospectus.

(c) If the Company is delisted, the Listing Rules will no longer apply

The reduction of obligations associated with a listing on ASX may include relief from some reporting and disclosure requirements, removal of restrictions on the issue of Shares by the Company, requirements concerning significant changes to the Company's activities and relief from requirements to address ASX Corporate Governance Principles and Recommendations. The absence of continued restrictions in these areas may be perceived to be a disadvantage to some Shareholders, particularly minority Shareholders. These matters are further explained below.

4. What approvals are required for the Delisting?

The Delisting is conditional on satisfying the ASX imposed Delisting Conditions. Details of ASX's in-principle approval for the Delisting and the Delisting Conditions attaching to that approval are described above. The Delisting Conditions include that the Delisting is approved by a special resolution of Shareholders.

Accordingly, Resolution 1 is being put to Shareholders as a special resolution. Resolution 1 will be passed if at least 75% of the votes cast in person or by proxy by Shareholders at the General Meeting who are entitled to vote on Resolution 1 are cast in favour of Resolution 1.

5. The effect of Delisting

If Shareholders approve Resolution 1, the Company will be removed from the Official List on a date to be decided by ASX (**Delisting Date**). The Delisting Date will be no earlier than one month after the date such Shareholder approval is obtained. Subject to Resolutions 1 and 2 being passed, to provide Shareholders with the opportunity to realise their investment, the Company is proposing to conduct an off-market equal access buy-back to allow Shareholders to dispose of some or all of their Shares at a price that is a premium to the prevailing Share price and net tangible assets per Share. See Resolution 2 below for more information.

After the Delisting Date, Shares will only be capable of sale by private transaction. This may present difficulties to selling Shareholders.

Set out in the "Key Dates" section above is an indication of the timetable for the Delisting and the Buy-Back.

Set out below is additional information that may be useful to Shareholders:

(a) Effect of Delisting on issued share capital

The Company currently has 313,263,608 Shares on issue as at the date of this Notice of Meeting. The Delisting will, of itself, have no impact on the number of Shares on issue.

However, if both Resolutions 1 and 2 are passed, the number of Shares on issue may be reduced due to the implementation of the proposed Buy-Back. Refer to the section on Resolution 2 below in the Explanatory Statement for further details.

(b) Control on the Company

The Delisting process will not cause the cancellation or transfer of Shares; therefore, the Delisting (of itself) will have no impact on the current control structure of the Company.

However, if both Resolution 1 and 2 are passed, the number of Shares on issue may be reduced due to the implementation of the proposed Buy-Back. Refer to the section on Resolution 2 below in the Explanatory Statement for further details.

PMG, being the Company's only substantial holder, has indicated that it supports the proposed Delisting and intends to direct its votes in favour of Resolution 1.

(c) Effect of Delisting on assets, liabilities and creditors

The Directors consider that the Delisting will not adversely affect the Company's capacity to meet its existing and anticipated obligations and pay its debts as and when they fall due. As noted above, the Directors consider the Delisting will result in certain cost savings for the Company.

Notwithstanding this, in the event that Resolution 2 is passed, the Company's cash assets will be reduced in the manner set out below through the implementation of the Buy-Back.

(d) Business post Delisting

Following Delisting, the Company will conduct its business as usual.

(e) Ongoing disclosure and reporting obligations under the Corporations Act

While the ASX Listing Rules will cease to apply to the Company, Shareholders will retain the protections afforded to them under the Corporations Act. The Company will continue to be subject to its obligations under the Corporations Act and the Company's Constitution, including:

- (i) while the Company has 100 or more Shareholders (i.e. is an "unlisted disclosing entity" for the purposes of the Corporations Act), the Company will still be required to give continuous disclosure of material matters in accordance with the Corporations Act by filing notices with ASIC under section 675 of the Corporations Act and the Company will still be required to lodge annual audited and half-yearly financial statements in accordance with the requirements of the Corporations Act. However, if the Company ceases to be an unlisted disclosing entity there will be no ongoing requirement for the Company to give continuous disclosure of material matters under section 675 or lodge half-yearly financial statements reviewed by an auditor but as a public company it will continue to be required to lodge annual audited financial statements;
- (ii) while the Company has 50 or more Shareholders, the acquisition and control of Shares will continue to be subject to the takeover provisions in Chapter 6 of the Corporations Act;
- (iii) as a public company, the restrictions on the giving of a financial benefit to a related party of the Company under Chapter 2E of the Corporations Act will continue to apply; and
- (iv) the majority of the provisions of the Constitution will not be affected by the Company ceasing to be listed and there is no present proposal to change the Company's Constitution following the Delisting.

(f) Trading in Shares

Prior to the Company's Delisting, if Shareholders desire to sell their Shares on ASX, Shareholders will need to do so before the Company is removed from the Official List.

Shareholders may also wish to participate in the Buy-Back (see below for details).

Following the Suspension Date (refer to the table above for details), Shareholders seeking to sell their Shares will have the capacity to conduct off-market transfers of their Shares to a willing third-party purchaser subject to and in accordance with the Company's Constitution. Such a market may not be liquid, and Shareholders will be personally responsible for sourcing potential purchasers.

As indicated above, whole of company transactions where an offer is made to all Shareholders, for example a takeover bid or a scheme of arrangement, would still be undertaken pursuant to the requirements in the Corporations Act. In the event of such a transaction, in line with regulatory requirements, Shareholders would receive all relevant information required to assess any such proposal.

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Following the Delisting, the Directors will continue to assess appropriate measures to enable Shareholders to realise the value of their investment in the Company.

6. What remedies may Shareholders pursue under the Corporations Act?

If a Shareholder considers the Delisting to be contrary to the interests of the Shareholders as a whole or oppressive to, unfairly prejudicial to, or unfairly discriminatory against a Shareholder or Shareholders, it may apply to the court for an order under Part 2F.1 of the Corporations Act. Under section 233 of the Corporations Act, the court can make any order that it considers appropriate in relation to the Company, including an order that the Company be wound up or an order regulating the conduct of the Company's affairs in the future.

If a Shareholder considers that the Delisting involves "unacceptable circumstances", they may apply to the Takeovers Panel for a declaration of unacceptable circumstances and other orders under Part 6.10 Division 2 Subdivision B of the Corporations Act (refer also to *Guidance Note 1: Unacceptable Circumstances* issued by the Takeovers Panel). Under section 657D of the Corporations Act, if the Takeovers Panel has declared circumstances to be unacceptable, it may make any order that it thinks appropriate to protect the rights or interests of any person or group of persons, where the Takeovers Panel is satisfied that those rights or interests are being affected, or will be or are likely to be affected, by the circumstances.

7. What happens if Resolution 1 is passed?

If Resolution 1 is passed, subject to approval from ASX, the Company will be able to proceed with the Delisting. If ASX acts on the Company's request to remove it from the Official List, the Shares will no longer be tradeable on ASX.

Before proceeding with the Delisting, if Resolution 2 is passed, the Company intends to undertake the Buy-Back which will give Shareholders the opportunity to potentially realise some or all of their investment in the Company.

8. What happens if Resolution 1 is not passed?

If Resolution 1 is not passed, unless a subsequent delisting proposal is approved by Shareholders or ASX determines that the Shares should no longer be listed, the Company will not proceed with the Delisting or the Buy-Back, and the Shares would remain listed on ASX.

9. Board recommendation

The Board believes the Delisting is in the best interests of, and offers significant value to, the Shareholders for the following reasons:

- (a) **An attractive premium:** Existing Shareholders will receive a total consideration of A\$0.013 in cash per Share, representing a premium to the prevailing Share price and net tangible assets per Share;
- (b) **Opportunity to redeem or retain:** Shareholders will be given the option to either redeem their existing holding or retain their exposure to the Company in an unlisted form; and
- (c) **Certain value:** The Delisting proposal provides Shareholders with an opportunity for liquidity and value certainty for their Shares at an attractive price.

The Directors unanimously recommend that Shareholders vote in favour of Resolution 1.

The Chair intends to vote all undirected proxies in favour of Resolution 1.

10. No other additional information

Other than as set out in this Explanatory Statement, there is no other additional information that is known to the Directors that may reasonably be expected to be material to the making of a decision by Shareholders whether or not to vote in favour of this Resolution 1.

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Resolution 2 – Approval of share buy-back in excess of the 10/12 limit – Section 257C of the Corporations Act

1. Background

On 15 May 2024, the Company announced its intention to seek Shareholder approval to conduct an equal access off-market buy-back of up to a total of 63,263,608 Shares, representing approximately 20.20% of the Company's total issued share capital on issue as at the date of this Notice of Meeting. The Company currently has a total of 313,263,608 Shares on issue as at the date of this Notice of Meeting.

Resolution 2 seeks Shareholder approval for the Company to conduct the Buy-Back. The Buy-Back is conditional on obtaining Shareholder approval for the Delisting the subject of Resolution 1. In the event that Resolution 1 is not approved, Resolution 2 will not be put to a Shareholder vote.

The Company is seeking this approval to provide Shareholders with the opportunity to realise some or all of their investment prior to the Delisting.

If the Delisting is implemented, the Shares will no longer be tradeable on ASX, and it will be more difficult for a Shareholder to dispose of their Shares. The Buy-Back provides all Shareholders the opportunity to potentially realise some or all of their investment in the Company.

2. What is a buy-back?

Under a buy-back, a company buys back its own shares from its shareholders who elect to participate in the buy-back offer. Any shares bought back must then be cancelled in accordance with the Corporations Act, with the result being that the total number of the company's shares on issue is reduced by the number of shares bought back from participating shareholders.

3. What is an equal access scheme?

An equal access scheme is a type of buy-back. Section 257B of the Corporations Act prescribes that, in an equal access scheme:

- (a) the offers under the scheme must relate only to ordinary shares;
- (b) the offers must be made to every person who holds ordinary shares to buy back the same percentage of their ordinary shares;
- (c) all of those persons must have a reasonable opportunity to accept offers made to them;
- (d) buy-back agreements must not be entered into until a specified time for acceptances of offers has closed; and
- (e) the terms of the offers must be the same.

The Buy-Back complies with these conditions and is an equal access scheme for the purposes of the Corporations Act.

4. Why is Resolution 2 conditional?

Resolution 2 is conditional on Shareholders approving Resolution 1. This means that the Buy-Back will not proceed if Shareholders do not approve the Company's removal from the Official List of ASX.

Having regard to the impact that Delisting (if approved by Shareholders) would have on the Company (as discussed above in the section of the Explanatory Statement on Resolution 1), the Directors consider that Shareholders should be afforded the opportunity to either remain as

Shareholders of the Company following its Delisting or to exit their investment in the Company in whole or in part. The Buy-Back has been proposed for this purpose and accordingly is only proposed to go ahead in the event that the Delisting is approved by Shareholders.

5. Overview of the Buy-Back

The relevant features of the Buy-Back (should it proceed) are as follows:

Number and class of securities	<p>The Company is offering to buy back up to 100% of each minority Shareholder's (being Shareholders other than PMG) fully paid ordinary shares in the Company.</p> <p>PMG, as the Company's only substantial Shareholder with voting power of approximately 79.80% of the total issued capital of the Company, has undertaken not to participate in the Buy-Back.</p> <p>On this basis, the maximum number of Shares that the Company will buy back off-market will be 63,263,608 Shares (representing approximately 20.20% of total Shares on issue as at the date of this Notice of Meeting).</p>															
Number of shares currently on issue	<p>The Company has a total of 313,263,608 Shares on issue as at the date of this Notice of Meeting.</p>															
Buy-Back offer price	<p>The Buy-Back Price is A\$0.013 per Share. This represents a 30% premium to the closing price of the Shares on ASX on 2 May 2024, and a 64.56% premium to INL's net tangible assets per Share.¹</p> <p>In determining the Buy-Back Price, the Directors have sought to balance the interests of those Shareholders who wish to participate in the Buy-Back with those of Shareholders who wish to retain their Shares in the Company.</p>															
Current Share price	<p>To provide an indication of the recent market price of the Shares, the closing price on 25 April 2024 was A\$0.010. The highest and lowest market sale prices for the Shares on ASX during the previous three months were as follows:</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: left;">Month</th> <th style="text-align: left;">Low</th> <th style="text-align: left;">High</th> </tr> </thead> <tbody> <tr> <td>January</td> <td>A\$0.012</td> <td>A\$0.012</td> </tr> <tr> <td>February</td> <td>A\$0.012</td> <td>A\$0.012</td> </tr> <tr> <td>March</td> <td>A\$0.010</td> <td>A\$0.012</td> </tr> <tr> <td>April</td> <td>A\$0.100</td> <td>A\$0.100</td> </tr> </tbody> </table>	Month	Low	High	January	A\$0.012	A\$0.012	February	A\$0.012	A\$0.012	March	A\$0.010	A\$0.012	April	A\$0.100	A\$0.100
Month	Low	High														
January	A\$0.012	A\$0.012														
February	A\$0.012	A\$0.012														
March	A\$0.010	A\$0.012														
April	A\$0.100	A\$0.100														
Options available to shareholders	<p>If the Buy-Back is approved, the Company will invite Shareholders to sell some or all of their Shares back to the Company at the Buy-Back Price. All Shares bought back under the Buy-Back would be cancelled. Participation in the Buy-Back is completely voluntary, and Shareholders can elect whether to sell some, all or none of their Shares under the Buy-Back.</p>															

¹ The net tangible assets per share are based on the Company's consolidated financial statements for the half year ended 31 December 2023, as per Appendix 4D, released 7 March 2024.

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A Shareholder who does not wish to participate in the Buy-Back does not need to do anything. If a Shareholder does not participate in the Buy-Back the number of Shares that they hold in the Company will remain the same but their percentage shareholding in the Company will increase if other Shareholders elect to participate in the Buy-Back.

Shareholders may continue to sell their Shares on-market, unless and until they make an Application under the Buy-Back. It is possible that Shares may trade on-market above or below the Buy-Back Price from time to time.

The Ex-Entitlement Date for the Buy-Back (if approved) is Wednesday, 19 June 2024. Shares acquired after the Ex-Entitlement Date will not confer any entitlement to participate in the Buy-Back.

Shareholders should consult their own tax advisor for specific taxation advice in connection with participation in the Buy-Back in order to assess the impact on their own particular circumstances.

Further details of the Buy-Back procedure are set out below.

Buy-Back procedure

In the event that Resolutions 1 and 2 are approved at the General Meeting, the Buy-Back will be implemented as follows:

- (a) Shareholders who hold Shares on the Record Date for the Buy-Back (expected to be Thursday, 20 June 2024) (**Eligible Shareholders**) will be sent a Buy-Back Booklet including a personalised Buy-Back Election Form to participate in the Buy-Back. The Buy-Back Booklet and Buy-Back Election Form will be despatched to Shareholders by post on the Opening Date (expected to be Wednesday, 26 June 2024).
 - (b) The Buy-Back will be open to Shareholders from the Opening Date until the Closing Date (expected to be Friday, 12 July 2024) (**Offer Period**). The Company may extend the Offer Period but does not presently intend to do so. If the Closing Date is changed, the change will be announced to ASX.
 - (c) At any time during the Offer Period, a Shareholder can submit a Buy-Back Election Form to accept the Buy-Back in respect of some or all of their Shares.
 - (d) Trustees or nominees who hold a parcel of Shares on account of more than one beneficial holder will be able to accept the Buy-Back in whole or in part on behalf of some or all underlying beneficial holders on whose behalf they hold Shares. Arrangements relating to instructions between registered Shareholders and underlying beneficiaries on whose behalf Shares are held are matters to be determined between the relevant trustee/nominees and beneficiaries.
 - (e) The Company will only accept, and process Buy-Back Election Forms lodged by registered Shareholders and will not engage in correspondence with underlying beneficial owners. A Buy-Back Election Form can be revoked by lodging a Withdrawal Form.
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- (f) Notwithstanding the submission of a Buy-Back Election Form prior to the Closing Date, no agreement to buy back Shares under the Buy-Back is formed and Applications are conditional in all respects until 5:00pm (AEST) on the Closing Date.
- (g) All Shares for which a valid Buy-Back Election Form has been received and accepted by the Company before the Closing Date (and in respect of which no Withdrawal Form has been lodged) will be cancelled on the Completion Date (expected to be Monday, 15 July 2024).
- (h) Proceeds of the Buy-Back are expected to be distributed to participants on the Settlement Date (expected to be on or as close as practicable to Monday, 22 July 2024).

The timetable for the Buy-Back set out in the "Key Dates" section above is indicative only. Subject to law, the Company reserves the right to amend this indicative timetable without prior notice to Shareholders.

Time frame

If Resolutions 1 and 2 are approved by Shareholders, the Buy-Back will commence no earlier than Wednesday, 26 June 2024 (following the General Meeting) and will end prior to the Delisting.

The Directors reserve the right to withdraw the Buy-Back early in their absolute discretion and subject to the ASX Listing Rules.

Set out in the "Key Dates" section above is an indication of the timetable for the Delisting and the Buy-Back.

Cancellation of Buy-Back shares

Section 257H of the Corporations Act requires that a company must not dispose of the shares it buys back, and that immediately after the registration of the transfer of bought back shares to the company, the shares are cancelled.

Shares purchased by the Company under the Buy-Back are proposed to be cancelled on Monday, 15 July 2024 in accordance with the indicative timetable set out below (which may be subject to change).

Reasons for the Buy-Back

If the Delisting is implemented, Shares will no longer be tradeable on ASX, and it will be more difficult for a Shareholder to dispose of their Shares. The Buy-Back provides all Shareholders the opportunity to potentially realise some or all of their investment in the Company.

Independent Expert's Report

The Company has commissioned the Expert to prepare the Independent Expert's Report to assist Shareholders to understand the value of the Shares and assets and opine on whether the Buy-Back is fair and reasonable for Shareholders for the purposes of assisting Shareholders decide on how to vote on the Buy-Back.

A copy of the Independent Expert's Report is set out in **Annexure A** of this Explanatory Statement. Shareholders are encouraged to read the Independent Expert's Report in full.

The Expert has concluded that having regard to the value of the Shares, the Buy-Back Price, the advantages and disadvantages of the Buy-Back, available alternatives and the consequences of Shareholders not

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approving the Buy-Back, the Buy-Back is fair and reasonable to Shareholders in the absence of any superior alternative.

Financial effect of the Buy-Back on the Company

The Company has a total 313,263,608 Shares on issue as at the date of this Notice of Meeting. If the Buy-Back is approved, the Company will, under the Buy-Back, offer to buy back up to 63,263,608 Shares, comprising 20.20% of the Company's total issued capital. This constitutes 100% of the Company's total issued share capital excluding Shares held by PMG (being, the Company's only substantial Shareholder with voting power of approximately 79.80% of the total issued capital of the Company).

Shares that are bought back will be cancelled. The Buy-Back may reduce the number of Shares on issue from 313,263,608 to a minimum of 250,000,000 Shares. However, the precise number of Shares which are cancelled as part of the Buy-Back will depend on the number of Shares the Company ultimately purchases.

Assuming the maximum number of Shares are purchased under the Buy-Back, on implementation of the Buy-Back and upon repayment of the amount under the Facility Agreement (as defined below), the Company's cash assets will be reduced by up to approximately A\$822,500, noting that no interest is payable under the Facility Agreement (assuming all amounts are paid when due).

Source of funds

The Buy-Back will be funded by an interest free debt facility of up to approximately \$822,500 from PMG (**Facility Agreement**), being an amount equal to the Buy-Back Price multiplied by the Company's total issued share capital excluding Shares held by PMG (**Facility Amount**).

The Facility Agreement is conditional on evidence that approvals and consents for completion of the Delisting and the Buy-Back have been obtained, including Shareholder approval for Resolutions 1 and 2, and all requisite approvals from ASIC, ASX and other relevant third parties, in each case in a form and substance acceptable to PMG.

The Facility Agreement contains standard terms and conditions relating but not limited to, events of defaults, indemnities, representations and warranties. In the event of any overdue payments under the Facility Agreement, a default interest rate of 2% will apply. In addition, the Company may request for a 12 month extension of the final repayment date by giving written notice to PMG no less than 90 days before the final repayment date.

Following the Settlement Date, PMG will remain entitled, to the exclusion of the Company and its Shareholders, to any portion of the Facility Amount remaining as a result of incomplete participation in the Buy-Back.

The Directors have determined that the Buy-Back will not materially prejudice the Company's ability to pay its creditors.

Related party benefits

Chapter 2E of the Corporations Act requires that, for a public company to give a financial benefit to a related party of the public company, the public company must:

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- (a) obtain the approval of the public company’s shareholders in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception in sections 210 to 216 of the Corporations Act.

Although PMG is a related party of the Company (being a substantial Shareholder with voting power of approximately 79.80% of the total issued capital of the Company), the Directors do not consider that the financing provided by PMG under the Facility Agreement constitutes the giving of a financial benefit by the Company to a related party as the Facility Agreement will be provided on an interest-free basis and no fees are payable by the Company for the advance of the loan under the Facility Agreement. As such, the entry into the Facility Agreement to fund the Buy-Back does not require the approval of Shareholders for the purposes of Chapter 2E.

In any event, the Directors have determined that the Facility Agreement is on arm’s length terms on the basis of it contains standard terms and conditions. Therefore, even if the Facility Agreement falls within the remit of Chapter 2E of the Corporations Act, the ‘arm’s length terms’ exemption provided by section 210 of the Corporations Act applies. Accordingly, Shareholder approval under Chapter 2E of the Corporations Act is not required.

Advantages and disadvantages of the Buy-Back

Advantages of the Buy-Back include:

- (a) Eligible Shareholders have the opportunity to exit all or part of their investment in the Company prior to the proposed Delisting;
- (b) all Eligible Shareholders have an equal opportunity to participate and also have flexibility to tailor the level of their participation to suit their individual circumstances;
- (c) participating Shareholders will not have to pay brokerage or appoint a stockbroker to sell their Shares pursuant to the Buy-Back;
- (d) Shareholders who sell all of their Shares will avoid ongoing exposure to the risks associated with an investment in the Company, including no guarantee of growth, lack of diversification, potentially illiquid investment, equity price risks and general economic risks;
- (e) all other things being equal, Eligible Shareholders will have the opportunity to sell some or all of their Shares at a price which is likely to be above the market price that would be available on ASX (taking into account the likely impact of that selling activity on the prevailing market price). Given the historical illiquidity of the Shares, there is

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no guarantee that Shareholders could achieve such a return on-market if the Buy-Back does not proceed;

- (f) the Buy-Back will enable Eligible Shareholders to sell a significant volume of Shares which may otherwise be difficult to do via ASX in light of recent trading levels in Shares;
- (g) the Expert has determined that having regard to the value of the Shares, the Buy-Back Price, the advantages and disadvantages of the Buy-Back, available alternatives and the consequences of Shareholders not approving the Buy-Back, the Buy-Back is fair and reasonable for Shareholders, in the absence of any superior alternative. See the Independent Expert's Report for the Expert's assessment of the advantages of the Buy-Back; and
- (h) implementation of an off-market buy-back is simple and cost effective when compared with alternative options considered by the Board.

Disadvantages of the Buy-Back include:

- (a) the Buy-Back would, if approved and to the extent that Shareholders participate in it, result in the cancellation of Shares in the Company and therefore impact on the control of the Company. If there is significant participation in the Buy-Back, this will lead to an increase in the voting power of any substantial Shareholders who elect not to participate in the Buy-Back. As at the date of the Notice of Meeting, PMG (being, the Company's only substantial Shareholder) has voting power of approximately 79.80% of the total issued capital of the Company. PMG has undertaken not to participate in the Buy-Back. Assuming the maximum number of Shares (i.e. 63,263,608 Shares) are bought back after completion of the Buy-Back, the voting power of PMG could increase above its current level to up to 100%;
- (b) Shareholders who sell their Shares under the Buy-Back will forego, to the extent they sell down their shareholding, any benefits of remaining a holder of shares. This includes, for example, the right to benefit from any future value realisation by the Company and the right to exercise any vote on resolutions considered by members at general meeting; and
- (c) if Shareholders participate in the Buy-Back, there will be a reduction in the number of Shares on issue which may decrease liquidity of the Shares traded on ASX. Further, if the Delisting proceeds, the Shares will no longer be available for trading on ASX and will be illiquid.

Refer to the Independent Expert's Report for the Expert's assessment of the disadvantages of the Buy-Back.

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Tax implications

Approval of Resolution 2 will not result in any tax implications for Shareholders if they do not sell their Shares. However, if a Shareholder chooses to participate in the Buy-Back by selling their Shares then that Shareholder should obtain specific tax advice on the treatment of the sale of their Shares taking into account their particular circumstances.

Intentions of major shareholder and effect on control

The Buy-Back would, if approved and to the extent that Shareholders participate in it, result in the cancellation of Shares in the Company and is capable of having an effect on control of the Company.

If there is significant participation in the Buy-Back, this will lead to an increase in the voting power of any substantial Shareholders in the Company who elect not to participate in the Buy-Back.

As at the date of the Notice of Meeting, PMG, being the Company's only substantial Shareholder, has voting power of approximately 79.80% of the total issued capital of the Company. PMG has undertaken not to participate in the Buy-Back.

Assuming the maximum number of Shares are purchased under the Buy-Back (being, 63,263,608 Shares), the voting power of PMG could increase above its current level to up to 100%. Consequently, implementation of the Buy-Back could increase the voting power of PMG and its control over the Company.

Director interests and participation in the Buy-Back

As at the date of this Notice of Meeting, the Directors have the following interests in Shares (directly and indirectly):

Director	Number of ordinary shares
Yeshween Mudaliar	Nil
Peter French	166,666
Theo Renard	166,666
Leo Cui	61,000

For completeness, it is noted that Mr Jhon Shen resigned as a Director with effect on and from 27 February 2024. Mr Shen holds a relevant interest of 250,000,000 Shares as the beneficial owner of PMG through family trust.

Directors will be eligible to participate in the Buy-Back subject to complying with the Company's policies and procedures, and subject to the terms of the Buy-Back as described in the Explanatory Statement.

As at the date of this Notice of Meeting, each of the Directors intend to accept the Buy-Back for all Shares held or controlled by them. No Director will receive any payment or benefit of any kind as a consequence of the Buy-Back other than in their capacity as a Shareholder in the Company.

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What approvals are required for the Buy-Back

Corporations Act

The Corporations Act allows a company to buy back up to 10% of the minimum number of shares on issue at any time during the last 12 months without seeking approval of its shareholders. If a company wishes to buy back a greater number of shares by way of an equal access buy back, it must seek shareholder approval.

Section 257C(1) requires that the terms of the buy-back agreement be approved by an ordinary resolution passed at a general meeting of the company before the agreement is entered into or the agreement must be conditional on obtaining such an approval.

Accordingly, Resolution 2 has been proposed for this purpose and will be approved if more than 50% of the total number of votes that are validly cast on Resolution 2 are in favour of it.

It is important to note that a Shareholder who votes in favour of Resolution 2 does not have to participate in the Buy-Back. Participation in the Buy-Back is voluntary and at the discretion of Shareholders.

Listing Rules

Listing Rule 7.18 provides that if an entity seeks to reorganise its capital in any way, it must consult with ASX to ensure an orderly market is maintained in its securities. The Company has consulted with ASX in connection with the Buy-Back as required by ASX Listing Rules.

6. Board recommendation

Each Director, who is a Shareholder, intends to vote in favour of Resolution 2. No Director will receive any payment or benefit of any kind as a consequence of the Buy-Back other than in their capacity as a shareholder in the Company.

In the event that this Resolution 2 is not approved by shareholders, the Board may buy back Shares within the 10/12 limit.

The Directors unanimously recommend that Shareholders vote in favour of Resolution 2.

The Chair intends to vote all undirected proxies in favour of Resolution 2.

7. Voting exclusion

The Company will disregard any votes cast in favour of Resolution 2 by or on behalf of PMG or an associate of PMG, unless the vote is cast in favour of a resolution by:

- a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney on how to vote as set out in the Proxy Form;
- the Chair as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the Chair to vote on the resolution as the Chair decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:

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- the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
- the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

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INDEPENDENT EXPERT'S REPORT

The Expert has prepared the Independent Expert's Report, a copy of which is included as **Annexure 1** to the Notice of Meeting, which sets out an independent examination of the Buy-Back, to assist shareholders to assess the merits of, and to decide whether to approve, this Resolution 2.

The Expert has concluded that the Buy-Back is fair and reasonable to Shareholders.

Shareholders are urged to carefully consider the Independent Expert's Report, including the assumptions, qualifications and disclaimers on which the Expert's conclusions are based.

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GLOSSARY

In the Notice of Meeting and Explanatory Statement, unless the context requires otherwise:

Application	means an application by a shareholder to participate in the Buy-Back in respect of some or all of their shares, made under a valid Buy-Back Election Form.
ASIC	means the Australian Securities and Investment Commission.
ASX	means ASX Limited (ACN 008 624 691) or the securities market which it operates, as the case requires.
ASX Listing Rules	means the Listing Rules of ASX.
Board	means the board of Directors.
Buy-Back	means the proposed off-market equal access buy-back under which Shareholders may sell their Shares subject to the terms and conditions set out in this Notice of Meeting and accompanying Explanatory Statement.
Buy-Back Booklet	means the information booklet to be despatched to Shareholders in respect of the Buy-Back.
Buy-Back Election Form	means the personalised election form to be despatched to Shareholders alongside the Buy-Back Booklet, under which a Shareholder can elect to participate in the Buy-Back and specify the maximum number of Shares they wish to sell.
Buy-Back Price	means A\$0.013 per Share.
Chair	means the chair of the General Meeting.
Closing Date	means the date on which the Buy-Back closes, scheduled for Friday, 12 July 2024 at 5:00 pm as at the date of the Notice of Meeting and accompanying Explanatory Statement.
Closely Related Parties	means, as defined in the Corporations Act, a closely related party of a member of the Key Management Personnel being: <ul style="list-style-type: none"> (a) a spouse or child of the member; or (b) a child of the member's spouse; or (c) a dependant of the member or of the member's spouse; or (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealings with the entity; or (e) a company the member controls; or (f) a person prescribed by the <i>Corporations Regulations 2001</i> (Cth).
Company	means Innlanz Limited (ABN 83 628 420 824) (ASX: INL).

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Completion Date	means the date on which the Shares bought back in the Buy-Back are cancelled at the register of members is updated, which is expected to be Monday, 15 July 2024.
Constitution	means the constitution of the Company.
Corporations Act	means the <i>Corporations Act</i> 2001 (Cth).
Delisting	means the removal of the Company from the Official List of ASX pursuant to ASX Listing Rule 17.11.
Delisting Condition	means a condition imposed by ASX in relation to the Delisting as summarised in the Explanatory Statement.
Delisting Date	means the date on which the Company will be delisted from the Official List of ASX, which is expected to be Monday, 22 July 2024.
Director	means a director of the Company.
Eligible Shareholder	means a Shareholder who holds Shares on the Record Date.
Ex-Entitlement Date	means Wednesday, 19 June 2024 as at the date of this Notice of Meeting and accompanying Explanatory Statement.
Expert	means RSM Corporate Australia Pty Ltd.
Explanatory Statement	means the explanatory statement, included in the Notice of Meeting.
General Meeting	means the meeting of Shareholders to consider and vote on the Resolutions and includes any adjournment or postponement of that meeting.
Independent Expert's Report	means the report prepared by the Expert in respect of the Buy-Back, a copy of which is included as Annexure 1 to this Notice of Meeting.
Listing Rules	means the listing rules of ASX.
Notice of Meeting	means this notice of meeting for the General Meeting, and which is taken to include all information in this document.
Offer Period	has the period of time commencing on the Opening Date and ending at 5.00 pm (Sydney time) on the Closing Date during which the Buy-Back is open for acceptance by Eligible Shareholders.
Official List	means the official list of ASX.
Opening Date	means the date on which the Buy-Back opens, scheduled for Wednesday, 26 June 2024 as at the date of the Notice of Meeting and accompanying Explanatory Statement.
PMG	means Pacific Merchants Group Pty Ltd (ABN 16 164 186 038).
Proxy Form	means the proxy form included as Annexure 2 to this Notice of Meeting.

Record Date	means the Record Date for the Buy-Back, scheduled for Thursday, 20 June 2024 as at the date of this Notice of Meeting.
Resolution	means a resolution set out in the Notice of Meeting.
Settlement Date	means the date on which the sale of Shares under the Buy-Back will be settled and the cash consideration in respect of that sale will be paid to Shareholders who sell their Shares under the Buy-Back, scheduled for Monday, 22 July 2024 as at the date of the Notice of Meeting and accompanying Explanatory Statement.
Shares	means a fully paid ordinary share in the capital of the Company.
Shareholder	means a holder of a Share.
Share Registry	means Computershare Investor Services Pty Limited.
Withdrawal Form	means the form of that name provided by the Share Registry on request by a Shareholder and which is used to withdraw or amend a previously submitted Application.

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Innlanz Limited

Financial Services Guide and Independent Expert's Report

13 May 2024

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Financial Services Guide

13 May 2024

RSM Corporate Australia Pty Ltd ABN 82 050 508 024 (“**RSM**” 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.

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 financial services that we will be providing you under our Australian Financial Services Licence (“**AFSL**”), Licence No 255847;
- remuneration that we and/or our staff and any associates receive in connection with the financial services that we will be providing to you;
- any relevant associations or relationships we have; and
- our complaints handling procedures and how you may access them.

Financial services we will provide

For the purposes of our report and this FSG, the financial service we will be providing to you is the provision of general financial product advice in relation to securities.

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

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.

Benefits that we may receive

We charge various fees for providing different financial services. However, in respect of the financial service being provided to you by us, fees will be agreed, and paid by, the person who engages us to provide the report and such fees will be agreed on either a fixed fee or time cost basis. You will not pay to us any fees for our services; Innlanz Limited (“**Innlanz**” or “**the Company**”) will pay our fees. These fees are disclosed in the Report.

Except for the fees referred to above, neither RSM Corporate Australia Pty Ltd, 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.

Remuneration or other benefits received by our employees

All our employees receive a salary.

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.

Associations and relationships

RSM Corporate Australia Pty Ltd is beneficially owned by the partners of RSM Australia, a large national firm of chartered accountants and business advisors. Our directors are partners of RSM Australia Partners.

From time to time, RSM Corporate Australia Pty Ltd, RSM Australia Partners, RSM Australia and/or RSM Australia related entities may provide professional services, including audit, tax and financial advisory services, to financial product issuers in the ordinary course of its business.

Complaints resolution

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 should be directed to The Complaints Officer, RSM Corporate Australia Pty Ltd, PO Box R1253, Perth, WA, 6844.

If we receive a written complaint, we will record the complaint, acknowledge receipt of the complaint 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. If a complaint is received in advance of a shareholder meeting or other key date where shareholders or investors may be making decisions which are influenced by our report, we will make all reasonable efforts to respond to complaints prior to that date.

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 Australian Financial Complaints Authority (“AFCA”). AFCA is an independent dispute resolution scheme 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 AFCA are available at the AFCA website www.afca.org.au. You may contact AFCA directly by email, telephone or in writing at the address set out below.

Australian Financial Complaints Authority
GPO Box 3
Melbourne VIC 3001
Toll Free: 1800 931 678
Email: info@afca.org.au

Time limits may apply to make a complaint to AFCA, so you should act promptly or consult the AFCA website to determine if or when the time limit relevant to your circumstances expires.

Contact details

You may contact us using the details set out at the top of our letterhead on page 4 of this report.

Independent Expert's Report

RSM Corporate Australia Pty Ltd

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F +61 (0) 3 9286 8199
www.rsm.com.au

13 May 2024

The Directors
Innlanz Limited
18-40 Anderson Street
Parramatta NSW 2150

Dear Directors,

Introduction

This Independent Expert's Report ("**Report**" or "**IER**") has been prepared to accompany the Notice of Extraordinary General Meeting and Explanatory Statement ("**Notice**") to be provided to shareholders for an Extraordinary General Meeting of Innlanz Limited ("**Innlanz**" or "**the Company**") to be held on or around 14 June 2024, at which shareholder approval will be sought for the Company to undertake an equal access off-market share buy-back of up to a total of 63,263,608 fully paid ordinary shares in the Company, representing a 20.2% interest in the Company ("**Buy-Back**") for consideration of \$0.013 per Share ("**Buy-Back Price**").

Purpose of this Report

The Company is seeking shareholder approval to undertake a delisting of Innlanz's Shares (Resolution 1) ("**Delisting**") and to undertake the Buy-Back (Resolution 2). Innlanz's only substantial shareholder, Pacific Merchants Group Pty Ltd ("**PMG**"), holds the remaining 79.8% equity interest in the Company and has undertaken not to participate in the Buy-Back.

The Directors of the Company have requested that RSM Corporate Australia Pty Ltd ("**RSM**"), being independent and qualified for the purpose, express an opinion as to whether the Buy-Back (Resolution 2) is fair and reasonable to the shareholders of Innlanz not associated with the Buy-Back ("**Shareholders**" or "**Non-Associated Shareholders**").

The Buy-Back is subject to the Company obtaining shareholder approval for the Delisting of Innlanz's Shares under Resolution 1. If Resolution 1 is not approved, the Buy-Back will not proceed. Accordingly, we have included our assessment of the impact Resolution 1 will have on fairness and reasonableness of the Buy-Back.

Summary of opinion

In the absence of any other relevant information and/or a superior proposal, in our opinion, and for the reasons set out in Sections 6 and 7 of this Report, we consider the Buy-Back is **fair and reasonable** to Shareholders.

Approach

The Australian Securities and Investment Commission ("**ASIC**") Regulatory Guide 110 *Share buy-backs* ("**RG 110**") sets out the information to be disclosed to shareholders by companies seeking shareholder approval for a buy-back. RG 110.18 states that if a company proposes to buy-back a significant percentage of shares it should consider providing an independent expert's report with a valuation of the shares.

In assessing whether the Buy-Back is fair and reasonable to Shareholders, we have considered ASIC Regulatory Guide 111 *Content of Expert Reports* ("**RG 111**"), which provides specific guidance as to how an expert is to appraise transactions.

RG 111 provides ASIC's views on how an expert can help security holders make informed decisions about transactions. Specifically, it gives guidance to experts on how to evaluate whether or not a transaction is fair and reasonable.

RG 111 states that the expert's report should focus on:

- the issues facing the security holders for whom the report is being prepared; and
- the substance of the transaction rather than the legal mechanism used to achieve it.

RG111 indicates that where a transaction is a control transaction the expert should focus on the substance of the control transaction rather than the legal mechanism to affect it. RG 111 suggests that where a transaction is a control transaction it should be analysed on a basis consistent with a takeover bid.

RG 111 does not specify if an equal access share buy-back is a control transaction. However, in assessing whether the Buy-Back is a control transaction, we have considered the following:

- the Buy-Back involves the offer to acquire up to 100% of the ordinary Shares held by each minority Shareholder, representing the 20.2% of the Shares not owned by PMG, and accordingly, could constitute the acquisition of a “relevant interest” under section 606(1) of the Corporations Act (i.e. more than a 20% interest in the Company);
- PMG, the sole substantial shareholder in the Company holds the remaining 79.8%; and
- Jhon Shen is the beneficial owner of PMG through a family trust.

Based on the above, we have assessed the Buy-Back as a control transaction.

Therefore, consistent with the guidance set out in RG 111, we have considered whether the Buy-Back is “fair” to the Shareholders by assessing and comparing:

- the Fair Value of a Share in Innlanz on a controlling basis prior to the Buy-Back; with
- the Buy-Back Price, being cash consideration of \$0.013 per Share.

Our assessment of Fair Value of an Innlanz Share has been prepared on the following basis:

“the value that should be agreed in a hypothetical transaction between a knowledgeable, willing but not anxious buyer and a knowledgeable, willing but not anxious seller, acting at arm’s length”.

We have also considered whether the Buy-Back is “reasonable” to Shareholders by undertaking an analysis of the other factors relating to the Buy-Back which are likely to be relevant to Shareholders in their decision of whether or not to approve the Buy-Back.

Further information of the approach we have employed in assessing whether the Buy-Back is “fair” and “reasonable” is set out at Section 6 and 7 of this Report.

Fairness opinion

The table below sets out a summary of our assessment of the Fair Value of an Innlanz Share together compared to the Buy-Back Price as set out in the Notice.

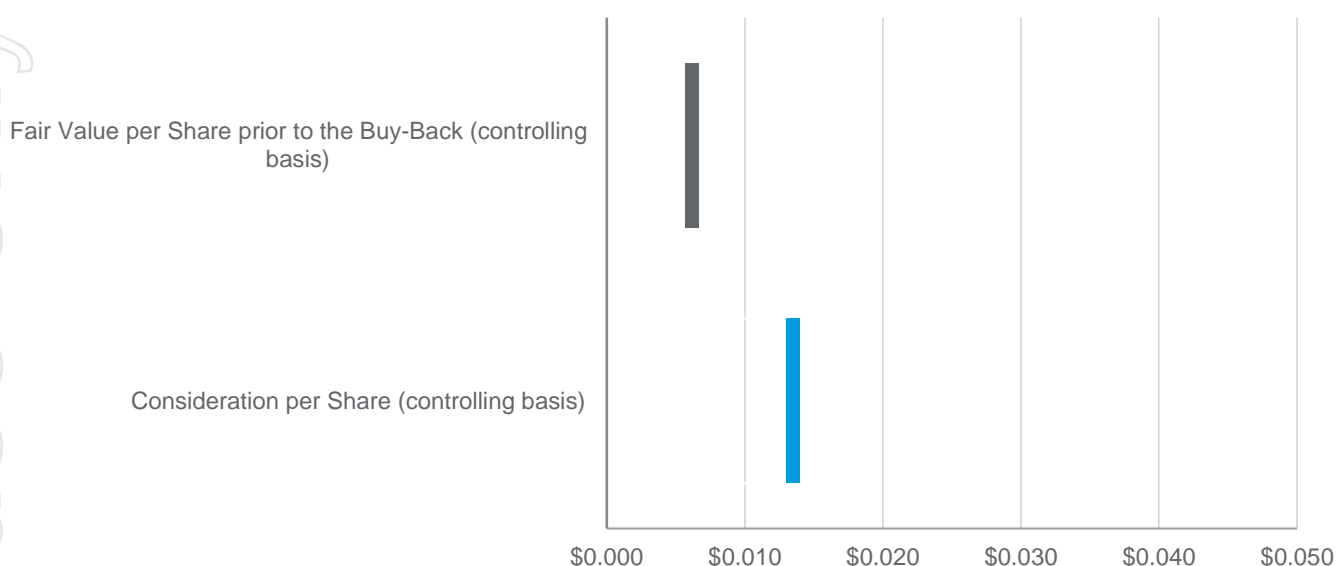
Table 1 Valuation summary

Innlanz Limited (\$)	Low	High	Preferred
Fair Value per Share prior to the Buy-Back (controlling basis)	\$0.006	\$0.006	\$0.006
Consideration per Share (controlling basis)	\$0.013	\$0.013	\$0.013

Source: RSM analysis

The above comparison is depicted graphically in the figure below.

Figure 1 Valuation summary



Source: RSM analysis

In our opinion, as the assessed Fair Value of an Innlanz Share prior to the Buy-Back is less than the Buy-Back Price, in accordance with the guidance set out in RG 111, and in the absence of any other relevant information, we consider the Buy-Back is **fair** to the Shareholders of Innlanz.

Our concluded Fair Value per share prior to the Buy-Back (controlling basis) of \$0.006 has been assessed based on the net assets on a going concern methodology. We consider the net assets on a going concern methodology provides a more accurate reflection of the Fair Value per Share given that it reflects the Fair Value of the Company's hotel asset as independently assessed by Colliers, and also having regard to the low liquidity of Innlanz shares. Colliers did not specify a range in the assessed market value of the hotel asset ("**Hamilton Hotel**", as defined below) and accordingly, our assessed Fair Value per Share using the net assets on a going concern basis does not include a range of values.

As set out in Section 5.3 (Table 15), we assessed the value of an Innlanz Share using the QMP method (on a controlling basis) to be in the range of \$0.012 to \$0.013. We note that the Buy-Back would still be fair if the Fair Values derived under the QMP method were adopted.

Reasonableness opinion

RG 111 establishes that an offer is reasonable if it is fair. It might also be reasonable if, despite not being fair, there are sufficient reasons for security holders to accept the offer in the absence of any higher bid before the offer closes.

As such, we have also considered the following factors in relation to the reasonableness aspects of the Buy-Back:

- the future prospects of the Company if the Buy-Back does not proceed;
- any other commercial advantages and disadvantages to the Shareholders as a consequence of the Buy-Back proceeding.

Future prospects of Innlanz if the Buy-Back does not proceed

The Buy-Back is conditional upon the approval of the Delisting proposed under Resolution 1. If Resolution 1 is not approved (i.e., Shareholders do not approve the Company's removal from the Official List of the ASX), Resolution 2 will not be put to a Shareholder vote and the Buy-Back will not proceed.

If both Resolutions 1 and 2 are not approved, unless a subsequent delisting proposal is approved by Shareholders or the ASX determines that the Shares should no longer be listed, the Company will not proceed with the Delisting or the Buy-Back, and the Shares would remain listed on the ASX.

Nonetheless, as set out in the further detail in the Notice, the Board of Directors considers that given the Company's limited cash reserves (\$607k as of 31 December 2023), suspension of Innlanz's health and wellbeing retail operations, and the low liquidity of the Company's traded shares, the financial, administrative and compliance obligations and costs associated with maintaining an ASX listing are no longer justified.

If Resolution 1 is approved but not Resolution 2, and the Delisting is implemented, Shareholders will continue to hold Shares in the Company but these Shares will no longer be tradeable on the ASX and it may be more difficult for Shareholders to dispose of their Shares.

Whilst the Directors consider that the Delisting will reduce the financial, administrative and compliance obligations and costs associated with maintaining an ASX listing, the Company may also have more limited means by which it can raise capital by the issue of listed securities.

The reviewed financial statements for the half-year ended 31 December 2023 (“HY24”) included an emphasis of matter in the independent auditor’s report issued by RSM Australia Partners dated 7 March 2024 that stated that a material uncertainty existed that may cast significant doubt on the Company’s ability to continue as a going concern. While the auditor’s opinion was not modified in respect of this matter, note 1 of the reviewed financial statements stated that the Company’s ability to continue as a going concern was dependent on, amongst other things, Mr Jhon Shen not calling for repayment of deferred consideration of \$1.3m included in current liabilities at 31 December 2023 (comprising deferred consideration relating to the acquisition of the Heartland Ambassador Hotel Hamilton in New Zealand (“Hamilton Hotel”) in 2021) and the Company executing a future transaction to provide liquidity, reduce expenditure, and potentially source capital or reduce debt in the short to medium term.

Advantages and disadvantages of approving the Buy-Back

The key advantages of the Buy-Back are outlined in the table below.

Table 2 Advantages of the Buy-Back

Advantage	Details
The Buy-Back is fair	The Buy-Back is fair.
Opportunity to crystallise investment	The Buy-Back provides the Shareholders with the opportunity to exit all or part of their investment in the Company prior to the proposed Delisting. All eligible Shareholders have an equal opportunity to participate and also have flexibility to tailor the level of their participation to suit their individual circumstances. The Buy-Back will also enable eligible Shareholders to sell a significant volume of Shares which may otherwise be difficult to do via the ASX in light of recent trading levels in Shares.
Reduction of costs to realise investment	Participating Shareholders will not have to pay brokerage or appoint a stockbroker to sell their Shares pursuant to the terms of the Buy-Back.
Remove or reduce ongoing exposure to risks associated with an investment in the Company	Shareholders who sell all of their Shares will avoid ongoing exposure to the risks associated with an investment in the Company, including no guarantee of growth, lack of diversification, a potentially illiquid investment, equity price risks and general economic risks.
Avoid the risk of becoming a minority shareholder of an unlisted company	Acceptance of the Buy-Back allows Shareholders to avoid the risk of becoming a minority shareholder in an unlisted company with limited opportunities to realise their investment.

The key disadvantages of the Buy-Back are outlined in the table below.

Table 3 Disadvantages of the Buy-Back

Disadvantage	Details
Forgo or reduce potential to benefit in any upside in future value of the Company	Shareholders who sell their Shares under the Buy-Back will forego, to the extent they sell down their shareholding, any benefits of remaining a holder of Shares. This includes, for example, the right to benefit from any future value realisation by the Company and the right to exercise any vote on resolutions considered by members at general meeting.
Increase in interest held by PMG and the impact of control of the Company	The Buy-Back would, if approved and to the extent that Shareholders participate in the Buy-Back, result in the cancellation of Shares in the Company and therefore, impact on the control of the Company. If there is significant participation in the Buy-Back, this will lead to an increase in the voting power of any substantial Shareholders who elect not to participate in the Buy-Back. As at the date of the Notice, PMG (being the Company’s only substantial Shareholder) has voting power of approximately 79.8% of the total issued capital of the Company. PMG has undertaken not to participate in the Buy-Back. Assuming the maximum number of Shares (i.e. 63,263,608 Shares) are bought back after completion of the Buy-Back, the voting power of PMG could increase from 79.8% to 100.0%.

Alternative proposals to the Buy-Back

We are not aware of alternative proposals which may provide a greater benefit to the Shareholders at the date of this Report.

Conclusion on Reasonableness

In our opinion, the position of the Shareholders of Innlanz if the Buy-Back is approved is more advantageous than if the Buy-Back is not approved. Therefore, in the absence of any other relevant information and/or a superior offer, we consider that the Buy-Back is **reasonable** for Shareholders.

General

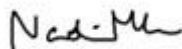
This Report represents general financial product advice only and has been prepared without taking into consideration the individual circumstances of the Shareholders. The ultimate decision whether to approve the Buy-Back should be based on the Shareholders' assessment of their circumstances, including their risk profile, liquidity preference, tax position and expectations as to value and future market conditions. Shareholders should read and have regard to the contents of the Notice which has been prepared by the Directors and Management of Innlanz. Shareholders who are in doubt as to the action they should take with regard to the Buy-Back and/or the matters dealt with in this Report, should seek independent professional advice. This summary should be considered in conjunction with the detail contained in the following sections of this Report.

Yours faithfully,

RSM Corporate Australia Pty Ltd



Andrew Clifford
Director



Nadine Marke
Director

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1. Summary of the Buy-Back

1.1 Key terms of the Buy-Back

The key terms of the Buy-Back are summarised as follows.

Table 4 Key terms of the Buy-Back

Item	Terms/Features
Number and class of securities	<p>The Company is offering to buy back up to 100% of each minority Shareholder's (being Shareholders other than PMG) fully paid ordinary shares in the Company.</p> <p>PMG, as the Company's only substantial Shareholder with voting power of 79.8% of the total issued capital of the Company, has undertaken not to participate in the Buy-Back.</p> <p>On this basis, the maximum number of Shares that the Company will buy back off-market will be 63,263,608 Shares (representing approximately 20.2% of total Shares on issue as at the date of this Report).</p>
Number of Shares currently on issue	The Company has a total of 313,263,608 Shares on issue as at the date of this Report.
Buy-Back Price	The Buy-Back Price is \$0.013 cash per Share.
Options available to Shareholders	<p>If the Buy-Back is approved, the Company will invite Shareholders to sell some or all of their Shares back to the Company at the Buy-Back Price. All Shares bought back under the Buy-Back will be cancelled. Participation in the Buy-Back is voluntary and Shareholders can elect whether to sell some, all or none of their Shares under the Buy-Back.</p> <p>If a Shareholder does not participate in the Buy-Back, the number of Shares that they hold in the Company will remain the same but their percentage shareholding in the Company will increase if other Shareholders elect to participate in the Buy-Back.</p> <p>Shareholders may continue to sell their Shares on-market, unless and until they make an Application under the Buy-Back. It is possible that Shares may trade on-market above or below the Buy-Back Price from time to time.</p> <p>The Ex-Entitlement Date for the Buy-Back (if approved) is expected to be on or about 14 June 2024. Shares acquired after the Ex-Entitlement Date will not confer any entitlement to participate in the Buy-Back.</p>
Financial effect of the Buy-Back on the Company	Assuming the maximum number of Shares are purchased under the Buy-Back, on implementation of the Buy-Back and upon repayment of the amount under the Facility Agreement (as defined below), the Company's cash assets will be reduced by up to \$822,427 (before any fees, costs and expenses relating to the Buy-Back), noting that no interest is payable under the Facility Agreement (assuming all amounts are paid when due).
Source of funds	<p>The Buy-Back will be funded by an interest free debt facility with a principal amount of up to \$822,500 ("Facility Amount") from PMG ("Facility Agreement"). The Approved Purpose as defined in the Facility Agreement means the payment of the Buy-Back Price and any fees, costs, and expenses relating to the Buy-Back.</p> <p>The Facility Agreement is conditional on evidence that approvals and consents for completion of the Delisting and the Buy-Back have been obtained, including Shareholder approval for Resolutions 1 and 2, and all requisite approvals from ASIC, ASX and other relevant third parties, in each case in a form and substance acceptable to PMG.</p> <p>The Facility Agreement contains standard terms and conditions relating but not limited to, events of defaults, indemnities, representations and warranties. In the event of any overdue payments under the Facility Agreement, a default interest rate of 2% will apply.</p> <p>Following the completion of the Buy-Back, PMG will remain entitled, to the exclusion of the Company and its Shareholders, to any portion of the Facility Amount remaining as a result of incomplete participation in the Buy-Back.</p> <p>The Directors consider that the Buy-Back will not materially prejudice the Company's ability to pay its creditors.</p>

Source: Notice and Facility Agreement

1.2 Rationale for the Buy-Back

Resolution 2 is conditional on Shareholders approving the Delisting under Resolution 1. Accordingly, the Buy-Back will not proceed if Shareholders do not approve the Company's removal from the Official List of the ASX.

If Resolution 1 is approved but not Resolution 2, and the Delisting is implemented, Shareholders will continue to hold Shares in the Company, but these Shares will no longer be tradeable on the ASX and it may be more difficult for Shareholders to dispose of their Shares.

Accordingly, the Directors consider that Shareholders should be provided with the opportunity to either remain as Shareholders of the Company (albeit a private unlisted company), or to exit their investment in the Company in whole or in part. As the Buy-Back's purpose is to offer Shareholders the opportunity to exit their investment (in whole or in part), the Buy-Back will only proceed if the Delisting is also approved.

1.3 Impact of the Buy-Back on Innanz's Capital Structure

The table below sets out a summary of the Company's capital structure prior to and immediately after the proposed Buy-Back.

Table 5 Capital structure prior to and immediately after the Buy-Back

	Number of Shares
Number of ordinary Shares at the date of this Report	313,263,608
Number of ordinary Shares immediately after the Buy-Back (assuming all minority Shareholders accept the Buy-Back in whole)	250,000,000

Source: Notice

2. Scope of the Report

2.1 Purpose of the Report

RG110 sets out the information to be disclosed to shareholders by companies seeking shareholder approval for a Buy-back. RG 110.18 states that if a company proposes to buy-back a significant percentage of shares it should consider providing an independent expert's report with a valuation of the shares.

The Directors of Innlanz have engaged RSM to prepare an independent expert's report and express an opinion as to whether the Buy-Back is fair and reasonable to Shareholders.

2.2 Basis of evaluation

In determining whether the Buy-Back is "fair" and "reasonable" to Shareholders we have given regard to the views expressed by the ASIC in RG 111. RG 111 provides ASIC's views on how an expert can help security holders make informed decisions about transactions. Specifically, it gives guidance to experts on how to evaluate whether or not a transaction is fair and reasonable.

RG 111 states that the expert's report should focus on:

- the issues facing the security holders for whom the report is being prepared: and
- the substance of the transaction rather than the legal mechanism used to achieve it.

RG 111 indicates that where a transaction is a control transaction the expert should focus on the substance of the control transaction rather than the legal mechanism to affect it. RG 111 suggests that where a transaction is a control transaction it should be analysed on a basis consistent with a takeover bid.

Section 606(1) of the Corporations Act provides that, subject to limited specified exemptions, a person must not acquire a "relevant interest" in issued voting shares in a public company, if as a result of the acquisition, any person's voting power in the company would increase from 20% or below to more than 20%, or, from a starting point that is above 20% and below 90%. In broad terms, a person has a "relevant interest" if that person holds shares or has the power to control the right to vote or dispose of shares. A person's voting power in a company is the number of voting shares in which the person (and its associates) holds, compared with the total number of voting shares in the company.

RG 110.58 states that a buy-back will not breach the takeovers prohibition in section 606 of the Corporations Act if it is carried out in accordance with the buy-back provisions set out in section 611, item 19. Section 611, item 19 references that a buy-back will not breach the takeovers prohibition in section 606 if carried out in accordance with section 257A whereby a company may buy back its shares if the buy-back does not materially prejudice the company's ability to pay its creditors.

In considering whether the Buy-Back is a control transaction, we have assessed the following:

- the Buy-Back involves the offer to acquire up to 100% of the ordinary Shares held by each minority Shareholder, representing the 20.2% of the Shares not owned by PMG, and accordingly, could constitute the acquisition of a "relevant interest" under section 606(1) of the Corporations Act (i.e. more than a 20% interest in the Company);
- PMG, the sole substantial shareholder in the Company holds the remaining 79.8%; and
- Jhon Shen is the beneficial owner of PMG through a family trust.

Based on the above, we have assessed the Buy-Back as a control transaction.

Therefore, consistent with the guidance set out in RG 111, we have considered whether the Buy-Back is "fair" to the Shareholders by assessing and comparing":

- the Fair Value of a Share in Innlanz on a controlling basis prior to the Buy-Back; with
- the Buy-Back Price (being cash consideration of \$0.013 per Share).

Our assessment of Fair Value has been prepared on the following basis:

"the value that should be agreed in a hypothetical transaction between a knowledgeable, willing but not anxious buyer and a knowledgeable, willing but not anxious seller, acting at arm's length".

We have also considered whether the Buy-Back is “reasonable” to the Shareholders by undertaking an analysis of the other factors relating to the Buy-Back which are likely to be relevant to the Shareholders in their decision of whether or not to approve the Buy-Back, including:

- other prospects of the Company if the Buy-Back does not proceed; and
- any other commercial advantages and disadvantages to the Shareholders as a consequence of the Buy-Back proceeding.

Our assessment of the Buy-Back is based on economic, market and other conditions prevailing at the date of this Report.

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3. Profile of Innlanz Limited

3.1 Background

Innlanz Limited (formerly Mediland Pharm Limited) (ASX:INL) is a Sydney-based company which formerly provided health and wellbeing products primarily to international tourists from China and in 2020 had five retail outlets in Sydney, Melbourne, the Gold Coast and New Zealand.

The Company was negatively affected by the COVID-19 pandemic following the closure of international and local travel. Innlanz diversified its operations into the hospitality sector by acquiring the Heartland Ambassador Hotel Hamilton in New Zealand (Hamilton Hotel) through the acquisition of a 100% equity interest in Ixora Investment Pty Ltd (“Ixora”) from Premier Hospitality Management Pty Ltd (“PHM”), an entity beneficially owned by former Executive Director, Jhon Shen. Jhon Shen is also the sole director of PHM. Ixora’s sole director is the Company’s Managing Director, Yeshween Mudaliar.

Innlanz’s health and wellbeing retail operations are currently suspended, and the Company’s sole operating revenue is derived from the Hamilton Hotel.

The Hamilton Hotel located at 86 Ulster Street, Hamilton, New Zealand, comprises of both hotel and motel style lodgings with a combination of 52 rooms originally constructed in the 1970s, with amenities including a restaurant, café, conference room, swimming pool, guest laundry, onsite car parking and manager’s accommodation. The property is set across two main blocks. A “motel” block extends the entire length of the site and comprises the reception, manager’s accommodation, restaurant, motel accommodation units and back of house facilities, while a “hotel” block comprises a five level structure providing hotel style rooms and 64m² conference room on the top floor. The property occupies a 4,610m² site to the north of Hamilton’s central business district (CBD).

The Hamilton Hotel is managed by Scenic Hotel Group and operated under their Heartland brand.

3.2 Legal structure

Innlanz is incorporated and domiciled in Australia. The Company has the following subsidiaries.

Table 6 Innlanz subsidiaries

Name	Principal place of business/ Country of incorporation	Ownership interest
Mediland Pharm NZ Ltd	New Zealand	100%
Ixora Investment Pty Ltd (Ixora)	New Zealand	100%
The Collection Hotels and Resorts Pty Ltd	Australia	65%

Source: FY23 audited financial statements

3.3 Directors and management

The directors and key management of Innlanz comprise the following:

- Jhon Shen (Executive Director) (resigned 27 February 2024);
- Yeshween Mudaliar (Managing Director);
- Dr Peter French (Non-Executive Director and Chairman);
- Theo Renard (Non-Executive Director);
- Leo Cui (Non-Executive Director); and
- Indira Naidu (Company Secretary).

3.4 Financial information

The information in the following section provides a summary of the financial performance of Innlanz for the years ended 30 June 2021 (“FY21”), 30 June 2022 (“FY22”), 30 June 2023 (“FY23”), and the half-year ended 31 December 2023 (HY24), extracted from the audited and reviewed financial statements of the Company.

3.5 Financial performance

The table below sets out a summary of the financial performance of Innlanz for FY21, FY22, FY23 and HY24 (collectively, "Historical Period").

Table 7 Historical financial performance

Innlanz Limited				
Statement of profit or loss and other comprehensive income (\$'000)	FY21	FY22	FY23	HY24
	Audited	Audited	Audited	Reviewed
Revenue	1,157	1,594	2,641	1,249
Cost of sales	(541)	(31)	(57)	(34)
Gross profit	616	1,562	2,584	1,215
<i>Gross profit margin (%)</i>	53%	98%	98%	97%
Other income	3,336	364	2	-
Operating expenses				
Bad debt write-off	(91)	-	-	-
Inventory written off	(392)	(50)	-	-
Marketing expenses	(19)	(26)	(28)	(12)
Occupancy expenses	71	-	-	-
Administrative expenses	(1,350)	(1,308)	(1,331)	(747)
Employee benefit expenses	(1,151)	(1,096)	(1,211)	(620)
Share-based payment expenses	(552)	-	-	-
Impairment of goodwill and other assets	(3,461)	-	-	-
Loan forgiveness on the loss of control of subsidiaries	(3,134)	-	-	-
Total operating expenses	(10,080)	(2,479)	(2,570)	(1,379)
EBITDA	(6,128)	(553)	16	(164)
<i>EBITDA margin (%)</i>	(529%)	(35%)	1%	(13%)
Depreciation and amortisation	(753)	(104)	(105)	(55)
EBIT	(6,881)	(657)	(90)	(219)
<i>EBIT margin (%)</i>	(594%)	(41%)	(3%)	(18%)
Interest income	22	5	7	4
Interest and finance charges on borrowings	(141)	(125)	(128)	(73)
Loss before income tax expense	(7,001)	(777)	(211)	(288)
Income tax expense/ benefit	720	(154)	(74)	(17)
Loss after income tax expense for the year/half-year	(6,280)	(931)	(284)	(304)
Other comprehensive income/(loss)				
<i>Items that may be reclassified subsequently to profit or loss</i>				
Gain on the revaluation of land and buildings, net of tax	-	868	-	-
Foreign currency translation	(19)	(79)	67	40
Total comprehensive loss for the year/half-year	(6,300)	(142)	(217)	(264)
Loss for the year/half-year attributable to:				
Owners of Innlanz Limited	(6,264)	(886)	(283)	(304)
Non-controlling interests	(16)	(45)	(1)	-
	(6,280)	(931)	(284)	(304)
Total comprehensive loss for the year/half-year attributable to:				
Owners of Innlanz Limited	(6,283)	(97)	(216)	(264)
Non-controlling interests	(16)	(45)	(1)	-
	(6,300)	(142)	(217)	(264)

Source: Audited and reviewed financial statements

*Some totals may not agree to the nearest dollar shown due to rounding differences

We make the following comments in relation to the Company's consolidated financial performance:

- Innlanz has generated losses over the Historical Period. During FY21, revenue comprised income from retail operations and hotel operations totalling \$757k and \$400k, respectively. No income has been generated from retail operations following the suspension of retail trading in February 2020. Revenue relating to hotel operations was recognised following the acquisition of the Hamilton Hotel in April 2021.
- Losses after income tax of \$6.3m for FY21 were primarily driven by impairment costs relating to the impairment of the Company's retail and online sales divisions, as well as loan forgiveness costs recognised following former subsidiary companies entering into external administration.
- For FY22, FY23 and HY24, revenue related solely to that derived from hotel operations. Despite the Hotel segment disclosing a small profit (\$313k and \$109k for FY23 and FY22, respectively) and a focus on minimising fixed operating costs including the termination of lease contracts that reduced ongoing occupancy and operational expenses, the Company disclosed consolidated losses at the EBIT level for all periods under review.

3.6 Financial position

The table below sets out a summary of the financial position of Innlanz as at 30 June 2022, 30 June 2023 and 31 December 2023.

Table 8 Historical financial position

Innlanz Limited	30-Jun-22	30-Jun-23	31-Dec-23
Statement of financial position (\$'000)	Audited	Audited	Reviewed
Current assets			
Cash and cash equivalents	1,292	866	607
Trade and other receivables	109	90	93
Prepayments	18	20	54
Inventories	8	23	19
Current tax assets	-	-	7
Total current assets	1,427	998	780
Non-current assets			
Property, plant and equipment	6,680	6,745	6,803
Intangibles	17	15	14
Deferred tax assets	145	-	-
Total non-current assets	6,842	6,760	6,817
Total assets	8,269	7,757	7,597
Current liabilities			
Trade and other payables	739	726	692
Related entity loans payable	193	222	216
Employee provisions	104	130	125
Current tax liabilities	18	34	-
Deferred consideration	1,283	1,283	1,283
Total current liabilities	2,338	2,396	2,317
Non-current liabilities			
Deferred tax liabilities	656	585	607
Borrowings	2,390	2,109	2,271
Total non-current liabilities	3,046	2,694	2,877
Total liabilities	5,384	5,090	5,194
Net assets	2,885	2,668	2,403
Equity			
Issued capital	11,899	11,899	11,899
Reserves	786	853	893
Accumulated losses	(9,739)	(10,022)	(10,326)
Total equity attributable to members of the Group	2,946	2,730	2,466
Non-controlling interests	(61)	(63)	(63)
Total equity	2,885	2,668	2,403

Source: Audited and reviewed financial statements

*Some totals may not agree to the nearest dollar shown due to rounding differences

We make the following comments in relation to the Company's consolidated financial position:

- The Company disclosed net assets of \$2.4m as at 31 December 2023, of which \$2.47m were attributable to the members of the Innlanz Limited group ("**Group**"), with net liabilities of \$63k attributable to the minority shareholders (35% interest) of the Company's subsidiary company, The Collection Hotels and Resorts Pty Ltd ("**Collection Hotels**"). We have been advised that Collection Hotels has been dormant since 2020.
- The decrease in net assets at 31 December 2023 compared to net assets of \$2.7m at 30 June 2023 and \$2.9m at 30 June 2022 was due primarily to losses disclosed for FY23 and HY24.
- Land and buildings comprised capitalised assets for the Hamilton Hotel and are disclosed in the financial statements at fair value, based on periodic valuations by external valuers, less subsequent depreciation and impairment for buildings. A gain on the revaluation of land and buildings (net of tax) of \$868k was recognised in FY22.
- At 31 December 2023, total assets of \$7.6m primarily comprised property, plant and equipment ("**PPE**") and cash and cash equivalents of \$6.8m and \$607k, respectively. PPE primarily comprised land and buildings relating to the Hamilton Hotel with assessed carrying value of \$6.43m, with the remaining PPE comprising fixtures and fittings and office equipment.
- Intangible assets of \$14k at 31 December 2023 comprised trademark and website intangible assets acquired as part of a business combination less accumulated amortisation.
- Deferred tax assets are recognised to the extent it is considered probable that future taxable amounts will be available to utilise temporary differences and unused tax losses. Accordingly, no deferred tax has been recognised from 30 June 2023 onwards as the Directors considered it is not appropriate to regard realisation of deferred tax assets as probable.
- At 31 December 2023, total liabilities totalling \$5.2m primarily comprised current deferred consideration and non-current borrowings of \$1.3m and \$2.3m, respectively.
- Deferred consideration relates to the deferred cash consideration payable to PHM in relation to the acquisition of the Hamilton Hotel. The total deferred payment of \$2.2m was agreed by the relevant parties to be paid at \$100k per month, with payments paused commencing 1 May 2022. The fair value of the financial liabilities was estimated by discounting the remaining contractual maturities at an interest rate assessed as being available for similar financial liabilities. As set out in Note 1 of the HY24 financial statements, whilst the deferred consideration has been included in current liabilities, Jhon Shen on behalf of PHM has indicated that he does not intend to call for repayment.
- Non-current borrowings of \$2.3m comprised the Hamilton Hotel's bank loan facility (with a facility limit of NZ\$3.1m (circa A\$2.9m at 31 December 2023 NZ\$:A\$ spot rate)). The loan is guaranteed by Jhon Shen and secured by a General Security Agreement over all present and after acquired property of Ixora. It has additional security in the form of a Mortgage over Record/s of Title No. 767682 being the property situated at 86-92 Ulster Street, Hamilton (the Hamilton Hotel).
- At 31 December 2023, the Company disclosed deferred tax liabilities of \$607k, including deferred tax liabilities relating to the revaluation of land and buildings of \$484k.

3.7 Capital structure

As at 5 April 2024, the Company had 313,263,608 Shares on issue. The top 20 shareholders of Innlanz are set out below.

Table 9 Innlanz top 20 shareholders summary

Shareholders	Shareholding	%
Pacific Merchants Group Limited	250,000,000	79.80%
Mr Qiming Du	13,190,811	4.21%
Mr Yongqiang Lu	10,000,000	3.19%
Ms Xiyao Sun	10,000,000	3.19%
Aussia Pharmaceuticals Pty Ltd <Yan Family A/C>	2,700,000	0.86%
Yun Liu	2,536,236	0.81%
Ms Ming Xu <Xu Family A/C>	2,500,000	0.80%
Wei Liu	1,999,910	0.64%
Mr Zhixiong Li	1,996,000	0.64%
Mr Tissa Wijesuriya	1,068,223	0.34%
Lei Wang	1,000,000	0.32%
Mrs Li Chen	1,000,000	0.32%
Ms Jun Yan	1,000,000	0.32%
Weiqing Ye	1,000,000	0.32%
Ms Xiyao Sun	950,383	0.30%
Xinjia Cui	855,600	0.27%
Ms Yi Liu	764,000	0.24%
Yuanbo Lian	500,000	0.16%
Mr Chuang Wang	438,812	0.14%
Mr Eldo Nirakkallungal Pappachan & Ms Riby Kuriachan <N P Family A/C>	400,000	0.13%
	303,899,975	97.01%
Other shareholders	9,363,633	2.99%
Total	313,263,608	100.00%

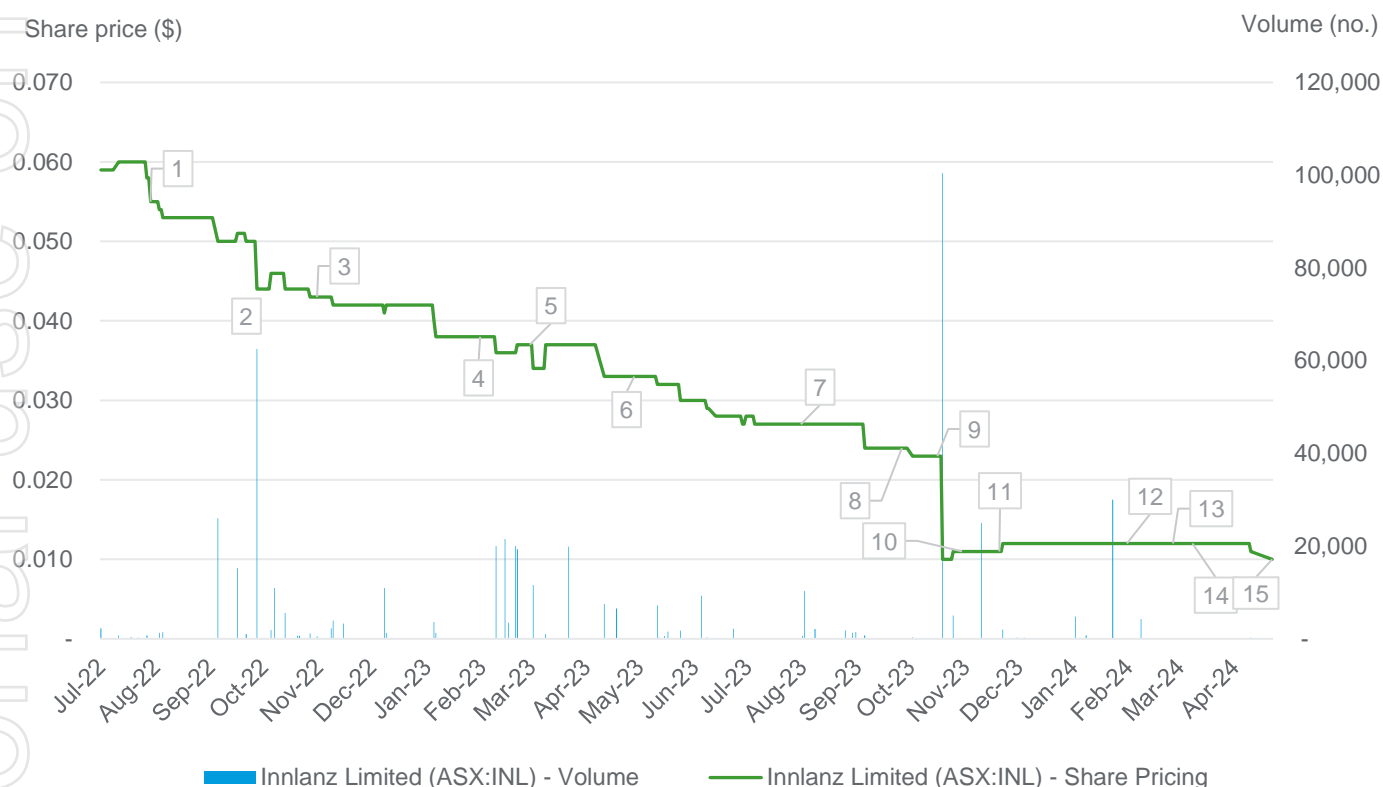
Source: Shareholders register as at 5 April 2024

At the date of this Report, the Company also has 16,371,733 performance rights on issue exercisable at \$nil subject to the fulfilment of various vesting conditions. We have been advised that these performance rights will be cancelled as the Directors consider that the performance vesting criteria will not be met.

3.8 Share price performance

The figure below sets out a summary of Innlanz’s closing share prices and traded volumes for the period from 1 July 2022 to 22 April 2024, the date shares were last traded at the date of this Report.

Figure 2 Historical share trading



Source: ASX and Capital IQ

Over the period 1 July 2022 to 22 April 2024, Shares traded from a high of \$0.060 in July 2022, to a low of \$0.010 on 19 October 2023 and 22 April 2024.

Significant announcements made by the Company primarily relating to financial results over this period are summarised below.

Table 10: Summary of recent ASX announcements

Ref	Date	Announcement details
1	29-Jul-22	Release of quarterly activities report for the quarter ended 30 June 2022 where the Company announced that the Hamilton Hotel’s occupancy rate was 79.9% at an average daily rate (“ADR”) of NZ\$151.63, and the Hotel achieved total income of NZ\$804k (A\$721k) for Q4-22, primarily from tariffs and food and beverage sales. The Company also confirmed that monthly payments to PHM for the purchase of the Hamilton Hotel had been paused to 31 October 2022.
2	29-Sep-22	Release of FY22 statutory financial statements.
3	31-Oct-22	Release of quarterly activities report for the quarter ended 30 September 2022 where the Company announced occupancy rates for the Hamilton Hotel was 83.2% with an ADR of NZ\$163.60 and total revenue of NZ\$674k.

4	31-Jan-23	Release of quarterly activities report for the quarter ended 31 December 2022. The Company announced that the total cash position of \$946k at 31 December 2022 represented a decrease of \$316k from the previous quarter due primarily to a repayment of \$220k made to the Bank of New Zealand relating to the Hamilton Hotel's bank loan facility. The Company also reported an occupancy rate of 84.2% for the Hamilton Hotel and an ADR of NZ\$176.77. The Company also reiterated ongoing evaluation of potential revenue-generating options to build shareholder value.
5	28-Feb-23	Release of the reviewed financial statements for the half-year ended 31 December 2022 where the Company reported revenue of \$1.3m and losses for the period attributable to owners of the Company of \$15k.
6	28-Apr-23	Release of quarterly activities report for the quarter ended 31 March 2023. The Company reported small positive cash flows from operating activities due primarily to income generated from the Hamilton Hotel.
7	31-Jul-23	Release of quarterly activities report for the quarter ended 30 June 2023 ("Q4-23"). The Company reported breakeven cashflows from operating activities, citing an increase in corporate and administrative expenses and a decrease in revenue for Q4-23.
8	27-Sep-23	Release of FY23 statutory financial statements.
9	16-Oct-23	Release of notice of Annual General Meeting ("AGM") including the proposed issue of circa 2.5m performance rights and 4.7m non-executive director ("NED") rights to directors of the Company. The performance rights' vesting conditions included certain Company performance based conditions while the NED rights only had service based vesting conditions. Subject to the fulfilment of the vesting conditions (or waived in exceptional circumstances), the performance and NED rights would be exercisable at \$nil cost.
10	31-Oct-23	Release of quarterly activities report for the quarter ended 30 September 2023 where the Company reported net cash outflows from operations of \$240k due primarily to increases in operating costs and administrative expenses. The Company also reported that the Hamilton Hotel's occupancy rates remained stable at 77.1% and comprised a mix of corporate, leisure and group-based travellers which assisted the Hotel to capture more revenue through other operations such as the hotel's restaurant.
11	16-Nov-23	Release of the FY23 AGM presentation which noted that the follow-on effect of the COVID-19 pandemic continued to cause challenges for the tourism sector in FY23. The Company also focused on cost control including a 75% reduction in non-executive director fees compared to the pre-pandemic levels, as well as the elimination/reduction of all retail related and non-essential administration costs.
12	31-Jan-24	Release of quarterly activities report for the quarter ended 31 December 2023 where the Company reported net cash outflows from operations of \$129k and a slight decline in the Hamilton Hotel's occupancy rates for the quarter of 76%.
13	27-Feb-24	The Company announced the resignation of Mr Jhon Shen as Executive Director.
14	7-Mar-24	Release of statutory financial statements for the half-year ended 31 December 2023 (HY24).
15	22-Apr-24	Release of quarterly activities report for the quarter ended 31 March 2023 where the Company reported net cash outflows from operations of \$58k and the Hamilton Hotel's occupancy rates of 84.2% for the quarter.

Source: ASX and Capital IQ

4. Valuation approach

4.1 Valuation methodologies

RG 111 proposes that it is generally appropriate for an expert to consider using the following methodologies:

- the discounted cash flow (“**DCF**”) method and the estimated realisable value of any surplus assets;
- the application of earnings multiples to the estimated future maintainable earnings added to the estimated realisable value of any surplus assets;
- the amount which would be available for distribution on an orderly realisation of assets;
- the quoted price for listed securities; and
- any recent genuine offers received.

We consider that the valuation methodologies proposed by RG 111 can be split into three valuation methodology categories, as follows.

Market based methods

Market based methods estimate the Fair Value by considering the market value of a company’s securities or the market value of comparable companies. Market based methods include;

- the quoted price for listed securities; and
- industry specific methods.

The recent quoted price for listed securities method provides evidence of the Fair Value of a company’s securities where they are publicly traded in an informed and liquid market.

Industry specific methods usually involve the use of industry rules of thumb to estimate the Fair Value of a company and its securities. Generally, rules of thumb provide less persuasive evidence of the Fair Value of a company than other market-based valuation methods because they may not account for company specific risks and factors.

Income based methods

Income based methods estimate value by calculating the present value of a company’s estimated future stream of earnings or cash flows. Income based methods include:

- discounted cash flow;
- capitalisation of future maintainable earnings.

The DCF technique has a strong theoretical basis, valuing a business on the net present value of its future cash flows. It requires an analysis of future cash flows, the capital structure and costs of capital and an assessment of the residual value or the terminal value of the company’s cash flows at the end of the forecast period. This method of valuation is appropriate when valuing companies where future cash flow projections can be made with a reasonable degree of confidence.

The capitalisation of future maintainable earnings is generally considered a short form DCF, where an estimation of the Future Maintainable Earnings (“**FME**”) of the business, rather than a stream of cash flows is capitalised based on an appropriate capitalisation multiple. Multiples are derived from the analysis of transactions involving comparable companies and the trading multiples of comparable listed companies.

Asset based methods

Asset based methodologies estimate the Fair Value of a company’s securities based on the realisable value of its identifiable net assets. Asset based methods include:

- orderly realisation of assets method;
- liquidation of assets method; and
- net assets on a going concern basis.

The value achievable in an orderly realisation of assets is estimated by determining the net realisable value of the assets of a company which would be distributed to security holders after payment of all liabilities, including realisation costs and taxation charges that arise, assuming the company is wound up in an orderly manner. This technique is particularly appropriate for businesses with relatively high asset values compared to earnings and cash flows.

The liquidation of assets method is similar to the orderly realisation of assets method except the liquidation method assumes that the assets are sold in a shorter time frame. The liquidation of assets method will result in a value that is lower than the orderly realisation of assets method and is appropriate for companies in financial distress or where a company is not valued on a going concern basis.

The net assets on a going concern method estimates the market values of the net assets of a company but unlike the orderly realisation of assets method it does not take into account realisation costs. Asset based methods are appropriate when companies are not profitable, a significant proportion of the company's assets are liquid, or for asset holding companies.

4.2 Selection of valuation methodologies

We have selected the net assets on a going concern methodology as our primary methodology to value the Company prior to the Buy-Back on the basis that the Company is loss-making and we do not consider that the earnings disclosed by the Hamilton Hotel operations to result in a valuation using an income based method that would exceed the valuation obtained under an assets-based methodology.

We have instructed CVAS (NZ) Limited t/a Colliers ("**Colliers**") to provide an independent Market Value of the Hamilton Hotel ("**Colliers Report**").

For the purposes of this Report, we have relied upon the assessed Market Value of the Hamilton Hotel in our assessment of the Fair Value of the Company using the net assets on a going concern method.

We make reference to assessed Market Value of the Hamilton Hotel as set out in the Colliers Report, as well as set out a summary of the valuation methods and key assumptions adopted by Colliers in Section 5 of this Report.

Shareholders will be provided access to the Colliers Report upon request to the Company. If Shareholders wish to be provided access to the Colliers Report, Shareholders should contact the Company directly.

We have utilised the quoted market price of listed securities methodology ("**QMP**") as a cross check to our primary valuation methodology. Innlanz's shares are listed on the ASX which means there is a regulated and observable market for the Company's Shares. However, consideration must be paid to adequate liquidity and activity in order to rely on the QMP method.

Notwithstanding the low liquidity of the Company's shares (discussed in further detail in Section 5.2), we have utilised the QMP methodology as a cross check to our primary methodology.

5. Valuation of Innanz prior to the Buy-Back

5.1 Net assets on a going concern methodology

As stated in Section 4 of this report, we adopted the net assets on a going concern methodology to assess the Fair Value of an Innanz Share prior to the Buy-Back.

Our assessment of the Fair Value of the Company's net assets prior to the Buy-Back is set out in the table below, based on the reviewed consolidated statement of financial position as at 31 December 2023.

Table 11 Assessed Value of Innanz on Net Assets Basis (control basis)

Innanz Limited Statement of financial position (\$'000)	As at 31-Dec-23	Adjustments	Assessed Value prior to the Buy-Back
Current assets			
Cash and cash equivalents	607	-	607
Trade and other receivables	93	-	93
Prepayments	54	-	54
Inventories	19	-	19
Current tax assets	7	-	7
Total current assets	780	-	780
Non-current assets			
Land and buildings (Hamilton Hotel)	6,431	(681)	5,750
Other PPE	373	-	373
Intangibles	14	(14)	-
Total non-current assets	6,817	(695)	6,122
Total assets	7,597	(695)	6,902
Current liabilities			
Trade and other payables	692	-	692
Related entity loans payable	216	-	216
Employee provisions	125	-	125
Deferred consideration	1,283	-	1,283
Total current liabilities	2,317	-	2,317
Non-current liabilities			
Deferred tax liabilities	607	-	607
Borrowings	2,271	-	2,271
Total non-current liabilities	2,877	-	2,877
Total liabilities	5,194	-	5,194
Net assets	2,403	(695)	1,708
Add back: non-controlling interest in the Collection Hotels and Resorts Pty Ltd	63	-	63
Assessed Fair Value of Net Assets attributable to members of the Group	2,466	(695)	1,771
Number of shares on issue ('000)	313,264	-	313,264
Assessed Fair Value per Share (controlling basis) (\$)	\$0.008		\$0.006

Source: Reviewed financial statements, Colliers Report and RSM analysis
 *Some totals may not agree to the nearest dollar shown due to rounding differences

Our assessment has been based on the net assets position of the Company as set out in the reviewed balance sheet as at 31 December 2023, adjusted for the following.

1. Market Value of the Hamilton Hotel

As at 31 December 2023, the Company disclosed total PPE of \$6.8m including land and buildings relating to the Hamilton Hotel with carrying value of \$6.43m.

Colliers has assessed the Market Value of the Hamilton Hotel on a going concern basis as at 21 March 2024 as being NZ\$6,250,000. We have converted this value to A\$ using the foreign exchange spot rate of A\$1:NZ\$1.087 as at 21 March 2024 (source: RBA) and accordingly adjusted for the assessed Market Value of A\$5.75m. Based on our review of the deferred tax liabilities recognised as at 31 December 2023, we consider that further adjustments for deferred tax liabilities relating to the Hamilton Hotel would not be material to our assessment of the Fair Value of a Share in the Company.

We summarise the valuation methodologies adopted by Colliers and the key assumptions contained in the Colliers Report:

- the definition of Market Value is aligned to the International Valuation Standards (“**IVS**”) definition, being “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s-length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”.
- Colliers has utilised the following valuation methodologies:
 - Capitalisation Method which converts short term earnings derived from a property into value, with an adopted capitalisation rate derived from yields indicated by sales of similar property investments. In using this approach, Colliers has capitalised the forecast first year’s income for the year ending 31 March 2025 (at the owner’s return before depreciation and tax) into perpetuity, and then added the present value of the capitalised real growth in revenue (deflated by CPI) to this value. This adjustment is to reflect medium term trading patterns and their effects on the Hotel’s value. Colliers has adopted a capitalisation rate of 8.5% and an assessed CPI deflating factor of 2.5%;
 - Discounted Cash Flow Method (DCF) which assumes that an investment value is the time adjusted value of future cash flows which can be obtained from an asset coupled with an anticipated sale at the end of the cash flow period. The applicable discount rates are derived from comparable market sales with adjustments for property specific factors and the volatility of the forecast cash flows. In using the DCF Method, Colliers has utilised a 5-year forecast period, a discount rate of 9.75%, disposal costs of 2.00%, acquisition costs of 0.50%, and a terminal yield of 8.75%; and
 - Sales Comparison Method which utilises relevant sales on a per room basis to generate a general value range. In utilising this approach, Colliers adjusted recent comparable sales for factors including timing of sale, location, facilities, quality, and capital expenditure.

We summarise the following key factors highlighted in the Colliers Report in the assessment of Market Value as follows:

- Colliers noted that despite a strong recovery in the New Zealand hotel and tourism sector, there are a number of macroeconomic and geopolitical factors that may curb wider demand over the short/medium term, including the Reserve Bank of New Zealand (RBNZ) undertaking a steep monetary tightening cycle in late 2021, with wholesale interest rates increasing from 0.25% to 5.50% by 30 June 2023, and subsequently, held at this level, as well as the compounding impact of military conflict in both Europe and the Middle East which has contributed to uncertainty and potential inflationary pressures;
- Colliers noted that the above factors resulted in a marked reduction in overall investor sentiment and property transactional activity compared with 2021/22. The higher cost of borrowing has also led investors to require higher hurdle/return rates, which has led to value write downs across most property sectors due to the softening of yields and discount rates;
- the SWOT analysis set out in the Colliers Report highlighted the following:
 - strengths included the Hamilton Hotel’s central location close to a range of demand drivers, an established hotel with a strong trading history, diversified accommodation options with both a hotel and motel block, and a large landholding of circa 4,610m² with future development potential;
 - weaknesses included older style improvements which would require more frequent capital expenditure than a new hotel, the quality of the hotel is considered lower than competitors Novotel and Ibis, which Colliers considered would limit the Hotel’s ability to set higher hotel rates, resulting in the Hamilton Hotel being a “rate follower” rather than a “rate leader”, as well as having a modest number of rooms which could impact operational efficiencies;
 - opportunities included refurbishment of guest bathrooms in the hotel block, which should result in an uplift in ADR, vacant possession available in 2026, providing flexibility to rebrand the hotel, if required by either the current owner or new purchaser, longer term redevelopment of the entire property due to high underlying land value, and a recent statement from the RBNZ suggesting that interest rates may have peaked may result in increased investor confidence and market activity; and
 - threats included increased competition from motels, a number of new hotel developments proposed for Hamilton, slower economic growth may impact domestic and international demand for travel, recent rises interest rates, inflation and

operational costs are having an adverse impact on hotel cash flows, yields and buyer sentiment, and relatively high levels of uncertainty and subjectivity around forecast cash flows,

- Colliers also noted that at the date of valuation (21 March 2024), there remained an acute paucity of recent hotel sale transactions from which to determine current market values, highlighting that the valuation of the Hamilton Hotel could become outdated relatively quickly, subject to ongoing macroeconomic and geopolitical factors; and
- the rating valuation for the Hamilton Hotel was previously assessed at NZ\$6.65m on 1 September 2021 with Colliers noting that rating valuations are carried out under statutory criteria and may not reflect market value at any point in time.

2. Intangibles

As set out in Section 3.6 of this Report, Intangible assets of \$14k at 31 December 2023 comprised trademark and website intangible assets acquired as part of a business combination less accumulated amortisation. We have adjusted the balance sheet for the carrying value of these intangible assets as we consider that a third party acquirer would not attribute value to these capitalised intangible assets given the current suspension of the Company's health and wellbeing retail operations.

Conclusion

At the date of this Report, the Company has 16,371,733 performance rights on issue exercisable at \$nil subject to the fulfilment of various vesting conditions. We have been advised that these performance rights will be cancelled. Accordingly, we have not adjusted for the dilutionary impact of these performance rights in our assessment of the Fair Value of an Innlanz Share using the net assets on a going concern methodology.

Based on our review of the consolidated management accounts for the period ended 31 March 2024 ("YTD24"), we consider that other than the above adjustments, the balance sheet as at 31 December 2023 was materially consistent with the balance sheet as at 31 March 2024.

Based on the above, our assessed Fair Value of a Share in the Company prior to the Buy-Back (on a controlling basis) is \$0.006.

The net assets on a going concern methodology represents the value of a controlling shareholding. Accordingly, we consider no further premium is considered necessary to assess the value of Innlanz prior to the Buy-Back.

5.2 Quoted market price of listed securities (cross check)

In order to provide a comparison and cross-check to our valuation of an Innlanz Share under the net assets methodology, we have considered the recent quoted market price of the Company's shares.

RG 111.62 indicates that in order for the quoted market share price methodology to represent a reliable indicator of Fair Value, there needs to be an active and liquid market for the securities. The following characteristics may be considered to be representative of a liquid and active market:

- regular trading in the company's securities;
- approximately 1% of a company's securities traded on a weekly basis;
- the bid/ask spread of a company's shares must not be so great that a single majority trade can significantly affect the market capitalisation of the company; and
- there are no significant but unexplained movements in share price.

To provide further analysis of the quoted market prices for the Company's shares, we have considered the Volume Weighted Average Price ("VWAP") for the 5, 10, 30, 60, 90, 120, and 180 calendar days, as summarised in the table below.

Table 12 VWAP of Innlanz Shares

Calendar days	Share price		No. of days traded	Volume traded	Value traded \$	VWAP \$	Percentage of issued capital %
	Low \$	High \$					
5 days	0.010	0.010	-	-	-	-	0.00%
10 days	0.010	0.011	1	170	2	0.010	0.00%
30 days	0.010	0.012	3	470	5	0.011	0.00%
60 days	0.010	0.012	3	470	5	0.011	0.00%
90 days	0.010	0.012	4	4,730	56	0.012	0.00%
120 days	0.010	0.012	7	40,260	483	0.012	0.01%
180 days	0.010	0.012	12	67,790	788	0.012	0.02%
365 days	0.010	0.033	36	215,670	3,074	0.014	0.07%

Source: Capital IQ

As set out in the table above, the Company's shares traded at between \$0.011 to \$0.01 over the 180-day period prior to 23 April 2024.

We note the following:

- during the 180 days leading up to 22 April 2024, being the last day Shares were traded as at the date of this Report, 0.02% of the issued capital of Innlanz was traded, and in the 90 days leading up to 22 April 2024, a negligible number of shares were traded;
- shares were only traded on 36 days in the 365-day period leading up to 22 April 2024;
- the bid/ask spread is often used to measure efficiency. For the 180-day period, the closing bid/ask spread of Innlanz averaged 61.8% of the midpoint price. On the basis that, over a comparable period, all stocks trading on the ASX had an effective average bid-ask spread of 0.1682¹%, we consider the bid/ask spread of the Company to be very large; and
- notwithstanding the extremely low levels of liquidity, the Company complies with the full disclosure regime required by the ASX. As a result, the market is fully informed about the performance of Innlanz.

Based on the recent trading in the Company's shares, we have assessed the value of a Share on a minority interest (non-controlling interest) basis to be \$0.011.

Premium for control

Obtaining control of an entity usually provides the acquirer with a number of advantages including the following:

- access to potential synergies;
- control over decision making and strategic direction;
- access to underlying cash flows; and
- control over dividend policies.

In the case of publicly traded securities, given the advantages control of an entity provides an acquirer, they are usually expected to pay a premium to the quoted market price to achieve control, which is often referred to as a control premium. Consequently, earnings multiples for listed companies do not reflect the market value of a controlling interest in the company as they are derived from market prices which usually represent the buying and selling of non-controlling portfolio holdings (small parcels of shares).

As we consider that the Buy-Back represents a control transaction, in assessing the value of a Share, we have applied a premium for control.

¹ Equity market data for the quarter ended 31 March 2024 - ASIC

RSM has conducted a study on 605 takeovers and schemes of arrangements involving companies listed on the ASX over the 15.5 years ended 31 December 2020 (“**RSM Control Premium Study 2021**”). In determining the control premium, we compared the offer price to the closing trading price of the target company 20, 5 and 2 trading days pre the date of the announcement of the offer.

The table below sets out a summary of average control premiums of the RSM Control Premium Study.

Table 13 RSM Control Premium Study

	Number of transactions	20 days pre	5 days pre	2 days pre
Average control premium - all industries	605	34.7%	29.2%	27.1%
Average - Real estate	39	14.4%	13.7%	12.6%

Source: RSM Control Premium Study 2021

Based on the above, and having regard to the gearing structure of the Company, we consider that a control premium in the range of 10% to 15% is appropriate.

The table below sets out our assessment of the Fair Value of an Innlanz Share on a controlling basis utilising the QMP methodology.

Table 14 Assessed Fair Value of an Innlanz Share - QMP cross check

	Low	High	Preferred
Quoted price of listed securities - cross check method	\$0.011	\$0.011	\$0.011
Control premium (%)	10.0%	15.0%	12.5%
Quoted price per Share (controlling basis)	\$0.012	\$0.013	\$0.0124

Source: RSM analysis

Based on the above, we have assessed the value of a Innlanz Share on a minority interest basis using the QMP method to be in the range of \$0.012 to \$0.013, with a preferred value of \$0.0124.

5.3 Valuation summary and conclusion

A summary of our assessed values of an Innlanz Share on a controlling basis prior to the Buy-Back derived under the net assets on a going concern basis and the quoted market price of listed securities methodology is set out in the table below.

Table 15 Innlanz valuation summary

	Low	High	Preferred
Net assets on a going concern - primary method	\$0.006	\$0.006	\$0.006
Quoted price of listed securities - secondary method	\$0.012	\$0.013	\$0.0124

Source: RSM analysis

We have relied upon the net assets on a going concern basis as our primary valuation methodology, and accordingly have assessed the Fair Value of a Share on a controlling basis prior to the Buy-Back to be \$0.006.

Whilst the Buy-Back Price has been assessed having regard to the most recent traded share price, we consider that given the Company’s lack of liquidity, the Company’s share price may not be reflective of Innlanz’s Fair Value.

6. Is the Buy-Back fair to the Shareholders?

The table below sets out a summary of our assessment of the Fair Value of an Innlanz Share compared to the Buy-Back Price.

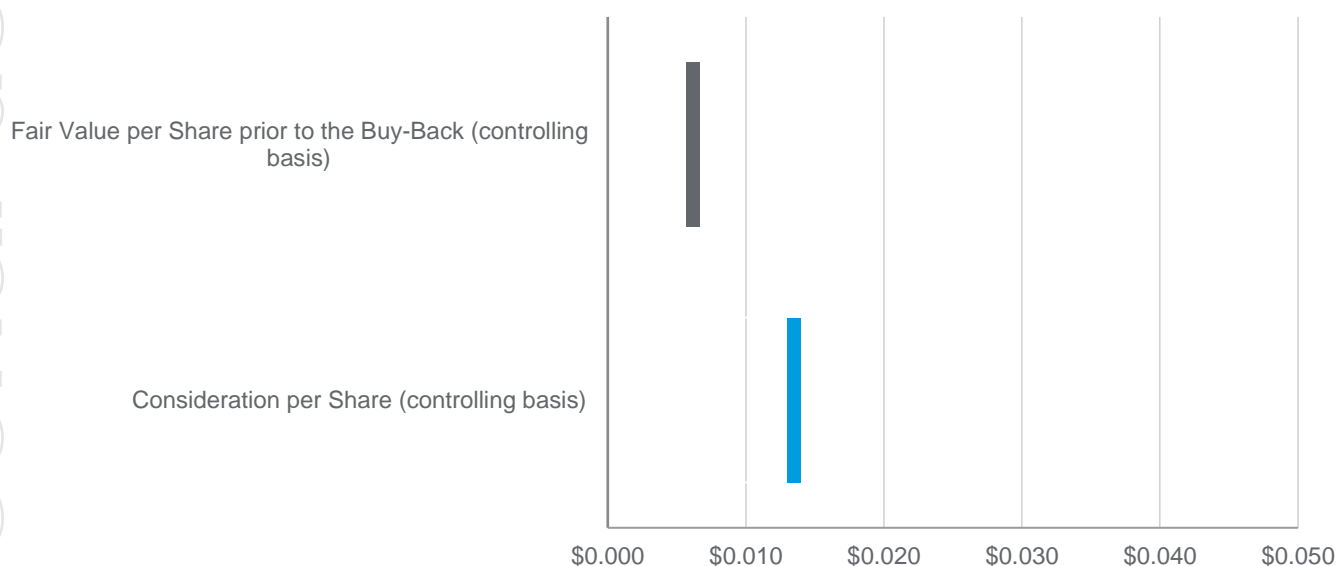
Table 16 Valuation summary

Innlanz Limited (\$)	Low	High	Preferred
Fair Value per Share prior to the Buy-Back (controlling basis)	\$0.006	\$0.006	\$0.006
Consideration per Share (controlling basis)	\$0.013	\$0.013	\$0.013

Source: RSM analysis

The above comparison is depicted graphically in the figure below.

Figure 3 Valuation summary



Source: RSM analysis

In our opinion, as the assessed Fair Value of an Innlanz Share prior to the Buy-Back is less than the Buy-Back Price, in accordance with the guidance set out in RG 111, and in the absence of any other relevant information, we consider the Buy-Back is **fair** to the Shareholders of Innlanz.

Our concluded Fair Value per share prior to the Buy-Back (controlling basis) of \$0.006 has been assessed based on the net assets on a going concern methodology. We consider the net assets on a going concern methodology provides a more accurate reflection of the Fair Value per Share given that it reflects the Fair Value of the Hamilton Hotel independently assessed by Colliers, and also having regard to the low liquidity of Innlanz shares. Colliers did not specify a range in the assessed market value of the Hamilton Hotel and accordingly, our assessed Fair Value per Share using the net assets on a going concern basis does not include a range of values.

As set out in Section 5.3 (Table 15), we assessed the value of an Innlanz Share using the QMP method (on a controlling basis) to be in the range of \$0.012 to \$0.013. We note that the Buy-Back would still be fair if the values derived under the QMP method were used.

7. Is the Buy-Back reasonable to the Shareholders?

RG 111 establishes that an offer is reasonable if it is fair. If an offer is not fair it may still be reasonable after considering the specific circumstances applicable to the offer. In our assessment of the reasonableness of the Buy-Back, we have considered:

- the future prospects of the Company if the Buy-Back does not proceed; and
- other commercial advantages and disadvantages to the Shareholders as a consequence of the Buy-Back proceeding.

7.1 Future prospects of Innlanz if the Buy-Back does not proceed

The Buy-Back is conditional upon the approval of the Delisting proposed under Resolution 1. If Resolution 1 is not approved (i.e., Shareholders do not approve the Company's removal from the Official List of the ASX, Resolution 2 will not be put to a Shareholder vote and the Buy-Back will not proceed.

If both Resolutions 1 and 2 are not approved, unless a subsequent delisting proposal is approved by Shareholders or the ASX determines that the Shares should no longer be listed, the Company will not proceed with the Delisting or the Buy-Back, and the Shares would remain listed on the ASX.

Nonetheless, as set out in the further detail in the Notice, the Board of Directors considers that given the Company's limited cash reserves (\$607k as of 31 December 2023), suspension of Innlanz's health and wellbeing retail operations, and the low liquidity of the Company's traded shares, the financial, administrative and compliance obligations and costs associated with maintaining an ASX listing are no longer justified.

If Resolution 1 is approved but not Resolution 2, and the Delisting is implemented, Shareholders will continue to hold Shares in the Company but these Shares will no longer be tradeable on the ASX and it may be more difficult for Shareholders to dispose of their Shares.

Whilst the Directors consider that the Delisting will reduce the financial, administrative and compliance obligations and costs associated with maintaining and ASX listing, the Company may also have more limited means by which it can raise capital by the issue of listed securities.

The reviewed financial statements for HY24 included an emphasis of matter in the independent auditor's report issued by RSM Australia Partners dated 7 March 2024 that stated that a material uncertainty existed that may cast significant doubt on the Company's ability to continue as a going concern. While the auditor's opinion was not modified in respect of this matter, note 1 of the reviewed financial statements stated that the Company's ability to continue as a going concern was dependent on, amongst other things, Mr Jhon Shen not calling for repayment of deferred consideration of \$1.3m included in current liabilities at 31 December 2023 and the Company executing a future transaction to provide liquidity, reduce expenditure, and potentially source capital or reduce debt in the short to medium term.

7.2 Advantages and disadvantages of approving the Buy-Back

The key advantages of the Buy-Back are outlined in the table below.

Table 17 Advantages of the Buy-Back

Advantage	Details
The Buy-Back is fair	The Buy-Back is fair.
Opportunity to crystallise investment	The Buy-Back provides the Shareholders with the opportunity to exit all or part of their investment in the Company prior to the proposed Delisting. All eligible Shareholders have an equal opportunity to participate and also have flexibility to tailor the level of their participation to suit their individual circumstances. The Buy-Back will also enable eligible Shareholders to sell a significant volume of Shares which may otherwise be difficult to do via the ASX in light of recent trading levels in Shares.
Reduction of costs to realise investment	Participating Shareholders will not have to pay brokerage or appoint a stockbroker to sell their Shares pursuant to the terms of the Buy-Back.
Remove or reduce ongoing exposure to risks associated with an investment in the Company	Shareholders who sell all of their Shares will avoid ongoing exposure to the risks associated with an investment in the Company, including no guarantee of growth, lack of diversification, a potentially illiquid investment, equity price risks and general economic risks.
Avoid the risk of becoming a minority shareholder of an unlisted company	Acceptance of the Buy-Back allows Shareholders to avoid the risk of becoming a minority shareholder in an unlisted company with limited opportunities to realise their investment.

The key disadvantages of the Buy-Back are outlined in the table below.

Table 18 Disadvantages of the Buy-Back

Disadvantage	Details
Forgo or reduce potential to benefit in any upside in future value of the Company	Shareholders who sell their Shares under the Buy-Back will forego, to the extent they sell down their shareholding, any benefits of remaining a holder of Shares. This includes, for example, the right to benefit from any future value realisation by the Company and the right to exercise any vote on resolutions considered by members at general meeting.
Increase in interest held by PMG and the impact of control of the Company	The Buy-Back would, if approved and to the extent that Shareholders participate in the Buy-Back, result in the cancellation of Shares in the Company and therefore, impact on the control of the Company. If there is significant participation in the Buy-Back, this will lead to an increase in the voting power of any substantial Shareholders who elect not to participate in the Buy-Back. As at the date of the Notice, PMG (being the Company's only substantial Shareholder) has voting power of approximately 79.8% of the total issued capital of the Company. PMG has undertaken not to participate in the Buy-Back. Assuming the maximum number of Shares (i.e. 63,263,608 Shares) are bought back after completion of the Buy-Back, the voting power of PMG could increase from 79.8% to 100.0%.

7.3 Alternative proposals

We are not aware of alternative proposals which may provide a greater benefit to the Shareholders at the date of this Report.

7.4 Conclusion on Reasonableness

In our opinion, the position of the Shareholders of Innlanz if the Buy-Back is approved is more advantageous than if the Buy-Back is not approved. Therefore, in the absence of any other relevant information and/or a superior offer, we consider that the Buy-Back is **reasonable** for Shareholders.

An individual Shareholder's decision in relation to the Buy-Back may be influenced by their individual circumstances. If in doubt, Shareholders should consult an independent advisor.

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Appendices

Appendix 1 – Declarations and disclaimers

Declarations and Disclosures

RSM Corporate Australia Pty Ltd holds Australian Financial Services Licence 255847 issued by ASIC pursuant to which they are licensed to prepare reports for the purpose of advising clients in relation to proposed or actual mergers, acquisitions, takeovers, corporate reconstructions or share issues.

Qualifications

Our report has been prepared in accordance with professional standard APES 225 “Valuation Services” issued by the Accounting Professional & Ethical Standards Board.

RSM Corporate Australia Pty Ltd is beneficially owned by the partners of RSM Australia Pty Ltd (RSM) a large national firm of chartered accountants and business advisors.

Andrew Clifford and Nadine Marke are directors of RSM Corporate Australia Pty Ltd. Both Andrew Clifford and Nadine Marke have extensive experience in the field of corporate valuations and the provision of independent expert’s reports for transactions involving publicly listed and unlisted companies in Australia.

Reliance on this Report

This report has been prepared solely for the purpose of assisting Shareholders of Innlanz in considering the Buy-Back. We do not assume any responsibility or liability to any party as a result of reliance on this report for any other purpose.

Reliance on Information

Statements and opinions contained in this report are given in good faith. In the preparation of this report, we have relied upon information provided by the Directors and management of Innlanz, and we have no reason to believe that this information was inaccurate, misleading or incomplete. RSM Corporate Australia Pty Ltd does not imply, nor should it be construed that it has carried out any form of audit or verification on the information and records supplied to us.

The opinion of RSM Corporate Australia Pty Ltd is based on economic, market and other conditions prevailing at the date of this report. Such conditions can change significantly over relatively short periods of time.

In addition, we have considered publicly available information which we believe to be reliable. We have not, however, sought to independently verify any of the publicly available information which we have utilised for the purposes of this report.

We assume no responsibility or liability for any loss suffered by any party as a result of our reliance on information supplied to us.

Disclosure of Interest

RSM Australia Partners is the appointed auditor of Innlanz Limited.

At the date of this report, none of RSM Corporate Australia Pty Ltd, RSM, RSM Australia Partners in its capacity as the independent auditor of the Company, Andrew Clifford, Nadine Marke, nor any other member, director, partner or employee of RSM Corporate Australia Pty Ltd, RSM and RSM Australia Partners has any interest in the outcome of the Buy-Back, except that RSM Corporate Australia Pty Ltd is expected to receive a fee of \$27,500 excluding GST, based on time occupied at normal professional rates for the preparation of this report. The fees are payable regardless of whether the Company receives Shareholder approval for the Buy-Back, or otherwise.

Consents

RSM Corporate Australia Pty Ltd consents to the inclusion of this report in the form and context in which it is included with the Notice to be issued to Shareholders. Other than this report, none of RSM Corporate Australia Pty Ltd, RSM Australia Pty Ltd or RSM Australia Partners has been involved in the preparation of the Notice. Accordingly, we take no responsibility for the content of the Notice.

Appendix 2 – Sources of information

In preparing this Report, we have relied upon the following principal sources of information:

- Drafts and final copies of the Notice of Extraordinary General Meeting and Explanatory Memorandum;
- Audited financial statements for FY21, FY22 and FY23;
- Reviewed financial statements for HY24;
- Management accounts for YTD24;
- Independent Valuation Report of the Heartland Ambassador Hotel Hamilton as at 21 March 2024 prepared by Colliers;
- Innlanz shareholder register as at 5 April 2024;
- ASX announcements;
- IBISWorld;
- S&P Capital IQ (Capital IQ);
- Reserve Bank of Australia; and
- Discussions with Directors and Management of Innlanz.

Appendix 3 – Glossary of terms and abbreviations

Term or Abbreviation	Definition
A\$ or \$	Australian dollar
Act or Corporations Act	Corporations Act 2001 (Cth)
ADR	Average daily rate
AFCA	Australian Financial Complaints Authority
AFSL	Australian Financial Services Licence
APES	Accounting Professional & Ethical Standards Board
ASIC	Australian Securities and investments Commission
ASX	Australian Securities Exchange
ASX Listing Rules	The listing rules of the ASX as amended from time to time
ASX Listing Rule 10 or Listing Rule 10	ASX Listing Rule Chapter 10 Transactions with persons in a position of influence
B	Billions
Buy-Back or Resolution 2	Resolution 2 as set out in the Notice
Collection Hotels	The Collection Hotels and Resorts Pty Ltd
Colliers	CVAS (NZ) Limited t/a Colliers
Colliers Report	Independent Valuation Report of the Hamilton Hotel as at 21 March 2024 prepared by Colliers
Company or Innlanz	Innlanz Limited (ASX:INL)
Control Basis	As assessment of the Fair Value of an equity interest, which assumes the holder or holders have control of the entity in which the equity is held
Delisting or Resolution 1	Resolution 1 as set out in the Notice
Discounted Cash Flow Method (DCF)	A method within the income approach whereby the present value of future expected net cash flows is calculated using a discount rate
Directors	Directors of the Company
EBITDA	Earnings before interest, tax, depreciation and amortisation
EBIT	Earnings before interest and tax
EGM	Extraordinary General Meeting
Enterprise Value or EV	The market value of a business on a cash free and debt free basis
Equity Value	The owner's interest in a company after the addition of all non-operating or surplus assets and the deduction of all non-operating or excess liabilities from the enterprise value
Facility Agreement	The proposed interest free debt facility to be provided by PMG to the Company to fund the Buy-Back
Fair Value or Market Value	The amount at which an asset could be exchanged between a knowledgeable and willing but not anxious seller and a knowledgeable and willing but not anxious buyer, both acting at arm's length
FSG	Financial Services Guide
FY	Financial year ended 30 June 20XX
Hamilton Hotel	Heartland Ambassador Hotel Hamilton located at 86-92 Ulster Street, Hamilton, New Zealand
HY24	Half-year ended 31 December 2023
IVS	International Valuation Standards
Ixora	Ixora Investment Pty Ltd
k	Thousands
m	Millions
Management	The management of Innlanz
Minority or Non-controlling interest	A non-controlling ownership interest, generally less than 50.0% of a company's voting shares

Term or Abbreviation	Definition
Non-Associated Shareholders or Shareholders	Shareholders of the Company not associated with the proposed Buy-Back
Notice	The notice of extraordinary general meeting and explanatory memorandum to which this Report is attached
Net Present Value (NPV)	The value of all future net cash flows over the life of an investment, discounted to present value at a discount rate
NZ\$	New Zealand Dollars
PHM	Premier Hospitality Management Pty Ltd
PMG	Pacific Merchants Group Pty Ltd
PPE	Property, plant and equipment
QMP	Quoted market price of listed securities
RBA	Reserve Bank of Australia
RBANZ	Reserve Bank of New Zealand
Report or IER	This Independent Expert's Report prepared by RSM Corporate Pty Ltd
RG 110	ASIC Regulatory Guide 110 Share buy-backs
RG 111	ASIC Regulatory Guide 111 Content of expert reports
RG 112	ASIC Regulatory Guide 112 Independence of experts
RSM	RSM Corporate Australia Pty Ltd
S&P Capital IQ or Capital IQ	An entity of Standard and Poor's which is a third-party provider of company and other financial information
Share or Innlanz Share	Ordinary fully paid share in the capital of Innlanz Limited
VWAP	Volume weighted average share price
WACC	Weighted average cost of capital
YTD24	9-months ended 31 March 2024

Appendix 4 – Industry overview

Overview²

The hotel and resorts industry in New Zealand collapsed following the COVID-19 outbreak in March 2020 as the Central Government decided to close New Zealand's international border from March 2020 to June 2022. A steep decline in business, domestic and international traveller volumes caused a period of very low occupancy rates at hotels and resorts in New Zealand over this period. This trend severely affected industry-wide profitability, as most hotels and resorts struggled to cover their fixed costs. Overall, revenue is expected to decline by an annualised 2.6% to \$1.8b over the five years through 2023-24.

Innlanz Limited fully transitioned into the hotel and resorts industry in New Zealand during the COVID-19 period as the Company focused on operating a hotel in New Zealand.

Despite collapsing tourist activity, many hotels and resorts in New Zealand were able to maintain their service capacity through government assistance. As restrictions eased during the 2022 calendar year, hotels and resorts were well placed to capitalise on a sharp increase in demand, allowing many hotels to welcome back more guests and fuelling a strong recovery in revenue and profitability. This trend is set to accelerate, generating a 31.6% surge in revenue over 2023-24.

The industry is set to fully recover from the pandemic, as tourism activity continues to recover and occupancy rates return to what they were before the onset of the COVID-19 pandemic. Despite growing demand, enterprise numbers are expected to fall, leading to consolidation in the industry over the coming years as larger hotel chains' increase acquisition activity. On the other hand, these larger hotel chains will look to boost their suite of available accommodation, investing in new hotels and generating a rise in establishment numbers. Overall, an annualised rise in industry revenue of 2.0% is projected over the five years through 2028-29, to \$2.0b.

Industry competition

Competition inherent within the industry is considered high and steady. Accommodation-share networks like Airbnb have emerged and heightened competition for mid-market hotels. This trend has lowered barriers to entry in the accommodation sector, greatly increasing the supply of available accommodation options. As a result, the barriers to entry inherent within the industry are moderate and decreasing.

High competition in the accommodation sector mitigates against market share concentration. The fragmented nature of different types of accommodation also negates hotel and resort managers' ability to function in different segments.

Demand for hotels and resorts

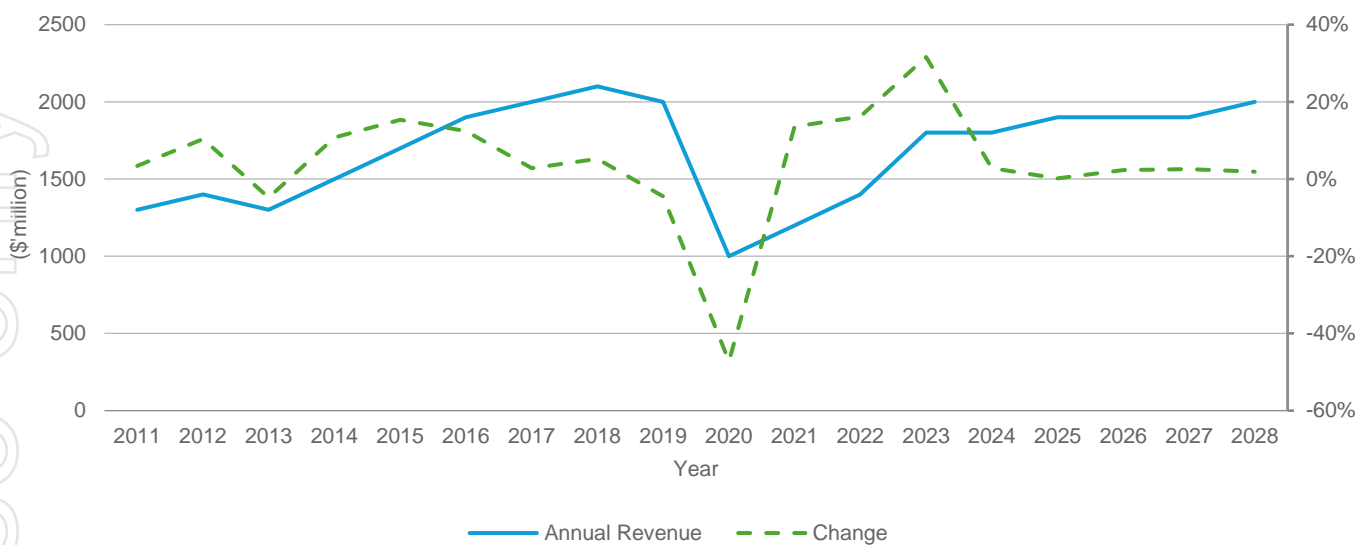
Demand for international tourist visitor overnight stays have increased significantly following the easing of travel restrictions from the pandemic. As a result, occupancy rates at New Zealand hotels and resorts have increased significantly.

Conversely, a fall in real household discretionary income could threaten hotels and resorts as the cost-of-living pressures may cause New Zealand households to defer spending discretionary income on domestic holidays. The key performance drivers for industry businesses are as follows:

- Domestic tourist visitor days;
- International tourist visitor days;
- Business tourist visitor days;
- Real household discretionary income;
- Consumer sentiment index; and
- International travel by New Zealanders.

² Source: IBISWorld Report H4401NZ – Hotels and Resorts in New Zealand, December 2023

Industry historical and future revenue



Source: IBISWorld Report H4401NZ – Hotels and Resorts in New Zealand, December 2023

The table above presents the historical and forecast revenue for the hotel and resorts industry in New Zealand. Industry revenue dropped significantly in 2020 to a total \$1.0b due to the COVID-19 pandemic. The industry saw a quick partial recovery in 2023 due to government's easing of international travel restrictions to New Zealand.

IBISWorld's report has forecast industry revenue to increase at an annualised rate of 2.0% per annum over the five years to 2028-29 to a total of \$2.0b.

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+61 3 9415 4000 (outside Australia)



Online:
www.investorcentre.com/contact



YOUR VOTE IS IMPORTANT

For your proxy appointment to be effective it must be received by **10:00am (AEST) on Wednesday, 12 June 2024.**

Proxy Form

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

APPOINTMENT OF PROXY

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

SIGNING INSTRUCTIONS FOR POSTAL FORMS

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

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

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

PARTICIPATING IN THE MEETING

Corporate Representative

If a representative of a corporate securityholder or proxy is to participate in the meeting you will need to provide the appropriate "Appointment of Corporate Representative". A form may be obtained from Computershare or online at www.investorcentre.com/au and select "Printable Forms".

Lodge your Proxy Form:

Online:

Lodge your vote online at www.investorvote.com.au using your secure access information or use your mobile device to scan the personalised QR code.

Your secure access information is

Control Number: 183736

SRN/HIN:

For Intermediary Online subscribers (custodians) go to www.intermediaryonline.com

By Mail:

Computershare Investor Services Pty Limited
GPO Box 242
Melbourne VIC 3001
Australia

By Fax:

1800 783 447 within Australia or
+61 3 9473 2555 outside Australia



PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

You may elect to receive meeting-related documents, or request a particular one, in electronic or physical form and may elect not to receive annual reports. To do so, contact Computershare.

Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.

Proxy Form

Please mark to indicate your directions

Step 1 Appoint a Proxy to Vote on Your Behalf

I/We being a member/s of Innlanz Limited hereby appoint

the Chairman of the Meeting **OR**

PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Extraordinary General Meeting of Innlanz Limited to be held at Holiday Inn Parramatta, 18-40 Anderson Street, Parramatta, NSW 2150 on Friday, 14 June 2024 at 10:00am (AEST) and at any adjournment or postponement of that meeting.

Step 2 Items of Business

PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

		For	Against	Abstain
Resolution 1	Approval of removal of the Company from the Official List of the ASX – Listing Rule 17.11	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Approval of share buy-back in excess of the 10/12 limit – Section 257C of the Corporations Act	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

Step 3 Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director & Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

/ /

Date

Update your communication details (Optional)

Mobile Number

Email Address

By providing your email address, you consent to receive future Notice of Meeting & Proxy communications electronically

Need assistance?



Phone:
1300 855 080 (within Australia)
+61 3 9415 4000 (outside Australia)



Online:
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Use

Innlanz Limited Extraordinary General Meeting

The Innlanz Limited Extraordinary General Meeting will be held on Friday, 14 June 2024 at 10:00am (AEST). You are encouraged to participate in the meeting using the following options:



MAKE YOUR VOTE COUNT

To lodge a proxy, access the Notice of Meeting and other meeting documentation visit www.investorvote.com.au and use the below information:



Control Number: 133736
SRN/HIN:

For Intermediary Online subscribers (custodians) go to www.intermediaryonline.com

For your proxy appointment to be effective it must be received by 10:00am (AEST) on Wednesday, 12 June 2024.



ATTENDING THE MEETING IN PERSON

The meeting will be held at:
Holiday Inn Parramatta, 18-40 Anderson Street, Parramatta, NSW 2150

You may elect to receive meeting-related documents, or request a particular one, in electronic or physical form and may elect not to receive annual reports. To do so, contact Computershare.

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