



ABN 59 003 200 664

**Notice**  
**of**  
**Extraordinary General Meeting of Shareholders**  
**on**  
**Wednesday 22 November 2023**



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*Level 2, 111 Harrington Street, The Rocks NSW 2000 (PO Box R1414, Royal Exchange NSW 1225)*  
*Tel: 02 9247 9315 (ABN 59 003 200 664)*

# London City Equities Limited



## Notice of Extraordinary General Meeting

Notice is hereby given that an Extraordinary General Meeting of Shareholders of London City Equities Limited will be held at Level 2, 111 Harrington Street, The Rocks on Wednesday 22 November 2023 at 10.30am.

### Business

1. To consider and vote on the following resolution:

*"This meeting resolves to adopt the amendments proposed to the Management Agreement in place between London City Equities Limited ("London City" or "the Company") and Imperial Pacific Asset Management Pty Limited, a subsidiary company of Imperial Pacific Limited, according to the proposed Management Agreement identified and tabled at this meeting of shareholders."*

**Voting:** The Company will disregard any votes cast on this resolution by any parties related to Imperial Pacific Limited or any associate of Imperial Pacific Limited. However, the Company need not disregard a vote if it is cast by a person as proxy who is entitled to vote in accordance with the directions of the proxy form, or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

2. To transact such other business as may be brought forward in accordance with the Constitution and the Corporations Act 2001.

By Order of the Board

Louis J. Joseph  
Company Secretary

Sydney, 20 October 2023

### PROXIES

A member entitled to attend and vote is entitled to appoint no more than two proxies. Where more than one proxy is appointed, each proxy must be appointed to represent a specified proportion of the member's voting rights. A proxy need not be a member of the Company. Proxies must be deposited at the registered office of the Company not less than 48 hours before the time of the meeting. A proxy form is enclosed with this notice.

# London City Equities Limited



## Brief Note from your Board

*Dear Shareholder,*

*This proposal was foreshadowed in the Annual Report back in September. Given the equity relationship between the two companies your Board is keen to present the proposal to you.*

*The tasks of completing our 2023 reporting obligations, monitoring the results of our investments and fine-tuning this Management Agreement have been time-consuming and we literally ran out of time to include it in the normal Annual General Meeting agenda. Apologies, but we will discuss it at the AGM as well as this EGM. Thank you for your patience.*

*On behalf of the Board,*

*Peter EJ Murray*  
*Chair*

## Explanatory Notes in regard to the Extraordinary General Meeting

**Proposal - To consider the adoption of amendments to the Management Agreement in place between London City Equities Limited (“London City” or “the Company”) and a subsidiary of Imperial Pacific Limited, namely Imperial Pacific Asset Management Pty Limited. (AFSL Holder 288318)**

The management agreement in place between the two companies was approved by shareholders in November 2004 and adopted from 1 July 2005. It followed an earlier one dated 17 December 1986 and incorporated very similar characteristics to other agreements around at the time. It also incorporated areas of flexibility that allowed pragmatic solutions to minor changes that have occurred since that time. Furthermore, given the strong bond that exists between the Company and Imperial Pacific Limited group the respective Boards from time to time have adopted an approach that met both practical and conscience aspirations.

The agreement has operated very well and has assisted London City, which has no employees, to build up assets over this period. These have risen from \$4 million to around \$20 million (2022) and dividends have been paid every year. In particular it should be mentioned that Imperial Pacific Limited group assisted in a large way in the ongoing pursuit of the Penrice situation by providing serious executive time and risky legal outlays.

Regarding the operation of the agreement, while it gives certain transaction powers to the manager, all proposed investment purchases and sales are examined and approved beforehand by the Directors of London City. That is good and is unchanged. The application of a performance fee, for instance, did not specifically require the recovery of past losses before payment – a highly questionable issue seen elsewhere. Neither London City nor Imperial Pacific accept that approach. Indeed, while London City had extraordinary growth in recent years an annual calculated performance fee concept was rejected. However, in 2023 it was applied (a) after all past losses were recovered and (b) the out-performance over 2021 – 2023 was moderated to a fee level of \$136,675 to avoid a major one-off payout for 2022.

Accordingly, the Management Agreement has been slightly modified and a ten year period proposed. The following sets out the key components of the arrangements and proposed modifications. The document is available for inspection at the Company's registered office, upon request, and will be tabled at the shareholders' meetings.

Feature	Agreement following amendment
Operating From:	1 December 2023
Term:	10 years to 30 November 2033, then 6 months notice of termination by either party.
Services:	The Manager must manage the Portfolio and manage and supervise all investments - subject to meeting regulations and written guidelines issued by the Board from time to time. <i>[Clarification – the Company is responsible for its own corporate and administration operating expenses.]</i>
Custody:	All investments are predominantly held in the name of the Company
Fee Arrangement:	<i>Base Fee</i> of 1% of gross Portfolio assets (Unchanged and around \$190,000 on present levels); Plus, <i>Performance Fee</i> of 15% of any outperformance over the S&P ASX 300 Accumulation Index. <i>[Clarification – this fee rate is unchanged but agreement now clearly states it shall only accrue where previously reported audited losses have been recovered in full.]</i>
Accrual Period:	Annual to 30 June each year.
Payment:	Base Fee – assessed at near end month values and paid that month. <i>[Clarification – the numbers are formally confirmed at June and December.]</i>  Performance Fee (if any) – assessed after the annual year end accounting period.

**Note:** The Company will disregard any votes cast on this resolution by any parties related to Imperial Pacific Limited or any associate on Imperial Pacific Limited. However, the Company need not disregard a vote if it is cast by a person as proxy who is entitled to vote in accordance with the directions of the proxy form, or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

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## Proxy Form

**To: The Company Secretary  
London City Equities Limited  
Level 2, 111 Harrington Street  
THE ROCKS NSW 2000 or Email [bet@iprimus.com.au](mailto:bet@iprimus.com.au)**

I/We..... of ..... hereby appoint ..... of ..... as ..... or in the event that no person is nominated above, the Chairman of the Meeting, as my/our proxy to vote for me/us at the Extraordinary General Meeting of the company to be held at Level 2, 111 Harrington Street, The Rocks, NSW 2000 on Wednesday 22 November 2023 at 10.30 am and at any adjournment thereof in accordance with the respective instructions.

This proxy is to represent (proportion) ..... of my/our voting rights. (Please complete if more than one proxy is being appointed, otherwise only one proxy will be accepted).

This proxy is to be used to vote in respect of the resolution and, unless instructed, the proxyholder may vote as the person thinks fit. [Please mark as required.]

### Business

**To adopt the amendments proposed to the Company's Management Agreement with Imperial Pacific Asset Management Pty Limited and tabled accordingly.**

**For**

☐

**Against**

☐

**Abstain**

☐

**Voting - One:** The Company will disregard any votes cast on this resolution by any parties related to Imperial Pacific Limited or any associate on Imperial Pacific Limited. However, the Company need not disregard a vote if it is cast by a person as proxy who is entitled to vote in accordance with the directions of the proxy form, or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

**Voting – Two:** IF YOU HAVE NOT DIRECTED YOUR PROXY HOW TO VOTE. If the Chairman of the meeting is your nominated proxy, or may be appointed by default, and you have not directed your proxy how to vote, the Chairman intends to vote "FOR" the Resolutions.

Signed by the said

.....  
(Name of Member)

.....  
(Signature of Member)

Dated this ..... day of ..... , 2023

### Please Note:

1. If you mark "Abstain" you are directing your proxyholder not to vote on your behalf on a show of hands or on a poll and your vote will not be counted in calculating the required majority.
2. Where the member is a natural person this proxy must be signed by the member personally or by a duly appointed attorney. Where the member is a corporation this proxy must be executed under the common seal of the corporation or signed by an attorney duly appointed under the common seal of the corporation.