

MUSTERA PROPERTY GROUP LTD
ABN 13 142 375 522

NOTICE OF ANNUAL GENERAL MEETING
EXPLANATORY STATEMENT
PROXY FORM

Date of Meeting

Thursday, 29 November 2018

Time of Meeting

10:00 a.m. (WST)

Place of Meeting

15 McCabe Street
North Fremantle WA 6159

For personal use only

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of Mustera Property Group Limited (**Company** or **Mustera**) is to be held at:

Venue: 15 McCabe Street
North Fremantle WA 6159

Date: Thursday, 29 November 2018

Time: 10:00 a.m. (WST)

This Notice should be read in conjunction with the accompanying Explanatory Statement.

Agenda

Financial Report – Year Ended 30 June 2018 (no resolution required)

To receive and consider the financial report and the report of the Directors and the Auditor for the financial year ended 30 June 2018.

Resolution 1 – Adoption of Remuneration Report

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

“That the Remuneration Report of the Company (as contained in the Directors’ Report) for the year ended 30 June 2018 be adopted.”

Voting Prohibition Statement: A vote on this Resolution must not be cast (in any capacity) by or on behalf of the following persons:

- a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report, or
- a Closely Related Party of such a member.

However, a person (the **voter**) described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:

- the voter is appointed as a proxy in writing that specifies the way the proxy is to vote on the Resolution; or
- the voter is the chair of the meeting (“Chair”) and the appointment of the chair as proxy:
 - does not specify the way the proxy is to vote on the Resolution; and
 - expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

Resolution 2 – Re-election of Director – Mr Anthony Ho

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

“That Mr Anthony Ho, who retires by rotation in accordance with clause 13.2 of the Company’s Constitution, and who offers himself for re-election, is re-elected as a Director.”

Resolution 3 – Issue of Director Options to Mr Nicholas Zborowski

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

“That for the purposes of section 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 1,000,000 Director Options, exercisable on or before 30 November 2023 at an exercise price of the higher of \$0.46 and 150% of the five (5) day volume weighted average closing price of the Company’s

Shares during the five trading days immediately prior to the date of issue (rounded up to the nearest 0.1 of a cent) to Mr Nicholas Zborowski (or his nominee) on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion Statement: The Company will disregard any votes cast in favour of this Resolution by or on behalf of Mr Nicholas Zborowski (or his nominee) or any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the Chair 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 Prohibition Statement: A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the KMP.

Resolution 4 – Issue of Director Options to Mr Benjamin Young

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

“That for the purposes of section 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 500,000 Director Options, exercisable on or before 30 November 2023 at an exercise price of the higher of \$0.46, and 150% of the five (5) day volume weighted average closing price of the Company’s Shares during the five trading days immediately prior to the date of issue (rounded up to the nearest 0.1 of a cent) to Mr Benjamin Young (or his nominee) on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion Statement: The Company will disregard any votes cast in favour of this Resolution by or on behalf of Mr Benjamin Young (or his nominee) or any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the Chair 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 Prohibition Statement: A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the KMP.

NOTICE OF ANNUAL GENERAL MEETING

Resolution 5 – Issue of Director Options to Mr Jack Spencer-Cotton

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

“That for the purposes of section 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 500,000 Director Options, exercisable on or before 30 November 2023 at an exercise price of the higher of \$0.46, and 150% of the five (5) day volume weighted average closing price of the Company’s Shares during the five trading days immediately prior to the date of issue (rounded up to the nearest 0.1 of a cent) to Mr Jack Spencer-Cotton (or his nominee) on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion Statement: The Company will disregard any votes cast in favour of this Resolution by or on behalf of Mr Jack Spencer-Cotton (or his nominee) or any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the Chair 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 Prohibition Statement: A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the KMP.

Resolution 6 – Issue of Director Options to Mr Anthony Ho

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

“That for the purposes of section 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 500,000 Director Options, exercisable on or before 30 November 2023 at an exercise price of the higher of \$0.46, and 150% of the five (5) day volume weighted average closing price of the Company’s Shares during the five trading days immediately prior to the date of issue (rounded up to the nearest 0.1 of a cent) to Mr Anthony Ho (or his nominee) on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion Statement: The Company will disregard any votes cast in favour of this Resolution by or on behalf of Mr Anthony Ho (or his nominee) or any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the Chair 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 Prohibition Statement: A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the KMP.

Resolution 7 – Section 195 Approval

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

“That for the purposes of section 195(4) of the Corporations Act and for all other purposes, Shareholders approve and authorise the Directors to complete the transactions as contemplated in this Notice.”

Explanatory Statement

The Explanatory Statement accompanying this Notice is incorporated in and comprises part of this Notice. Shareholders are referred to the Glossary in the Explanatory Statement which contains definitions of capitalised terms used both in this Notice and the Explanatory Statement.

Proxies

Please note that:

- A member entitled to attend and vote is entitled to appoint not more than two proxies to attend and vote on behalf of the member.
- A proxy need not be a member of the Company, but must be a natural person (not a corporation). A proxy may also be appointed by reference to an office held by the proxy (eg “the Company Secretary”).
- Where more than one proxy is appointed, each proxy may be appointed to represent a specified proportion of the member’s voting rights. If no such proportion is specified, each proxy may exercise half of the member’s votes.

The enclosed proxy form provides further details on appointing proxies and lodging proxy forms.

Voting Entitlements

For the purposes of section 1074E(2) of the Corporations Act 2001 and regulation 7.11.37 of the Corporations Regulations 2001, the Company has determined that members holding ordinary shares as set out in the Company’s share register at 10:00 am (WST) on Tuesday, 27 November 2018 will be entitled to attend and vote at the Annual General Meeting.

Corporate Representative

Any corporate Shareholder who has appointed a person to act as its corporate representative at the 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 may be sent to the Company in advance of the meeting or handed in at the meeting when registering as a corporate representative.

BY ORDER OF THE BOARD

Kim Hogg
Company Secretary

26 October 2018

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared to provide Shareholders with material information to enable them to make an informed decision on the business to be conducted at the Annual General Meeting of Mustera Property Group Limited.

The Directors recommend Shareholders read this Explanatory Statement in full before making any decision in relation to the resolutions.

Financial Statements and Report

Under the Corporations Act, the Directors must table the financial report, the Directors' Report and the auditor's report for Mustera for the financial year ended 30 June 2018 at the meeting.

These reports are set out in the Company's 2018 Annual Report. Shareholders will be given reasonable opportunity at the meeting to ask questions and make comments on the financial report, the Directors' Report and the auditor's report.

Resolution 1 – Adoption of Remuneration Report

General

The Directors' Report for the period ended 30 June 2018 contains a Remuneration Report which sets out the policy for the remuneration of Directors and executives of the Company. In accordance with Section 250R(2) of the Corporations Act the Company is required to present to its Shareholders the Remuneration Report as disclosed in the Company's 2018 Annual Report.

Voting consequences

The vote on Resolution 1 is advisory only and does not bind the Directors or the Company. However, under the Corporations Act, if at least 25% of the votes cast on Resolution 1 at the Annual General Meeting are against adoption of the Remuneration Report, then:

- if comments are made on the Remuneration Report at the Annual General Meeting, the Company's remuneration report for the financial year ending 30 June 2019 will be required to include an explanation of the Board's proposed action in response or, if no action is proposed, the Board's reasons for this; and
- if, at the Company's 2019 annual general meeting, at least 25% of the votes cast on the resolution for adoption of the Remuneration Report for the relevant financial year are also against its adoption, the Company will be required to put to Shareholders a resolution proposing that a general meeting ("Spill Meeting") be called to consider the election of Directors of the Company ("Spill Resolution"). For any Spill Resolution to be passed, more than 50% of the votes cast on the resolution must be in favour of it. If a Spill Resolution is passed, all of the Directors (other than any Managing Director) will cease to hold office immediately before the end of the Spill Meeting unless re-elected at that meeting.

At the Company's 2017 annual general meeting, the votes cast against the remuneration report considered at that annual general meeting were less than 25%. Accordingly, the Spill Resolution is not relevant for the 2018 Annual General Meeting.

Voting intention

The Chairman of the meeting intends to exercise all undirected proxies in favour of Resolution 1. If the Chair of the Meeting is appointed as your proxy and you have not specified the way the Chair is to vote on Resolution 1, by signing and returning the Proxy Form, you are considered to have provided the Chair with an express authorisation for the Chair to vote the proxy in accordance with the Chair's intention.

Resolution 2 – Re-election of Director – Mr Anthony Ho

Clause 13.2 of the Constitution requires that at every annual general meeting, one third of the Directors must retire from office, provided always that no Director (except a Managing Director) shall hold office for a period in excess of 3 years.

A Director who retires by rotation under clause 13.2 of the Constitution is eligible for re-election.

Mr Ho retires by rotation and seeks re-election.

Mr Ho is a commerce graduate of the University of Western Australia. He qualified as a Chartered Accountant in 1983 with Deloitte and is presently the principal of a consultancy firm, Anthony Ho and Associates, specialising in providing corporate and financial services to ASX-listed companies.

Prior to establishing his firm in 1991, he spent 7 years in a senior corporate role with a major investment and resource group in Western Australia. He is currently a director of a number of companies listed on the ASX.

Mr Ho has been a Director since 3 April 2014 and was last re-elected at the 2015 annual general meeting. He is chairman of the Audit Committee.

Board recommendation

The Board (other than Mr Ho) recommends Shareholders vote in favour of the Resolution.

Voting intention

The Chairman of the meeting intends to vote all undirected proxies in favour of Resolution 2.

Resolutions 3 to 6 – Approval to Issue Options To Directors

General

Resolutions 3 to 6 seek Shareholder approval in accordance with Listing Rule 10.11 and Chapter 2E of the Corporations Act to issue 2,500,000 Director Options to the Directors (or their nominees) as follows:

<u>Director</u>	<u>Number of Options</u>
Mr Nicholas Zborowski	1,000,000
Mr Benjamin Young	500,000
Mr Jack Spencer-Cotton	500,000
Mr Anthony Ho	500,000
	<hr/>
	2,500,000

The purpose of the issue of the Director Options is for the Company to retain directors of high calibre and to encourage the recipients' continued involvement in the achievement of the Company's objectives and thereby its success. Having regard to the Directors' extensive qualifications and experience, it is considered that the issue of Director Options constitutes valid consideration for services to be provided to the Company by them.

The Board notes that the issue of Options to Non-Executive Directors as part of their remuneration is generally acceptable to align their interests with the interests of other securityholders as referred to in the guidelines contained in Recommendation 8.2 of the ASX's Corporate Governance Principles and Recommendations 3rd Edition. The Board considers the issue of Director Options to Messrs Young, Spencer-Cotton and Ho is reasonable in the circumstances given the Company's size and stage of development, and that the incentives represented by the issue of the Director Options are a cost effective and efficient reward and incentive, as opposed to alternative forms of incentive, such as the payment of cash compensation.

EXPLANATORY STATEMENT

Reason approval required

Shareholder approval is required under Listing Rule 10.11 and section 208 of the Corporations Act because the Directors are related parties of the Company.

Listing Rule 10.11 requires shareholder approval for the issue of securities to a related party of the Company.

Chapter 2E of the Corporations Act prohibits a public company from giving a financial benefit to a related party of the public company unless either:

1. the giving of the financial benefit falls within one of the nominated exceptions to the provision; or
2. prior shareholder approval is obtained to the giving of the financial benefit.

It is the view of the Directors that the exceptions under the Corporations Act to the provision of a financial benefit to a related party may not apply in the current circumstances. Accordingly, shareholder approval pursuant to Chapter 2E of the Corporations Act is required for the issue of options to Messrs Zborowski, Young, Spencer-Cotton and Ho (or their nominees).

Specific information required by Listing Rule 10.13 and section 219 of the Corporations Act

Listing Rule 10.13 and section 219 of the Corporations Act require that the following information be provided to Shareholders for the purpose of obtaining Shareholder approval for the grant of the Director Options:

- i) a total of 2,500,000 Director Options will be issued to the Directors (or their nominees) as follows:

<u>Director</u>	<u>No. of Director Options</u>
Mr Zborowski	1,000,000
Mr Young	500,000
Mr Spencer-Cotton	500,000
Mr Ho	500,000
	2,500,000

- ii) each Director Option will be granted for nil consideration. Each Director Option entitles the holder to subscribe for one (1) Share at an exercise price of the higher of \$0.46 and 150% of the five (5) day volume weighted average closing price of the Company's Shares during the five trading days immediately prior to the date of issue, rounded up to the nearest 0.1 of a cent, and are exercisable on or before 30 November 2023.
- iii) the Director Options will not be quoted on ASX and are transferable. Further terms and conditions of the Director Options are set out in Schedule 1.
- iv) The Company will grant the Director Options no later than one month after the date of the Meeting or such longer period of time as ASX may in its discretion allow, and it is anticipated that allotment will occur on one date.
- v) Each Director has an interest in the Resolutions under which Director Options will be granted and therefore believes it inappropriate to make a recommendation.
- vi) If the Director Options are issued to Messrs Zborowski, Young, Spencer-Cotton and Ho (or their nominees) and subsequently exercised, the effect would be to dilute the shareholdings of the existing Shareholders by approximately 2.52% (based on the number of Shares on issue at the date of this Notice of Meeting, being 99,027,111 Shares).
- vii) As at the date of this Notice of Meeting, the Directors have the following interests in securities of the Company:

<u>Director</u>	<u>Shares</u>	<u>Existing Options</u>
Mr Zborowski	1,620,169	1,000,000
Mr Young	362,509	1,000,000
Mr Spencer-Cotton	1,133,000	500,000
Mr Anthony Ho	2,000,000	500,000

If Shareholders approve the proposed issue of the Director Options, the Directors' security holdings will be:

<u>Director</u>	<u>Shares</u>	<u>Existing Options</u>	<u>Director Options</u>
Mr Zborowski	1,620,169	1,000,000	1,000,000
Mr Young	362,509	1,000,000	500,000
Mr Spencer-Cotton	1,133,000	500,000	500,000
Mr Ho	2,000,000	500,000	500,000

- viii) Voting exclusion statements have been included for each Resolution.
- ix) No funds will be raised by the issue of the Director Options as they are being granted for nil consideration.
- x) The Directors' base salaries and fees per annum, and the total benefit to be received by them in the current financial year ending 30 June 2019 *excluding* the valuation of the Director Options the subject of Resolutions 3 to 6, are as follows:

<u>Director</u>	<u>Base fee/salary</u>	<u>Super-annuation</u>	<u>Total financial benefit</u>
Mr Zborowski	\$180,000	\$17,100	\$197,100
Mr Young	\$20,000	\$1,900	\$21,900
Mr Spencer-Cotton	\$20,000	\$1,900	\$21,900
Mr Ho	\$20,000	-	\$20,000

- xi) It is a requirement of ASIC that a dollar value be placed on the Director Options to be issued.

On the basis of the assumptions below, the theoretical value of one Director Option has been determined. The value may go up or down in the future as it will depend on the future price of a Share.

The Black-Scholes option price calculation methodology has been used. This methodology is designed to value listed securities that are freely tradeable and hence it is not entirely appropriate or reliable in this instance. Nevertheless, a value for the Director Options has been estimated using the Black-Scholes method. In determining this value, the following assumptions have been made:

- the price of the underlying Share is 34 cents, which was the closing price on 18 October 2018, being the date the Shares were last traded on ASX at the time of preparation of this Notice;
- the exercise price of the Director Options is to be the higher of \$0.46, and 150% of the five (5) day volume weighted average closing price of the Company's Shares during the five trading days immediately prior to the date of issue. For the purposes of the valuation, the exercise price used was 1.5 times the 18 October 2018 closing price, i.e. 51 cents per Director Option. The actual exercise price is likely to be different at grant date;
- the option term is until 30 November 2023;
- an annualised volatility factor of 20% was used based upon the Company's Share price trading history over the last 12 months and other factors;
- a risk free interest rate used approximated 2.03%; and
- the dividend yield is assumed to be 0.69%.

Based on the above assumptions, the theoretical value of one Director Option is 2.22 cents (i.e. \$0.0222).

EXPLANATORY STATEMENT

If volatility factors of 50% and 100% were used, the value of one Director Option would approximate 10.79 cents and 22.66 cents respectively.

Any change in the variables applied under the Black-Scholes valuation methodology between the date of the valuation and the date Director Options are issued would have an impact on their value.

xii) The market price of the Shares during the term of the Director Options will normally determine whether or not an optionholder exercises the options. If, in the event Director Options are exercised and Shares are issued pursuant to the exercise of those Director Options, and Shares are trading on ASX at a price which is higher than the exercise price of the Director Options, there may be a perceived cost to the Company.

xiii) The following table gives details of the highest, lowest and latest price of the Company's Shares trading on the ASX over the past 12 months ending on 18 October 2018:

<u>Highest Price</u>	<u>Date of Highest Price</u>	<u>Lowest Price</u>	<u>Date of Lowest Price</u>	<u>Latest Price on 18 Oct 2018</u>
\$0.36	3 Oct 18	\$0.25	10 Apr 18	\$0.34

xiv) Other than the information above and otherwise in this Explanatory Statement, the Company believes that there is no other information that would be reasonably required by Shareholders to pass Resolutions 3 to 6.

xv) Approval pursuant to ASX Listing Rule 7.1 is not required for the grant of the Director Options as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the grant of Director Options to Messrs Zborowski, Young, Spencer-Cotton and Ho (or their respective nominees) will not be included in the use of the Company's 15% annual placement capacity pursuant to ASX Listing Rule 7.1.

Resolution 7 – Section 195 Approval

Section 195 of the Corporations Act essentially provides that a director of a public company may not vote or be present during meetings of directors when matters in which that director holds a "material personal interest" are being considered.

Some of the Directors may have a material personal interest in the outcome of Resolutions 3 to 6. In the absence of this Resolution 7, the Directors may not be able to form a quorum at directors' meetings necessary to carry out the terms of Resolutions 3 to 6.

The Directors have accordingly exercised their right under section 195(4) of the Corporations Act to put the issue to Shareholders to decide upon.

Glossary

\$ means an Australian dollar.

Annual General Meeting means the meeting convened by the Notice.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited (ACN 008 624 691) and where the context permits the Australian Securities Exchange operated by ASX Limited.

Board means the current board of directors of the Company.

Chair means the Chair of the Meeting.

Closely Related Party of a member of the Key Management Personnel means:

- a spouse or child of the member;
- a child of the member's spouse;
- a dependant of the member or the member's spouse;
- 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 dealing with the entity; a company the member controls; or
- a person prescribed by the *Corporations Regulations 2001 (Cth)*.

Company or Mustera means Mustera Property Group Limited (ACN 142 375 522).

Constitution means the Company's constitution.

Corporations Act means the Corporations Act 2001 (Cth).

Director means a Director of the Company and **Directors** means the directors of the Company.

Directors' Report means the annual directors' report prepared under Chapter 2M of the Corporations Act for the Company and its controlled entities.

Director Option means an option to subscribe for one unissued Share on the terms and conditions set out in Schedule 1.

Existing Option means an option exercisable at \$0.37 each on or before 30 September 2021.

Explanatory Statement means this explanatory statement accompanying the Notice of Annual General Meeting.

Key Management Personnel has the same meaning as in the accounting standards and broadly includes those persons having authority and responsibility for planning, directing and controlling the activities of the Company, including any director (whether executive or otherwise) of the Company.

Meeting means the annual general meeting of the Company to be held on 13 November 2018.

Listing Rules mean the official listing rules of ASX.

Notice means the notice convening the 2018 annual general meeting of the Company, including the Explanatory Statement and the Proxy Form.

Proxy Form means the proxy form accompanying the Notice.

Remuneration Report means the remuneration report set out in the Directors' Report section of the Company's annual financial report for the year ended 30 June 2018.

Resolutions mean the resolutions set out in this Notice, or any one of them, as the context requires.

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

Shareholder means a member of the Company.

WST means Western Standard Time, as observed in Perth, Western Australia.

EXPLANATORY STATEMENT

SCHEDULE 1 – DIRECTOR OPTIONS

(a) **Entitlement**

Each Option entitles the holder to subscribe for one Share upon exercise of the Option.

(b) **Exercise Price**

The amount payable upon exercise of each Option will be the higher of:

- (i) \$0.46; and
- (ii) 150% of the five (5) day volume weighted average closing price of the Company's Shares during the five trading days immediately prior to the date of issue, rounded up to the nearest 0.1 of a cent

(**Exercise Price**).

(c) **Expiry Date**

Each Option will expire at 5:00 pm (WST) on 30 November 2023 (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) **Exercise Period**

Subject to the satisfaction of any vesting conditions agreed between the holder and the Company at the time of issue, the Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).

(e) **Notice of Exercise**

The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(f) **Exercise Date**

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).

(g) **Timing of issue of Shares on exercise**

Within 15 Business Days after the Exercise Date, the Company will:

- (i) allot and issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
- (iii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

If a notice delivered under (g)(ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section

708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

(h) **Shares issued on exercise**

Shares issued on exercise of the Options rank equally with the then issued shares of the Company.

(i) **Reconstruction of capital**

If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(j) **Participation in new issues**

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.

(k) **Change in exercise price**

An Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised.

(l) **Unquoted**

The Company will not apply for quotation of the Options on ASX.

(m) **Transferability**

The Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

PROXY FORM

1. Appointment of Proxy

I/We

of

being a member/s of Mustera Property Group Ltd and entitled to attend and vote hereby appoint

the Chairman of the Meeting
(mark with an 'X')

OR

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

or if no person 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, as the proxy sees fit) at the Annual General Meeting of Mustera Property Group Ltd to be held at 15 McCabe Street, North Fremantle, WA 6159, on Thursday, 29 November 2018 commencing at 10:00 a.m. (WST) and at any adjournment of that meeting.

The Chairman of the Meeting intends to vote undirected proxies **in favour** of each of the items of business.

Chairman authorised to exercise proxies on remuneration-related matters: If I/we appoint the Chairman of the Meeting as my/our proxy (or the Chairman of the Meeting becomes your proxy by default), I/we expressly authorise the Chairman of the Meeting to exercise my/our proxy in respect of Items 1,3, 4, 5 and 6 even though those Items are connected directly or indirectly with the remuneration of members of key management personnel of Mustera Property Group Ltd, which includes the Chairman. I/we acknowledge that if the Chairman of the Meeting is my/our proxy and I/we have not marked any of the boxes opposite Items 1, 3, 4, 5 or 6, the Chairman of the Meeting intends to vote my/our proxy in favour of those Items.

Note: You can direct the Chairman how to vote by marking the boxes below (for example if you wish to vote against or abstain from voting).

2. Items of Business

Voting directions to your proxy – please mark to indicate your directions

	<u>FOR</u>	<u>AGAINST</u>	<u>ABSTAIN</u>
1. Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Re-election of Director – Mr Anthony Ho	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Issue of Director Options to Mr Nicholas Zborowski	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. Issue of Director Options to Mr Benjamin Young	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. Issue of Director Options to Mr Jack Spencer-Cotton	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. Issue of Director Options to Mr Anthony Ho	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. Section 195 Approval	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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

3. Signature of Securityholder(s)

Please sign here

THIS SECTION MUST BE SIGNED IN ACCORDANCE WITH THE INSTRUCTIONS OVERLEAF TO ENABLE YOUR DIRECTIONS TO BE IMPLEMENTED.

Individual or Securityholder 1

Individual/ Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/ Company Secretary

Contact Name

Contact Daytime Telephone

For personal use only

HOW TO COMPLETE THE PROXY FORM

1. Appointment of Proxy

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box. If the person you wish to appoint as your proxy is someone other than the Chairman of the Meeting, please write the name of that person. If you leave this section blank, or your named proxy does not attend the meeting, the Chairman of the Meeting will be your proxy. A proxy need not be a securityholder of the Company.

If you have appointed a company as your proxy and a representative of that company wishes to attend the meeting, the representative will be required to provide the Company with the appropriate written documentation evidencing that the person is a representative of the proxy. Should you require it, the Company will provide you with a corporate representative form free of charge. Please contact the Company Secretary if you require a corporate representative form.

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 as they choose. 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 for 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 numbers 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 Section 1.

2. Items of Business

You may direct your proxy how to vote by placing a mark in one of the three boxes opposite each item of business. All your securities will be voted in accordance with your directions. If you do not mark any of the boxes on a given item, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

3. Signing Instructions

You must sign this form as follows in the spaces provided:

Individual: where the holding is in one name, the holder must sign.

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

Power of Attorney: to sign under Power of Attorney, you must have already lodged this document with the registry. If you have not previously lodged this document for notation, 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 indicate the office held by signing in the appropriate place.

If a representative of the corporation is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission. A form of the certificate may be obtained from the Company.

Lodgement of a Proxy

This Proxy Form (and any Power of Attorney under which it is signed) must be received at the Company's registered office or at the address given below no later 48 hours before the commencement of the meeting. Any Proxy Form received after that time will not be valid for the scheduled meeting.

Documents may be lodged by post or facsimile to Mustera Property Group Ltd:-

PO Box 3438
Nedlands WA 6909

Fax: (61-8) 6389 2588

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