

**MUSTERA PROPERTY GROUP LTD**  
ABN 13 142 375 522

**CORPORATE GOVERNANCE STATEMENT**

**FINANCIAL YEAR ENDED  
30 JUNE 2019**

The Board is responsible for the overall corporate governance of the Company. The Board monitors the operational and financial position and performance of the Company and oversees its business strategy including approving the strategic goals of the Company. The Board is committed to maximising performance, generating financial returns and greater value for shareholders, and achieving growth and success of the Company. In conducting the Company's business with these objectives, the Board seeks to ensure that the Company is properly managed to protect and enhance shareholder interests, and that the Company, and its Directors, officers and personnel operate in an appropriate environment of corporate governance. Accordingly, the Board has adopted a framework for managing the Company including establishing corporate governance policies and practices which it believes are appropriate for the Company's business and which are designed to promote the responsible management and conduct of the Company.

This Corporate Governance Statement (**Statement**) sets out a description of the main policies and practices adopted by the Company. In addition, many governance elements are contained in the Company's Constitution. The Company's code of conduct outlines how the Company expects Directors and other personnel to behave and conduct business in a range of circumstances. In particular, the code specifies standards of honesty, integrity, ethical and law-abiding behaviour expected of Directors, management and employees and requires awareness of, and compliance with, laws and regulations relevant to the Company's operations as well as other policies that Directors and employees are required to comply with, including occupational health and safety, privacy and fair dealing and conflict of interest. Details of the Company's key policies and practices and the charters for the Board and each of its committees are available on the Company's website, [www.mustera.com.au](http://www.mustera.com.au).

The ASX Corporate Governance Council has developed and released its Corporate Governance Principles and Recommendations for Australian listed entities ("**Recommendations**") in order to promote investor confidence and to assist companies in meeting stakeholder expectations. The Recommendations are not prescriptive, but guidelines. However, under ASX Listing Rules, the Company is required to provide a statement disclosing the extent to which it has followed the Recommendations during the reporting period. Where the Company has not followed a recommendation, it must separately identify that recommendation and state its reasons for not following it, and what (if any) alternative governance practices it adopted in lieu of the recommendation. The Company's compliance with the Recommendations is noted in Section 10 below, with reference to commentary in other sections as appropriate.

This Statement is current as at 12 September 2019 and has been approved by the Board of Directors of Mustera Property Group Ltd.

## 1. Board of Directors

The Board of Directors comprises one Executive Director and three Non-Executive Directors. The Company presently does not have a chairman.

The Board charter sets out guidelines and thresholds of materiality for the purpose of determining the independence of Directors in accordance with the Recommendations and has adopted a definition of independence that is based on that set out in the Recommendations. The Board considers an Independent Director to be a Non-Executive Director who is not a member of the Company's Management and who is free of any business or other relationship that could materially interfere with, or reasonably be perceived to interfere with, the independent exercise of their judgement. The Board reviews the independence of each Director in light of interests disclosed to the Board from time to time.

The Board considers that Mr Ho and Mr Spencer-Cotton are Independent Directors for the purpose of the Recommendations, as each is free from any interest, position, association or relationship that could materially interfere with, or reasonably be perceived to materially interfere with, the independent exercise of their judgement. Mr Zborowski is an Executive Director of the Company and therefore, not independent. Mr Young has indirectly provided working capital facilities to the Company during the year as well as having an interest in other major transactions with the Company, and is therefore not considered to be independent.

Accordingly, the Board consists of 50% Independent Directors and does not comply with **Recommendation 2.4**, with no chairman having been appointed. However, the Board considers this structure to be appropriate given the Company's current size and that the current directors provide the necessary diversity of skills and experience appropriate for the Company's current business. A formal Board skills matrix setting out the mix of skills and diversity that the Board currently has or is looking to achieve in its membership has not been established, and therefore the Company does not comply with **Recommendation 2.2**. The Board will periodically give consideration to the establishment of such a matrix.

## 2. Board charter

The Board considers that effective corporate governance can add to the Company's performance, create value for Shareholders, and engender investor confidence. To that end, the Board has adopted a written charter to provide a framework for the effective operation of the Board, which sets out:

- the Board's composition;
- the Board's role and responsibilities;
- the relationship and interaction between the Board and Management; and
- the authority delegated by the Board to Management and Board committees.

The Board's role is to, among other things:

- represent and serve the interests of shareholders by overseeing and appraising the Company's strategies, policies and performance;
- oversee the Company, including its control and accountability systems;

- oversee the nomination and appointment, and monitor the performance of, Management;
- conduct succession planning for Management;
- review performance, operations and compliance reports from the Executive Director, including reports and updates on strategic issues and risk management matters;
- review and ratify systems of risk management, internal compliance and control, codes of conduct and legal compliance to ensure appropriate compliance frameworks and controls are in place;
- monitor Management's performance, implementing strategy and seeking to ensure appropriate resources are available;
- approve and monitor the progress of major capital expenditure, capital management and acquisitions and divestments;
- approve budgets;
- approve and monitor corporate, financial position and other reporting systems including external audit and overseeing their integrity;
- identify the risk appetite within which the Board expects Management to operate and approve and monitor systems of risk management, accountability, internal compliance and control and legal compliance to ensure that appropriate compliance frameworks and controls are in place; and
- adopt appropriate procedures to ensure compliance with all laws, governmental regulations and accounting standards, including establishing procedures to ensure the financial results are appropriately and accurately reported on a timely basis in accordance with all legal and regulatory requirements.

Matters which are specifically reserved for the Board or its committees include:

- appointment of the Chairman;
- appointment and removal of the CEO;
- appointment of Directors to fill a vacancy or as an additional Director;
- establishment of Board committees, their membership and their delegated authorities;
- approval of dividends;
- review of corporate codes of conduct;
- approval of major capital expenditure, acquisitions and divestments in excess of authority levels delegated to Management;
- calling of meetings of Directors or shareholders; and
- any other specific matters nominated by the Board from time to time.

The management function is conducted by, or under the supervision of, the Executive Director as directed by the Board (and by officers to whom the management function is properly delegated by the Executive Director). Management must supply the Board with information in a form, timeframe and quality that will enable the Board to discharge its duties effectively. Directors are entitled to access Management and to request additional information at any time they consider it appropriate. The Board collectively, and individual Directors, may seek independent professional advice at the Company's reasonable expense, and the advice received being made available to the Board as a whole.

### 3. Board committees

The Board may from time to time establish appropriate committees to assist in the discharge of its responsibilities.

The Board has established an Audit and Risk Committee. Other committees may be established by the Board as and when required. Membership of Board committees will be based on the needs of the Company, relevant legislative and other requirements and the skills and experience of individual Directors.

The Company does not comply with **Recommendations 2.1 and 8.1**, as it has not established a nomination committee or a remuneration committee. The Board considers that the current size and level of activities of the Company are not of a sufficient level to justify having these committees. The whole Board conducts the functions of the committees and is guided by the charter for the Nomination and Remuneration Committee which is available on the Company's website.

#### **Audit and Risk Committee**

Under its charter, the Audit and Risk Committee must have at least two members, a majority of whom should be independent Directors and all of whom should be Non-Executive Directors. Under its charter, the Committee shall appoint a chairman who should be an appropriately qualified independent Director and must not be Chairman of the Board. Also, at least one member should be a qualified accountant or other financial professional with appropriate expertise of financial and accounting matters. Currently, Mr Ho and Mr Young are members of the Committee, with Mr Ho the Chairman. However, Mr Young is not considered to be an independent director, and as a consequence the Company does not comply with **Recommendation 4.1**.

The primary role of the Audit and Risk Committee is to assist the Board in carrying out its accounting, auditing, financial reporting and risk management responsibilities, including:

- overseeing the Company's financial reporting and disclosure processes, including assessment of the appropriateness and application of the Company's accounting policies and principles and any changes to them;
- reviewing all half yearly and annual reports with Management, advisers and the auditors (as appropriate) and recommending the applicable accounts' adoption by the Board;
- overseeing the establishment and implementation of risk management and internal compliance and control systems and ensuring that there is a mechanism for assessing the ongoing efficacy of those systems;
- reviewing and approving the terms of engagement of the external auditor at the beginning of each financial year;
- approving policies and procedures for appointing or removing an external auditor and for external audit engagement partner rotation; and
- meeting periodically with the external auditor and inviting the external auditor to attend Committee meetings to assist the Committee to discharge its obligations.

Because the Audit and Risk Committee is comprised of only two members, the Company does not comply with **Recommendations 4.1 and 7.1**, which require at least three members. However, the Board considers the present level of membership to be adequate and that the experience and qualifications of the persons on the Committee are sufficient to ensure that the Committee properly discharges its duties. As the operations of the Company develop the Board will reassess the composition of the Audit and Risk Committee.

#### 4. Risk Management Policy

The identification and proper management of the Company's risks are an important priority of the Board. The Company has adopted a risk management policy appropriate for its business. The policy highlights the Company's commitment to designing and implementing systems and methods appropriate to minimise and control its risks.

The Board is responsible for overseeing and approving risk management strategy and policies, including reviewing and ratifying the risk management structure, process and guidelines which are to be developed, maintained and implemented by Management. To assist the Board in discharging these obligations, the Board has delegated certain functions to the Audit and Risk Committee. The responsibilities of that Committee include overseeing the establishment and implementation of risk management and internal compliance and control systems and reviewing the Company's financial risk management procedures to ensure that it complies with its legal obligations. A review of the Company's risk management framework, including internal compliance and control systems, was undertaken during the reporting period.

#### 5. Continuous Disclosure Policy

The Company is required to comply with the continuous disclosure requirements of the ASX Listing Rules and the Corporations Act. Subject to the exception contained in the ASX Listing Rules, the Company is required to disclose to the ASX any information concerning the Company which is not generally available and which a reasonable person would expect to have a material effect on the price or value of its shares.

The Company is committed to observing its disclosure obligations under the ASX Listing Rules and the Corporations Act and has adopted a Continuous Disclosure Policy which establishes procedures aimed at ensuring that Directors and Management are aware of and fulfil their obligations in relation to the timely disclosure of material price-sensitive information.

Under the Policy, the Board is responsible for managing the Company's compliance with its continuous disclosure obligations. Continuous disclosure announcements are also available on the Company's website, [www.mustera.com.au](http://www.mustera.com.au).

#### 6. Securities Trading Policy

The Company has adopted a Securities Trading Policy which applies to the Company and its Directors, officers and employees, including those persons having authority and responsibility for planning, directing and controlling the activities of the Company, whether directly or indirectly. The Policy is intended to explain the prohibited type of conduct in relation to dealings in securities under the Corporations Act and to establish procedures in relation to dealings in the Company's securities by Directors, Management or employees.

The Policy defines certain closed periods during which trading in securities by specified parties (and any of their associates) is prohibited. The closed periods are currently defined as:

- the period commencing one month prior to the release of the Company's half-yearly results to ASX and ending 24 hours after such release;
- the period commencing one month prior to the release of the Company's full year results to ASX and ending 24 hours after such release;
- the period commencing two weeks prior to the Company's annual general meeting and ending 24 hours after the annual general meeting; and
- any additional periods determined by the Board from time to time.

During closed periods, unless certain exceptions (set out in the Policy) apply, Directors and other persons to whom the Policy applies must receive clearance for any proposed dealing in securities, which will only be provided in exceptional circumstances. In all instances, buying or selling of securities is not permitted at any time by any person who possesses price-sensitive information.

## 7. Code of Conduct

The Board recognises the need to observe high standards of corporate practice and business conduct. Accordingly, the Board has adopted a formal Code of Conduct to be followed by all employees and officers.

The key aspects of the Code are that employees and Directors are to:

- act with honesty, integrity and fairness and in the best interests of the Company, and in the reasonable expectations of the Company's shareholders;
- act in accordance with all applicable laws, regulations, policies and procedures;
- have responsibility and accountability for reporting and investigating reports of unethical practices; and
- use the Company's resources and property properly.

The Code of Conduct sets out or refers to separate documents outlining the Company's policies on various matters including ethical conduct, fair dealing, compliance, privacy, confidentiality, integrity and conflicts of interest.

## 8. Shareholder Communications Policy

The Board's aim is to ensure that shareholders are provided with sufficient information to assess the performance of the Company and to inform shareholders of major developments affecting the state of affairs of the Company in accordance with all applicable laws. Information is communicated to shareholders through the lodgement of all relevant financial and other information with the ASX and publishing information on the Company's website, [www.mustera.com.au](http://www.mustera.com.au).

In particular, the Company's website contains information about it, including media releases, key policies and the terms of reference of its Board committees. All relevant announcements made to the market and any other relevant information are posted on the Company's website after release to the ASX (subject to applicable securities laws).

## 9. Additional Information

The Company does not comply with **Recommendation 1.5** as it has not established a diversity policy that requires the Board to set measurable objectives for achieving gender diversity nor disclosed a policy or summary of that policy. The Board considers that at this time no efficiencies or other benefits would be gained by introducing a formal diversity policy. In the future, as the Company grows and increases in size and activity, the Board will consider the adoption of a formal diversity policy. As a consequence of not having a diversity policy, and until such time as a diversity policy is adopted, the Company will not disclose at the end of each reporting period the measurable objectives for achieving gender diversity and progress towards achieving them.

Given the present organisational structure, formal evaluations of Directors and executives are not undertaken, and the Company therefore does not comply with **Recommendations 1.6(a) and 1.7(a)**. Nevertheless, the performance of the Executive Director is periodically considered on an informal basis by the other Board members, and feedback provided. As the Company expands, consideration will be given to adopting formal evaluation processes. No reviews were conducted in the reporting period.

The Company does not comply with **Recommendation 6.2** as it has not developed a formal investor relations program, relying instead on the traditional lines of communication with shareholders. The Board will continue to monitor the demand for such a program from the Company's shareholders.

The Company does not presently have an **internal audit function**. However, the Board and Management continually monitor and endeavour to improve the effectiveness of the Company's risk management and internal control procedures. The Audit and Risk Committee and its interaction with the Company's external auditor also provide additional oversight in this area.

The Board does not consider the Company has any material exposure to economic, environmental or social sustainability risks at the present time.

## 10. ASX Recommendations

Under ASX Listing Rules, the Company is required to disclose the extent to which it has followed the recommendations set by the ASX Corporate Governance Council. Where the Company has not followed a recommendation, it must separately identify that recommendation and state its reasons for not following it, and what (if any) alternative governance practices it adopted in lieu of the recommendation. The Company's compliance with the Recommendations is set out below.

Corporate Governance Recommendation		Followed
<b>Principle 1: Lay solid foundations for management and oversight</b>		
1.1	A listed entity should disclose: <ul style="list-style-type: none"> <li>(a) the respective roles and responsibilities of its board and management; and</li> <li>(b) those matters expressly reserved to the board and those delegated to management.</li> </ul>	Yes
1.2	A listed entity should: <ul style="list-style-type: none"> <li>(a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and</li> <li>(b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.</li> </ul>	Yes
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	Yes
1.4	The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	Yes
1.5	A listed entity should: <ul style="list-style-type: none"> <li>(a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;</li> <li>(b) disclose that policy or a summary of it; and</li> <li>(c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them and either:               <ul style="list-style-type: none"> <li>(1) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or</li> <li>(2) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.</li> </ul> </li> </ul>	No – see commentary in Section 9 above
1.6	A listed entity should: <ul style="list-style-type: none"> <li>(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</li> <li>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</li> </ul>	Partly – see commentary in Section 9 above
1.7	A listed entity should: <ul style="list-style-type: none"> <li>(a) have and disclose a process for periodically evaluating the performance of its senior executives; and</li> <li>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</li> </ul>	Partly – see commentary in Section 9 above

Corporate Governance Recommendation		Followed
<b>Principle 2: Structure the Board to add value</b>		
2.1	<p>The board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director,</p> <p>and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; OR</p> <p>(b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.</p>	No – see commentary in Section 3 above
2.2	A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.	No – see commentary in Section 1 above
2.3	<p>A listed entity should disclose:</p> <p>(a) the names of the directors considered by the board to be independent directors;</p> <p>(b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and</p> <p>(c) the length of service of each director.</p>	Yes
2.4	A majority of the board of a listed entity should be independent directors.	No – see commentary in Section 1 above
2.5	The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	No – see commentary in Section 1 above
2.6	A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.	Yes

Corporate Governance Recommendation		Followed
<b>Principle 3: Act ethically and responsibly</b>		
3.1	<p>A listed entity should:</p> <p>(a) have a code of conduct for its directors, senior executives and employees; and</p> <p>(b) disclose that code or a summary of it.</p>	Yes

Corporate Governance Recommendation		Followed
<b>Principle 4: Safeguard integrity in corporate reporting</b>		
4.1	The board of a listed entity should: <ul style="list-style-type: none"> <li>(a) have an audit committee which:               <ul style="list-style-type: none"> <li>(1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and</li> <li>(2) is chaired by an independent director, who is not the chair of the board, and disclose:                   <ul style="list-style-type: none"> <li>(3) the charter of the committee;</li> <li>(4) the relevant qualifications and experience of the members of the committee; and</li> <li>(5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</li> </ul> </li> </ul> </li> <li>(b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</li> </ul>	Partly – see commentary in Section 3 above
4.2	The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.	Yes
4.3	A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	Yes

Corporate Governance Recommendation		Followed
<b>Principle 5: Make timely and balanced disclosure</b>		
5.1	A listed entity should: <ul style="list-style-type: none"> <li>(a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and</li> <li>(b) disclose that policy or a summary of it.</li> </ul>	Yes

Corporate Governance Recommendation		Followed
<b>Principle 6: Respect the rights of security holders</b>		
6.1	A listed entity should provide information about itself and its governance to investors via its website.	Yes
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	No – see commentary under Section 9 above
6.3	A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	Yes
6.4	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	Yes



Corporate Governance Recommendation		Followed
<b>Principle 7: Recognise and manage risk</b>		
7.1	The board of a listed entity should: <ul style="list-style-type: none"> <li>(a) have a committee or committees to oversee risk, each of which:               <ul style="list-style-type: none"> <li>(1) has at least three members, a majority of whom are independent directors; and</li> <li>(2) is chaired by an independent director, and disclose:                   <ul style="list-style-type: none"> <li>(3) the charter of the committee;</li> <li>(4) the members of the committee; and</li> <li>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</li> </ul> </li> </ul> </li> <li>(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.</li> </ul>	Partly – see commentary under Section 3 above
7.2	The board or a committee of the board should: <ul style="list-style-type: none"> <li>(a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and</li> <li>(b) disclose, in relation to each reporting period, whether such a review has taken place.</li> </ul>	Yes
7.3	A listed entity should disclose: <ul style="list-style-type: none"> <li>(a) if it has an internal audit function, how the function is structured and what role it performs; or</li> <li>(b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.</li> </ul>	Yes – see commentary under Section 9 above
7.4	A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.	Yes

Corporate Governance Recommendation		Followed
<b>Principle 8: Remunerate fairly and responsibly</b>		
8.1	The board of a listed entity should: <ul style="list-style-type: none"> <li>(a) have a remuneration committee which:               <ul style="list-style-type: none"> <li>(1) has at least three members, a majority of whom are independent directors; and</li> <li>(2) is chaired by an independent director, and disclose:                   <ul style="list-style-type: none"> <li>(3) the charter of the committee;</li> <li>(4) the members of the committee; and</li> <li>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</li> </ul> </li> </ul> </li> <li>(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</li> </ul>	No – see commentary under Section 3 above
8.2	A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.	Yes
8.3	A listed entity which has an equity-based remuneration scheme should: <ul style="list-style-type: none"> <li>(a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and</li> <li>(b) disclose that policy or a summary of it.</li> </ul>	Yes