



**SKYFII LIMITED**

**ACN 009 264 699**

**NOTICE OF 2018 ANNUAL GENERAL MEETING**

TIME: 10.30am (AEDT)

DATE: Thursday, 29 November 2018

VENUE: Level 40, 2 Park St, SYDNEY NSW 2000

**THIS IS AN IMPORTANT DOCUMENT - If you are in any doubt as to how to act, you should consult your financial or legal adviser as soon as possible.**

## Notice of Annual General Meeting

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This Notice of Meeting should be read in conjunction with the accompanying Explanatory Memorandum.

Notice is given that the 2018 Annual General Meeting of the shareholders of Skyfii Limited to which this Notice relates will be held at 10.30am (AEDT) on Thursday, 29 November 2018 at Level 40, 2 Park St, SYDNEY NSW 2000.

### 1.1 Voting Eligibility

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the 2018 Annual General Meeting are those that are registered shareholders at 7.00pm (AEDT) on 27 November 2018.

### 1.2 Voting In Person

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

### 1.3 Voting by Proxy

To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, members are advised that:

- (a) each member has a right to appoint a proxy;
- (b) the proxy need not be a member of the Company; and
- (c) a member who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

New sections 250BB and 250BC of the Corporations Act came into effect on 1 August 2012 and apply to voting by proxy on or after that date. Shareholders and their proxies should be aware of these changes to the Corporations Act, as they will apply to this Annual General Meeting. Broadly, the changes mean that:

- (a) if proxy holders vote, they must cast all directed proxies as directed; and
- (b) any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Further details on these changes are set out below.

#### **Proxy vote if appointment specifies way to vote**

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, **if it does**:

- (c) the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (i.e. as directed); and
- (d) if the proxy has 2 or more appointments that specify different ways to vote on the resolution – the proxy must not vote on a show of hands; and
- (e) if the proxy is the chair of the meeting at which the resolution is voted on – the proxy must vote on a poll, and must vote that way (i.e. as directed); and
- (f) if the proxy is not the chair – the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (i.e. as directed).

**Transfer of non-chair proxy to Chair in certain circumstances**

Section 250BC of the Corporations Act provides that, if:

- (g) an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members; and
- (h) the appointed proxy is not the Chair of the meeting; and
- (i) at the meeting, a poll is duly demanded on the resolution; and
- (j) either of the following applies:
  - (i) the proxy is not recorded as attending the meeting;
  - (ii) the proxy does not vote on the resolution,

the Chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

## Agenda

### 1 Remuneration Report

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

*“That, for the purpose of Section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report as set out in the Company’s Annual Financial Report for the financial year ended 30 June 2018.”*

**Note:** The vote on this Resolution is advisory only and does not bind the Directors or the Company.

#### Voting Exclusion Statement:

In accordance with the Corporations Act, the Company will disregard any votes cast in favour on this resolution by Key Management Personnel and any Closely Related Party of any Key Management Personnel as those terms are defined in section 9 of the Corporations Act. However, the Company need not disregard a vote if:

- (a) it is cast by a person who is appointed as a proxy by writing that specifies the way the proxy is to vote on the resolution; or
- (b) it is cast by the Chair of the meeting and the appointment of the Chair as proxy:
  - (i) does not specify the way the proxy is to vote on the resolution; and
  - (ii) 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 for the company.

### 2 Re-election of a Director – Mr James Scott

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

*“That, for the purposes of the Company’s Constitution and for all other purposes, Mr James Scott, who retires in accordance with the Company’s Constitution, and being eligible, is re-elected as a Non-Executive Director.”*

### 3 Election of a Director – Mr Shaun Bonett

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

*“That, for the purposes of the Company’s Constitution and for all other purposes, Mr Shaun Bonett, who was appointed to the Board since the last Annual General Meeting of the Company to fill a casual vacancy in accordance with the Company’s Constitution, and being eligible, offers himself for election, be elected as a Non-Executive Director.”*

### 4 Election of a Director – Mr Lincoln Brown

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

*“That, for the purposes of the Company’s Constitution and for all other purposes, Mr Lincoln Brown, who was appointed to the Board since the last Annual General Meeting of the Company*

*to fill a casual vacancy in accordance with the Company's Constitution, and being eligible, offers himself for election, be elected as a Non-Executive Director."*

## **5 Election of a Director – Ms Susan O'Malley**

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

*"That, for the purposes of the Company's Constitution and for all other purposes, Ms Susan O'Malley, who was appointed to the Board since the last Annual General Meeting of the Company to fill a casual vacancy in accordance with the Company's Constitution, and being eligible, offers herself for election, be elected as a Non-Executive Director."*

## **6 Election of a Director – Mr Jon Adgemis**

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

*"That, for the purposes of the Company's Constitution and for all other purposes, Mr Jon Adgemis, who was appointed to the Board since the last Annual General Meeting of the Company to fill a casual vacancy in accordance with the Company's Constitution, and being eligible, offers himself for election, be elected as a Non-Executive Director."*

## **7 Approval of Issue of Shares to a Director – James Scott**

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

*"That, in accordance with the Company's Constitution, Listing Rule 10.11 and for all other purposes, the Company approves the issue of up to \$55,000 in shares to or as directed by Mr James Scott, a Director of the Company, such shares to be issued on the terms contained in the Explanatory Statement."*

### Voting Exclusion Statement:

The Company will disregard any votes cast in favour on Resolution 7 (Issue of Shares to a Director) by Mr Scott, or his nominee, and by an associate of Mr Scott, or his nominee, excluded from voting as provided for in Australian Securities Exchange Listing Rule 14.11.

However, the Company need not disregard a vote if:

- It is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- It is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

## **8 Approval of Issue of Shares to a Director – Mr Andrew Johnson**

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

*"That, in accordance with the Company's Constitution, Listing Rule 10.11 and for all other purposes, the Company approves the issue of up to \$55,000 in shares to or as directed by Mr Andrew Johnson, a Director of the Company, such shares to be issued on the terms contained in the Explanatory Statement."*

Voting Exclusion Statement:

The Company will disregard any votes cast in favour on Resolution 8 (Issue of Shares to a Director) by Mr Johnson, or his nominee, and by an associate of Mr Johnson, or his nominee, excluded from voting as provided for in Australian Securities Exchange Listing Rule 14.11.

However, the Company need not disregard a vote if:

- It is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- It is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

## **9 Approval of Issue of Shares to a Director – Mr Shaun Bonett**

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

*“That, in accordance with the Company's Constitution, Listing Rule 10.11 and for all other purposes, the Company approves the issue of up to \$59,167 in shares to or as directed by Mr Shaun Bonett, a Director of the Company, such shares to be issued on the terms contained in the Explanatory Statement.*

Voting Exclusion Statement:

The Company will disregard any votes cast in favour on Resolution 9 (Issue of Shares to a Director) by Mr Bonett, or his nominee, and by an associate of Mr Bonett, or his nominee, excluded from voting as provided for in Australian Securities Exchange Listing Rule 14.11.

However, the Company need not disregard a vote if:

- It is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- It is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

## **10 Approval of Issue of Shares to a Director – Mr Lincoln Brown**

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

*“That, in accordance with the Company's Constitution, Listing Rule 10.11 and for all other purposes, the Company approves the issue of up to \$55,000 in shares to or as directed by Mr Lincoln Brown, a Director of the Company, such shares to be issued on the terms contained in the Explanatory Statement.*

Voting Exclusion Statement:

The Company will disregard any votes cast in favour on Resolution 10 (Issue of Shares to a Director) by Mr Brown, or his nominee, and by an associate of Mr Brown, or his nominee, excluded from voting as provided for in Australian Securities Exchange Listing Rule 14.11.

However, the Company need not disregard a vote if:

- It is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- It is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

## **11 Approval of Issue of Shares to a Director – Ms Susan O'Malley**

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

*“That, in accordance with the Company's Constitution, Listing Rule 10.11 and for all other purposes, the Company approves the issue of up to \$25,000 in shares to or as directed by Ms Susan O'Malley, a Director of the Company, such shares to be issued on the terms contained in the Explanatory Statement.*

### Voting Exclusion Statement:

The Company will disregard any votes cast in favour on Resolution 11 (Issue of Shares to a Director) by Ms O'Malley, or her nominee, and by an associate of Ms O'Malley, or her nominee, excluded from voting as provided for in Australian Securities Exchange Listing Rule 14.11.

However, the Company need not disregard a vote if:

- It is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- It is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

## **12 Approval of Issue of Shares to a Director – Mr Jon Adgemis**

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

*“That, in accordance with the Company's Constitution, Listing Rule 10.11 and for all other purposes, the Company approves the issue of up to \$20,000 in shares to or as directed by Mr Jon Adgemis, a Director of the Company, such shares to be issued on the terms contained in the Explanatory Statement.*

### Voting Exclusion Statement:

The Company will disregard any votes cast in favour on Resolution 12 (Issue of Shares to a Director) by Mr Adgemis, or his nominee, and by an associate of Mr Adgemis, or his nominee, excluded from voting as provided for in Australian Securities Exchange Listing Rule 14.11.

However, the Company need not disregard a vote if:

- It is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- It is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

### **13 Approval of Issue of Options to a Director – Mr James Scott**

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

*“That, in accordance with the Company's Constitution, Listing Rule 10.11 and for all other purposes, the Company approves the issue of up to 975,000 options to or as directed by Mr James Scott, a Director of the Company, such options to be issued on the terms contained in the Explanatory Statement.*

Voting Exclusion Statement:

The Company will disregard any votes cast in favour on Resolution 13 (Issue of Options to a Director) by Mr Scott, or his nominee, and by an associate of Mr Scott, or his nominee, excluded from voting as provided for in Australian Securities Exchange Listing Rule 14.11.

However, the Company need not disregard a vote if:

- It is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- It is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

### **14 Approval of Issue of Options to a Director – Andrew Johnson**

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

*“That, in accordance with the Company's Constitution, Listing Rule 10.11 and for all other purposes, the Company approves the issue of up to 525,000 options to or as directed by Mr Andrew Johnson, a Director of the Company, such options to be issued on the terms contained in the Explanatory Statement.*

Voting Exclusion Statement:

The Company will disregard any votes cast in favour on Resolution 14 (Issue of Options to a Director) by Mr Johnson, or his nominee, and by an associate of Mr Johnson, or his nominee, excluded from voting as provided for in Australian Securities Exchange Listing Rule 14.11.

However, the Company need not disregard a vote if:

- It is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- It is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

### **15 Approval of Executive Option Plan**

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



*“That, for the purposes of ASX Listing Rule 7.2 (Exception 9) and for all other purposes, approval be given to the Executive Option Plan (**EOP**) and the subsequent issue of securities under that plan, on the terms and conditions in the Explanatory Memorandum.”*

Voting Exclusion Statement:

The Company will disregard any votes cast in favour on Resolution 15 by all directors (with the exception of those who are ineligible to participate in the employee incentive scheme of the company) who may participate in the EOP and any associate of such persons.

However, the Company will not disregard a vote if:

- it is cast by a person as a proxy for a shareholder who is entitled to vote, in accordance with the directions on the proxy form; or
- if it is cast by the Chairman of the Meeting as proxy for a shareholder who is entitled to vote, in accordance with the directions on the proxy form to vote as per the proxy decides.

## **16 Approval of grant of options to Director – Wayne Arthur**

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

*“That, for the purposes of ASX Listing Rules 10.14 and for all other purposes, approval be given to grant to Mr Wayne Arthur, currently the Chief Executive Officer and Executive Director (**Mr Arthur**), options in respect of up to 5,000,000 shares for the 2018 financial year in accordance with the rules of the EOP and on the terms and conditions in the Explanatory Memorandum”*

Voting Exclusion Statement:

The Company will disregard any votes cast in favour on Resolution 16 by Mr Arthur, being the only director eligible to participate in the EOP, or any associates of such Mr Arthur.

However, the Company will not disregard a vote if:

- it is cast by a person as a proxy for a shareholder who is entitled to vote, in accordance with the directions on the proxy form; or
- if it is cast by the Chairman of the Meeting as proxy for a shareholder who is entitled to vote, in accordance with the directions on the proxy form to vote as the proxy decides.

## **17 Refresh of current Employee Share Plan (ESP)**

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

*“That, for the purposes of ASX Listing Rule 7.2 (Exception 9) and for all other purposes, approval be given to the Employee Share Plan (ESP) and the subsequent issue of securities under that plan, on the terms and conditions in the Explanatory Memorandum.”*

Voting Exclusion Statement:

For personal use only

The Company will disregard any votes cast in favour on Resolution 17 by all directors (with the exception of those who are ineligible to participate in the employee incentive scheme of the company) who may participate in the ESP and any associate of such persons.

However, the Company will not disregard a vote if:

- it is cast by a person as a proxy for a shareholder who is entitled to vote, in accordance with the directions on the proxy form; or
- if it is cast by the Chairman of the Meeting as proxy for a shareholder who is entitled to vote, in accordance with the directions on the proxy form to vote as the proxy decides.

## Explanatory Memorandum

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This Explanatory Memorandum has been prepared for the information of shareholders in connection with the Annual General Meeting of shareholders to be held at 10.30am (AEDT) on Thursday, 29 November 2018 at Level 40, 2 Park St SYDNEY NSW 2000.

### Resolution 1 – Adoption of Remuneration Report

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#### 1.1 General

The Corporations Act requires that at a listed company's Annual General Meeting, a resolution that the Remuneration Report be adopted must be put to the shareholders. Such a resolution is advisory only and does not bind the Directors or the Company.

Under the Corporations Act, if at least 25% of the votes cast on this resolution are voted against adoption of the Remuneration Report at the 2018 Annual General Meeting, and then again at the Company's 2019 Annual General Meeting, the Company will be required to put to shareholders a resolution proposing the calling of a general meeting to consider the appointment of Directors of the Company (**Spill Resolution**).

If more than 50% of shareholders vote in favour of the Spill Resolution, the Company must convene the general meeting (**Spill Meeting**) within 90 days of the Company's 2019 Annual General Meeting. All of the Directors who were in office when the Company's 2019 Directors' Report was approved, other than the Managing Director of the Company, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting. Following the Spill Meeting those persons whose election or re-election as Directors is approved will be the Directors of the Company.

The Remuneration Report sets out the Company's remuneration arrangements for the Directors and senior management of the Company. The Remuneration Report is part of the Directors' Report contained in the Annual Financial Report of the Company for the financial year ending 30 June 2018.

A reasonable opportunity will be provided for discussion of the Remuneration Report at the 2018 Annual General Meeting.

#### 1.2 Proxy restrictions

Pursuant to the Corporations Act, if you elect to appoint the Chair, or another member of the Key Management Personnel whose remuneration details are included in the Remuneration Report or any Closely Related Party of that member as your proxy to vote on this Resolution, you must direct the proxy how they are to vote. Where you do not direct the Chair, or another member of Key Management Personnel whose remuneration details are included in the Remuneration Report or Closely Related Parties of that member on how to vote on this Resolution, the proxy is prevented by the Corporations Act from exercising your vote and your vote will not be counted in relation to this Resolution.

#### 1.3 Definitions

**Closely Related Party** of the Key Management Personnel means:

- (a) A spouse or child of the member;
- (b) A child of the member's spouse;
- (c) A dependent of the member or the member's spouse;
- (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 dealing with the entity;
- (e) A company the member controls; or
- (f) A person prescribed by the *Corporations Regulations 2001* (Cth).

**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, directly or indirectly, including any director (whether executive or otherwise) of the Company.

**Remuneration Report** means the remuneration report set out in the Director's Report section of the Company's Annual Financial Report for the year ended 30 June 2018.

## **Resolutions 2 – Re-election of a Director – Mr James Scott**

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The Board currently comprises Mr James Scott (Chairman), Mr Wayne Arthur (Managing Director and CEO), Mr Andrew Johnson (Non-executive Director), Mr Shaun Bonett (Non-executive Director), Mr Lincoln Brown (Non-executive Director), Ms Susan O'Malley (Non-executive Director) and Mr Jon Adgemis (Non-executive Director).

Mr Arthur, as Managing Director of the Company, is excluded from the normal rotation and re-election of Director process. Mr Johnson was re-elected to the Board at the 2017 Annual General Meeting on 21 November 2017.

As a result, Mr James Scott retires by rotation and is eligible for re-election.

Mr Scott's personal details are provided in the Company's 2018 Annual Report, which was released to ASX on 31 August 2018 and is available on the Company's website at <http://www.skyfii.com>.

## **Resolution 3 – Election of a Director – Mr Shaun Bonett**

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Mr Shaun Bonett was appointed as a non-executive director of the Company by the Board on 22<sup>nd</sup> November 2017 pursuant to Rule 13.3 of the Company's Constitution. The Board has appointed Mr Bonett as a non-executive director of the Company. In accordance with Rule 13.3 of the Company's Constitution, Mr Bonett retires and offers himself for re-election at this the first Annual General Meeting since his appointment.

Mr Bonett's personal details are provided in the Company's 2018 Annual Report, which was released to ASX on 31 August 2018 and is available on the Company's website at <http://www.skyfii.com>.

## **Resolution 4 – Election of a Director – Mr Lincoln Brown**

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Mr Lincoln Brown was appointed as a non-executive director of the Company by the Board on 27<sup>th</sup> April 2018 pursuant to Rule 13.3 of the Company's Constitution. The Board has appointed Mr Brown as a non-executive director of the Company. In accordance with Rule 13.3 of the Company's Constitution, Mr Brown retires and offers himself for re-election at this the first Annual General Meeting since his appointment.

Mr Brown's personal details are provided in the Company's 2018 Annual Report, which was released to ASX on 31 August 2018 and is available on the Company's website at <http://www.skyfii.com>.

## **Resolution 5 – Election of a Director – Ms Susan O'Malley**

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Ms Susan O'Malley was appointed as a non-executive director of the Company by the Board on 24 September 2018 pursuant to Rule 13.3 of the Company's Constitution. The Board has appointed Ms O'Malley as a non-executive director of the Company. In accordance with Rule 13.3 of the Company's Constitution, Ms O'Malley retires and offers herself for re-election at this the first Annual General Meeting since her appointment.

Ms O'Malley Ms O'Malley is a former Westfield/Scentre Group executive with over 30 years' broad based and practical senior level business experience. Having held operational and functional senior leadership roles in marketing, retail property management, facilities/building operations and sustainability.

Ms O'Malley brings a wide range and depth of skills and expertise to the Board in a number of important areas relevant to Skyfii, as it looks to expand its market leading position in the retail property sector both domestically and internationally.

Holds a relevant interest in nil shares and no other listed company directorships.

BBus, GAICD.

### **Resolution 6 – Election of a Director – Mr Jon Adgemis**

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Mr Jon Adgemis was appointed as a non-executive director of the Company by the Board on 24 September 2018 pursuant to Rule 13.3 of the Company's Constitution. The Board has appointed Mr Adgemis as a non-executive director of the Company. In accordance with Rule 13.3 of the Company's Constitution, Mr Adgemis retires and offers himself for re-election at this the first Annual General Meeting since his appointment.

Mr Adgemis is currently Managing Director of the Mergers and Acquisitions division at KPMG, which is a global market leader in advising clients in the mid-market deal space. His partnership at KPMG has spanned over 12 years with over 16 years' experience specialising in mergers and acquisitions across a range of sectors including retail, property, technology and media.

Outside KPMG, Jon is a Director at Eastern Property Alliance, a property development group with an extensive commercial property portfolio. He is also a Director at Larus Energy, an Australian public unlisted petroleum exploration company and a Chairman at Whizz, an online cleaning service.

Jon has significant experience in dealing with public company boards and the governance associated with this, as well as sitting on a number of advisory boards directly.

Holds a relevant interest in 18,582,512 shares as Jagafii Pty Ltd and no other listed company directorships.

### **Resolutions 7, 8, 9, 10, 11 and 12 – Approval of Issue of Shares to Directors – Mr James Scott, Mr Andrew Johnson, Mr Shaun Bonett, Mr Lincoln Brown, Ms Susan O'Malley and Mr Jon Adgemis**

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The annual remuneration for Mr James Scott, Mr Andrew Johnson and Mr Shaun Bonett was set at \$50,000 for January to June 2018 and increased to \$60,000 for July to December 2018. Mr Lincoln Brown, Ms Susan O'Malley and Mr Jon Adgemis commencing their appointment in 2018 was set at \$60,000 for the 2018 calendar year plus additional remuneration for preliminary work prior to their official appointment. This process was undertaken at the time in order to preserve the Company's cash balance for operational expenditure.

In accordance with ASX Listing Rule 10.13 the following information is provided in relation to Resolutions 7,8,9,10,11 and 12:

- The maximum number of Shares to be issued is \$269,167 divided by the volume weighted average price of shares trading on the ASX immediately prior to the issue dates as set out in the table immediately below. The table below shows the number of shares that would be issued at various prices.

Non - Executive Directors	At 15 cents per share	At 20 cents per share	At 25 cents per share
Mr James Scott	366,667	275,000	220,000
Mr Andrew Johnson	366,667	275,000	220,000
Mr Shaun Bonett	394,447	295,835	236,668
Mr Lincoln Brown	366,667	275,000	220,000
Ms Susan O'Malley	166,667	125,000	100,000
Mr Jon Adgemis	133,332	100,000	80,000
<b>Total Shares to be issued</b>	<b>1,794,447</b>	<b>1,345,835</b>	<b>1,076,668</b>

- The Shares will be issued at an issue price equivalent to either the 15-trading day volume weighted average price of shares trading on the ASX immediately prior to the issue date or a 5 cents per share floor price (whichever is the higher) (refer preceding table);
- The Shares will be issued and allotted no later than 7 December 2018 (being the date which is one month subsequent to the shareholder meeting); and
- No funds will be raised from the issue of the Shares however issue of the Shares reduces the (cash) payment to be made to Directors as set out above (in effect, reducing the Company's cash outflows for the forthcoming year by \$269,167).

As provided in Exception 14 to Listing Rule 7.2, if shareholder approval is given under Listing Rule 10.11 approval is not required under Listing Rule 7.1. The Shares will rank equally with the Company's fully paid ordinary shares coded and trading as 'SKF'.

### **Resolution 13 and 14 – Approval of Issue of Options to Directors – Messrs James Scott and Andrew Johnson**

Resolutions 13 and 14 seek shareholder approval of the equity based annual remuneration of Messrs Scott and Johnson for the 2018 calendar year.

Up until the recent changes, since April 2016 the Board structure including sub-committees has been limited to two Non-Executive Directors being Messrs Scott (Chairman of the Company) and Mr Johnson.

It is proposed that Messrs Scott and Johnson be offered, subject to shareholder approval, additional, equity-based remuneration for the 2018 calendar year as set out below. This equity-based remuneration is structured as a package of options (the Options) with a scaled exercise price at significant premiums to current share pricing.

All Options will have a term of three (3) years from the date of grant and other usual conditions of options as set out in the ASX Listing Rules.

	10 cent exercise price	12.5 cent exercise price	15 cent exercise price	20 cent exercise price	30 cent exercise price
James Scott	195,000	195,000	195,000	195,000	195,000
Andrew Johnson	105,000	105,000	105,000	105,000	105,000

In accordance with ASX Listing Rule 10.13 the following information is provided in relation to Resolutions 13 and 14:

- The maximum number of Options to be issued is 1,500,000 and the maximum number of Shares that would be issued, in the event of exercise of all of the Options is 1,500,000. In the event that all of the Options are issued, \$262,500 working capital will be raised by the Company.
- The Options have been issued for nil consideration and will be unquoted. Any shares issued on exercise of the Options will rank equally with the Company's fully paid ordinary shares coded and trading as 'SKF'.
- The Options will be issued and allotted no later than 7 December 2018 (being the date which is one month subsequent to the shareholder meeting); and

As provided in Exception 14 to Listing Rule 7.2, if shareholder approval is given under Listing Rule 10.11 approval is not required under Listing Rule 7.1.

### **Resolution 15 - Approval of Executive Option Plan**

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The Employee Option Plan (**EOP**) seeks to closely align the interest of eligible senior executives participating in the EOP (**EOP Participants**) with those of investors and to ensure that the EOP Participants are motivated and rewarded for performance, shareholder return and compensated for remuneration in lieu of cash payments in line with the economic value created.

The options under the EOP (**EOP Options**) will entitle their holder to receive ordinary shares in the capital of the Company (**EOP Shares**) upon satisfaction of certain vesting conditions as determined by the Board from time to time.

#### **Why shareholder approval is being sought**

ASX Listing Rule 7.1 provides that a listed company must not issue equity securities that total more than 15% of its fully paid ordinary shares in any rolling 12-month period without shareholder approval, or unless an exception applies (**15% Capacity**). This means that if this Resolution 15 is passed, any Options granted to EOP Participants and any resulting EOP Shares issued will not use up part of the Company's 15% Capacity under ASX Listing Rule 7.1.

Under ASX Listing Rule 7.2, exception 9(b), an issue of equity securities under an employee incentive scheme is an exception to ASX Listing Rule 7.1, if in the 3 years before the issue date, shareholders have approved the issue of securities under the scheme as an exception to ASX Listing Rule 7.1.

Therefore, although shareholder approval is not required to adopt the EOP, shareholder approval is being sought under Resolution 15 for the issue of securities under the EOP, so that such issues would not be counted towards the Company's 15% Capacity, and that capacity would be available for other purposes.

#### **Terms of the Employee Option Plan**

EOP Options provide an opportunity to acquire EOP Shares subject to the payment of the exercise price set at the time of the grant of the EOP Options (**Exercise Price**) and EOP Participants can continue to hold the EOP Options after they have vested.

EOP Options will vest upon notification by the Company that the EOP Options have vested and the Company.

EOP Options enable the participant to gain the benefit of any excess of the Share price over the Exercise Price paid. In the event the Share price is equal to or below the Exercise Price, the EOP Options would be of no value.

In order for the EOP Options to vest, the Vesting Conditions set out in the invitation, or otherwise determined by the Board, for the grant of the EOP Options must have been satisfied. In addition, at

the time of vesting, a participant must not have engaged in serious and wilful misconduct, wilful disobedience, gross negligence or incompetence, insubordination, disqualification under Part 2D.6 of the *Corporations Act 2001* (Cth), a serious breach of an employment agreement and behaviour which damages the business or reputation of the Company (**Proscribed Conduct**)

If the participant engages in Proscribed Conduct, then the EOP Options will be forfeited.

The EOP Options will not be quoted nor will they carry an entitlement to dividends or a right to vote at General Meetings of the Company.

The invitation to participate in the EOP will specify the number of EOP Options to be granted. If Vesting Conditions are not met, then unvested EOP Options will be forfeited. If the relevant targets are achieved the EOP Options will vest and may be exercised, by payment of the Exercise Price. This can be done at any time up to ten years after the grant of the EOP Options.

#### **Other Information required by ASX Listing Rules**

- As the EOP has not yet been adopted, no securities have currently been issued under the EOP.
- A voting exclusion statement for Resolution 15 is contained on page 8.

#### **Resolution 16 – Approval of grant of options to Director – Wayne Arthur**

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The Non-Executive Directors are of the view that it is appropriate that the Company's Chief Executive Officer and Executive Director, Mr Wayne Arthur be entitled to be granted EOP Options under the EOP set out in Resolution 15. The Non-Executive Directors consider that the grant of the EOP Options is an important element of the Company's remuneration strategy for the CEO, having regard to the circumstances of the Company, the duties and responsibilities of Mr Arthur and market levels of remuneration for executives in his position in similar sized companies.

The terms of the EOP are set out in this Explanatory Statement at Resolution 15 above.

#### **Information required by ASX Listing Rules**

The Company provides the following additional information for the purposes of ASX Listing Rule 10.15:

- Mr Arthur is a director of the Company.
- The maximum number of securities that may be acquired by Mr Arthur under this approval is 5,000,000 Options. Each EOP Option, on vesting, entitles Mr Arthur to receive one Share.
- No issue price is payable by Mr Arthur for the grant of the EOP Options to him. The exercise price payable to exercise the EOP Options will be set at the time of the grant of the EOP Options.
- As the EOP has not yet been adopted, no securities have currently been issued under the EOP.
- Approval under ASX Listing Rule 10.14 has previously been sought for the issue of securities to Mr Arthur under the Company's Employee Share Plan (**ESP**). Since the last shareholder approval, 3,075,000 ESP Shares have been issued to Mr Arthur under the ESP.
- Other senior managers, who are not directors, of the Company are also entitled to participate in the EOP if invited by the Board. Any additional directors (or their associates) who become entitled to participate in the EOP after the resolution was approved and who were not named in the notice of meeting will not participate until approval is obtained under Rule 10.14 of the ASX Listing Rules.
- A voting exclusion statement for Resolution 16 is contained on page 8.
- No loan has been or will be advanced by the Company in relation to the acquisition of securities the subject of Resolution 15.
- If Resolution 15 is passed, the EOP Options will be granted to Mr Arthur no later than 12 months after the date of approval.



## Resolution 17 – Refresh of current Employee Share Plan (ESP)

The issues of shares pursuant to an existing Employee Share Plan (**ESP**) were approved by shareholders at the Company's 2015 Annual General Meeting (**2015 AGM**) in accordance with Listing Rule 7.2 (Exception 9(b)) – with the effect that the shares so issued would not reduce the Company's '15% placement capacity' under Listing Rule 7.1. As that approval applied for a period of three (3) years following the 2015 AGM then, in accordance Listing Rule 7.2 (Exception 9(b)), the further issue of shares pursuant to the ESP requires shareholder approval.

In addition, the original ESP permitted the issue of new shares equivalent to up to 10% of the issued capital of the Company. If shareholders approve the refresh of the ESP then new shares equivalent to up to a further 10% of the issued capital of the Company may be issued.

### Summary of the Terms of the ESP

- the Board may invite a person who is employed or engaged by or holds an office with the Group (whether on a full or part-time basis) and who is declared by the Board to be eligible to participate in the ESP from time to time (**Eligible Employee**) to apply for fully paid ordinary shares under the plan from time to time (**ESP Shares**);
- invitations to apply for ESP Shares are to be made on the basis of the market price per share defined as the volume weighted average price at which the Company's shares have traded during the 30 days immediately preceding the date of the invitation;
- invitations to apply for ESP Shares under the ESP will be made on a basis determined by the Board (including as to the conditionality on the achievement of any key performance indicators) and notified to Eligible Employees in the invitation, or if no such determination is made by the Board, on the basis that ESP Shares will be subject to a 3 year vesting period, with:
  - 33% of ESP Shares applied for vesting on the date that is the first anniversary of the issue date of the ESP Shares;
  - 33% of ESP Shares applied for vesting on the date that is the second anniversary of the issue date of the ESP Shares; and
  - 34% of ESP Shares applied for vesting on the date that is the third anniversary of the issue date of the ESP Shares.
- Eligible Employees who accept an invitation (**ESP Participants**) may be offered an interest free loan from the Company to finance the whole of the purchase of the ESP Shares they are invited to apply for (**ESP Loan**). ESP Loans will have a term of 5 years and become repayable in full on the earlier of:
  - the fifth anniversary of the issue date of the ESP Shares; and
  - if the ESP Participant ceases to be an Eligible Employee, either
    - the fifth anniversary of the issue date of the ESP Shares, if the Eligible Employee is a good leaver (as defined in the ESP); or
    - that date of cessation, if the Eligible Employee is a bad leaver (as defined in the ESP).
- if the ESP Participant does not repay the outstanding ESP Loan, or it notifies the Company that it cannot, then such number of ESP Shares that equal by value (using the price at which the ESP Shares were issued) the outstanding amount of the ESP Loan will become the subject of a buy-back notice from the Company which the ESP Participant must accept. The buy-back of such number of ESP Shares will be considered full and final satisfaction of the ESP Loan and the Company will not have any further recourse against the ESP Participant;
- any dividends received by the ESP Participant whilst the whole or part of the ESP Loan remains outstanding must be applied to the repayment of the ESP Loan;
- the maximum number of ESP Shares for which invitations may be issued under the ESP together with the number of ESP Shares still to be issued in respect of already accepted invitations and that have already been issued in response to invitations in the previous 5 years (but disregarding ESP Shares that are or were issued following invitations to non-residents, that did not require a disclosure

document under the Corporations Act, or that were issued under a disclosure document under the Corporations Act) must not exceed 10% of the total number of ordinary shares on issue in the Company at the time the invitations are made;

- in the event of a corporate reconstruction, the Board will adjust, subject to the Listing Rules (if applicable), any one or more of the maximum number of shares that may be issued under the ESP (if applicable), the subscription price, the buyback price and the number of ESP Shares to be vested at any future vesting date (if applicable), as it deems appropriate so that the benefits conferred on ESP Participants after a corporate reconstruction are the same as the benefits enjoyed by the ESP Participants before the corporate reconstruction. On conferring the benefit of any corporate reconstruction, any fractional entitlements to shares will be rounded down to the nearest whole share;
- ESP Participants will continue to have the right to participate in dividends paid by the Company despite some or all of their ESP Shares not having vested yet or being subject to an ESP Loan. If an ESP Loan has been made to the ESP Participant, then any dividend due must first be applied to reducing any outstanding ESP Loan amount applicable to the ESP Shares on which the dividend is paid;
- ESP Shares which have not vested and/or are subject to repayment of the ESP Loan will be restricted (escrowed) from trading;
- the Company may buy-back at the issue price any ESP Shares which
  - have not vested, or are incapable of vesting at any time (including as a result of the ESP Participant failing to meet any key performance indicators on which vesting of ESP Shares is conditional); or
  - remain in escrow and/or are the subject of an ESP Loan, on the occurrence of:
    - the ESP Participant ceasing to be an Eligible Employee (unless the Board, in its sole and absolute discretion determines otherwise, subject to any conditions that it may apply, including the repayment of any outstanding ESP Loan); or
    - the expiration of the term of the ESP Loan.
- any bonus securities issued in relation to ESP Shares which remain unvested or are subject to an ESP Loan which becomes repayable in full will be the subject of a buy-back by the Company at the issue price for no consideration;
- on the death or permanent disability of an ESP Participant, all ESP Shares held by the ESP Participant or their estate will immediately vest subject to the repayment of any outstanding ESP Loan by the curator, executor or nominated beneficiary(ies) (as the case may be) within 30 days of their appointment (or such longer period as the Company in its discretion may allow). Failing such repayment, the Company will buy-back all ESP Shares in respect of which there is an outstanding ESP Loan;
- the rules of the ESP and any amendment to the rules of the ESP must be in accordance with the Listing Rules and the Corporations Act;
- if, while the Company's shares are traded on the ASX or any other stock exchange, there is any inconsistency between the terms of the ESP and the Listing Rules, the Listing Rules will prevail; and
- the ESP is governed by the laws of the State of New South Wales, Australia.

#### **Number of Shares Issued Under the ESP since the Last Approval**

Since the 2015 AGM:

- 26,708,000 ESP Shares were issued to Non-Directors; and
- 3,075,000 ESP Shares were issued to Directors (being solely Mr Wayne Arthur).



#### All Correspondence to:

✉ **By Mail** Boardroom Pty Limited  
GPO Box 3993  
Sydney NSW 2001 Australia

📠 **By Fax:** +61 2 9290 9655

💻 **Online:** [www.boardroomlimited.com.au](http://www.boardroomlimited.com.au)

☎ **By Phone:** (within Australia) 1300 737 760  
(outside Australia) +61 2 9290 9600

## YOUR VOTE IS IMPORTANT

For your vote to be effective it must be recorded **before 10:30am (AEDT) on Tuesday 27 November 2018.**

### 🖥 TO VOTE ONLINE

**STEP 1: VISIT** <https://www.votingonline.com.au/skfagm2018>

**STEP 2: Enter your Postcode OR Country of Residence (if outside Australia)**

**STEP 3: Enter your Voting Access Code (VAC):**

### 📱 BY SMARTPHONE



Scan QR Code using smartphone  
QR Reader App

### TO VOTE BY COMPLETING THE PROXY FORM

#### STEP 1 APPOINTMENT OF PROXY

Indicate who you want to appoint as your Proxy.

If you wish to appoint the Chair of the Meeting as your proxy, mark the box. If you wish to appoint someone other than the Chair of the Meeting as your proxy please write the full name of that individual or body corporate. If you leave this section blank, or your named proxy does not attend the meeting, the Chair of the Meeting will be your proxy. A proxy need not be a securityholder of the company. Do not write the name of the issuer company or the registered securityholder in the space.

##### Appointment of a Second Proxy

You are entitled to appoint up to two proxies to attend the meeting and vote. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by contacting the company's securities registry or you may copy this form.

To appoint a second proxy you must:

- complete two Proxy Forms. On each Proxy Form state the percentage of your voting rights or the number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.
- return both forms together in the same envelope.

#### STEP 2 VOTING DIRECTIONS TO YOUR PROXY

To direct your proxy how to vote, mark one of the boxes opposite each item of business. All your securities will be voted in accordance with such a direction unless you indicate only a portion of securities are to be voted on any item by inserting the percentage or number that you wish to vote in the appropriate box or boxes. 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 for all your securities your vote on that item will be invalid.

##### Proxy which is a Body Corporate

Where a body corporate is appointed as your proxy, the representative of that body corporate attending the meeting must have provided an "Appointment of Corporate Representative" prior to admission. An Appointment of Corporate Representative form can be obtained from the company's securities registry.

#### STEP 3 SIGN THE FORM

The form **must** be signed as follows:

**Individual:** This form is to be signed by the securityholder.

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

**Power of Attorney:** to sign under a Power of Attorney, you must have already lodged it with the registry. Alternatively, attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** this form must be signed by a Director jointly with either another Director or a Company Secretary. Where the company has a Sole Director who is also the Sole Company Secretary, this form should be signed by that person. **Please indicate the office held by signing in the appropriate place.**

#### STEP 4 LODGEMENT

Proxy forms (and any Power of Attorney under which it is signed) must be received no later than 48 hours before the commencement of the meeting, therefore by **10:30am (AEDT) on Tuesday 27 November 2018.** Any Proxy Form received after that time will not be valid for the scheduled meeting.

Proxy forms may be lodged using the enclosed Reply Paid Envelope or:

💻 **Online** <https://www.votingonline.com.au/skfagm2018>

📠 **By Fax** + 61 2 9290 9655

✉ **By Mail** Boardroom Pty Limited  
GPO Box 3993,  
Sydney NSW 2001 Australia

👤 **In Person** Boardroom Pty Limited  
Level 12, 225 George Street,  
Sydney NSW 2000 Australia

#### Attending the Meeting

If you wish to attend the meeting please bring this form with you to assist registration.

**Your Address**

This is your address as it appears on the company's share register. If this is incorrect, please mark the box with an "X" and make the correction in the space to the left. Securityholders sponsored by a broker should advise their broker of any changes.

**Please note, you cannot change ownership of your securities using this form.**

**PROXY FORM****STEP 1 APPOINT A PROXY**

I/We being a member/s of **Skyfii Limited** (Company) and entitled to attend and vote hereby appoint:



the **Chair of the Meeting** (mark box)

**OR** if you are **NOT** appointing the Chair of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered securityholder) you are appointing as your proxy below

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chair of the Meeting as my/our proxy at the Annual General Meeting of the Company to be held at **Level 40, 2 Park St, Sydney NSW 2000 at 10:30am (AEDT) on Thursday 29 November 2018** and at any adjournment of that meeting, to act 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.

Chair of the Meeting authorised to exercise undirected proxies on remuneration related matters: If I/we have appointed the Chair of the Meeting as my/our proxy or the Chair of the Meeting becomes my/our proxy by default and I/we have not directed my/our proxy how to vote in respect of Resolutions 1 & 7-17 (inclusive), I/we expressly authorise the Chair of the Meeting to exercise my/our proxy in respect of these Resolutions even though Resolutions 1 & 7-17 (inclusive) are connected with the remuneration of a member of the key management personnel for the Company.

The Chair of the Meeting will vote all undirected proxies in favour of all Items of business (including Resolutions 1 & 7-17 (inclusive)). If you wish to appoint the Chair of the Meeting as your proxy with a direction to vote against, or to abstain from voting on an item, you must provide a direction by marking the 'Against' or 'Abstain' box opposite that resolution.

**STEP 2 VOTING DIRECTIONS**

\* 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 vote will not be counted in calculating the required majority if a poll is called.

		FOR	AGAINST	ABSTAIN*			FOR	AGAINST	ABSTAIN*
<b>Res 1</b>	Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<b>Res 9</b>	Approval of Issue of Shares to a Director – Mr Shaun Bonett	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Res 2</b>	Re-election of a Director – Mr James Scott	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<b>Res 10</b>	Approval of Issue of Shares to a Director – Mr Lincoln Brown	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Res 3</b>	Election of a Director – Mr Shaun Bonett	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<b>Res 11</b>	Approval of Issue of Shares to a Director – Ms Susan O'Malley	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Res 4</b>	Election of a Director – Mr Lincoln Brown	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<b>Res 12</b>	Approval of Issue of Shares to a Director – Mr Jon Adgemis	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Res 5</b>	Election of a Director – Ms Susan O'Malley	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<b>Res 13</b>	Approval of Issue of Options to a Director – Mr James Scott	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Res 6</b>	Election of a Director – Mr Jon Adgemis	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<b>Res 14</b>	Approval of Issue of Options to a Director – Andrew Johnson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Res 7</b>	Approval of Issue of Shares to a Director – James Scott	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<b>Res 15</b>	Approval of Executive Option Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Res 8</b>	Approval of Issue of Shares to a Director – Mr Andrew Johnson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<b>Res 16</b>	Approval of grant of options to Director – Wayne Arthur	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
					<b>Res 17</b>	Refresh of current Employee Share Plan (ESP)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**STEP 3 SIGNATURE OF SECURITYHOLDERS**

This form must be signed to enable your directions to be implemented.

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director / Company Secretary

Contact Name.....

Contact Daytime Telephone.....

Date / / 2018