



ACN 117 371 418

# **Notice of Extraordinary General Meeting & Explanatory Statement**

**Extraordinary General Meeting of Onterran Limited  
to be held at  
The Christie Corporate Centre, Endeavour Room 1  
Level 1/320 Adelaide Street  
Brisbane, Queensland 4000  
On Monday 15 August 2016  
commencing at 10:30am AEST**

The Notice of Extraordinary General Meeting, Explanatory Statement and Proxy Form should be read in their entirety. If you are in doubt as to how you should vote, you should seek advice from your accountant, solicitor or other professional advisor prior to voting.

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## Important dates

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<b>Snapshot date for eligibility to vote</b>	13 August 2016
<b>Last day for receipt of Proxy Forms</b>	10:30 am on 13 August 2016
<b>Extraordinary General Meeting</b>	10:30 am on 15 August 2016
<b>Last day for trading in pre-Consolidation Fully Paid Ordinary Shares</b>	16 August 2016 (1 Business Day after approval of the Consolidation in Resolution 2)
<b>Trading in post-Consolidation Fully Paid Ordinary Shares on a deferred settlement basis begins</b>	17 August 2016 (2 Business Days after approval of the Consolidation in Resolution 2)
<b>Last day for Company to register transfers on a pre-Consolidation basis</b>	18 August 2016 (3 Business Days after approval of the Consolidation in Resolution 2)
<b>First day for Company to register transfers on a post-Consolidation basis</b>	19 August 2016 (4 Business Days after approval of the Consolidation in Resolution 2)
<b>Despatch date and deferred settlement markets end</b>	25 August 2016 (8 Business Days after approval of the Consolidation in Resolution 2)

## Chairman's letter

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Dear Shareholders,

We are pleased to invite you to the Extraordinary General Meeting of the Company. The Directors consider that the transactions presented for Shareholder approval are in the best interests of Shareholders. Accordingly, all of the Directors entitled to make a recommendation in respect of a particular resolution recommend that you vote in favour of adopting that resolution.

With respect to the General Meeting, this booklet contains the following:

- The Notice of Meeting for the Extraordinary General Meeting which contains information about the business to be conducted at the Extraordinary General Meeting, including the Resolutions to be put to the Extraordinary General Meeting (see Part A);
- Information explaining the business to be conducted at the Extraordinary General Meeting (see the Explanatory Statement at Part D); and
- How to vote, or appoint a proxy to vote on the Resolutions to be passed at the Extraordinary General Meeting (see Part B).

Please read the whole of the notice of this booklet carefully as it provides important information on the Extraordinary General Meeting, items of business and the Resolutions that you, as a Shareholder, are being asked to vote on.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Chairman, Mr Lachlan McIntosh on (07) 3054 4502.

By order of the Board

Dated: 12 July 2016



Lachlan McIntosh  
**Executive Chairman**  
**Onterran Limited**

## Part A – Notice of Extraordinary General Meeting

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Notice is given that the Extraordinary General Meeting of Onterran Limited ACN 117 371 418 (**Company**) will be held at The Christie Corporate Centre, Endeavour Room 1, Level 1/320 Adelaide Street, Brisbane, Queensland, on Monday, 15 August 2016, commencing at 10:30am AEST.

### AGENDA

#### Resolution 1 – Ratification of prior security issue to Patrick McMahon

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

*That pursuant to and in accordance with Listing Rule 7.4, and for all other purposes, Shareholders ratify the allotment and issue of 449,438 (pre-Consolidation) ordinary shares to Patrick McMahon as payment under the employment agreement between Patrick McMahon and the Company on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice of Meeting.*

#### **Voting exclusion statement**

The Company will disregard any votes cast in favour of Resolution 1 by:

- Patrick McMahon; and
- any Associates of Patrick McMahon.

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

#### Resolution 2 – Consolidation of share capital

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

*That pursuant to and in accordance with section 254H(1) of the Corporations Act 2001 and for all other purposes, the issued share capital of the Company be Consolidated on the basis that every eight (8) existing ordinary shares in the capital of the Company be Consolidated into one (1) ordinary share, and where this Consolidation results in a fraction of an ordinary shares being held, the Company be authorised to round that fraction up to the nearest whole ordinary share with such Consolidation to take effect on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice of Meeting.*

A Voting Exclusion Statement is not required for this resolution.

**Important Note:** The proposed issue of securities the subject of Resolution 3, Resolution 4 and Resolution 5 are expressed on a post-Consolidation basis. The proposed issue of securities, if approved, will be issued and allotted following the proposed Consolidation taking effect.

### **Resolution 3 – Approval of the terms of Issue of redeemable, convertible preference shares**

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

*That, subject to the passing of Resolutions 4 and 5, pursuant to and in accordance with section 254A(2) of the Corporations Act 2001 and for all other purposes, the terms of issue of the redeemable, convertible preference shares tabled at the Extraordinary General Meeting and signed for the purposes of identification by the Chairman, and as detailed in Attachment A of the Explanatory Memorandum accompanying this Notice of Meeting (**Terms of Issue**) are approved.*

A Voting Exclusion Statement is not required for this resolution.

### **Resolution 4 – Approval of the variation of class rights**

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

*That, subject to the passing of Resolutions 3 and 5, for the purposes of section 246B(1) and 246C(5) of the Corporations Act 2001 and clauses 106.1 and 110.1 of the Constitution of the Company and for all other purposes, the Company be authorised to issue the redeemable, convertible preference shares as detailed in Attachment A of the Explanatory Memorandum accompanying this Notice of Meeting.*

A Voting Exclusion Statement is not required for this resolution.

### **Resolution 5 – Approval of the Issue of redeemable, convertible preference shares to sophisticated and professional investors**

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

*That, subject to the passing of Resolutions 3 and 4, pursuant to and in accordance with Listing Rule 7.1, and for all other purposes, Shareholders approve the issue of 39,090,909 redeemable, convertible preference shares, which convert to 39,090,909 fully paid ordinary shares, on a post-Consolidated basis, to Sophisticated Investors and Professional Investors to raise up to \$21,500,000 under the Capital Raising on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice of Meeting.*

#### **Voting exclusion statement**

The Company will disregard any votes cast in favour of Resolution 5 by:

- Any sophisticated or professional investors who may participate in the proposed issue; and
- any Associates of such investors.

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

## Resolution 6 – Participation of Lachlan McIntosh in Capital Raising

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

*That, for the purposes of ASX Listing Rule 10.11, section 195(4) of the Corporations Act and for all other purposes, approval is given for the Company to issue up to 1,090,909 redeemable, convertible preference shares on a post-Consolidated basis to Lachlan McIntosh (or his nominee) as part of the Capital Raising on the terms and conditions set out in the Explanatory Statement.*

### **Voting exclusion statement**

The Company will disregard any votes cast in favour of Resolution 6 by:

- Lachlan McIntosh; and
- any Associates of Lachlan McIntosh.

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

## Resolution 7 – Participation of Heather Gardner in Capital Raising

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

*That, for the purposes of ASX Listing Rule 10.11, section 195(4) of the Corporations Act and for all other purposes, approval is given for the Company to issue up to 1,090,909 redeemable, convertible preference shares on a post-Consolidated basis to Heather Gardner (or her nominee) as part of the Capital Raising on the terms and conditions set out in the Explanatory Statement.*

### **Voting exclusion statement**

The Company will disregard any votes cast in favour of Resolution 7 by:

- Heather Gardner; and
- any Associates of Heather Gardner.

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

## Resolution 8 – Participation of Wayne Bloomer in Capital Raising

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

*That, for the purposes of ASX Listing Rule 10.11, section 195(4) of the Corporations Act and for all other purposes, approval is given for the Company to issue up to 1,090,909 redeemable, convertible preference shares on a post-Consolidated basis to Wayne Bloomer (or his nominee) as part of the Capital Raising on the terms and conditions set out in the Explanatory Statement.*

### **Voting exclusion statement**

The Company will disregard any votes cast in favour of Resolution 8 by:

- Wayne Bloomer; and
- any Associates of Wayne Bloomer.

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

**By order of the Board**



**Oliver Schweizer**  
**Company Secretary**  
12 July 2016

## Part B – Proxy appointment and voting instructions

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### Proxy Form

The Proxy Form (and any power of attorney or other authority, if any, under which it is signed) or a copy or facsimile which appears on its face to be an authentic copy of the proxy form (and the power of attorney or other authority) must be lodged no later than 10:30am AEST on Saturday 13 August 2016, being not later than 48 hours before the commencement of the Extraordinary General Meeting.

Proxy Forms must be lodged with Link Market Services Limited:

**By hand:** 1A Homebush Bay Drive, Rhodes NSW 2138; or  
Level 12, 680 George Street, Sydney, NSW, 2000

**By mail:** Locked Bag A14, Sydney South, NSW, 1235, Australia

**By fax:** +61 2 9287 0309

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

Any Proxy Form received after that time will not be valid for the scheduled Extraordinary General Meeting.

### Appointment of a proxy

Shareholders are advised that:

- Each Shareholder that is entitled to attend and vote at the Extraordinary General Meeting is entitled to appoint a proxy.
- The proxy need not be a Shareholder of the Company.
- A Shareholder who is entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise.

Please write the name of the person you wish to appoint as your proxy in the Proxy Form. If you leave this section blank, or your named proxy does not attend the Extraordinary General Meeting, the Chairman will be your proxy.

If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning Link Market Services Limited on +61 1300 554 474 or you may photocopy the Proxy Form.

To appoint a second proxy you must state on each Proxy Form (in the appropriate box) the percentage of your voting rights which are the subject of the relevant proxy. If both Proxy Forms do not specify that percentage, each proxy may exercise half your votes. Fractions of votes will be disregarded.

### Corporate Shareholders

Corporate Shareholders should comply with the execution requirements set out on the Proxy Form or otherwise with the provisions of section 127 of the Corporations Act. Section 127 of the Corporations Act provides that a company may execute a document without using its common seal if the document is signed by:

- two directors of the company;
- a director and a company secretary of the company; or
- for a proprietary company that has a sole director who is also the sole company secretary – that director.

### Corporate Representatives

A corporation may elect to appoint an individual to act as its representative in accordance with section 250D of the Corporations Act, in which case the Company will require a certificate of appointment of the corporate representative executed in accordance with the Corporations Act. The certificate of appointment must be lodged with the Company and/or the Company's share registry, Link Market Services Limited, before the Extraordinary General Meeting or at the registration desk on the day of the Extraordinary General Meeting.

### Votes on Resolutions

You may direct your proxy how to vote by marking For, Against or Abstain for each Resolution. All your shareholding will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on the Resolutions by inserting the percentage or number of Shares you wish to vote



in the appropriate box or boxes. If you do not mark any of the boxes on the Resolutions, your proxy may vote as he or she chooses. If you mark more than one box on a Resolution your vote on will be invalid on that Resolution.

### **How the Chairman will vote undirected proxies**

At the date of this Notice of Meeting, the Chairman intends to vote all undirected proxies FOR each of the Resolutions. In exceptional cases the Chairman's intentions may change subsequently and in this event, the Company will make an announcement to the market.

The Proxy Form expressly authorises the Chairman to exercise undirected proxies in his/her discretion in relation to all Resolutions even where such Resolutions are connected directly or indirectly with financial benefits to be given and shares to be issued to entities associated with certain directors of the Company.

### **Voting eligibility – snapshot date**

Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) permits the Company to specify a time, not more than 48 hours before a general meeting, at which a 'snap-shot' of shareholders will be taken for the purposes of determining shareholder entitlements to vote at the Meeting.

The Directors have determined that, for the purposes of Regulation 7.11.37 of the Corporations Regulations 2001 (Cth), the persons eligible to attend and vote at the Extraordinary General Meeting are those persons who are registered Shareholders at 7:00pm Sydney time on Saturday 13 August 2016. Transactions registered after that time will be disregarded in determining entitlements to attend and vote at the Extraordinary General Meeting.

### **Defined terms**

Capitalised terms used in the Notice and the Explanatory Statement are defined in the Glossary.

### **Questions from Shareholders**

At the Extraordinary General Meeting the Chairman will allow a reasonable opportunity for Shareholders to ask questions or make comments about the Resolutions to be considered at the Extraordinary General Meeting.

In addition to asking questions at the Extraordinary General Meeting, written questions to the Board about the management of the Company or the Resolutions, may be submitted by no later than 10:30am on Saturday, 13 August 2016:

**By hand:** Level 1, 201 Leichhardt Street, Spring Hill, QLD 4000

**By mail:** PO Box 150, Spring Hill, QLD 4004

**By email:** [shareholders@onterran.com](mailto:shareholders@onterran.com)

Copies of written questions will be available at the Extraordinary General Meeting.

## Part C – Definitions

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<b>\$ or A\$</b>	Australia dollars
<b>Apartment(s)</b>	An apartment owned by Island Resorts Apartments.
<b>ASIC</b>	The Australian Securities and Investments Commission.
<b>Associate</b>	Has the meaning given to that term in section 12 of the Corporations Act.
<b>ASX</b>	The Australian Securities Exchange operation by ASX Limited.
<b>ASX Listing Rules</b>	The Listing Rules of the ASX.
<b>Board</b>	The current board of directors of the Company.
<b>Business Day</b>	Monday to Friday inclusive, except any day that the ASX declares is not a business day.
<b>Capital Raising</b>	The proposed capital raising by way of the issue of 39,090,909 RCPS to Sophisticated Investors and Professional Investors.
<b>Chairman</b>	The chair of the Extraordinary General Meeting.
<b>Company</b>	Onterran Limited ACN 117 371 418.
<b>Consolidation</b>	The proposed consolidation of Shares under Resolution 2 at a ratio of 8 to 1 and <b>Consolidate</b> and <b>Consolidated</b> have corresponding meanings.
<b>Constitution</b>	The constitution of the Company.
<b>Conversion</b>	The conversion of each RCPS into Fully Paid Ordinary Shares in accordance with the RCPS Terms and Convert and Converted have corresponding meanings.
<b>Corporations Act</b>	The <i>Corporations Act 2001 (Commonwealth)</i> for the time being in force together with the regulations of the Corporations Act.
<b>Couran Cove Acquisition</b>	The acquisition by the Company (and its wholly owned subsidiaries) of the Couran Cove Assets.
<b>Couran Cove Assets</b>	The assets to be acquired by Company (and its wholly owned Subsidiaries) as detailed in paragraph 5 of the Explanatory Statement.
<b>Directors</b>	The directors of the Company.
<b>Dividend</b>	A cumulative but non-compounding fixed dividend of 8% per annum.
<b>Dividend Interest</b>	The interest of 8% per annum to be paid on any Shortfall Dividend.
<b>Dividend Period</b>	Has the meaning provided in the RCPS Terms.
<b>Explanatory Statement</b>	The information set out in Section D of this Notice of Meeting.
<b>Extraordinary General Meeting</b>	The meeting of Shareholders convened by the Notice of Meeting.
<b>Fully Paid Ordinary Shares</b>	Fully-paid ordinary shares on issue in the Company.
<b>Glossary</b>	The glossary contained in Part C to this Notice of Meeting.
<b>Information Memorandum</b>	The information memorandum in relation to the Capital Raising.
<b>In-Specie Distribution</b>	Has the meaning provided in the RCPS Terms.
<b>Island Resorts</b>	Island Resorts Pty Ltd ACN 609 570 729, a 100% wholly owned Subsidiary of the Company.

<b>Island Resorts Apartments</b>	Island Resorts (Apartments) Pty Ltd ACN 613 135 783, a 100% wholly owned Subsidiary of Island Resorts.
<b>Island Resorts Developments</b>	Island Resorts (Developments) Pty Ltd ACN 613 273 868, a 100% wholly owned Subsidiary of Island Resorts.
<b>Island Resorts Property</b>	Island Resorts (Property) Pty Ltd ACN 610 326 871, a 100% wholly owned Subsidiary of Island Resorts.
<b>Island Resorts Apartments Guarantee</b>	The guarantee and indemnity given by Island Resorts Apartments securing the payment obligations of the Company with respect to the RCPS.
<b>Island Resorts Apartments Security</b>	The general security deed given by Island Resorts Apartments securing the obligations of the Company with respect to the RCPS.
<b>Notice of Meeting</b>	This notice of Extraordinary General Meeting including the Explanatory Statement and the Schedules, the Annexures and the Proxy Form.
<b>Official List</b>	The official list of the ASX.
<b>Option</b>	The options to acquire Fully Paid Ordinary Shares, details of which are provided in paragraph 2 of the Explanatory Statement.
<b>Partly Paid Shares</b>	Partly-paid ordinary shares on issue in the Company.
<b>Professional Investor</b>	Has the meaning given in section 708(11) of the Corporations Act.
<b>Proxy Form</b>	The proxy form accompanying the Notice of Meeting.
<b>RCPS or Redeemable Convertible Preference Shares</b>	The cumulative, non-compounding, redeemable, convertible, preference shares in the capital of the Company, which are proposed to be issued on the terms and conditions set out in the RCPS Terms.
<b>RCPS Face Value</b>	The face value of the RCPS which, subject to adjustment on a reconstruction in accordance with the RCPS Terms, is \$0.55.
<b>RCPS Holder</b>	A person entered on the register of RCPS Holders as the holder of RCPS.
<b>RCPS Terms</b>	The terms of the RCPS contained in Attachment A to the Explanatory Statement.
<b>RCPS Issue Date</b>	The date on which the RCPS are issued.
<b>Redemption</b>	The redemption, buy-back (other than by on-market buy-back), cancellation pursuant to a reduction of capital or sale to a third party (or any combination of these) of the RCPS in accordance with the RCPS Terms and <b>Redeem</b> and <b>Redeemed</b> have corresponding meanings.
<b>Resolutions</b>	The resolutions set out in the Notice of Meeting, or any one of them, as the context requires.
<b>Section</b>	A section of this Notice of Meeting.
<b>Security Trustee</b>	The security trustee appointed to hold the benefit of the Island Resorts Apartments Guarantee and Island Resorts Apartments Security.
<b>Shares</b>	Ordinary shares on issue in the Company and includes Fully Paid Ordinary Shares and Partly Paid Shares.
<b>Shareholder</b>	A holder of one or more Shares.
<b>Special Resolution</b>	A resolution: <ul style="list-style-type: none"> <li>• of which notice as set out in Section 249L(1)(c) has been given; and</li> <li>• that has been passed by at least 75% of the votes cast by members entitled to vote on the resolution.</li> </ul>
<b>Shortfall Dividend</b>	A Dividend equal to the difference, if any, between the Dividend that a RCPS Holder is entitled for any Dividend Period and the amount of the Dividend paid for such Dividend Period.

**Sophisticated Investor**

Has the meaning given in section 708(8) of the Corporations Act.

**Subsidiary**

Has the meaning ascribed to that term in Section 46 of the Corporations Act.

## Part D – Explanatory Statement

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This Explanatory Statement has been prepared to provide information to Shareholders about the business to be conducted at the Extraordinary General Meeting.

This Explanatory Statement should be read in conjunction with the Notice of Meeting and the Proxy Form.

Shareholders are encouraged to read this document in its entirety before making a decision on how to vote on the Resolutions being considered at the Extraordinary General Meeting. This Explanatory Statement does not take into account the individual investment objectives, financial situation and needs of individual Shareholders or any other person. Accordingly, it should not be relied on solely in determining how to vote on the Resolutions.

If you have any doubt how to deal with this document, please consult your legal, financial or other professional advisor.

Capitalised terms in this Explanatory Statement are defined in the Glossary.

### 1. Resolution 1 – Ratification of securities issue to Patrick McMahon

#### ***Background***

On 20 April 2016, the Company issued 449,438 (pre Consolidation) Fully Paid Ordinary Shares at the price of \$0.0445 per Fully Paid Ordinary Share to Patrick McMahon in lieu to cash as payment for a bonus under the employment agreement between Patrick McMahon and the Company (**Prior Placement Shares**).

The Prior Placement Shares were issued on the same terms as the existing Fully Paid Ordinary Shares on issue.

This issue of the Prior Placement Shares the subject of this Resolution 1 has not previously received approval in general meeting.

Resolution 1 is sought to approve the prior issue of the Prior Placement Shares so that the Company retains capacity to issue up to a full 15% of its issued capital, if required, in the next 12 months without shareholder approval.

Resolution 1 is an ordinary resolution.

#### ***Regulatory requirements***

Listing Rule 7.1 provides that a company must not, without prior approval of Shareholders, issue securities if the securities will in themselves or when aggregated with the securities issued by a company during the previous 12 months, exceed 15% of the number of securities on issue at the commencement of that 12-month period.

Listing Rule 7.4 states that an issue by a company of securities made without prior approval under Listing Rule 7.1 is treated as having been made with approval if the issue did not breach Listing Rule 7.1 and the company's members subsequently approve it.

These Prior Placement Shares were validly issued within the Company's then existing 15% capacity provided in Listing Rule 7.1. Shareholder ratification of the issue of these Prior Placement Shares will allow the Company retain flexibility to issue further securities representing up to 15% of the Company's share capital during the next 12 months.

Shareholder approval of this Resolution, together with Resolution 5 will result in full reinstatement of the Company's 15% cap.

### ***Specific information***

Listing Rule 7.5 requires certain information to accompany a Notice of Meeting in relation to approval sought under Listing Rule 7.4.

For the purposes of Shareholder ratification of the issue of the Prior Placement Shares and the requirements of Listing Rule 7.5, information is provided as follows:

<b>Listing Rule 7.5 requirement</b>	<b>Information</b>
Name of allottee:	Patrick McMahon
Date of issue:	20 April 2016
Total number of securities allotted:	449,438 Prior Placement Shares (pre-Consolidation)
The issue price of the securities:	\$0.0445 per Prior Placement Share.
Terms of issue of the securities:	The Prior Placement Shares are Fully Paid Ordinary Shares ranking equally with the Company's existing listed ordinary shares. The Company applied to the ASX for quotation of the Prior Placement Shares on the ASX.
The use (or intended use) of funds	The funds were used in lieu to cash as payment for a bonus under the employment agreement between Patrick McMahon and the Company.
Other:	The issue of the Prior Placement Shares when made did not breach Listing Rule 7.1.
Voting exclusion statement:	Voting exclusion statements are contained in the Notice of Meeting.

### ***Directors' recommendation***

The Directors unanimously recommend that Shareholders vote **FOR** Resolution 1.

## **2. Resolution 2 – Consolidation of share capital**

### ***Background***

This Resolution seeks approval to Consolidate its Shares into a smaller number; namely on an 8 for 1 basis meaning that every eight (8) Shares held by a Shareholder will be Consolidated into one (1) Share.

The Board believes that the Consolidation will make the Company more attractive to potential investors by having a positive effect on the share price. In addition, there may be some future cost saving benefits with respect to administrative costs.

The Directors intend to implement the Consolidation prior to the issue of the Redeemable Convertible Preference Shares.

Resolution 2 is an ordinary resolution.

### ***Regulatory requirements***

Section 254H of the Corporations Act allows a company to convert all or any of its shares into a smaller number by way of resolution of the members.

ASX Listing Rule 7.20 requires that certain disclosure is provided to Shareholders.

ASX Listing Rule 7.24 states that an entity which has partly paid shares on issue must comply with the following specific rules in relation to the way the partly paid shares are treated under a reorganisation.

- The number of partly paid shares must be reorganised in the same proportion as other classes of shares.
- The reorganisation must not involve cancellation or reduction of the total amount payable and unpaid by the holder.

#### **ASX Listing Rule 7.20 disclosure**

ASX Listing Rule 7.20 states that if an entity proposes to reorganise its capital, it must tell equity security holders in writing each of the following:

##### **7.20.1 The effect of the proposal on the number of securities and the amount unpaid (if any) on the securities.**

###### **Fully Paid Ordinary Shares**

As at the date of the Extraordinary General Meeting, there are 455,176,855 Fully Paid Ordinary Shares on issue. The proposed Consolidation will have the effect of reducing the number of Fully Paid Ordinary Shares on issue to approximately 56,897,107 (allowing for rounding).

The Consolidation will only have an effect on the number of Fully Paid Ordinary Shares held by Shareholders. Shareholders' proportionate interest in the Company's share capital will remain unchanged by the Consolidation.

	<b>Number of Fully Paid Ordinary Shares</b>
Balance before Consolidation	455,176,855
Balance after Consolidation	56,897,107

###### **Partly Paid Shares**

As at the date of this Notice of Meeting there are 5,000,000 Partly Paid Shares on issue, being paid up to \$0.01 per Partly Paid Share and having \$0.04 per Partly Paid Share, or a total of \$200,000, remaining unpaid. The proposed Consolidation will have the effect of reducing the number of Partly Paid Shares on issue to 625,000, but leaves \$200,000 unpaid.

In compliance with ASX Listing Rule 7.24, the table below outlines the effect of the Consolidation on the Partly Paid Shares:

	<b>Number of Partly Paid Shares</b>	<b>Issue price (\$)</b>	<b>Portion paid (\$)</b>	<b>Portion unpaid (\$)</b>	<b>Total paid (\$)</b>	<b>Total unpaid (\$)</b>
Before Consolidation	5,000,000	0.05	0.01	0.04	50,000	200,000
After Consolidation	625,000	0.40	0.08	0.32	50,000	200,000

###### **Other securities**

The issue of RCPS, being the subject of Resolution 3, Resolution 4 and Resolution 5, is to occur subsequent to the Consolidation of share capital, which is the subject of this Resolution and therefore does not need consideration in this Resolution 2.

### **7.20.2 The proposed treatment of any fractional entitlements arising from the reorganisation.**

With respect to fractional entitlements, where a current shareholding is not a multiple of eight, which would result in a fraction of a share following the proposed share Consolidation, it is proposed that those Shareholders shall be issued, for no consideration, the additional fraction of the share necessary to increase the holding to the next whole number after the Consolidation.

### **7.20.3 The proposed treatment of any convertible securities on issue**

ASX Listing Rule 7.22.1 states that in a consolidation of capital the number of options must be consolidated in the same ratio as the ordinary capital and the exercise price must be amended in inverse proportion to that ratio.

In accordance with this, every eight existing Options over Fully Paid Ordinary Shares in the capital of the Company will be Consolidated into one Option with such Consolidation to take effect on the same date as the date the Consolidation takes effect. The exercise price of the Options will be amended so it remains proportionate post Consolidation.

The table below outlines the currently outstanding Options in the Company and the effect of the Consolidation.

	<b>Unlisted Options at \$0.08 with expiry on 26 February 2017 (2017 Options)</b>
Number of Options before Consolidation	5,000,000
Number of Options after Consolidation	625,000
Option exercise price before Consolidation	\$0.08
Option exercise price after Consolidation	\$0.64

With respect to fractional entitlements, where a current Option holding is not a multiple of eight, which would result in a fraction of an Option following the proposed Consolidation, it is proposed that those Option holders shall be issued, for no consideration, the additional fraction of the Option necessary to increase the holding to the next whole number after the Consolidation.

For example, a holding of 1,000 of the 2017 Options with an exercise price of \$0.08 each prior to the Consolidation would result in a holding of 125 of the 2017 Options with an exercise price of \$0.64 each after the Consolidation.

The Consolidation will not result in any change to the substantive rights and obligations of existing holders of Options.

### **Other information**

#### **Holding statements**

From the date of the Consolidation, all holding statements will cease to have any effect, except as evidence of entitlement to a certain number of Shares on a pre-Consolidation basis. After the Consolidation becomes effective, the Company will arrange for new holding statements to be issued to Shareholders. It is the responsibility of each Shareholder to check the number of Fully Paid Ordinary Shares and Partly Paid Shares held prior to any sale or transaction. The same will apply to holders of Options.

#### **Dates**

The following table outlines the key dates in the process of Consolidation and its effect on Fully Paid Ordinary Shares, being the only class of listed securities.



Event	Date
Approval of consolidation at Extraordinary General Meeting	15 August 2016
Last day for trading in pre-Consolidation Fully Paid Ordinary Shares	16 August 2016 (1 Business Day after approval of the Consolidation in Resolution 2)
Trading in post-Consolidation Fully Paid Ordinary Shares on a deferred settlement basis begins	17 August 2016 (2 Business Days after approval of the Consolidation in Resolution 2)
Last day for Company to register transfers on a pre-Consolidation basis	18 August 2016 (3 Business Days after approval of the Consolidation in Resolution 2)
First day for Company to register transfers on a post-Consolidation basis	19 August 2016 (4 Business Days after approval of the Consolidation in Resolution 2)
Despatch date and deferred settlement markets end	25 August 2016 (8 Business Days after approval of the Consolidation in Resolution 2)

### ***Directors' recommendation***

The Directors unanimously recommend that Shareholders vote **FOR** Resolution 2.

## **3. Resolution 3 – Approval of the Terms of Issue of redeemable, convertible preference shares**

### ***Background***

The Company is seeking Shareholder approval in Resolution 3 of the proposed terms of issue of the redeemable convertible preference shares (**RCPS**) which will be the subject of a proposed offer under an Information Memorandum to Sophisticated Investors and Professional Investors.

RCPS are cumulative, non-compounding, redeemable, convertible, preference shares in the capital of the Company.

Resolution 3 is a Special Resolution.

### ***RCPS and the Proposed Offer***

As part of its ongoing capital management strategy, the Company intends to issue RCPS to Sophisticated Investors and Professional Investors to raise up to \$21,500,000.

The offer of RCPS under the Information Memorandum is subject to Shareholder approval under this Resolution 3 and under Resolution 4 and Resolution 5.

The proceeds from the issue of RCPS will be used for the Couran Cove Acquisition.

## **Regulatory requirements**

In accordance with Section 254A(2) of the Corporations Act, the issue of preference shares can only be made if the rights attached to the preference shares with respect to the matters outlined in the table below are set out in the company's constitution or have been otherwise approved by special resolution of the company's members.

Consequently, this Resolution 3 is proposed as a special resolution, requiring that at least 75% of votes cast by members entitled to vote be in favour of the resolution for it to be passed.

The key terms of the RCPS are summarised below. The RCPS Terms are set out in Attachment A.

RCPS Face Value	\$0.55 per RCPS.
RCPS Term	The RCPS Term commences on the RCPS Issue Date and ends on the date that is 5 years post the RCPS Issue Date, unless the RCPS Holders agree to extend the RCPS Term ( <b>Maturity Date</b> ).
Quotation	Onterran Limited must use all reasonable endeavours and furnish all such documents, information and undertakings as may be reasonably necessary in order to procure quotation of RCPS on the financial market operated by the ASX within the period commencing 12 months after the RCPS Issue Date and ending 13 months after the RCPS Issue Date.
Dividend Rate	<p>The RCPS will initially be entitled to a cumulative but non-compounding fixed dividend of 8% per annum.</p> <p>Dividends on the RCPS are expected to be fully franked.</p> <p>To the extent that this is not the case, the shortfall in the franking of the dividend payment to a RCPS Holder will be a liability of the Company to the RCPS Holder and will be reimbursed by the Company to the RCPS Holder at the time of making the Dividend Payment.</p>
Dividend payment (disclosure required under section 254A of the Corporations Act)	<p>Dividends on the RCPS will be paid semi-annually, beginning six months after the issue of the RCPS.</p> <p>Dividends are only payable to the extent permitted by law.</p> <p>Dividends on the RCPS are cumulative and non-compounding which means that if a Dividend (or part thereof) is not paid on the RCPS, the Dividend will carry over to the next Dividend payment date and will accrue interest at a rate of 8% per annum (<b>Shortfall Dividend and Dividend Interest</b>).</p>
Dividend ranking (disclosure required under section 254A of the Corporations Act)	The RCPS will rank in priority to the Company's Shares in respect of the payment of the dividends on the RCPS and no subsequent issue of securities (preferred or not) will rank ahead or equal with the RCPS.
Security	<p>The payment obligations of the Company with respect to the RCPS will be secured by way of the following:</p> <ul style="list-style-type: none"><li>• Island Resorts Apartments Guarantee; and</li><li>• Island Resorts Apartments Security.</li></ul> <p>The Island Resorts Apartments Guarantee is a guarantee and indemnity given</p>

	<p>by Island Resorts Apartments on account of the payment obligations owed by the Company with respect to the RCPS.</p> <p>The Island Resorts Apartments Security is to be granted over all of the present and after acquired property of Island Resorts Apartments, including certain Couran Cove Assets to be acquired by Island Resorts Apartments. RCPS Holders will have an equitable security interest in any real property held by Island Resorts Apartments.</p> <p>Island Resorts Apartments may at any time sell any asset the subject of an Island Resorts Apartments Security where the proceeds of that sale are applied by Island Resorts Apartments in reduction of any amount owing:</p> <ul style="list-style-type: none"> <li>to any RCPS Holder: <ul style="list-style-type: none"> <li>upon Redemption of any RCPS; or</li> <li>by way of unpaid Shortfall Dividend and Dividend Interest.</li> </ul> </li> <li>by way of holdings costs in respect of any of the Couran Cove Assets of Island Resorts Apartments.</li> </ul> <p>Any balance proceeds may be used for any of the above purposes or to assist with the acquisition of assets by Island Resorts Apartments which assets must be of a similar type and complementary to the Couran Cove Assets of Island Resorts Apartments and must be approved by the Security Trustee acting on instruction of an ordinary resolution of RCPS Holders.</p> <p>Each of the:</p> <ul style="list-style-type: none"> <li>Island Resorts Apartments Guarantee; and</li> <li>Island Resorts Apartments Security,</li> </ul> <p>are to be given by Island Resorts Apartments in favour of a Security Trustee who will hold the benefit of those documents on behalf of RCPS Holders.</p>
Conversion	<p>RCPS Holders can request the Company to Convert the RCPS into Fully Paid Ordinary Shares at any time during the RCPS Term.</p> <p>On Conversion each RCPS will Convert into Fully Paid Ordinary Shares on a 1:1 basis.</p> <p>All Shortfall Dividend and Dividend Interest, is a debt due and payable at the time of Conversion of the RCPS and will be satisfied as follows:</p> <ul style="list-style-type: none"> <li>firstly, in cash to the extent the Company has the capacity to pay in cash;</li> <li>secondly, in the event the full Shortfall Dividend and Dividend Interest cannot be satisfied by way of payment in cash, the balance which cannot be so satisfied by payment in cash will be satisfied by way of the issue of Fully Paid Ordinary Shares.</li> </ul>
Redemption	<p>Redemption can be effected by redemption and subject to the Corporations Act and ASX Listing Rules (if applicable at that time) buy-back, capital reduction, In-Specie Distribution of assets of Island Resorts Apartments or sale to a third party.</p> <p>Redemption is for the RCPS Face Value of the RCPS which will be \$0.55 plus Shortfall Dividend and Dividend Interest.</p> <p><b><u>Mandatory redemption at end of Term</u></b></p> <p>All RCPS remaining on issue at the Maturity Date (as detailed above) must be Redeemed.</p>

### **Redemption by Onterran**

#### *Redemption for cause*

Onterran may Redeem all of the RCPS of a RCPS Holder at any time the event such RCPS Holder (and its Associates) acquires more than 50% of the total RCPS on issue.

#### *Redemption within 3 years (Company offer to Redeem)*

At 6 monthly intervals within the period commencing on the RCPS Issue Date and ending 3 years after the RCPS Issue Date, the Company can, in its absolute discretion, offer RCPS Holders the right to elect to Redeem some or all of the RCPS held by that RCPS Holder.

#### *Redemption after 3 years*

Onterran Limited can Redeem some or all of the RCPS within the period commencing 3 years following the RCPS Issue Date and ending on the Maturity Date.

### **Redemption by RCPS Holders**

#### *Redemption within 3 years following offer from the Company*

RCPS Holders can elect to Redeem their RCPS in the event the Company (within 3 years of the RCPS Issue Date) provides the RCPS Holder with an offer for the RCPS to Redeem their RCPS.

#### *Redemption after 18 months*

RCPS Holders may Redeem their RCPS within the period commencing 18 months following the RCPS Issue Date and ending on the Maturity Date as follows:

#### Cash redemption

- The Company will provide notification to the RCPS Holder in the event it has monetised the whole or part of its assets in Island Resorts Apartments;
- Following such notification, RCPS Holder can elect to Redeem some or all of their RCPS.
- If the Company has insufficient funds available (following monetisation of the whole or part of its assets in Island Resorts Apartments) to Redeem all of those RCPS, the number of RCPS that will be Redeemed will be in direct pro-rata proportion to the funds available for the Redemption.

#### In-specie distribution

- RCPS Holders can elect by Redemption Notice, issued to the Company Redeem some or all of their RCPS by way of an In-Specie Distribution.
- The In-Specie Distribution must be made in accordance with the Corporations Act, the ASX Listing Rules and the Constitution of Onterran Limited and may only be made by way of a transfer in ownership of Apartment(s) at a valuation (**Determined Valuation**) that is equal to a 10% discount:
  - to the average price of the previous 10 Apartment sales by Island Resorts Apartments; or
  - (in the event 10 Apartment sales have not completed at the time of the RCPS Holder making such election), to the value of the Apartment(s) as determined by a registered valuer selected by the Company.
- In the event the Determined Valuation of the Apartment(s) is:
  - less than the amount required to Redeem all of the RCPS detailed in the Redemption Notice provided to the Company, the balance will be Redeemed for cash (if the Company determines it has sufficient funds to pay the balance) or will be a debt due and owing by the Company to

	<p>the RCPS Holder and must be paid in cash on or before the Maturity Date; or</p> <ul style="list-style-type: none"> <li>greater than the amount required to Redeem all of the RCPS detailed in the Redemption Notice, the amount in excess must be paid in cash by the RCPS Holder to the Company.</li> <li>The In-Specie Distribution will only be effective in the event all regulatory approvals required under the Corporations Act, the ASX Listing Rules and the Constitution are satisfied (<b>Regulatory Approvals</b>). For the avoidance of doubt, this includes all approval as may be required by Shareholders and RCPS Holders under Part 2J.1 of the Corporations Act and ASX Listing Rule 6.3.</li> <li>In the event the Regulatory Approvals are not satisfied, the Redemption Notice will lapse and be of no further effect. The lapsing of a Redemption Notice does not affect any rights of the RCPS Holder with respect to its RCPS.</li> <li>Notwithstanding any other provision of these RCPS Terms, the Company will only be obligated to put a resolution for the In-Specie Distribution to Shareholders and RCPS Holders at the next annual general meeting of Onterran Limited where such annual general meeting is to be convened not less than 90 calendar days following receipt by Onterran Limited of the Redemption Notice. In the event the Redemption Notice is received by Onterran Limited less than 90 calendar days before an annual general meeting of Onterran Limited is to be convened, Onterran Limited has no obligation to put the resolution for the In-Specie Distribution to its Shareholders and the RCPS Holders and the RCPS Holder can either revoke its Redemption Notice, or hold it over to the next annual general meeting.</li> </ul>
Voting rights (disclosure required under section 254A of the Corporations Act)	<p>RCPS Holders are only entitled to vote on certain limited matters such as:</p> <ul style="list-style-type: none"> <li>During a period in which a dividend (or part of a Dividend) is in arrears;</li> <li>On a proposal to reduce the Company's share capital;</li> <li>On a resolution to approve the terms of a buy-back agreement;</li> <li>On a proposal that effects the rights attached to the RCPS;</li> <li>On a proposal to wind up the Company;</li> <li>On a proposal for the disposal of the whole of the Company's property, business and undertaking;</li> <li>During the winding up of the Company.</li> </ul> <p>RCPS Holders are entitled to receive all reports, notices of meeting and other documents sent to Ordinary Shareholders and to attend general meetings.</p>
Return of capital (disclosure required under section 254A of the Corporations Act)	<p>If there is a return of capital on a winding-up of the Company, RCPS Holders will be entitled to receive out of the assets of Company available for distribution to holders of shares and securities of the Company, in respect of each RCPS held, an amount of cash equal to the sum of:</p> <ul style="list-style-type: none"> <li>the amount of any Shortfall Dividend and Dividend Interest; and</li> <li>the RCPS Face Value.</li> </ul>
Participation in surplus assets and profits (disclosure required under section 254A)	<p>RCPS do not confer on their RCPS Holders any right to participate in the surplus assets of the Company including on a winding-up of the Company beyond payment of the RCPS Face Value of the RCPS and due but unpaid Shortfall Dividend and Dividend Interest.</p>

of the Corporations Act)	
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#### ***Conditional Resolution***

Resolution 3 is conditional on the approval of Resolutions 4 and 5. Consequently, if any of Resolutions 4 and 5 are not approved, Resolution 3 will not be approved.

#### ***Directors' recommendation***

The Directors unanimously recommend that Shareholders vote **FOR** Resolution 3.

### **4. Resolution 4 – Approval of the variation of class rights**

#### ***Background***

The Company seeks Shareholder approval to create the RCPS as a new class of shares in the Company on the terms and conditions in Attachment A.

Under clause 110.1 of the Company's Constitution, *"subject to the Corporations Act and the ASX Listing Rules, the directors may issue shares to persons at times and on terms and conditions and having attached to them preferred, deferred or other special rights or restrictions as the directors see fit"*.

#### ***Regulatory and Constitutional requirements***

Section 246C(5) of the Corporations Act provides that if a company has one class of share and seeks to issue a new class of share, such issue is taken to vary the rights attached to shares already issued.

Under section 246B(1) of the Corporations Act, if a company has a constitution which sets out the procedure for varying or cancelling (in the case of a company with share capital) rights attached to shares in a class of shares, those rights may be varied or cancelled only in accordance with the procedure.

In accordance with clause 106.1 of the Constitution, right attached to shares in a class of shares may be varied or cancelled only:

- by special resolution of the Company; and
- either:
  - by special resolution passed at a meeting of the members holding shares in the class; or
  - with the written consent of members with at least 75% of the votes in the class.

Given that the only class of shares on issue are ordinary shares and it is the rights attaching to ordinary shares that are being varied, the Company seeks approval from Shareholders by way of Special Resolution for the issue of the RCPS as a new class of shares on the terms set out in Attachment A of this Explanatory Memorandum.

#### ***Conditional Resolution***

Resolution 4 is conditional on the approval of Resolutions 3 and 5. Consequently, if any of Resolutions 3 and 5 are not approved, Resolution 4 will not be approved.

#### ***Directors' recommendation***

The Directors unanimously recommend that Shareholders vote **FOR** Resolution 4.

## 5. Resolution 5 – Approval of the issue of RCPS

### ***Background***

As discussed in respect of Resolution 3, the Company is proposing to issue up to a maximum of 39,090,909 RCPS (on a post Consolidation basis) under an Information Memorandum to be issued by the Company.

Subject to Shareholder approvals under Resolutions 3 and 4, the offer will be for 39,090,909 RCPS at \$0.55 per RCPS to Sophisticated Investors and Professional Investors to raise a maximum of approximately \$21,500,000.00.

Resolution 5 is an ordinary resolution.

### ***Regulatory requirements***

ASX Listing Rule 7.1 provides that a company must not, without prior approval of Shareholders, issue securities if the securities will in themselves or when aggregated with the securities issued by a company during the previous 12 months, exceed 15% of the number of securities on issue at the commencement of that 12-month period.

For securities that convert into ordinary shares, the calculation is made on the basis of the number of ordinary shares into which those securities convert. Accordingly, the proposed issue of RCPS will result in the issue of up to 39,090,909 Fully Paid Ordinary Shares on conversion. Accordingly, Shareholder approval is being sought for the issue of the RCPS, and if approved, the RCPS will not be counted towards the 15% limit in the upcoming 12-month period.

The Directors consider that the reinstatement of the 15% cap will give them greater flexibility in possible future capital raisings, as may be necessary to meet the working capital or other requirements of the business.

Shareholder approval of this Resolution, together with Resolution 1 will result in full reinstatement of the Company's 15% cap.

ASX Listing Rule 7.3 requires certain information to accompany a Notice of Meeting in relation to approval sought under Listing Rule 7.1. This information is set out below:

<b>Listing Rule 7.3 requirement:</b>	<b>Information</b>
Number of securities issued:	39,090,909 redeemable convertible preference shares ( <b>RCPS</b> ). Upon conversion, each RCPS will convert into 1 Fully Paid Ordinary Share or up to 39,090,909 Fully Paid Ordinary Shares upon conversion of all RCPS.
Date by which the securities will be issued:	The RCPS will be issued on a date after the proposed Consolidation, which is the subject of Resolution 2, and in any event no later than three months after the date of this Extraordinary General Meeting.  This Resolution 5 is conditional on the approval of Resolutions 3 and 4. Consequently, if any of Resolutions 3 and 4 are not approved, Resolution 5 will not be approved.
Issue price of the securities:	The RCPS will be issued at \$0.55 per RCPS. The RCPS will convert into Fully Paid Ordinary Share at a deemed price of \$0.55 per Fully Paid Ordinary Share.



<b>Listing Rule 7.3 requirement:</b>	<b>Information</b>
Names of the allottees:	The RCPS will be issued to Sophisticated Investors and Professional Investors which are yet to be determined.
Terms of the securities:	The RCPS Term are contained in Attachment A of this Notice of Meeting. The RCPS Terms are summarised in paragraph 3 of this Explanatory Statement.
Intended use of funds raised:	The issue will raise up to \$21,500,000 for the Company to subscribe for shares in a wholly owned Subsidiary of the Company being Island Resorts Pty Ltd ( <b>Island Resorts</b> ). Island Resorts will in turn, use these funds to fund the acquisition of the Couran Cove Assets (including those Couran Cove Assets being acquired by Island Resorts Apartments)  Further detail on the use of funds and the Couran Cove Assets is provided below.
Voting exclusion statement:	A voting exclusion statement is contained in the Notice of Meeting.

### ***The Couran Cove Acquisition***

#### Use of funds

Based on the Company achieving the proposed Capital Raising of \$21,500,000, the Company expects to receive approximately A\$20,700,000 of net proceeds from the Capital Raising (after the costs of the Capital Raising).

The table below sets out the proposed use of funds from the issue of the RCPS under the Capital Raising, in A\$, for both a minimum subscription of \$16,500,000 and if the Offer is fully subscribed:

<b>Use of funds from the Offer</b>	<b>Minimum Subscription (\$16.5 million)</b>	<b>Fully subscribed (\$21.5 million)</b>
To acquire additional shares in Island Resorts. Island Resorts will then (itself or by way of its wholly owned subsidiaries) use these funds to fund the acquisition of the Couran Cove Assets including those Couran Cove Assets being acquired by Island Resorts Apartments <sup>1</sup>	\$14,000,000 – \$15,000,000	\$14,000,000 – \$15,000,000
Expenses of the offer of the RCPS <sup>2</sup>	\$800,000	\$800,000
Costs for the development of the Couran Cove Assets and provision of general working capital <sup>3</sup>	\$700,000 – \$1,700,000	\$5,700,000 – \$6,700,000
	<b>A\$16,500,000</b>	<b>A\$21,500,000</b>

#### Notes:

1. Conditional agreements have been reached with multiple vendors of various assets at Couran Cove. Final contracts are in the process of being completed with the final price contingent on the number of apartments ultimately acquired.
2. This is an approximation only
3. Working capital expenditure is to be applied towards funds required to expand the business, and towards administration costs associated with the Couran Cove Assets. These costs include costs for wages and salaries, occupancy costs, professional consultant's fees, as well as other typical administration costs. Development costs also includes possible further acquisitions at Couran Cove. The amount detailed shows a range which reflects the balance following the payment of the for the acquisition price of the



Couran Cove Assets and the expenses of the RCPS offer. The higher the Couran Cove Acquisition Price, the lower the balance funds available to be applied to development costs and general working capital.

The use of funds set out above represents the Company's current intentions based upon its present plans and business conditions. The amounts and timing of the actual expenditures may vary significantly and will depend upon numerous factors, including the timing and success of the Company's development efforts.

#### Detail of the Couran Cove Assets

The RCPS Capital Raising is being undertaken in order for the Company, through its subsidiaries, to acquire significant real estate holdings in the area at South Stradbroke Island, Queensland, known as Couran Cove.

The entities acquiring the Couran Cove Assets are:

- Island Resorts Developments;
- Island Resorts Apartments;
- Island Resorts Property.

Each of the above entities are wholly owned subsidiaries of Island Resorts, in turn a wholly owned subsidiary of the Company.

The acquisition includes:

- approximately 105 existing apartments;
- 3 development lots with development approval for over 220 houses and apartments;
- a number of commercial buildings; and
- significant possible future development land.

The Couran Cove Acquisition will allow a retail sell down of existing apartments and development of the approved lots and possible future lots.

It is anticipated that development and sale of all approved lots and existing apartments may provide gross revenue in excess of \$95m to the Company. This number will increase if further development approvals are obtained over time.

Detail of the lots to be acquired are provided below.

#### Lots to be acquired by Island Resorts Apartments (the entity providing the Island Resorts Apartments Security)

The lots detailed below are proposed to be acquired by Island Resorts Apartments, the entity providing the Island Resorts Apartments Security. These lots will be subject to the Island Resorts Apartments Security to be given by Island Resorts Apartments in favour of the Security Trustee on behalf of RCPS Holders. This will provide RCPS Holders with the benefit of an equitable interest in the lots held by Island Resorts Apartments from time to time.

The Island Resorts Apartments Security will contain a negative pledge pursuant to which Island Resorts Apartments undertakes not to grant a mortgage, or any other security interest, in favour of any person other than the Security Trustee who will hold the benefit of the Island Resorts Apartments Security on behalf of RCPS Holders.

The lots detailed below may change subject to the final agreement with the vendors of the lots to be sold to Island Resorts Apartments. It is anticipated that any change to the list of lots detailed below will be immaterial.

<b>Real Property Description</b>	<b>Description</b>	<b>Real Property Description</b>	<b>Description</b>
Lot 15 BRP 106825	Deluxe -Studio	Lot 148 BRP 106897	Deluxe -Studio
Lot 16 BRP 106825	Deluxe -Studio	Lot 152 BRP 106897	Suite (1 bedroom)
Lot 17 BRP 106825	Deluxe -Studio	Lot 158 BRP 106915	Suite (1 bedroom)
Lot 19 BRP 106825	Deluxe -Studio	Lot 160 BRP 106915	Deluxe -Studio
Lot 20 BRP 106825	Deluxe -Studio	Lot 161 BRP 106915	Deluxe -Studio
Lot 21 BRP 106825	Deluxe -Studio	Lot 162 BRP 106915	Suite (1 bedroom)
Lot 22 BRP 106825	Deluxe -Studio	Lot 163 BRP 106915	Suite (1 bedroom)
Lot 24 BRP 106825	Deluxe -Studio	Lot 164 BRP 106915	Deluxe -Studio
Lot 26 BRP 106825	Deluxe -Studio	Lot 165 BRP 106915	Deluxe -Studio
Lot 27 BRP 106825	Deluxe -Studio	Lot 166 BRP 106915	Suite (1 bedroom)
Lot 28 BRP 106825	Deluxe -Studio	Lot 180 BRP 106917	Suite (1 bedroom)
Lot 29 BRP 106825	Deluxe -Studio	Lot 184 BRP 106917	Deluxe -Studio
Lot 30 BRP 106825	Deluxe -Studio	Lot 185 BRP 106917	Deluxe -Studio
Lot 33 BRP 106825	Deluxe -Studio	Lot 186 BRP 106917	Suite (1 bedroom)
Lot 35 BRP 106825	Deluxe -Studio	Lot 187 BRP 106917	Suite (1 bedroom)
Lot 36 BRP 106825	Deluxe -Studio	Lot 188 BRP 106917	Deluxe -Studio
Lot 38 BRP 106825	Deluxe -Studio	Lot 189 BRP 106917	Deluxe -Studio
Lot 39 BRP 106825	Deluxe -Studio	Lot 190 BRP 106917	Suite (1 bedroom)
Lot 40 BRP 106825	Deluxe -Studio	Lot 202 BRP 106918	Suite (1 bedroom)
Lot 41 BRP 106825	Deluxe -Studio	Lot 45 BRP 106992	Lagoon Lodge
Lot 42 BRP 106825	Deluxe -Studio	Lot 46 BRP 106992	Lagoon Lodge
Lot 43 BRP 106825	Deluxe -Studio	Lot 100 BRP 106884	Suite 1 bdrm
Lot 44 BRP 106825	Deluxe -Studio	Lot 101 BRP 106884	Suite 1 bdrm
Lot 46 BRP 106825	Deluxe -Studio	Lot 91 BRP 106884	Suite 1 bdrm
Lot 51 BRP 106825	Deluxe -Studio	Lot 94 BRP 106884	Suite 1 bdrm
Lot 52 BRP 106825	Deluxe -Studio	Lot 98 BRP 106884	Suite 1 bdrm
Lot 53 BRP 106825	Deluxe -Studio	Lot 99 BRP 106884	Suite 1 bdrm
Lot 54 BRP 106825	Deluxe -Studio	Lot 128 BRP 106893	Suite 1 bdrm
Lot 55 BRP 106825	Deluxe -Studio	Lot 75 BRP 106887	Suite 1 bdrm
Lot 56 BRP 106825	Deluxe -Studio	Lot 78 BRP 106887	Suite 1 bdrm
Lot 57 BRP 106825	Deluxe -Studio	Lot 79 BRP 106887	Suite 1 bdrm
Lot 59 BRP 106825	Deluxe -Studio	Lot 82 BRP 106887	Suite 1 bdrm
Lot 60 BRP 106825	Deluxe -Studio	Lot 83 BRP 106887	Suite 1 bdrm
Lot 61 BRP 106825	Deluxe -Studio	Lot 84 BRP 106887	Suite 1 bdrm
Lot 62 BRP 106825	Deluxe -Studio	Lot 85 BRP 106887	Suite 1 bdrm
Lot 63 BRP 106825	Deluxe -Studio	Lot 86 BRP 106887	Suite 1 bdrm
Lot 64 BRP 106825	Deluxe -Studio	Lot 87 BRP 106887	Suite 1 bdrm
Lot 65 BRP 106825	Deluxe -Studio	Lot 88 BRP 106887	Suite 1 bdrm
Lot 66 BRP 106825	Deluxe -Studio	Lot 90 BRP 106887	Suite 1 bdrm
Lot 69 BRP 106825	Deluxe -Studio	Lot 115 BRP 106890	Suite 1 bdrm
Lot 70 BRP 106825	Deluxe -Studio	Lot 119 BRP 106890	Suite 1 bdrm
Lot 71 BRP 106825	Deluxe -Studio	Lot 111 BRP 106891	Suite 1 bdrm
Lot 72 BRP 106825	Deluxe -Studio	Lot 112 BRP 106891	Suite 1 bdrm
Lot 73 BRP 106825	Deluxe -Studio	Lot 114 BRP 106891	Suite 1 bdrm
Lot 74 BRP 106825	Deluxe -Studio	Lot 131 BRP 106896	Suite 1 bdrm
Lot 92 BRP 106884	Deluxe -Studio	Lot 138 BRP 106896	Suite 1 bdrm
Lot 93 BRP 106884	Deluxe -Studio	Lot 139 BRP 106896	Suite 1 bdrm
Lot 96 BRP 106884	Deluxe -Studio	Lot 140 BRP 106896	Suite 1 bdrm
Lot 76 BRP 106887	Deluxe -Studio	Lot 143 BRP 106897	Suite 1 bdrm
Lot 77 BRP 106887	Deluxe -Studio	Lot 146 BRP 106897	Suite 1 bdrm
Lot 108 BRP 106891	Deluxe -Studio	Lot 147 BRP 106897	Suite 1 bdrm
Lot 109 BRP 106891	Deluxe -Studio	Lot 153 BRP 106897	Suite 1 bdrm
		Lot 40 BRP 106991	Lagoon Lodge

#### Lots to be acquired by entities other than Island Resorts Apartments

The lots detailed below are being acquired by wholly owned subsidiaries of Island Resorts, with the exception of Island Resorts Apartments.

These lots will not be subject to the Island Resorts Apartments Security as they require bank funding for completion or are development land.

<b>Real Property Description</b>	<b>Description</b>
Lot 4 GTP 106808	Vacant Land - Lagoon Lodge
Lot 33 GTP 106983	Vacant Land - Lagoon Lodge
Lot 35 GTP 106984	Vacant Land - Lagoon Lodge
Lot 113 GTP 106986	Vacant Land - Eco lodges
Lot 1 MCP 106751	Vacant Land - the point
Lot 3 MCP 106751	Arrivals building
Lot 3 on CP 900215	Permit to Occupy - Tied to CP Lot 10 on MCP 106985 (community property lot) and any other adjoining properties
Lot 6 on SP 264375	Permit to Occupy -Tied to Lot 3 on CP 900215 (above)
Lot 1-2 SP 108058	Crown Lease - tied to Lot 3 on MCP 106751 (Arrivals building)
Lot 2-3 SP 108079	Crown Lease - tied to Lot 3 on MCP 106751 (Arrivals building)
* Lot 47 BRP 106994	Lagoon Lodge
* Lot 48 BRP 106994	Lagoon Lodge
* Lot 49 BRP 106994	Lagoon Lodge

\*The Lagoon Lodges located on Lot 47, 48 and 49 on BRP 106994 are in need of total renovation.

#### Current status of the Couran Cove Acquisition

The Company and its subsidiaries are in negotiations with the vendors of the Couran Cove Assets with respect to the acquisition documentation. As at the date of this Notice of Meeting, formal documentation has not been entered into.

The following summarises the material terms which have been agreed to:

Price:	Approximately \$14m - \$15m
Completion date:	Approximately 26 August 2016.
Conditions Precedent:	<ul style="list-style-type: none"><li>• Execution of various documents relating to settlement of previous disputes involving the bodies corporate of Couran Cove and its current owners.</li><li>• Finalisation of overall contract to acquire the real estate assets on Couran Cove.</li></ul>
Warranties and representations:	Usual and customary warranties and representations for a transaction of this nature

In the event the acquisition agreement is not entered into by 31 October 2016, all funds raised under the Capital Raising will be returned to investors and the RCPS will not be issued.

#### Shareholder approvals

No Shareholder approvals are required for the Couran Cove Acquisition itself.

#### Further detail

The Company will release further information on the Couran Cove Acquisition as it progresses pursuant to its continuous disclosure obligations under the ASX Listing Rules.

### ***Conditional Resolution***

Resolution 5 is conditional on the approval of Resolutions 3 and 4. Consequently, if any of Resolutions 3 and 4 are not approved, Resolution 5 will not be approved.

### ***Directors' recommendation***

The Directors unanimously recommend that Shareholders vote **FOR** Resolution 5.

## **6. Resolution 6, 7 and 8 – Participation of Lachlan McIntosh, Heather Gardner and Wayne Bloomer (each related parties) in the Capital Raising**

### ***Background***

As detailed in paragraph 5 above, the Company proposes under the Capital Raising to issue up to 39,090,909 RCPS at an issue price of \$0.55 sent pursuant to an Information Memorandum to raise up to \$21,500,000.

Mr McIntosh, Ms Gardner and Mr Bloomer by virtue of being the Directors of the Company are each a related party of the Company.

Resolutions 6, 7 and 8 seek Shareholder approval for the issue of up to 1,090,909 RCPS to each of Mr McIntosh, Ms Gardner and Mr Bloomer (or their nominees) on a post-Consolidated basis at an issue price of \$0.55 cents per RCPS arising from their participation in the Capital Raising (the **Participation**).

This equals a maximum aggregate of 3,272,727 RCPS.

Resolution 6, 7 and 8 are each ordinary resolutions.

### ***Regulatory requirements***

#### Chapter 2E of the Corporations Act

For a public company, or an entity that the public company controls, to give financial benefit to a related party of the public company, the public company or entity must:

- Obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- Give the benefit within 15 months following such approval,

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

The Participation will result in the issue of RCPS which constitutes giving a financial benefit and Mr McIntosh, Ms Gardner and Mr Bloomer are each a related party of the Company by virtue of being Directors of the Company.

The Directors consider that Shareholders' approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the Participation as the RCPS proposed to be issued to Mr McIntosh, Ms Gardiner and Mr Bloomer (or their nominee) will be on the same terms as RCPS to be issued to non-related party participants in the Capital Raising, which will be taking up a majority of the RCPS and as such the giving of the financial benefit is on arm's length terms.

#### ASX Listing Rule 10.11

ASX Listing Rule 10.11 requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies.

As the possible issue of the RCPS to Mr McIntosh, Ms Gardiner and Mr Bloomer (or their nominee) under the Capital Raising involves the issue of RCPS to related parties of the Company, Shareholder approval pursuant to ASX Listing Rule 10.11 is required unless an exception applies. It is the view of the Directors that the exceptions set out in ASX Listing Rule 10.12 do not apply in the current circumstances.

*Technical information required by ASX Listing Rule 10.13*

Pursuant to an in accordance with ASX Listing Rule 10.13, the following information is provided in relation to the Participation:

<b>ASX Listing Rule 10.13</b>	<b>Information</b>
Shares issued to:	The RCPS may be issued to: <ul style="list-style-type: none"> <li>• Mr Lachlan McIntosh (or his nominee);</li> <li>• Ms Heather Gardner (or her nominee);</li> <li>• Mr Wayne Bloomer (or his nominee).</li> </ul>
Maximum number of securities:	The maximum number of RCPS which may be acquired by Mr Lachlan McIntosh, Ms Heather Gardner and Mr Wayne Bloomer (or their nominee) is 1,090,909 RCPS each, being 3,272,727 RCPS in aggregate.
The date by which the securities will be issued:	The RCPS will be issued no later than 1 month after the date of the Extraordinary General Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules).
How are Lachlan McIntosh, Heather Gardner and Wayne Bloomer related parties:	Mr Lachlan McIntosh, Ms Heather Gardner and Mr Wayne Bloomer are each a Director of the Company and hence each a related party of the Company.
The issue price	The issue price will be \$0.55 per RCPS, being the same as all other RCPS proposed to be issued under the Capital Raising.
The terms of the securities	The RCPS Term are contained in Attachment A of this Notice of Meeting. The RPS Term are summarised in paragraph 3 of this Explanatory Statement.
The intended use of the funds raised	The Company intends to use the funds raised from the RCPS issued under the Capital Raising as a whole in the manner outlined in paragraph 5 of this Explanatory Statement.
Voting exclusion statement	A voting exclusion statement is contained in Resolution 6, Resolution 7 and Resolution 8.

Although approval is being sought for the issue of these RCPS pursuant to Resolution 5 (to ensure they may still be issued to other investors in the event Mr Lachlan McIntosh or his nominee do not subscribe for RCPS pursuant to the Capital Raising) approval pursuant to ASX Listing Rule 7.1 is not required for the Participation as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the issue of RCPS to Mr Lachlan McIntosh, Ms Heather Gardner and Mr Wayne Bloomer (or their nominee) will not be included in the use of the Company's 15% annual placement capacity pursuant to ASX Listing Rule 7.1.

Section 195 of the Corporations

Shareholder approval is also being sought under section 195 of the Corporations Act, which 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, except in certain circumstances or unless non-interested directors pass a resolution approving the interested director's participation.

Section 195(4) of the Corporations Act provides that if there are not enough directors to form a quorum for a directors meeting because of this restriction, one or more of the directors may call a general meeting and the general meeting may pass a resolution to deal with the matter. It might be argued that the directors comprising the Board have a material personal interest in the outcome of Resolutions 6, 7 and 8. If each does have such an interest, then a quorum could not be formed to consider the matters contemplated by Resolutions 6, 7 and 8 at Board level. For the avoidance of doubt, and for the purpose of transparency and best practice corporate governance, the Directors have exercised their right under section 195(4) of the Corporations Act to put the issue to Shareholders to resolve. This will authorise the Directors to effect the transactions and carry out related matters contemplated in this Notice of Meeting even if one or more of the Directors has a material personal interest in the transaction.

#### ***Directors' recommendation***

The Directors (with the exception of Mr Lachlan McIntosh) unanimously recommend that Shareholders vote **FOR** Resolution 6.

The Directors (with the exception of Ms Heather Gardner) unanimously recommend that Shareholders vote **FOR** Resolution 7.

The Directors (with the exception of Mr Wayne Bloomer) unanimously recommend that Shareholders vote **FOR** Resolution 8.

#### **Enquiries**

Any inquiries in relation to the Resolutions or the Explanatory Memorandum should be directed to Lachlan McIntosh (Director) on (07) 3054 4502.

# Attachment A – RCPS Terms of Issue

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## 1 Form, RCPS Face Value and RCPS Term

- 1.1 Redeemable Convertible Preference Shares (**RCPS**) are cumulative, non-compounding, redeemable, convertible preference shares in the capital of Onterran Limited. They are issued and may be Converted or Redeemed, on the terms set out in these RCPS Terms.
- 1.2 Each RCPS will be issued by Onterran as fully paid for such issue price as is determined by Onterran Limited prior to their date of issue.
- 1.3 Each RCPS has a face value of \$0.55 (**RCPS Face Value**).
- 1.4 The RCPS comprise a separate class of shares in the capital of Onterran Limited.
- 1.5 The RCPS are issued for the Term:
  - (a) Commencing – on the Issue Date; and
  - (b) Ending – on the Maturity Date,  
(**Term**).
- 1.6 The Maturity Date may be extended if agreed between Onterran Limited and a Special Resolution of the RCPS Holders in which case the Maturity Date will become the '**Extended Maturity Date**'.

## 2. Quotation

- 2.1 Onterran Limited must use all reasonable endeavours and furnish all such documents, information and undertakings as may be reasonably necessary in order to procure quotation of RCPS on the financial market operated by the ASX within the period commencing 12 months after the RCPS Issue Date and ending 13 months after the RCPS Issue Date.

## 3. Dividends

### Dividends

- 3.1 The Dividend Rate is 8% per annum.
- 3.2 Subject to these RCPS Terms, each RCPS entitles the RCPS Holder on a Record Date to receive on a Dividend Payment Date a dividend (**Dividend**) paid as follows:

$$\text{Dividend} = \frac{\text{DR} \times \text{RCPS Face Value} \times N}{365}$$

Where:

*DR* = 8%

*N* = the number of days in a Dividend Period.

### Conditions to Dividends

- 3.3 A Dividend must not be paid to RCPS Holders if:
  - (a) the Directors, in their absolute discretion, have determined that the Dividend is not payable as in their view the payment of a Dividend will result in a breach of an applicable law or regulation; or
  - (b) the amount of the Dividend will exceed the Distributable Amount.

- 3.4 Without limiting clause 3.3(a), the Directors will not determine a Dividend to be payable if, in their opinion, making the payment will result in Onterran Limited becoming, or being likely to become, insolvent for the purposes of the Corporations Act.
- 3.5 Dividends will be paid in accordance with clause 9. For the purpose of making any Dividend payment in respect of a RCPS Holder's total holding of RCPS, any fraction of a cent will be disregarded.

**Dividends are cumulative but non-compounding**

- 3.6 Dividends are cumulative but non-compounding. If all or any part of a Dividend is not paid because of the provisions of clause 3.3 or 3.4 or because of any applicable law, Onterran Limited has a liability to pay the Dividend to the RCPS Holder and the RCPS Holder has a rights of action against Onterran Limited for such payment.
- 3.7 Interest will accrue on Shortfall Dividends in the amount of 8% per annum. The Dividend Interest is non-compounding (**Dividend Interest**).

**Dividend Payment Dates**

- 3.8 Subject to this clause 3, Dividends are to be paid on the following dates (each a Dividend Payment Date):
- (a) the first Business Day following the end of each Dividend Period; and
  - (b) no later than 14 days after the date on which such RCPS are Converted or Redeemed as the case may be.

**Record Dates**

- 3.9 A Dividend is only payable on a Dividend Payment Date to those persons registered as RCPS Holders on the Record Date for that Dividend.

**Deductions**

- 3.10 Onterran Limited may deduct or withhold tax, duty, assessment, levy, government charge or other amount from any Dividend or amount payable upon Redemption of any RCPS as required by any applicable law or any agreement with a government authority. If any such deduction or withholding has been made and paid over to the relevant government authority and the balance of the Dividend or other amount payable has been paid to the relevant RCPS Holder, then the full amount payable to such RCPS Holder shall be deemed to have been duly paid and satisfied by Onterran Limited.
- 3.11 Onterran Limited shall pay the full amount required to be deducted or withheld to the relevant governmental authority within the time allowed for such payment without incurring any penalty under applicable law and shall, if requested by any RCPS Holder, deliver to such RCPS Holder confirmation of such payment without delay after it is received by Onterran Limited.

**Restriction in the case of non-payment**

- 3.12 If for any reason a Dividend has not been paid in full for a Dividend Period, Onterran must not redeem, buy-back or reduce capital on any share in the capital of Onterran Limited (other than the RCPS) unless:
- (a) all of the RCPS have been Converted or Redeemed; or
  - (b) a Special Resolution of the RCPS Holders has been passed approving such action; or
  - (c) Onterran Limited has paid the Shortfall Dividend and Dividend Interest immediately preceding the date on which Onterran Limited pays any dividend or distribution on any share in Onterran Limited (other than the RCPS) over which the RCPS rank in priority for the payment of dividends or redeems, buys back or reduces capital on any share in the capital of Onterran Limited.



### **Dividends on RCPS are preferred**

- 3.13 RCPS are entitled (subject to these RCPS Terms) to receive Dividends in priority to holders of Ordinary Shares and no form of share will be issued equal to or in priority to the RCPS whilst any RCPS are on issue.

## **4. Conversion**

### **Conversion by Onterran Limited**

- 4.1 Onterran Limited has no right to seek or initiate Conversion.

### **Conversion by RCPS Holders**

- 4.2 A RCPS Holder may at any time, by written notice, in the form specified by Onterran Limited, served on Onterran Limited, request Onterran Limited to Convert the number of RCPS held by the RCPS Holder specified in the notice (**RCPS Holder Conversion Request**).
- 4.3 The form of RCPS Holder Conversion Request will be provided by Onterran Limited on the request of an RCPS Holder.
- 4.4 Onterran Limited must convert the number of RCPS specified in a RCPS Holder Conversion Request
- 4.5 A RCPS Holder Conversion Request must specify:
- (a) the number of RCPS to be Converted;
  - (b) any other information that Onterran Limited considers necessary or appropriate to effect the Conversion in an orderly manner.
- 4.6 Onterran Limited will arrange the Conversion no earlier than 10 Business Days and no later than 30 Business Days after the date of the RCPS Holder Conversion Request.

### **Cleansing Notice and cleansing prospectus**

- 4.7 On the Conversion Date, subject to clause 4.8, Onterran Limited will provide to the ASX a notice complying with sections 708A(5)(e) and 708A(6) of the Corporations Act (**Cleansing Notice**).
- 4.8 If on the Conversion Date, Onterran Limited would be unable to provide to ASX a Cleansing Notice in respect of a Conversion because it is unable to comply with the requirements of sections 708A(5)(e) and 708A(6) of the Corporations Act (including where trading in the Shares on ASX was suspended for more than a total of five days in the preceding 12 month period) or for any other reason is unable to provide to ASX a Cleansing Notice, for the purposes of clause 4.7, Onterran Limited must within 20 Business Days after the Conversion Date lodge with ASIC a cleansing prospectus complying with section 708A(11) of the Corporations Act (**Cleansing Prospectus**).

### **Meaning of Conversion**

- 4.9 Conversion means:
- (a) the Conversion of each RCPS into one new Ordinary Share (**New Ordinary Share**) ranking equally with all other Ordinary Shares then on issue with effect from 5:00pm on the Conversion Date; and
  - (b) the payment of the Shortfall Dividend and Dividend Interest paid in accordance with clause 4.11.
- 4.10 At Conversion the rights and restrictions conferred on the RCPS will cease except for any rights relating to Shortfall Dividend and Shortfall Interest.

## **Payment of Shortfall Dividend and Dividend Interest**

- 4.11 All Shortfall Dividend and Dividend Interest are a debt due and payable at the time of Conversion of the RCPS and will be satisfied as follows:
- (a) firstly, in cash to the extent Onterran Limited has the capacity to pay in cash and to apply the cash in a way that is not contrary to the Corporations Act;
  - (b) secondly, in the event the full Shortfall Dividend and Dividend Interest cannot be satisfied by way of payment in cash, the balance which cannot be so satisfied by payment in cash in clause 4.11(a) (**Shortfall Dividend and Dividend Interest Arrears**) will be satisfied by way of the issue of Ordinary Shares with such number of Ordinary Shares calculated by dividing the Shortfall Dividend and Dividend Interest Arrears by a 5 percent discount to the VWAP of Ordinary Shares on ASX for the five Business Days ending on the date of receipt of the RCPS Holder Conversion Request.

## **5. Redemption**

### **Redemption by Onterran Limited**

- 5.1 Onterran Limited:
- (a) (**Maturity Date**) must Redeem all remaining RCPS on issue on the Maturity Date;
  - (b) (**For cause**) may Redeem some or all of the RCPS held by a RCPS Holder at any time following the occurrence of an RCPS Holder Breach;
  - (c) (**Commencing 3 years post Issue Date**) may Redeem some or all of the RCPS in its sole and absolute discretion within the period:
    - (i) commencing 5:00pm (AEST) on the date that is 3 years following the Issue Date; and
    - (ii) ending on the Maturity Date,

by serving a Redemption Notice on the RCPS Holder.

### **Offer of Redemption by Onterran Limited open for RCPS Holder acceptance**

- 5.2 (**Commencing on the Issue Date**) Onterran Limited may, at any 6 monthly interval within the period:

- (a) commencing on the Issue Date; and
- (b) ending at 5:00pm (AEST) on the date that is 3 years following the Issue Date,

in its absolute discretion, offer RCPS Holders the right to elect to Redeem some or all of their RCPS (proportionally with respect to all RCPS Holders) by serving a notice (**Redemption Offer Notice**) on the RCPS Holder.

- 5.3 A Redemption Offer Notice served under clause 5.2 must specify:

- (a) the number of RCPS offered to be Redeemed;
- (b) the date on which Redemption will (following receipt of the Redemption Notice detailed in clause 5.5(b)) occur which must be a Business Day that is no earlier than 10 Business Days and no later than 30 Business Days after the date of the Redemption Notice;
- (c) the method of Redemption, or which combination of methods, Onterran Limited intends to use in respect of the RCPS the subject of the Redemption Notice;

- (d) any other information that Onterran Limited considers necessary or appropriate to effect the Redemption in an orderly manner.

5.4 Where a combination is specified under clause 5.3(c) all RCPS Holders given a Redemption Notice will be treated proportionally as to the combination of methods.

#### **Redemption by RCPS Holders**

5.5 RCPS Holders may elect to Redeem some or all of their RCPS as follows:

- (a) commencing 5:00pm (AEST) on the date that is 18 months following the Issue Date and following the occurrence of a Monetization Trigger Event and the publication of a Monetization Trigger Event Notice by Onterran Limited;
- (b) following the publication of a Redemption Offer Notice by Onterran Limited pursuant to clause 5.2; or
- (c) commencing 5:00pm (AEST) on the date that is 18 months following the Issue Date by way of an In-Specie Distribution pursuant to clauses 5.13 to 5.17 (inclusive).

by serving a Redemption Notice on Onterran Limited.

#### **Redemption Notice**

5.6 A Redemption Notice served under clause 5.1 and 5.5 must specify:

- (a) in respect to clause 5.1 only:
  - (i) the date on which Redemption will occur which must be a Business Day that is no earlier than 10 Business Days and no later than 30 Business Days after the date of the Redemption Notice;
  - (ii) the method of Redemption, or which combination of methods, Onterran Limited intends to use in respect of the RCPS the subject of the Redemption Notice;
  - (iii) any other information that Onterran Limited considers necessary or appropriate to effect the Redemption in an orderly manner.
- (b) in respect of clause 5.1 and 5.5, the number of RCPS to be Redeemed;
- (c) in respect of clause 5.5(c) only, confirmation in the event the RCPS Holder wishes to proceed with an In-Specie Distribution.

5.7 Where a combination is specified under clause 5.6(a)(ii) all RCPS Holders given a Redemption Notice will be treated proportionally as to the combination of methods.

#### **Meaning of Redemption**

5.8 Redemption, in respect of RCPS, means:

- (a) at the election of Onterran Limited, the RCPS is redeemed, bought back (other than by an on-market buy-back), cancelled pursuant to a reduction of capital or sold to a third party (or any combination of these) for an amount of cash equal to the:
  - (i) RCPS Face Value; and
  - (ii) Shortfall Dividend and Shortfall Interest.
- (b) in the event of an In-Specie Distribution in accordance with clauses 5.13 to 5.17 (inclusive) the RCPS is cancelled pursuant to a reduction of capital by way of the distribution of Apartment(s) and cash (subject to clause 5.15) equal to the:

- (i) RCPS Face Value; and
- (ii) Shortfall Dividend and Shortfall Interest.

#### **Monetization Trigger Event & use of proceeds from Monetized Assets**

- 5.9 If Onterran Limited has insufficient funds available from the Monetized Assets as a result of the Monetization Trigger Event to Redeem all of the RCPS detailed in the Redemption Notices provided to Onterran Limited under clause 5.5(a), then the number of RCPS that will be Redeemed will be in direct pro-rata proportion to the funds available to Onterran Limited for the Redemption.
- 5.10 If:
- (a) following the issue of a Monetization Trigger Event Notice in clause 5.5(a), the value of the Monetized Assets from time to time exceeds the value of the RCPS detailed in the Redemption Notices received from RCPS Holders under clause 5.5(a); and
  - (b) the RCPS are trading on the ASX at less than the RCPS Face Value,
- Onterran Limited may, in its absolute discretion, use up to 20% of the Monetized Assets to implement an on-market share buy-back (within the 10/12 limit) of RCPS.
- 5.11 The proceeds of the Monetized Assets will be used in accordance with clause 12.3.
- 5.12 Any funds remaining from the Monetized Assets after application of the funds permitted by these RCPS Terms will be used in accordance with clause 12.4.

#### **In-specie distribution**

- 5.13 RCPS Holders can elect by Redemption Notice, issued pursuant to clause 5.5(c) to Onterran Limited to Redeem some or all of their RCPS by way of an In-Specie Distribution.
- 5.14 The In-Specie Distribution must be made in accordance with the Corporations Act, the ASX Listing Rules and the Constitution of Onterran Limited and may only be made by way of a transfer in ownership of Apartment(s) at a valuation (**Determined Valuation**) that is equal to a 10% discount:
- (a) to the average price of the previous 10 Apartment sales by Island Resorts Apartments; or
  - (b) (in the event 10 Apartment sales have not completed at the time of the RCPS Holder making such election), to the value of the Apartment(s) as determined by a registered valuer selected by Onterran Limited.
- 5.15 In the event the Determined Valuation of the Apartment(s) is:
- (a) less than the amount required to Redeem all of the RCPS detailed in the Redemption Notice provided to Onterran Limited, the balance will be Redeemed for cash (if Onterran Limited determines it has sufficient funds to pay the balance) or will be a debt due and owing by Onterran Limited to the RCPS Holder and must be paid on or before the Maturity Date; or
  - (b) greater than the amount required to Redeem all of the RCPS detailed in the Redemption Notice, the mount in excess must be paid in cash by the RCPS Holder to Onterran Limited.
- 5.16 The In-Specie Distribution will only be effective in the event all regulatory approvals required under the Corporations Act, the ASX Listing Rules and the Constitution are satisfied (**Regulatory Approvals**). For the avoidance of doubt, this includes all approval as may be required by Shareholders and RCPS Holders under Part 2J.1 of the Corporations Act and ASX Listing Rule 6.3. In the event the Regulatory Approvals are not satisfied, the Redemption Notice will lapse and be of no further effect. The lapsing of a Redemption Notice does not affect any rights of the RCPS Holder with respect to its RCPS.
- 5.17 Notwithstanding any other provision of these RCPS Terms, Onterran Limited will only be obligated to put a resolution for the In-Specie Distribution to Shareholders and RCPS Holders at the next annual general meeting of Onterran Limited where such annual general meeting is to be convened not less

than 90 calendar days following receipt by Onterran Limited of the Redemption Notice. In the event the Redemption Notice is received by Onterran Limited less than 90 calendar days before an annual general meeting of Onterran Limited is to be convened, Onterran Limited has no obligation to put the resolution for the In-Specie Distribution to its Shareholders and the RCPS Holders and the RCPS Holder can either revoke its Redemption Notice, or hold it over to the next annual general meeting.

#### **On-market buy-backs**

- 5.18 Onterran Limited may buy-back RCPS at any time at any price by an on-market buy-back including but not limited to the situation in clause 5.10.

#### **Power of attorney**

- 5.19 Each RCPS Holder irrevocably appoints each of Onterran Limited, its officers and any liquidators or administrator of Onterran Limited (each an Attorney) severally to be attorney of the RCPS Holder with power in the name and on behalf of the RCPS Holder to sign all documents and transfers and do any other things as may in the Attorney's opinion be necessary or desirable to be done in order for the RCPS Holder to observe or perform the RCPS Holder's obligations under the RCPS Terms including but not limited to executing any agreement for the sale of RCPS pursuant to a Redemption including the transfer of RCPS.

### **6. RCPS General Rights**

#### **Further issues**

- 6.1 Onterran Limited will not issue further RCPS, or to issue other preference shares or permit the exchange of shares to preference shares, which rank in priority to, equally with or behind existing RCPS, whether in respect of dividends, return of capital on a winding-up or otherwise.

#### **Ranking on winding-up**

- 6.2 RCPS and Shortfall Dividends and Dividend Interest will rank upon a winding-up of Onterran Limited:
- (a) in priority to Ordinary Shares;
  - (b) equally among themselves;
  - (c) in priority to any other preference or other securities that Onterran Limited may issue, as may be designated in the terms of issue for such preference shares or other securities; and
  - (d) after, and are conditional on the prior payment in full of, the claims of all senior Creditors.

#### **Return of capital**

- 6.3 If there is a return of capital on a winding-up of Onterran Limited, RCPS Holders will be entitled to receive out of the assets of Onterran Limited available for distribution to holders of shares and securities of Onterran Limited, in respect of each RCPS held, an amount of cash (**Liquidation Sum**) equal to the sum of:
- (a) the amount of any Shortfall Dividend and Dividend Interest; and
  - (b) the RCPS Face Value.

#### **Shortfall on winding-up**

- 6.4 If, upon a return of capital of winding-up of Onterran Limited, there are insufficient funds to pay in full the Liquidation Sum, RCPS Holders will share in any distribution of assets of Onterran Limited in proportion to the amount to which they are entitled respectively.

#### **No set-off**

- 6.5 Neither Onterran Limited nor any RCPS Holder is entitled to set off any amounts due in respect of the RCPS against any amount of any nature owed by the RCPS Holder to Onterran Limited.

**No participation in surplus assets**

- 6.6 RCPS do not confer on their RCPS Holders any further right to participate in the surplus assets of Onterran Limited on a winding-up of Onterran Limited beyond payment of the Liquidation Sum.

**No other rights**

- 6.7 RCPS do not confer on RCPS Holders any right to participate in profits of property of Onterran Limited except as set out in these RCPS Terms.
- 6.8 RCPS do not confer on RCPS Holders any right to subscribe for new securities in Onterran Limited or to participate in any bonus issues of shares in Onterran Limited's capital.

**Monetization Trigger Event Notice**

- 6.9 Onterran Limited must as soon as practicable following a Monetization Trigger Event, send a notice to each RCPS Holder which details the Monetization Trigger Event (**Monetization Trigger Event Notice**).

**RCPS Holder Conversion Request form**

- 6.10 Onterran Limited must make available on the request of a RCPS Holder the form which may be used for a RCPS Holder Conversion Request.

**Adjustment of Face Value for reconstructions**

- 6.11 Where any class of preference share is reconstructed, consolidated, divided or reclassified into a lesser or greater number of securities the Face Value or in the case of RCPS the RCPS Face Value of each preference share will be its Face Value or in the case of RCPS the RCPS Face Value immediately before the reconstruction, consolidation, division or reclassification divided by the number of preference shares into which the preference share has been reconstructed, consolidated, divided or classified.

**Adjustment for reconstruction**

- 6.12 If at any time the Ordinary Shares are reconstructed, consolidated, divided or reclassified (other than by way of a bonus issue, which is dealt with under clause 6.8) into a lesser or greater number of securities, the RCPS may, in accordance with the ASX Listing Rules (as they apply on Onterran Limited), be reconstructed, consolidated, divided or reclassified by the Directors and the number of New Ordinary Shares to be issued on Conversion may be adjusted by the Directors as appropriate.

**Transfer**

- 6.13 Within the period that ends on the first anniversary of the RCPS Issue Date, the RCPS are only transferrable to investors under section 708(8) and 708(11) of the Corporations Act.
- 6.14 Subject to 6.13, the RCPS are transferrable at the RCPS Holder's option in accordance with the Constitution and these RCPS Terms and if the RCPS become quoted on the ASX, these RCPS are subject to the ASX Listing Rules and, the ASX Settlement Rules and all other applicable rules of the ASX.

**7. Voting Rights**

**Voting – General meeting of Onterran Limited**

- 7.1 The meeting rules for Ordinary Shareholders in the Constitution of Onterran Limited apply to the RCPS in the same way with all necessary changes.

- 7.2 RCPS Holders will not be entitled to vote at any general meeting of Onterran Limited except in the following circumstances;
- (a) on a proposal:
    - (i) that effects rights attached to RCPS;
    - (ii) to wind up Onterran Limited; or
    - (iii) for the disposal of the whole of the property, business and undertaking of Onterran Limited;
  - (b) on a resolution to approve:
    - (i) the terms of a share buy-back agreement;
    - (b) a reduction of the share capital of Onterran Limited, other than a resolution to approve a Redemption;
  - (c) during a period in which a Dividend or part of a Dividend is in arrears; or
  - (d) during a winding-up of Onterran Limited.

**General meeting**

- 7.2 At a general meeting of Onterran Limited at which RCPS Holders may vote they are entitled:

- (a) on a show of hands, to exercise one vote; and
- (b) on a poll, to one vote for each RCPS.

**8. Notice and Reports**

- 8.1 Each RCPS Holder is entitled to receive notice of any general meeting of Onterran Limited, a copy of audited accounts of Onterran Limited and every report, circular and like document sent out by Onterran Limited to Ordinary Shareholders and to attend general meeting of Onterran Limited.

**9. Payments**

- 9.1 Any Dividend or other money payable on or in respect of the RCPS must be paid:
- (a) in Australian dollars only;
  - (b) free of any set off, deduction or counter claim except as required by law.
- 9.2 All calculations of payments will be rounded to four decimal places. For the purpose of making any payment in respect of a RCPS Holder's aggregate holding of RCPS, any fraction of a cent will be disregarded.
- 9.3 If the date scheduled for any payment under these RCPS Terms is not a Business Day, then the payment will be made on the next Business Day (and without any interest or other payment in respect of such delay).
- 9.4 Onterran Limited may pay a person entitled to any Dividend or other amount payable in respect of a RCPS by:
- (a) crediting an account nominated in writing by that person;

- (b) cheque made payable to the person, sent to the address of that person as notified to Onterran Limited by that person;
- (c) any other manner as Onterran Limited determines.

9.5 Onterran Limited may send a cheque referred to in clause 9.4(b) if relevant, to:

- (a) the address in the Register of RCPS Holders;
- (b) if that RCPS is jointly held, the address in the Register of RCPS Holders of the RCPS Holder named first in the register in respect of the RCPS;
- (c) any other address which that person directs in writing.

9.6 if Onterran Limited decided to make a payment by electronic or other means determined under clause 9.4(c) and an account is not nominated by the RCPS Holder or joint RCPS Holder, Onterran Limited may hold the amount payable in a separate account of Onterran Limited until the RCPS Holder or joint RCPS Holder nominates an account, without any obligation to pay interest, and the amount so held is to be treated as having been paid to the RCPS Holder or joint RCPS Holder at the time it is credited to that separate account of Onterran Limited.

9.7 All amounts payable but unclaimed may be invested by Onterran Limited as it thinks fit for the benefit of Onterran Limited until claimed or until required to be dealt with in accordance with any law relating to unclaimed monies.

9.8 Onterran Limited, in its absolute discretion, may withhold payment to a RCPS Holder where it is required to do so under any applicable law, including any law prohibiting dealings with terrorist organisations or money laundering, or any other type of sanction, or where it has reasonable grounds to suspect that the RCPS Holder may be subject to any such law or sanction or involved in acts of terrorism or money laundering, and may deal with such payment and the RCPS Holder's RCPS in accordance with such applicable law or the requirements of any relevant government or regulatory authority. Onterran Limited shall not be liable for any costs or loss suffered by a RCPS Holder in exercising its discretion under this clause, even where a RCPS Holder later demonstrates that they were not subject to such law sanction.

## **10. Amendments of the Terms**

### **Amendment without consent**

10.1 Subject to complying with all applicable laws Onterran Limited may, without the authority, assent or approval of RCPS Holders, amend these RCPS Terms:

- (a) if Onterran Limited is of the opinion that the amendment is:
  - (i) of a formal, minor or technical nature;
  - (ii) made to cure any ambiguity;
  - (iii) made to correct any Regulatory Event
  - (iii) made to correct any manifest error;
  - (iv) expedient for the purpose of enabling the RCPS to be listed for quotation or to retain listing on any stock exchange or to be offered for, or subscription for, sale under the laws for the time being in force in any place and it is otherwise not considered by Onterran Limited to be materially prejudicial to the interest of RCPS Holders as a whole;
  - (v) necessary to comply with the provisions of any statute, the requirements of any statutory authority, the ASX Listing Rules or the listing or quotation requirements of any stock exchange on which the RCPS Shares are quoted; or



- (a) generally, in any case where such amendment is considered by Onterran Limited not to be materially prejudicial to the interests of RCPS Holders as a whole.

#### **Amendment with consent**

- 10.2 Without limiting clause 10.1, Onterran Limited may amend these RCPS Terms if the amendment has been approved by a Special Resolution.

#### **Meaning**

- 10.3 In this clause amend included modify, cancel, alter or add to an amendment has a corresponding meaning.

### **11. Governing law**

- 11.1 These RCPS Terms are governed by the laws of Queensland, Australia. Each party irrevocably submits to the non-exclusive jurisdiction of the courts of Queensland, and agrees that it will not object to the venue or claim that the relevant action or proceedings have been brought in an inconvenient forum.

### **12. The RCPS Security**

- 12.1 The payment obligations of Onterran Limited in respect of the RCPS are secured by way of the Security Documents.

- 12.2 An Event of Default will occur under the Security Documents where any one or more of the following are not satisfied in accordance with the RCPS Terms:

- (a) Redemption; and
- (b) payment of the Shortfall Dividend and Dividend Interest.

- 12.3 Island Resorts (Apartments) may at any time sell, assign, transfer or otherwise dispose of, or part with possession of, any asset the subject of a Security Document where the proceeds of that disposal are applied by Island Resorts (Apartments) in reduction of any amount owing:

- (a) to any RCPS Holder:
  - (i) upon Redemption of any RCPS; or
  - (ii) by way of Shortfall Dividend; or
  - (iii) by way of Dividend Interest; or
- (b) by way of holdings costs in respect of any of the Couran Cove Assets of Island Resorts (Apartments) .

- 12.4 Any proceeds of a disposal undertaken by Island Resorts (Apartments) in accordance with clause 12.3 must be held by Island Resorts (Apartments) in an interest bearing ADI account in the name of Island Resorts (Apartments) and applied for one of the following purposes:

- (a) in reduction of any amount which becomes owing to any RCPS Holder:
  - (i) upon Redemption of any RCPS; or
  - (ii) by way of Shortfall Dividend; or
  - (iii) by way of Dividend Interest; or

- (b) to pay any holdings costs in respect of, or for the further development of, any of the Couran Cove Assets of Island Resorts (Apartments); or
- (c) to assist with the acquisition of assets by Island Resorts (Apartments) which assets must be of a similar type and complementary to the Couran Cove Assets of Island Resorts (Apartments) and must be approved by the Security Trustee acting on the instructions of an ordinary resolution of the RCPS Holders.

12.5 The following matters relating to the Security Documents require instructions from all RCPS Holders either in writing or at a duly convened meeting of RCPS Holders:

- (a) any amendment to the definition of 'Majority RCPS Holder';
- (b) any amendment to any provision, or any waiver of any right or obligation, in the RCPS Terms which:
  - (i) requires the consent, approval or instructions of any one or more of the RCPS Holders;
  - (ii) would increase the obligations or exposure of any RCPS Holder; or
  - (iii) would change the date, amount, priority or order of payment to any RCPS Holder;
- (c) any replacement or reinstatement of a Security Document;
- (d) a release in respect of all the Apartments, or any one or more Apartments, the subject of the Security Documents in order to give effect to a Redemption by way of In-Specie Distribution on the terms set out in clause 5;
- (e) a release, discharge or termination, in whole or in part, of any Security Document or the security interest (as defined in the Security Document) created by it unless such release, discharge or termination is expressly permitted required by law; and
- (f) any other matter which the express terms of a Security Document require the Security Trustee to act on the instructions of all RCPS Holders.

12.6 The following matters relating to the Security Documents require instructions from the Majority RCPS Holders either in writing or at a duly convened meeting of RCPS Holders:

- (a) the exercise or non-exercise of a Power, except for any Power which in accordance with the terms of the RCPS Terms and the Security Documents requires the consent, approval or instructions of all RCPS Holders (however called) or only one RCPS Holders (however called);
- (b) the waiver of any breach, default or non-performance by an Obligor under or in connection with the RCPS Terms or the Security Documents;
- (c) any amendment to the Security Trust Deed;
- (d) the giving of a notice in writing to declaring that the relevant Secured Moneys (as defined in the Security Documents) are immediately due and payable;
- (e) the appointment or removal of a Controller in respect of a Security Document or an administrator to an Obligor;
- (f) any other enforcement of, or the taking of steps to enforce, a Security Document;
- (g) the giving of any notice in writing declaring an Event of Default has occurred;

- (h) the giving of notice in writing to an Obligor declaring that the relevant Secured Moneys are immediately due and payable or, if so provided under the RCPS Terms, the Security Documents or the Security Trust Deed, payable on demand (whereupon they will be payable on demand);
  - (i) any other matter which the express terms of a Security Document require the Security Trustee to act on the instructions of the Majority RCPS Holders.
- 12.7 The following matters relating to the Security Documents require instructions from the RCPS Holders following an ordinary resolution of RCPS Holders either in writing or at a duly convened meeting of RCPS Holders:
- (a) the acquisition of assets by the Island Resorts (Apartments) utilising the whole or any part of the proceeds of sale of a disposal undertaken by Island Resorts (Apartments) in accordance with clause 12.4(c).
- 12.8 The Security Trustee will release each Obligor from its obligations under the Security Documents and discharge the security interests created under the Security Documents promptly and, in any event, within 10 Business Days of receipt by the Security Trustee of written notice from the Company which confirms that the Release Conditions are satisfied.
- 12.9 With effect on and from the Effective Date, each RCPS Holder:
- (a) is taken to be a party to the Security Trust Deed as a Beneficiary;
  - (b) becomes bound by the Security Trust Deed and receives the benefits of a Beneficiary under the Security Trust Deed in accordance with its terms; and
  - (c) each reference in the Security Trust Deed to 'Beneficiary' includes a reference to the RCPS Holder from time to time.
- 12.10 With effect on and from the time of the sale, assignment, transfer or other disposal by a Vendor of any RCPS held by it, and despite anything contained in the Security Trust Deed, the Security Trustee and all other parties to the Security Trust Deed (with the exception of the Vendor in respect of the RCPS which have been sold, assigned, transferred or otherwise disposed of) remain entitled to and bound by their respective rights and obligations which have accrued up to the Effective Date.
- 12.11 Subject to clause 12.7 and 12.8, with effect on and from the Effective Date, the Security Trustee for itself and for each other party to the Security Trust Deed other than a Released Vendor acknowledges that the Released Vendor is released from and has no further obligation in respect of any of them under the Security Trust Deed.
- 12.12 Each RCPS Holder acknowledges that it has received a copy of the Security Trust Deed, together with any other information which it has required in connection with that document.
- 12.13 Without limiting clauses 12.7, 12.8 and 12.9, each RCPS Holder:
- (a) acknowledges and agrees to be bound by the obligations in clauses 8, 9 and 10 of the Security Trust Deed;
  - (b) in consideration received, irrevocably appoints as its attorney each person who under the terms of the Security Trust Deed is appointed an attorney of a Beneficiary on the same terms and for the same purposes as contained in the Security Trust Deed; and
  - (c) acknowledges that its details (including but not limited to name and address) for the purpose of the Security Trust Deed are as advised by it from time to time to the Company and noted in the Company's Register of RCPS Holders.

## 13. Definitions and Interpretation

### Definitions

- 13.1 The following words and expressions in bold have these meanings in these RCPS Terms unless the contrary intention appears or the context otherwise requires.

**Administrative Action** means any judicial decision, official administrative pronouncement or action, published or private ruling, interpretative decision, regulatory procedure or policy, application or a regulatory procedure or policy and any notice or announcement (including any notice or announcement of intent to adopt or make any of those things).

**Apartment(s)** means an apartment(s) owned by Island Resorts (Apartments).

**Associate** has the meaning provided in Section 12 of the Corporations Act.

**ASX** means ASX Limited (ABN 98 008 624 691) or the securities market it operates, as the context requires.

**ASX Listing Rules** means the listing rules of ASX from time to time with any modifications or waivers in their application to Onterran Limited, which ASX may grant.

**ASX Settlement Operating Rules** means the operating rules of ASX from time to time.

**Business Day** means a business day as defined in the ASX Listing Rules.

**Controller** has the meaning provided in the Security Documents.

**Conversion** has the meaning given in clause 4.9 and **Convert** and **Conversion** have corresponding meaning.

**Conversion Date** means, if the RCPS are to be Converted, the date in clause 4.6.

**Corporations Act** means the *Corporations Act 2001* (Cth).

**Couran Cove Assets** has the meaning given to that term in the Notice of Extraordinary General Meeting & Explanatory Statement of Onterran Limited for the Extraordinary General Meeting to be held on 15 August 2016.

**Creditors** means all creditors of Onterran Limited (present and future).

**Directors** mean some or all of the directors of Onterran Limited acting as a board.

**Distributable Amount** means the amount available to Onterran Limited for the payment of dividends from time to time in accordance with the Corporations Act.

**Dividend** in respect of the RCPS has the meaning given to that term in clause 3.1.

**Dividend Interest** 8% (non-compounding) per annum payable on the Shortfall Dividend.

**Dividend Payment Date** has the meaning given to that term in clause 3.8 whether or not a Dividend is paid on that date.

**Dividend Period** means:

- (a) the date commencing on the Issue Date and ending six months after that Issue Date; and
- (b) each 6-month period thereafter.

**Dividend Rate** and **DR** means 8% per annum.

**Effective Date** means the date on which the details of an RCPS Holder are entered on the Company's Register of RCPS Holders in respect of any RCPS issued to it.

**Event of Default** has the meaning provided in the Security Documents.

**Extended Maturity Date** the date to which the Maturity Date has been extended in accordance with clause 1.6.

**Guarantee** means the Guarantee and Indemnity to be given by Island Resorts (Apartments) in favour of the Security Trustee on account of the payment obligations of the Company under the RCPS.

**General Security Deed** means the General Security Deed - All Property to be given by Island Resorts (Apartments) in favour of the Security Trustee on account of the payment obligations of the Company under the RCPS.

**In-Specie Distribution** means an in specie distribution of Apartments in accordance with the capital reduction provisions under Part 2J.1 of the Corporations Act.

**Island Resorts** means Island Resorts Pty Ltd ACN 609 570 729, a 100% wholly owned Subsidiary of the Company.

**Island Resorts (Apartments)** means Island Resorts (Apartments) Pty Ltd ACN 613 135 783 a 100% wholly owned subsidiary, Island Resorts, which is in turn a wholly owned subsidiary of the Company.

**Liquidation Sum** has the meaning given in clause 6.3.

**Majority RCPS Holders** means, one or more RCPS Holder(s) who's aggregate RCPS at that time is, or are, more than 66.67% of the aggregate RCPS of all RCPS Holders.

**Maturity Date** means the date that if 5 years after the Issue Date, or if extended under clause 1.6, the Extended Maturity Date.

**Monetized Assets** the assets of Island Resorts (Apartments) which have been liquidated.

**Monetization Trigger Event** where Island Resorts (Apartments) has liquidated all or part of its assets.

**Monetization Trigger Event Notice** notification issued by Onterran Limited of a Monetization Trigger Event and detailed in clause 6.9.

**New Ordinary Shares** has the meaning in clause 4.9.

**Obligor** means Onterran Limited and Island Resorts (Apartments);

**Onterran Limited** means Onterran Limited ACN 117 371 418.

**Ordinary Share** means a fully paid ordinary share in the capital of Onterran Limited.

**Ordinary Shareholder** means a person whose name is registered as the holder of an Ordinary Share.

**Power** has the meaning provided in the Security Documents.

**Register of RCPS Holders** means the register of RCPS Holders retained by Onterran Limited.

**RCPS** has the meaning given to that term in clause 1.1;

**RCPS Face Value** has the meaning given to that term in clause 1.3.

**RCPS Holder** means a person entered on the register of Shareholder as the holder of a RCPS.

**RCPS Holder Breach** means the situation where a RCPS Holder holds and its Associates holds more than 50% of the RCPS on issue.

**RCPS Holder Conversion Request** has the meaning provided in clause 4.2.

**RCPS Issue Date** means the date on which RCPS are issued.

**RCPS Terms** means these terms of issue of RCPS.

**Record Date** means for payment of a Dividend:

- (a) 5pm on the date which is 8 calendar days before the Dividend Payment Date for that Dividend or such other date as may be required by ASX and adopted by Onterran Limited; or
- (b) on Conversion or Redemption the Conversion Date or Redemption Date as the case may be.

**Redemption** has the meaning given in clause 5.8 and **Redeem** and **Redeemed** have corresponding meanings.

**Redemption Date** means, if the RCPS are to be Redeemed, the date in clause 5.3 or 5.6 (as the case may be).

**Redemption Notice** means a notice served by Onterran Limited on a RCPS Holder or an RCPS Holder on Onterran Limited specifying that some or all of the RCPS Holder's RCPS will be Redeemed.

**Redemption Offer Notice** has the meaning described in clause 5.2.

**Regulatory Event** means the receipt by Onterran Limited of advice from a reputable legal counsel to the effect that, as a result of:

- (a) any amendment to, clarification of, or change (including any announcement of a prospective change) in, the laws or regulations of Australia; or
- (b) any Administrative Action or any amendment to, clarification of, or change in an Administrative Action,

in each case, by any legislative body, court, governmental authority or regulatory body (irrespective of the manner in which such amendment, clarification, change or Administrative Action is made known), which amendment, clarification, change or Administrative Action is effective or Administrative Action is announced on or after the initial RCPS Issue Date (whether or not the subject of a notice or announcement prior to that date) (including clarification that does not change the law but differs from Onterran Limited's understanding of the law at the initial RCPS Issue Date):

- (a) additional requirements would be imposed on Onterran Limited in relation to the RCPS; or
- (b) there would be a negative impact on Onterran Limited or holders of RCPS, which Onterran Limited determines, at its sole discretion, to be unacceptable.

**Release Conditions** means each of the following:

- (a) all RCPS have been either Converted or Redeemed; and
- (b) the Shortfall Dividend has been paid in full; and
- (c) all Dividend Interest has been paid in full.

**Released Vendor** means a Vendor who has sold, assigned, transferred or otherwise disposed of all of the RCPS issued in favour of it.

**Secured Moneys** has the meaning provided in the Security Documents.

**Security Documents** means each of the following:

- (a) the Guarantee; and
- (b) General Security Deed,

to be given by Island Resorts (Apartments) in favour of the Security Trustee on account of the payment obligations of the Company in respect of the RCPS.

**Security Trustee** means the security trustee appointed to hold the benefit of the Security Documents.

**Security Trust Deed** means the security trust deed between each of the Security Trustee and Island Resorts (Apartments).

**Shortfall Dividend** means a dividend equal to the difference, if any, between the Dividend that a RCPS Holder is entitled for a Dividend Period or Dividend Periods and the amount of the Dividend paid for that Dividend Period (if any).

**Shortfall Dividend and Dividend Interest** means the Shortfall Dividend plus the Dividend Interest.

**Special Resolution** means:

- (a) a resolution passed at a meeting of RCPS Holders by a majority of at least 75% of the votes validly cast by RCPS Holders in person or by proxy and entitled to vote on the resolution; or
- (b) the written approval of RCPS Holders holding at least 75% of the RCPS.

**Term** has the meaning given in clause 1.5

**Unpaid Dividend** means any Dividend which is due and payable to an RCPS Holder but which remains unpaid.

**Vendor** means an RCPS Holder who has sold, assigned transferred or otherwise disposed of its interest in any RCPS.

**VWAP** means, 'volume weighted average price' as defined in Chapter 19 of the ASX Listing Rules.

## **Interpretation**

13.2 The following rules of interpretation apply in these RCPS Terms unless the contrary intention appears or the context otherwise requires.

- (a) Definitions and interpretation under this constitution will also apply to these RCPS Terms unless the contrary intention is expressed.
- (b) Unless the context otherwise requires, if there is any inconsistency between the provisions of these RCPS Terms and this constitution then, to the maximum extent permitted by law, the provisions of these RCPS Terms will prevail.
- (c) Unless otherwise specified, the Directors may exercise all powers of Onterran Limited under these RCPS Terms as are not, by the Corporations Act, ASX Listing Rules or by this constitution, required to be exercised by Onterran Limited in general meeting.

- (d) Notices may be given by Onterran Limited to a RCPS Holder in the manner prescribed by this constitution for the giving of notices to members of Onterran Limited and the relevant provisions of this constitution apply with all necessary modification to notices to RCPS Holders.
- (e) Unless otherwise specified, a reference to a clause is a reference to a clause of these RCPS Terms.
- (f) If a calculation is required under these RCPS Terms, unless the contrary intention is expressed, the calculation will be rounded to four decimal places.
- (g) If a payment is required to be made under these RCPS Terms, unless the contrary intention is expressed, the payment will be made in Australian dollars only.
- (h) The terms capital reduction, buy-back and on-market buy-back when used in these RCPS Terms have the meaning given in the Corporations Act.
- (i) Heading and holdings are for convenience only and do not affect the interpretation of these RCPS Terms.
- (j) Where a word or phrase is given a defined meaning another part of speech or other grammatical form in respect of that word or phrase has a corresponding meaning.
- (k) The singular includes the plural and vice versa.
- (l) A reference to the word 'include' or 'including' is to be interpreted without limitation.
- (m) A reference to a statute, ordinance, code or other law includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them.
- (n) If any event under these RCPS Terms must occur on a stipulated day which is not a Business Day, then the event will be done on the next Business Day.
- (o) A reference to \$, dollars or cents is a reference to the lawful currency of Australia.
- (p) A reference to time in these RCPS Terms is a reference to Brisbane, Queensland, Australia time.
- (q) 'Accounting standards', 'Court', 'externally-administered body corporate', 'relevant interest' and 'takeover bid' have the same meaning as given to those terms in the Corporations Act.
- (r) Calculations, elections and determinations made by Onterran Limited under these RCPS Terms are binding on RCPS Holders in the absence of manifest error.
- (s) If any provisions of these RCPS Terms is prohibited or unenforceable in its terms but would not be prohibited or unenforceable if it were read down, and is capable of being read down, that provision must be read down accordingly. If, despite this clause, a provision is still prohibited or unenforceable, if the provision would not be prohibited or unenforceable if a word or words were omitted, the relevant words must be severed and, if any other case, the whole provision must be severed. However, the remaining provisions of the Terms are of full force and effect.



# ONTERRAN

PARTNER | BUILD | PERFORM

ABN 52 117 371 418

## LODGE YOUR VOTE



### ONLINE

[www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)



### BY MAIL

Onterran Limited  
C/- Link Market Services Limited  
Locked Bag A14  
Sydney South NSW 1235 Australia



### BY FAX

+61 2 9287 0309



### BY HAND

Link Market Services Limited  
1A Homebush Bay Drive, Rhodes NSW 2138; or  
Level 12, 680 George Street, Sydney NSW 2000



### ALL ENQUIRIES TO

Telephone: +61 1300 554 474



X99999999999

## PROXY FORM

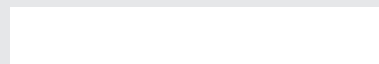
I/We being a member(s) of Onterran Limited and entitled to attend and vote hereby appoint:

### APPOINT A PROXY



the Chairman of the Meeting (mark box)

OR if you are **NOT** appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate you are appointing as your proxy



or failing the person or body corporate named, or if no person or body corporate is named, the Chairman of the Meeting, as my/our proxy to act on my/our behalf (including to vote in accordance with the following directions or, if no directions have been given and to the extent permitted by the law, as the proxy sees fit) at the Extraordinary General Meeting of the Company to be held at **10:30am on Monday, 15 August 2016 at The Christie Corporate Centre, Endeavour Room 1, Level 1, 320 Adelaide Street, Brisbane, Queensland 4000** (the Meeting) and at any postponement or adjournment of the Meeting.

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

### VOTING DIRECTIONS

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the Meeting. Please read the voting instructions overleaf before marking any boxes with an ☒

#### Resolutions

- 1 Ratification of prior security issue to Patrick McMahon
- 2 Consolidation of Share Capital
- 3 Approval of the Terms of Issue of redeemable, convertible preference shares
- 4 Approval of the variation of class rights

For Against Abstain\*

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

- 5 Approval of the Issue of redeemable, convertible preference shares to sophisticated and professional investors
- 6 Participation of Lachlan McIntosh in Capital Raising
- 7 Participation of Heather Gardner in Capital Raising
- 8 Participation of Wayne Bloomer in Capital Raising

For Against Abstain\*

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>



\* 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.

### SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED

Shareholder 1 (Individual)



Joint Shareholder 2 (Individual)



Joint Shareholder 3 (Individual)



Sole Director and Sole Company Secretary

Director/Company Secretary (Delete one)

Director

This form should be signed by the shareholder. If a joint holding, either shareholder may sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the Corporations Act 2001 (Cth).

OTR PRX1601A

## HOW TO COMPLETE THIS SHAREHOLDER PROXY FORM

### YOUR NAME AND ADDRESS

This is your name and address as it appears on the Company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your shares using this form.**

### APPOINTMENT OF PROXY

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name of that individual or body corporate in Step 1. A proxy need not be a shareholder of the Company.

### DEFAULT TO CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote those proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted according to the instructions set out in this Proxy Form.

### VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, 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.

### APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company's share registry or you may copy this form and return them both together.

To appoint a second proxy you must:

- (a) on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of shares 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; and
- (b) return both forms together.

### 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, either shareholder may sign.

**Power of Attorney:** to sign under Power of Attorney, you must lodge the Power of Attorney 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.

### CORPORATE REPRESENTATIVES

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 in accordance with the Notice of Meeting. A form of the certificate may be obtained from the Company's share registry or online at [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au).

### LODGEMENT OF A PROXY FORM

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by **10:30am on Saturday, 13 August 2016**, being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

Proxy Forms may be lodged using the reply paid envelope or:



#### ONLINE

[www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)

Login to the Link website using the holding details as shown on the Proxy Form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, shareholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the front of the Proxy Form).



#### BY MOBILE DEVICE

Our voting website is designed specifically for voting online. You can now lodge your proxy by scanning the QR code adjacent or enter the voting link [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au) into your mobile device. Log in using the Holder Identifier and postcode for your shareholding.

#### QR Code



To scan the code you will need a QR code reader application which can be downloaded for free on your mobile device.



#### BY MAIL

Onterran Limited  
C/- Link Market Services Limited  
Locked Bag A14  
Sydney South NSW 1235  
Australia



#### BY FAX

+61 2 9287 0309



#### BY HAND

delivering it to Link Market Services Limited\*  
1A Homebush Bay Drive  
Rhodes NSW 2138  
  
or  
  
Level 12  
680 George Street  
Sydney NSW 2000

\* During business hours (Monday to Friday, 9:00am–5:00pm)

**IF YOU WOULD LIKE TO ATTEND AND VOTE AT THE EXTRAORDINARY GENERAL MEETING, PLEASE BRING THIS FORM WITH YOU.  
THIS WILL ASSIST IN REGISTERING YOUR ATTENDANCE.**