



NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of the Members of East 72 Holdings Limited ACN 099 912 044 (**E72 or the Company**) will be held on **Monday 25th September 2017 at 10.30 am Sydney time at Level 26, 1 Bligh Street, SYDNEY NSW 2000 (AGM or the Meeting)**.

BUSINESS

1. Chairman's Address

Report on results and activities during the financial year.

2. Financial Statements for the year ended 30 June 2017

The audited financial statements of E72 and its subsidiary will be presented to the Meeting for review.

3. Adoption of Remuneration Report

The Board of E72 is submitting its Remuneration Report to shareholders for consideration and adoption by way of a **non binding** resolution. This resolution is put to members in accordance with section 250R(2) of the *Corporations Act* and the *Corporations Amendment (Improving Accountability on Director and Executive Remuneration) Act 2011*. The outcome of this resolution is advisory only and is not binding on the Company or the Directors for the 2017 year, but under certain circumstances, disclosed in the Explanatory Memorandum, may cause additional resolutions to be placed before the 2017 Annual General Meeting. The Remuneration Report is set out on pages 9 to 11 of the E72 Annual Report for 2017. The report explains the board's policies in relation to the nature of remuneration paid to the Directors and management.

Resolution 1 - as an ordinary resolution:

That the Remuneration Report contained in the East 72 Holdings Limited 2017 Annual Report be hereby adopted

Voting Exclusion Statement

As required by Section 250R(4) of the Corporations Act, the Company will disregard any votes cast under Resolution 1 by the Directors of the Company or their related entities and associated parties (the Company's defined Key Management Personnel).

4. Increase in maximum remuneration for non-executive Directors

Clauses 21.1 and 21.3(c) of the constitution of the Company require that remuneration, or increases in remuneration paid to non-executive Directors be approved by Members at a general meeting. It is intended to remunerate individual non-executive Directors at a rate of \$20,000pa in the year to 30 June 2018, but to ensure flexibility for the Company in future years, the Directors have proposed the following resolution:

Resolution 2 - as an ordinary resolution:

That for all purposes, the maximum aggregate remuneration for non-executive Directors be increased to \$150,000 each financial year.

Voting Exclusion Statement

The Company will disregard and not count any votes cast (in any capacity) on Resolution 2 on or on behalf of any or all of the following persons:

- (a) A Director; and
- (b) An associate of a Director.

However, the Company need not disregard a vote if:

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

5. Re-election of Director – Mr. Richard Ochojski

Clause 20.2 of the constitution of the Company requires each Director to be re-elected every three years and also that an election of Directors be held each year.

Richard Ochojski will retire in accordance with clause 20.2 of the Company's constitution and, being eligible, has offered himself for re-election.

Resolution 3 - as an ordinary resolution:

That Richard Ochojski be re-elected as a Director of the Company

6. Approval of Prior Issue of Ordinary Shares

To consider and if thought fit, pass the following resolution:

Resolution 4 - as an ordinary resolution:

*That for the purposes of NSXA Listing Rule 6.25(1) and for all other purposes, Shareholders ratify and approve the issue of 756,428 ordinary shares made on 6 March 2017 and 15 March 2017 for the purposes and on the terms and conditions set out in the Explanatory Memorandum accompanying the Notice (**Prior Issue of Shares**).*

Voting Exclusion Statement

The Company will disregard and not count any votes cast (in any capacity) on Resolution 3 on or on behalf of any or all of the following persons:

- (a) A person who participated in the Prior Issue of Shares and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed; and
- (b) An associate of that person.

However, the Company need not disregard a vote if:

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

7. Approval of Proposed Issue of Ordinary Shares

To consider and if thought fit, pass the following resolution:

Resolution 5 - as an ordinary resolution:

*That for the purposes of NSXA Listing Rule 6.25 and for all other purposes, approval is given for the allotment and issue of up to 10,000,000 ordinary fully paid shares in the Company on the terms and conditions as detailed in the Explanatory Memorandum (**Proposed Issue of Shares**).*

Voting Exclusion Statement

The Company will disregard any votes cast on Resolution 5 by:

- (a) A person who may participate in the Proposed Issue of Shares and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed; and
- (b) An associate of that person.

However, the Company need not disregard a vote if:

- (a) 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
- (b) It is cast by the Chairman of the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

RESOLUTIONS RELATING TO THE PROPOSED ACQUISITION OF STILETTO INVESTMENTS PTY LIMITED ("Stiletto")

Resolutions 6, 7, 8 and 9 are each dependent upon the passage of all of these Resolutions and are therefore interdependent. Aside from the general voting exclusion statements under each Resolution, the Company will disregard any votes cast in respect of Resolutions 6, 7, 8 and 9 by the following persons all of whom are both Shareholders of Stiletto and E72 and their related entities, and their associates:

Andrew John Brown; Donna Ann Brown; Philip Jason Stanway; Linda Jean Stanway;
John Gordon Rayner; Sally Ann Rayner; Robert Ian Stanway; Matthew Lawson; and Sarah Lawson

8. Approval of Acquisition of Stiletto Investments Pty. Limited

To consider and if thought fit, pass the following resolution:

Resolution 6 - as an ordinary resolution:

*That subject to the passage of Resolutions 7, 8 and 9, for the purposes of NSXA Listing Rule 6.43, section 208 of the Corporations Act 2001 (Cth) and for all other purposes, approval is given for the purchase of 100% of the shares of Stiletto Investments Pty. Limited (**Stiletto**) pursuant to the terms of the Share Purchase Agreements as set out in the Explanatory Memorandum.*

Voting Exclusion Statement

The Company will disregard any votes cast on Resolution 6 by:

- (a) A related party of E72 to whom the Resolution would permit a financial benefit to be given; or
- (b) An associate of such a related party (i.e. Andrew Brown and his associates).

However, the Company need not disregard a vote if:

- (a) 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
- (b) It is cast by the Chairman of the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

9. Approval of Issue of Unrelated Consideration Shares for acquisition of Stiletto Investments Pty. Limited

To consider and if thought fit, pass the following resolution:

Resolution 7 - as an ordinary resolution:

*That subject to the passage of Resolutions 6, 8 and 9, for the purposes of NSXA Listing Rule 6.25 (1) and for all other purposes, approval is given for the allotment of E72 Shares to the Unrelated Vendors (or their nominees) (**Unrelated Consideration Shares**) in consideration for the acquisition of 21,000 voting and 513,476 classes of non-voting shares of Stiletto pursuant to the terms of the Share Purchase Agreements as set out in the Explanatory Memorandum.*

Voting Exclusion Statement

The Company will disregard any votes cast on Resolution 7 by:

- (a) A person who holds a relevant interest in the equity of Stiletto and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed; and
- (b) An associate of that person.

However, the Company need not disregard a vote if:

- (a) 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
- (b) It is cast by the Chairman of the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

10. Approval of Issue of Related Consideration Shares for acquisition of Stiletto Investments Pty. Limited

To consider and if thought fit, pass the following resolution:

Resolution 8 - as a special resolution:

That subject to the passage of Resolutions 6, 7 and 9, for the purposes of NSXA Listing Rule 6.25 (1), NSXA Listing Rule 6.44, section 611 (item 7) of the Corporations Act (Cth) 2001 and for all other purposes, approval is given for the allotment of E72 Related Consideration Shares to the Brown Relevant Interests in consideration for the acquisition of 15,000 voting and 546,787 classes of non-voting shares of Stiletto pursuant to the terms of the Share Purchase Agreements as set out in the Explanatory Memorandum.

Voting Exclusion Statement

The Company will disregard any votes cast on Resolution 8 by:

- (a) Any persons receiving E72 Related Consideration Shares and their associates (i.e. Andrew Brown and his associates);

- (b) A person from whom the acquisition of Stiletto is to be made;
- (c) A related party of E72 to whom the resolution would permit a financial benefit to be given; or
- (d) An associate of persons in (a), (b) and (c) above.

However, the Company need not disregard a vote if:

- (a) 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
- (b) It is cast by the Chairman of the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

11. Approval of Selective Share Buy Back

To consider and if thought fit, pass the following resolution:

Resolution 9 - as a special resolution:

That subject to the passage of Resolutions 6, 7 and 8, for the purposes of Section 256 and 257D(1) of the Corporations Act (Cth) 2001 and for all other purposes, approval is given for the Company to selectively buy back and cancel 400,000 Shares currently held by Stiletto, on the terms and conditions set out in the Explanatory Memorandum".

Voting Exclusion Statement

The Company will disregard any votes cast on Resolution 9 by:

- (a) Any person whose Shares are proposed to be bought back or by their associates (i.e. Stiletto and their associates);
- (b) A person who holds a relevant interest in the equity of Stiletto and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed; and
- (c) An associate of that person.

However, the Company need not disregard a vote if:

- (c) 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
- (d) It is cast by the Chairman of the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.



Entitlement to Vote

In accordance with section 1074E(2)(g)(i) of the *Corporations Act* and regulation 7.11.37 of the Corporations Regulations and ASTC Operating Rule 8.3A.1, the Company has determined that for the purposes of the Annual General Meeting all Shares will be taken to be held by the persons who, according to records of the Company's share registrar, held them as registered Shareholders at 7pm (Sydney time) on Saturday 23rd September 2017. Accordingly, share transfers registered after that time will be disregarded in determining entitlements to attend and vote at the Annual General Meeting.

How to Vote

Members entitled to vote at the AGM may vote:

- by attending the Meeting and voting in person; or
- by appointing an attorney to attend the Meeting and vote on their behalf or, in the case of corporate members or proxies, a corporate representative to attend the Meeting and vote on its behalf; or
- by appointing a proxy to attend and vote on their behalf, using the proxy form accompanying this Notice. A proxy may be an individual or a body corporate.

Voting in person (or by attorney or by corporate representative)

Members or their proxies, attorneys or representatives (including representatives of corporate proxies) wishing to vote in person should attend the Meeting and bring a form of personal identification (such as their driver's licence).

To vote by attorney at this Meeting, the original or a certified copy of the power of attorney or other authority (if any) under which the instrument is signed must be received by the share registry before 10.30 am (Sydney time) on Saturday 23rd September 2017 in any of the following ways:

By post to the share registry:

Boardroom Pty Ltd
GPO Box 3993,
SYDNEY NSW 2001

By hand delivery to the share registry:

Boardroom Pty Ltd
Level 12
225 George Street
SYDNEY NSW 2000

By fax to Boardroom Pty Limited on:

(02) 9290 9655

To vote in person, you or your proxy, attorney, representative or corporate proxy representative must attend the AGM to be held at Level 26, 1 Bligh Street, SYDNEY NSW 2000 on 25 September 2017 commencing at 10.30am (Sydney time).

A vote cast in accordance with the appointment of a proxy or power of attorney is valid even if before the vote was cast the appointor:

- died;
- became mentally incapacitated;
- revoked the proxy or power; or
- transferred the Shares in respect of which the vote was cast,

unless E72 received written notification of the death, mental incapacity, revocation or transfer before the Meeting or adjourned Meeting.

To vote by corporate representative at the Meeting, a corporate Member or proxy should obtain an Appointment of Corporate Representative Form from the share registry, complete and sign the form in accordance with the instructions on it. The appointment should be lodged at the registration desk on the day of the meeting. The appointment of a representative may set out restrictions on the representative's powers.

The original form of appointment of a representative, a certified copy of the appointment, or a certificate of the body corporate evidencing the appointment of a representative is prima facie evidence of a representative having been appointed. The Chairman of the Meeting may permit a person claiming to be a representative to exercise the body's powers even if he or she has not produced a certificate or other satisfactory evidence of his or her appointment.

Voting by Proxy

Any shareholder of the Company entitled to attend and vote at this AGM is entitled to appoint a proxy to attend and vote instead of that shareholder. The proxy does not need to be a Member of the Company. A shareholder that is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If no proportion or number is specified, each proxy may exercise half of the shareholder's votes. A proxy may be an individual or a body corporate. A proxy that is a body corporate may appoint a representative to exercise the powers that the body corporate may exercise as the Member's proxy.

A proxy may vote or abstain as he or she chooses except where the appointment of the proxy directs the way the proxy is to vote on a particular resolution. If an appointment directs the way the proxy is to vote on a particular resolution:

- if the proxy is the chair - the proxy must vote on a poll and must vote in the way directed;
- if the proxy is not the chair - the proxy need not vote on a poll, but if the proxy does so, the proxy must vote in the way directed; and
- in this instance if the proxy does not attend the Meeting, or does not vote on a poll, the chair of the Meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at that Meeting.

If a proxy appointment is signed or validly authenticated by the Member but does not name the proxy or proxies in whose favour it is given, the Chairman may either act as proxy or complete the proxy appointment by inserting the name or names of one or more Directors or Company Secretary.

If:

- a Member nominates the Chairman of the meeting as the Member's proxy; or
- the Chairman is to act as proxy if a proxy appointment is signed by a Member but does not name the proxies in whose favour it is given or otherwise under a default appointment according to the terms of the proxy form,

then the person acting as Chairman in respect of an item of business at the Meeting must act as proxy under the appointment in respect of that item of business.

Pursuant to section 250R(5) of the Corporations Act 2001, specific rules in relation to proxy voting pertaining to Resolution 1 are described at section 3.7 of the Explanatory Memorandum.



Proxies must be lodged not later than 48 hours before the Annual General Meeting i.e. 10.30 am (Sydney time) on Saturday 23rd September 2017 in any of the following ways:

By post to the share registry:
Boardroom Pty Ltd
GPO Box 3993,
SYDNEY NSW 2001

By hand delivery to the share registry:
Boardroom Pty Ltd
Level 12
225 George Street
SYDNEY NSW 2000

By fax to Boardroom Pty Limited on:
(02) 9290 9655

By electronic lodgement:

<http://www.votingonline.com.au/e72agm2017> in accordance with instructions provided on the website. You will need your Holder Identification Number (HIN) or Security Reference Number (SRN) to lodge your proxy vote online, along with postcode or country of residence and your Voting Access Code (VAC) to lodge your proxy vote online.

A form of proxy is provided with this notice.

Further Information

If you have any queries in relation to the Annual General Meeting, please contact the Company Secretary, Andrew Brown, on (02) 9380 9001 or andrew.brown@east72.com.au

Dated this 21st day of August 2017

By order of the Board of Directors

A handwritten signature in black ink that reads "Andrew J. Brown". The signature is written in a cursive style and is positioned above a horizontal line that extends to the right.

Andrew Brown
Company Secretary



EXPLANATORY MEMORANDUM

(This Explanatory Memorandum forms part of the Notice of Meeting)

This Explanatory Memorandum provides information for members in respect of the resolutions to be considered at the Annual General Meeting of East 72 Holdings Limited (**E72, Company**) to be held at **10.30am Sydney time on Monday 25th September 2017 at Level 26, 1 Bligh Street, SYDNEY, NSW 2000**

Ordinary Business

1. Chairman's Address

Report on results and activities during the financial year.

2. Financial Statements

2.1 As required by section 317 of the *Corporations Act 2001* (Cth) (Corporations Act), the Financial Report, Directors' Report and Auditor's Report of the Company is contained within the Annual Report 2017 - which is available at the Company's website www.east72.com.au - and will be laid before the Meeting.

2.2 Members will be provided with the opportunity to ask questions about the reports or about the Company generally but there will be no formal resolution put to the Meeting.

3. Remuneration Report – Resolution 1

3.1 As required by section 250R(2) of the Corporations Act, a resolution that the Company's Remuneration Report be adopted must be put to a vote. The Report is contained within the Directors' Report in the Company's Annual Report 2017 which is available on the Company's website at www.east72.com.au

3.2 Section 250R(3) of the Corporations Act provides that the vote on this resolution is advisory only and does not bind the directors or the Company, other than in respect of 3.3 – 3.5 below. In accordance with section 250SA of the Corporations Act, members of the Company will be provided with an opportunity to ask questions or make comments on the Remuneration Report.

3.3 As required by Section 250R(4) of the Corporations Act, interests in E72 Shares held by Key Management Personnel and Directors of E72 (as named within the Remuneration Report contained on pages 9 -11 of the 2017 Annual Report) or their related parties or associates (together **Prohibited Persons**) will be excluded from voting on this Resolution.

However, the Company will not disregard a vote if the Prohibited Person does so as a proxy appointed by writing that specifies how the proxy is to vote on the proposed resolution and the vote is not cast on behalf of a Prohibited Person.

- 3.4 As required by Section 250U of the Corporations Act in the event that 25% of the votes cast in respect of this Resolution are opposed to the passing of the Remuneration Report and if members make comments at the Meeting, then in the following year the Board of the Company must report on any proposed responses to those comments, or explain why the Board of the Company does not propose any response.
- 3.5 Furthermore, as required by Section 250U and Section 250V of the Corporations Act, if 25% of the votes cast at the 2017 and 2018 AGMs (or two consecutive AGMs beyond that period) oppose the adoption of the Remuneration Report, then at the 2018 (or second) AGM, the company must give members the option to pass a resolution (**Spill Resolution**) requiring that the entire board (except the Managing Director) stand for re-election at a further general meeting. This meeting must take place within ninety days after the AGM. Passing of the Spill Resolution, which is subject to the same voting exclusion provisions as Resolution 1, will require that 50% or more of votes cast are in favour of such a Spill Resolution.
- 3.6 The Board believes the Company's remuneration policies and structures as outlined in the Remuneration Report are appropriate relative to the size of the Company, its business and strategic objectives and in relation to current and emerging market practices.
- 3.7 In respect of undirected proxies, if the Chairman of the meeting is appointed (or taken to be appointed) as a proxy, the shareholder can direct the Chairman of the meeting to vote for or against, or to abstain from voting on Resolution 1 (Adoption of Remuneration Report) by marking the appropriate box opposite item 1 in the proxy form. Pursuant to section 250R(5) of the Corporations Act 2001, if the Chairman of the meeting is a proxy and the relevant shareholder does not mark any of the boxes opposite item 1, the relevant shareholder will be expressly authorising the Chairman to exercise the proxy in relation to item 1. **The Chairman intends to exercise such proxies by voting them in favour of the adoption of the Remuneration Report.**
- 4. Increase in maximum remuneration for non-executive Directors – Resolution 2**
- 4.1 Clauses 21.1 and 21.3(c) of the constitution of the Company require that remuneration, or increases in remuneration paid to non-executive Directors be approved by Members at a general meeting.
- 4.2 Since the Company's initial listing on NSXA in February 2006 (as Brewtopia Limited), there has been no formal ratification of non-executive Director remuneration. Non-executive Directors have been occasionally remunerated for consulting and other work over and above the normal requirements for a non-executive Director.
- 4.3 Since the Company was reconstructed as East 72 Holdings Limited in 2016, non-executive Directors have not been remunerated other than through a shareholder approved issue of unlisted options made in May 2016.
- 4.4 With the growth in the Company's capital base and increasing sophistication of the Company's operations, and in line with the increased level of oversight required, it is intended to commence the remuneration of the non-executive Directors to take account of the time, effort and liability required to be undertaken.
- 4.5 In the 2018 financial year, it is intended to remunerate individual non-executive Directors at a rate of \$20,000pa for a total of \$40,000.

- 4.6 However, to ensure flexibility for the Company in future years, both in terms of individual remuneration and numbers of non-executive Directors, the Directors have proposed a non-executive Director fee pool of a maximum of \$150,000 per annum.
- 4.7 The sole Executive Director, Andrew Brown, whose remuneration is not part of the non-executive Director fee pool, will Chair this Resolution. Andrew Brown, whose relevant interests will not vote on the resolution, recommends that Shareholders vote in favour of the Resolution, and will exercise all undirected proxies in favour of the Resolution.

5. Re-Election of Director – Resolution 3

- 5.1 In accordance with Clause 20.2 of the Company's Constitution, one third of the Directors must retire from office at each Annual General Meeting of the Company. Richard Ochojski is opting to retire by rotation. In accordance with Clause 20.3 of the Company's Constitution, Richard Ochojski is eligible and has duly offered himself for re-election.
- 5.2 Richard is an experienced finance executive having been employed within the Banking and Finance industry for more than 30 years. For almost 20 years, until the end of 2005, he worked at Macquarie Bank as a Director of the Banking Division within the Banking and Property Group. Whilst at Macquarie, Richard had a pivotal role in realestate.com.au's public listing on the Australian Stock Exchange and is a former director of Realestate.com.au Limited.

Prior to this he was employed by a number of International Banks in London including The Bank of New York, Swiss Bank Corporation and Sumitomo Bank.

Richard has broad knowledge across a number of industries and in particular he has worked extensively with clients in the services sector. He has an extensive corporate finance and lending background specialising in cash flow lending.

Since leaving Macquarie, Richard has been employed in a number of consulting roles across a broad range of industries and has served on a number of Public Company Boards usually as a Non-Executive Director but also as Executive Chairman.

During the past three years, Richard has served as a Director of the following other public companies:

- Cannabis Accelerators Limited (appointed April 2015 - ongoing)
- Cheviot Bridge Limited (appointed September 2012; resigned May 2015)
- Crowd Mobile Limited (appointed March 2013; resigned January 2015)
- Reel Time Media Limited (appointed April 2010; resigned April 2015)

Recommendation

The Directors (other than Richard Ochojski) recommend that Members vote in favour of Resolution 3.

6. Approval of Prior Issue of Shares – Resolution 4

- 6.1 Approval is being sought under NSXA Listing Rule 6.25(1) for the issue of 756,428 ordinary shares, to sophisticated investors on 6 March 2017 and 15 March 2017. The Prior Issue of Shares was made at \$0.35 per share.
- 6.2 Subject to certain circumstances, outlined under NSXA Listing Rule 6.25(2), NSXA Listing Rule 6.25(1) prevents a company from issuing or agreeing to issue new securities or other securities with rights of conversion such as an option, in any twelve month period which amount to more than 15% of the Company’s ordinary securities on issue without shareholder approval.
- 6.3 By ratifying the issue of Shares pursuant to the Prior Issue of Shares, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in NSX Listing Rule 6.25 without the requirement to obtain prior Shareholder approval.
- 6.4 Relevant information relating to the Prior Issue of Shares:

Number and date	756,428 shares on 6 and 15 March 2017
Issue price	\$0.35 per Share
Terms	Shares issued were fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company’s existing Shares.
Allottees	Sophisticated investors, none of whom were a related party of the Company.
Use of funds	Working capital and investment.

Recommendation

The Directors recommend that Members vote in favour of Resolution 4.

7. Approval of Proposed Issue of Shares – Resolution 5

- 7.1 Approval is being sought under NSXA Listing Rule 6.25(1) for the issue of up to 10,000,000 ordinary shares, representing 110% of the Company’s currently issued capital (~68% of enlarged capital subject to the passage of resolutions 6 – 9) to sophisticated investors. It is intended to allot the Proposed Issue of Shares at a price proximate to the net tangible asset backing per share of the Company at the time of issue and a minimum \$0.35 per Share.
- 7.2 It is intended to allot the Proposed Issue of Shares within the three months succeeding the Meeting.
- 7.3 Subject to certain circumstances, outlined under NSXA Listing Rule 6.25(2), NSXA Listing Rule 6.25(1) prevents a company from issuing or agreeing to issue new securities or other securities with rights of conversion such as an option, in any twelve month period which amount to more than 15% of the Company’s ordinary securities on issue without shareholder approval.

- 7.4 By approving the issue of Shares pursuant to the Proposed Issue of Shares, the Company will retain the flexibility to issue further equity securities in the future up to the 15% annual placement capacity set out in NSX Listing Rule 6.25 without the requirement to obtain prior Shareholder approval.
- 7.5 Relevant information relating to the Proposed Issue of Shares:

Number and date	10,000,000 shares within three months of the date of this Meeting
Issue price	Minimum \$0.35 per Share
Terms	Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares.
Allottees	Sophisticated investors, none of whom will be a related party of the Company.
Use of funds	Working capital and investment.

Recommendation

The Directors recommend that Members vote in favour of Resolution 5.

THE PROPOSED ACQUISITION OF STILETTO INVESTMENTS PTY LIMITED ("Stiletto")

8. Approval of Acquisition of Stiletto Investments Pty. Limited ("Proposed Transaction") – Resolution 6

8.1 *Resolution*

This resolution is subject to the successful passing of Resolutions 7, 8 and 9 and seeks shareholder approval for the acquisition of Stiletto Investments Pty. Limited (**Stiletto**).

8.2 *Background and rationale for proposed acquisition of Stiletto*

Stiletto (ACN 003 384 754) was incorporated as Lemax Pty. Limited on 28 September 1987. The company originally functioned as a small scale private investment company for the benefit of Andrew Brown and his family interests. Stiletto then morphed into a passive company (L, T and M. Brown Investments Pty. Limited) where the main beneficiaries were the children of the Brown Family, before its regeneration in August 2010.

After discussions with friends, Andrew Brown agreed to set up a small scale investment company, and this entity changed its name to Stiletto in August 2010.

Since August 2010, Stiletto has invested in Australian equities, through the use of a margin loan facility to supplement the equity base, and since 2013, has utilised derivatives, in the form of contracts for difference, to provide cost effective exposure to global securities, indices, currencies and commodities. Stiletto has consistently and very successfully utilised an investment philosophy which seeks to purchase equity securities at very large price discounts to their estimated intrinsic value, with requisite allowance for catalysts to realise such value. This methodology formed the basis of the investment strategy, process and model which was adopted on the formation of East 72 Holdings Limited in April 2016.

Since E72 began operation in May 2016, Andrew Brown has continued to operate E72 and Stiletto in tandem. The two companies have broadly matched their portfolios.

However, Stiletto has a number of desirable “legacy” smaller company investments listed on ASX – such as Australian Rural capital Limited, Namoi Cotton Cooperative Limited and Vealls Limited - which are viewed as being undervalued, and which Stiletto wishes to retain. As a consequence, it has become increasingly difficult to align the two portfolios.

The two non-conflicted Directors of E72 (Messrs. Adsett and Ochojski) (**Independent Directors**) believe that there are significant benefits in acquiring Stiletto given that it will assist in growing the size of E72 and amortising E72’s fixed cost base over a larger level of equity. All Directors of E72 wish to maintain operating costs (listing fees, registry fees, audit, other costs, Directors fees) at a total level between 2% - 3% of equity over a full year (excluding one off capital raising or other corporate events). The acquisition of Stiletto will enable E72 to operate on a more sustainable basis, through enlarging its equity base, subsequently attracting further new capital (as proposed in Resolution 5) and making gradual progress towards a potential ASX listing (as outlined in the Executive Director’s Review in the 2017 Annual Report). In the short term, the increased equity base provided by the acquisition of Stiletto will assist in amortising enhancements to Company’s infrastructure over a larger equity, and thus investment base.

The Directors of E72 believe that the proposed acquisition of Stiletto is entirely consistent with the goals of E72, insofar as the investment strategies are identical, albeit that there are differences within the individual company portfolios (see 8.15 below) due to cash flow differences and desirable “legacy” shareholdings within Stiletto.

8.3 *Consideration for the proposed acquisition of Stiletto and Treasury Shares*

At 30 June 2017, Stiletto had shareholders’ funds, being net tangible assets after all tax liabilities on realised **and** unrealised gains (**NTAPT**) of \$2,163,176. Stiletto has a multi-tier capital structure of voting shares and non-voting shares (see section 8.4 below), which have identical economic interests in Stiletto. In total, Stiletto has 1,096,263 shares on issue.

At 30 June 2017, each Stiletto Share had a NTAPT of \$1.9732.

At 30 June 2017, each E72 Share had a NTAPT of \$0.3500.

If the proposed acquisition of Stiletto is consummated, it is intended to issue the equivalent number of E72 shares at E72’s NTAPT per Share calculated at the close of business of international markets on Tuesday 12th September 2017, to equate to Stiletto’s NTAPT per Share. An announcement to NSXA of each of E72 and Stiletto’s NTAPT will be made on Wednesday 13th September in time to assist Shareholders with their deliberations.

If this calculation (**Stiletto Exchange Ratio**) had been performed at 30 June 2017, E72 would have issued a total of 6,180,418 new E72 Shares to Stiletto holders on the basis of 5.6377 E72 Shares for every Stiletto Share.

However, Stiletto itself holds 400,000 E72 Shares, which it is intended will be cancelled if the proposed acquisition of Stiletto is effected (see Resolution 9). As a consequence, on a pro-forma basis at 30 June 2017, E72's capital would have expanded by a net 5,780,402 E72 Shares to 14,836,830 Shares.

As a result of technicalities with the operations of the Corporations Act, and specifically section 611 (item 7), it is possible that a small cash consideration may have to be paid to the Brown Interests to cap their percentage shareholding immediately after the Proposed Transaction at 32.3% (see sections 8.6.3 and 10.5 (b), notably table 14).

8.4 *Stiletto's capital structure and Share Purchase Agreements*

Stiletto's ownership structure is as follows:

Table 1: Stiletto Investments Pty. Limited capital structure

	Voting shares	NV share class	Non voting shares	Total shares	% econ. interest
Andrew J. Brown	6,000	A	79,519	85,519	7.8%
		E	44,469	44,469	4.1%
Timothy J. Brown		T	32,004	32,004	2.9%
Matthew W. Brown		M	31,915	31,915	2.9%
Lauren J. Brown		L	37,000	37,000	3.4%
Donna A. Brown	3,000	D	235,253	238,253	21.7%
Abron Management Services <Brown Family Super Fund>	3,000	F	7,186	10,186	0.9%
Abron Investments Pty. Limited	3,000	A	79,441	82,441	7.5%
TOTAL BROWN INTERESTS	15,000		546,787	561,787	51.2%
Sally Ann Rayner	3,000	S	16,509	19,509	1.8%
John Gordon Rayner and Sally Ann Rayner	3,000	S	150,293	153,293	14.0%
J&S Rayner Pty Ltd <Rayner Super Fund>	3,000	S	106,921	109,921	10.0%
TOTAL RAYNER INTERESTS	9,000		273,723	282,723	25.8%
Philip Jason Stanway & Linda Jean Stanway <P&L Stanway SF>	3,000	P	76,688	79,688	7.3%
T Batch P/L <Therese Batchelor Superannuation Fund>	3,000	B	73,615	76,615	7.0%
WSB Distributors P/L <WSB Distributors S/F>	3,000	R	84,857	87,857	8.0%
MA Lawson and S Lawson <MA & S Lawson SF>	3,000	C	4,593	7,593	0.7%
TOTAL	36,000		1,060,263	1,096,263	100.0%

Stiletto has a multi-tier capital structure of voting shares and non-voting shares, the latter of which are divided into multiple classes depending on ownership. However, all shares in Stiletto have an equivalent economic interest in the company, and rank equally for dividends, returns of capital and other proceeds on a potential winding up of the company.

Stiletto's total of 36,000 voting shares and 1,060,263 non voting shares are held by six groups of shareholders. The "Brown Interests", comprising seven shareholders are related parties by virtue of their family interests (see section 8.5.1); likewise, the "Rayner Interests" represent husband and wife shareholdings. Other than **within** the "Brown Interests" and "Rayner Interests", no shareholder of Stiletto is associated as defined in section 9 of the Corporations Act.

Each owner and individual entity shareholder of Stiletto has agreed to sign a Share Purchase Agreement to effect the transfer of Stiletto shares to E72 if Resolution 6 is approved.

8.5 *Related party matters*

8.5.1 Directors and Owners of Stiletto

Andrew John Brown, Executive Director of E72, is a Director and the Company Secretary of Stiletto. Mr. Brown is a direct owner of shares in Stiletto as documented in Section 8.4 (table 1) above.

Mrs Donna Ann Brown, spouse of Andrew Brown, is also a Director of Stiletto, and a direct owner of shares in Stiletto as documented in Section 8.4 (table 1) above.

Andrew John Brown and Donna Ann Brown are both Directors of A. Brown and Company Pty. Limited, the controlling entity of Abron Investments Pty. Limited. Andrew John Brown is the sole Director of Abron Investments Pty. Limited, a direct owner of shares in Stiletto as documented in Section 8.4 (table 1) above.

Andrew John Brown, Donna Ann Brown and their daughter, Lauren Julia Brown are Directors of Abron Management Services Pty. Limited, the trustee for the Brown Family Superannuation Fund, and of which all are beneficiaries. Abron Management Services Pty. Limited <Brown Family Superannuation Fund> is a direct owner of shares in Stiletto as documented in Section 8.4 (table 1) above.

Lauren Julia Brown, Timothy John Brown and Matthew William Brown are the adult descendants of Andrew John Brown and Donna Ann Brown and are direct owners of shares in Stiletto as documented in Section 8.4 (table 1) above.

Each owner and individual entity shareholder of Stiletto has agreed to sign a Share Purchase Agreement to effect the transfer of Stiletto shares to E72 if the Resolution is approved.

8.5.2 Related Parties

Andrew John Brown, Donna Ann Brown, Lauren Julia Brown, Timothy John Brown, Matthew William Brown, Abron Management Services <Brown Family Super Fund>, A. Brown and Company Pty. Limited and Abron Investments Pty. Limited (**Brown Relevant Interests**) are all Related Parties of E72 for the purposes of NSXA Listing Rules and the Corporations Act.

All of the above related parties (with the exception of A. Brown and Company Pty. Limited) will directly receive Related Consideration Shares of E72 in exchange for their shares of Stiletto, if Resolutions 6,7, 8 and 9 are approved.

In light of these Related Party relationships and for the reasons discussed in section 8.6 below, approval for the Proposed Transaction is being sought from E72 Shareholders in accordance with NSXA Listing Rule 6.43 and section 208 of Corporations Act (Cth) 2001.

8.6 *Requirements for Shareholder approval and independent experts report*

8.6.1 Chapter 2E of the Corporations Act (Cth) 2001

Chapter 2E of the Corporations Act regulates the provision of financial benefits to Related Parties of a public company. Section 208 of the Corporations Act prohibits a public company (or an entity it controls) from giving a financial benefit to a Related Party unless either: (i) it obtains shareholder approval and provides the benefit within 15 months of that approval; or (ii) the giving of the financial benefit falls within one of the exceptions specified in the Corporations Act.

A financial benefit is defined broadly in the Corporations Act and would include the purchase of shares of Stiletto. While the Independent E72 Directors are of the view that the giving of the financial benefits for the Proposed Transaction likely falls within one of the exceptions specified in the Corporations Act, namely that the parties have been dealing at arm's length, the Independent E72 Directors have determined that it is nevertheless appropriate to obtain shareholder approval of the Proposed Transaction for the purposes of Chapter 2E of the Corporations Act, particularly when shareholder approval is already required for the purposes of NSXA Listing Rule 6.43 (see section 8.6.2 below) and section 611, item 7 of the Corporations Act (see section 8.6.3 below).

8.6.2 NSXA Listing Rule 6.43

NSXA Listing Rule 6.43 states that:

"The issuer (i.e. E72) shall obtain the approval of its members if it or any of its child entities acquires a substantial asset from or disposes of a substantial asset to any of the following: (i) a related party; (ii) a child entity; (iii) a person with voting power of at least 10% of the voting securities of the issuer; (iv) an associate of a person referred to in paragraphs (i) to (iii) above; or (v) a person nominated by the Exchange."

Andrew John Brown is a related party of E72 by virtue of being E72's Executive Director.

In addition, Andrew John Brown and Donna Ann Brown and their relevant interests currently control 2,028,571 shares of E72 (including those held by Stiletto) being 22.4% of the issued shares of the Company.

A substantial asset is generally regarded by NSXA as an asset where its value, or value of consideration would be more than 5% - 10% of the listed company's equity interests being shareholders funds. As the value of Stiletto at 30 June 2017 is \$2,163,176 and the shareholders funds of E72 at 30 June 2017 are \$3,169,920, Stiletto is equivalent to 68.2% of E72's shareholders funds. Since Consideration Shares to be paid to Stiletto shareholders are to be calculated on the basis of after tax shareholder's funds as at 12 September 2017, it is realistic to assume that Stiletto constitutes a "substantial asset" under NSXA Listing Rule 6.43.

8.6.3 Corporations Act sections 606, 611 (item 7)

As E72 is a listed company with more than 50 members, the Company is subject to the provisions of Chapter 6 of the Corporations Act dealing with the prohibition by persons of the acquisition of some relevant interests in voting shares of certain types of companies. Broadly, section 606 of the Corporations Act prohibits a person from

acquiring a “relevant interest” in voting shares in the Company if that acquisition results in that person’s or their associates’ voting power in the Company increasing to more than 20%, or from a starting point above 20% and below 90%.

Section 611 of the Corporations Act provides a number of exemptions to the prohibition in section 606, including where shareholder approval is received in accordance with item 7 of section 611 of the Corporations Act. ASIC Regulatory Guide 74 (December 2011) (“**RG74**”) stipulates that amongst other conditions, either an Independent Experts Report or an equivalent Directors Report be provided to evaluate the exemption.

The Brown Relevant Interests, which currently own 22.4% of E72’s voting power, would rise to 32.3% if Resolutions 6, 7, 8 and 9 are approved. The passing of Resolution 8 (subject to the passing of Resolutions 6, 7 and 9) will prevent Andrew Brown and his relevant interests from contravening section 606 (1) (c) (ii) of the Corporations Act.

Since Shareholder approval is only being sought to increase the Brown Relevant Interests voting power to a maximum of 32.3%, it may be necessary to effect a small cash payment to the Brown Relevant Interests in the event the Stiletto Exchange Ratio moves above 5.6377.

8.7 *Conditions and warranties regarding the acquisition of Stiletto*

Given the fact that E72 is exchanging E72 Shares as Consideration Shares for the acquisition of Stiletto, that there are significant commonalities within the investment exposures of E72 and Stiletto (see section 8.15 below), there are minimal conditions and warranties required for the Proposed Transaction.

Each Share Purchase Agreement is a conditional agreement, and completion of the Proposed Transaction is subject to a various conditions precedent being satisfied or (where relevant) waived, comprising:

- the approval of the Proposed Transaction by the Shareholders approving Resolutions 6, 7, 8 and 9 as set out in the Notice of Meeting;
- no Material Adverse Change (as that term is defined in the respective Share Purchase Agreements) having occurred; and
- the satisfaction of the conditions precedent under all Share Purchase Agreements.

The major warranties contained within the individual Share Purchase Agreements relate to each of the Vendors of voting or non-voting shares of Stiletto (**Stiletto Shares**) having clear title, consents to transfer, that the Stiletto Shares are fully paid, that there are no legal impediments to the transfer and that there is no Material Adverse Change in the financial condition of Stiletto.

The Independent Directors of E72 have had the opportunity to undertake a financial and taxation due diligence of Stiletto.

If, prior to Completion, any warranty is found to have been incorrect or misleading when made which results in: (i) the matter giving rise to a material adverse change; (ii) E72 considering it necessary or desirable, acting reasonably, to make supplementary or amending disclosures to E72 Shareholders in connection with the Shareholder approval

that is the subject of this Resolution and Resolutions 7, 8 and 9; or (iii) E72, acting reasonably, forming the view that the incorrect or misleading warranty has caused, or will cause, a material adverse impact on its reputation or that of a Related Body Corporate of E72, then E72 may terminate each Share Purchase Agreement.

8.8 *Advantages of the proposed acquisition of Stiletto*

The Independent Directors of E72 believe the advantages of the Proposed Transaction are as follows:

- Significant increase in the pre tax equity base of E72 from ~\$3.2million to ~\$5.5million, providing a larger base over which to amortise a more sustainable infrastructure for E72 whilst retaining a moderate cost impost;
- Stiletto has no operating costs other than interest on financial leverage and ASIC fees and so can be easily absorbed into E72;
- Increase in the equity base will enable a higher level of overall exposures to markets;
- Increase in the equity base will potentially provide greater flexibility for E72 to raise additional capital in the future;
- Increase in the available financial leverage (where appropriate) to E72 through the \$1,000,000 leverage facility currently open to Stiletto; and
- The transaction should be NTA accretive on a pre-tax NTA per share basis due to the current tax liability within Stiletto.

8.9 *Disadvantages of the proposed acquisition of Stiletto*

The Independent Directors of E72 believe the disadvantages of the Proposed Transaction are as follows:

- The Proposed Transaction does not increase the liquidity of E72 Shares since most Consideration Shares will be issued to existing E72 Shareholders; in this respect, common shareholders of Stiletto and E72 currently own 38.5% of E72's Shares, which will increase to an estimated 62.5% of the enlarged equity base (table 5);
- The Brown Relevant Interests will increase their voting stake in E72 from 22.4% to 32.3% which would enable them to block special resolutions proposed by the Company (assuming their votes need not be disregarded) irrespective of the votes of all other Shareholders;
- There is an increase in gearing if the Proposed Transaction proceeds, with financial debt increasing from 10.2% of shareholders' equity within E72 as at 30 June 2017 to 18.2% on a pro-forma basis as at 30 June 2017, and a corresponding increase in total assets/equity from 256% to 299% respectively;
- There is an increased exposure to selected illiquid smaller capitalised companies listed on ASX such as Australian Rural Capital Limited, Namoi Cotton Co-operative capital units and Vealls Limited (see section 8.15); and
- There is a dilution in E72's tax paid franking credits from 2.8c per share as at 30 June 2017 to 2.4c per share on a pro-forma basis.

In addition to the potential disadvantages of the Proposed Transaction outlined above, Shareholders should be aware of the following risk factors in relation to the implementation of the Proposed Transaction (which are set out in greater detail in section 8.16):

- *General risks* – changes in economic conditions, general market risks and changes in the regulatory and legal environment;

- *External risks* – changes in equity and financial market conditions which would have a direct impact on the E72 and Stiletto businesses; and
- *Specific risks* – those risks associated with the E72 and Stiletto business such as financial leverage and operational failure.

8.10 *Independent experts report conclusions*

E72 engaged Stantons International Securities as an independent expert (**Independent Expert**) to opine on whether, in their opinion, the acquisition of Stiletto is fair and reasonable to E72 Shareholders not associated with Stiletto, for the reasons discussed in section 8.6.1 (above).

The cost of the report of the Independent Expert is not expected to exceed \$20,000. The cost of the Independent Expert is **not** accounted for in any of the pro-forma balance sheets and other pro-forma financial information.

The Independent Expert has concluded that the proposed issue of Consideration Shares in exchange for the acquisition of Stiletto, is **not fair but is reasonable** to E72 Shareholders not associated with Stiletto.

The Independent Expert's fairness opinion is detailed in sections 9.1 - 9.5 and 11.1 – 11.3 of the Independent Experts Report, attached to this Notice of Meeting and Explanatory Memorandum as Annexure 1. In essence, the Independent Expert concludes that the value of an E72 Share after the acquisition of Stiletto should be valued (pro-forma as at 30 June 2017) on the basis of a minority discount at 29.167c, and hence the transaction is **not fair** to E72 Shareholders not associated with Stiletto, given the net asset value of 35.0c at 30 June 2017. The Independent Expert does, however, note in section 9.5 of the Independent Experts Report that the pro-forma NTAPT per E72 Share will remain unchanged.

The Independent Expert's reasonableness opinion is detailed in sections 12.1 - 12.11 and 13.1 of the Independent Experts Report. The Independent Expert has concluded that the advantages of the acquisition of Stiletto – detailed in sections 12.2 – 12.4 of the Independent Experts Report outweigh the disadvantages – detailed in section 12.5. Having regard to this and other factors discussed in sections 12.6 – 12.11, the Independent Expert opines that the proposed issue of Consideration Shares in exchange for the acquisition of Stiletto **is reasonable**.

8.11 *ASIC Regulatory Guide 76 (Related Party Transactions – March 2011)*

This section 8.11 contains relevant considerations required under paragraph 76.101 of ASIC Regulatory Guide 76 which governs transactions such as the Proposed Transaction.

8.11.1 *Independent Directors' Recommendation*

The Independent Directors have weighed the respective advantages of the Proposed Transaction – detailed in section 8.8 above – against the disadvantages, which are detailed in section 8.9 (above).

The Independent Directors believe that the advantages outweigh the disadvantages, especially in the context that:

- there will be no dilution to the net asset value per share of E72;

- there is only a minor cost, being the costs of the Proposed Transaction of not more than \$20,000, involved in increasing the equity base of the company by over 60%;
- Stiletto has negligible operating costs of its own; and
- that the increase in equity base and scale of the Company will potentially provide greater flexibility for E72 to raise additional capital in the future.

As a consequence, the Independent Directors, whilst fully taking account of the Independent Experts Report, recommend shareholders vote in favour of Resolution 6, and consequently Resolutions 7, 8 and 9.

8.11.2 *Alternative Options*

The only current alternative option to the Proposed Transaction is the status quo whereby E72 continues to grow via investment returns and future capital raisings, as has been the case in the year to 30 June 2017. In the event that the Proposed Transaction is not approved, E72 will continue this strategy. No other private investment company acquisitions were available to E72 at the time of assessing the Proposed Transaction.

8.11.3 *Impact on the Company*

The impact of the Proposed Transaction on E72 is fully detailed in sections 8.13 – 8.16 below and sections 9, 10 and 11 of this Explanatory Memorandum.

8.12 *Past performance of Stiletto (unaudited)*

NOTE: Past investment performance is NOT an indicator of future investment performance.

Table 2: Stiletto Investments Pty. Limited: historic investment returns and metrics

\$000s Year end June	Share- holders funds ¹	Divid- ends paid	Equity Raised ²	% return ³		Australian securities being main sources of capital gain
				Pre tax	Post tax	
2011	191	35	103	22.5%	21.9%	Austar, Greencross
2012	439	49	202	46.3%	46.7%	National Hire, Austar, Talent Two
2013	399	63	64	-9.9%	-8.0%	Suncorp, Seven Group
2014	536	59	42	37.6%	38.7%	APN, bank shares,
2015	671	55	140	8.6%	7.5%	Wotif, CIMIC
2016	1,292	78	489	22.9%	16.7%	Easton Investments, BWX, small media shares
2017	2,163	194	637	36.1%	28.9%	Nine, Ansell, Monadelphous, derivatives

1: after all tax liabilities on realised and unrealised gains

2: includes reinvested dividends

3: assumes reinvestment of dividends

Table 3: Stiletto Investments Pty. Limited: historic profit and loss account (unaudited)

Year end June (\$)	2015	2016	2017
Dividends received from equities	31,020	49,909	93,239
Interest received	5	1	7
Realised net gains on derivatives	-	122,638	117,071
Change in fair value of derivatives retained	-	-	80,288
Realised gains on equities	72,448	169,820	187,031
Change in fair value of equities retained	-	49,517	156,123
Fees	750	-	509
TOTAL REVENUE	104,222	391,885	634,269
ASIC fees	317	321	249
Finance costs	27,311	40,018	48,385
Realised net losses on derivatives	15,741		
Change in fair value of derivatives retained	4,974	84,867	
Change in fair value of equities retained	25,292		
TOTAL EXPENDITURE	73,634	125,206	48,634
PRE TAX PROFIT	30,588	266,679	585,635
Income tax expense	-	(48,933)	(206,143)
PROFIT AFTER INCOME TAX	30,588	217,746	379,492

Stiletto's unaudited investment returns have significantly outstripped those of Australian sharemarket indices over the approximate seven year period since its reconstruction in August 2010. An investment of \$12,000 in August 2010, including the reinvestment of dividends, would have a value after tax of \$44,333 as at 30 June 2017 (\$48,493 before taxes paid by Stiletto), representing annualised returns of 22.5% pre tax per annum and 20.9% post tax per annum before allowing for the value of franking credits since 12 August 2010. Abridged tables of relevant annual metrics and returns is given in table 2 (above) and unaudited profit and loss accounts in table 3 (above):

8.13 *Pro-forma merged balance sheet of E72 and Stiletto (unaudited)*

A pro-forma balance sheet of the merged E72 and Stiletto as at 30 June 2017 is presented below. Importantly the balance sheet assumes that the Stiletto Exchange Ratio in section 8.3 of 5.6377 applies and that the 400,000 E72 shares held by Stiletto are cancelled:

**Table 4: Pro-forma merged balance sheet of E72 and Stiletto (unaudited)
at as 30 June 2017**

\$	E72 Audited	Stiletto Unaudited	Merged Pro-forma
CURRENT ASSETS			
Cash at bank & on hand	968,628	22,339	990,967
Trade & other receivables	374	6,545	6,919
Financial assets (tables 6-9) (note 1)	7,126,528	7,533,968	14,520,496
TOTAL CURRENT ASSETS	8,095,530	7,562,852	15,518,382
NON CURRENT ASSETS			
Deferred tax assets	6,265	-	6,265
TOTAL NON CURRENT ASSETS	6,265	-	6,265
TOTAL ASSETS	8,101,795	7,562,852	15,524,647
CURRENT LIABILITIES			
Financial liabilities (tables 7, 10)	4,534,004	4,573,040	9,107,044
Financial liabilities – borrowings (secured)	321,975	646,984	968,959
Financial liabilities – borrowings (unsecured)	-	25,000	25,000
Trade and other payables	24,593	-	24,593
Current tax liabilities	-	105,201	105,201
TOTAL CURRENT LIABILITIES	4,880,572	5,350,225	10,230,797
NON CURRENT LIABILITIES			
Deferred tax liabilities	51,303	49,452	100,755
TOTAL NON CURRENT LIABILITIES	51,303	49,452	100,755
TOTAL LIABILITIES	4,931,875	5,399,677	10,331,552
NET ASSETS	3,169,920	2,163,176	5,193,095
EQUITY			
Contributed Equity (note 1)	3,284,824	1,096,263	5,307,999
Reserves - share based payments	43,280	758,989	43,280
Reserves - asset revaluation	-	164,495	-
Accumulated (losses)/profit	(158,184)	143,429	(158,184)
SHAREHOLDERS FUNDS	3,169,920	2,163,176	5,193,095

Note 1: Financial assets and Contributed Equity are adjusted for the proposed cancellation of 400,000 E72 Shares at a value of \$0.35 per share (\$140,000), the subject of Resolution 9 and exclude the costs of the Proposed Transaction (including the Independent Expert) of not more than \$20,000 since they are deemed to be immaterial.

8.14 Pro-forma merged capital structure and ownership of E72

A pro-forma capital structure of the merged E72 and Stiletto as at 30 June 2017 is presented in Table 5 below. Importantly the capital structure assumes that the Stiletto Exchange Ratio in section 8.3 of 5.6377 applies and that the 400,000 E72 shares held by Stiletto are cancelled:

Table 5: Pro-forma E72 capital structure assuming Proposed Transaction is approved at Stiletto Exchange Ratio of 5.6377

	E72 Existing		Consideration Shares	Merged Pro-forma	% merged pro-forma
	Shares	%			
Brown Family (relevant interests)	2,028,571	22.4%	3,167,187	4,795,758	32.32%
Other Stiletto shareholders	1,460,000	16.1%	3,013,215	4,473,215	30.15%
Other E72 shareholders	5,567,857	61.5%	-	5,567,857	37.53%
TOTAL	9,056,428	100.0%	6,180,402	14,836,830	100.00%

8.15 Pro-forma merged equity and derivative portfolios of E72 and Stiletto (unaudited)

The following detailed tables 6 – 10 provide a detailed breakdown of individual equity, long derivative and short derivative exposures as at 30 June 2017. It should be noted that certain of these positions have been enlarged or reduced since that date, and certain new positions instigated.

The tables are consistent with the pro-forma balance sheet disclosure in Section 8.13 and table 3. Once again, the compositions of financial assets in table 6 and 8 assume that the 400,000 E72 shares held by Stiletto are cancelled.

Table 6: Pro-forma (unaudited) composition of financial assets as at 30 June 2017

\$	E72 Audited	Stiletto Unaudited	Merged Pro-forma
Shares in listed corporations at fair value	1,991,899	2,464,512	4,316,411
Derivative securities held at fair value	2,348,882	2,253,738	4,602,620
Net assets in derivative account	2,785,747	2,815,718	5,601,466
TOTAL	7,126,528	7,533,968	14,520,496

Table 7: Pro-forma (unaudited) composition of derivative accounts as at 30 June 2017

\$	E72 Audited	Stiletto Unaudited	Merged Pro-forma
Derivative securities – long exposure	2,348,882	2,253,738	4,602,620
Derivative securities – sold short exposure	(4,534,004)	(4,573,040)	(9,107,044)
Net exposure to derivative account	(2,185,122)	(2,319,302)	(4,504,424)
Funded by:			
Equity within derivative account	600,625	496,416	1,097,041
Derivative account assets	(2,785,747)	(2,815,718)	(5,601,465)
	(2,185,122)	(2,319,302)	(4,504,424)

Table 8: Shares in listed corporations at fair value as at 30 June 2017 – pro forma

Company	Industry	E72	Stiletto	merged
Alterra Limited	Agricultural investment	-	54,235	54,235
Associated Capital Group Inc	Investment/funds	88,427	88,427	176,854
Australian Rural Capital	Agribusiness investment	136,799	78,446	215,245
Australian Rural Capital	Agribusiness investment	-	14,634	14,634
Beadell Resources	Gold mining	43,000	-	43,000
Cabcharge Limited	Taxi management systems	75,900	75,900	151,800
CPT Global	IT consulting	-	72,320	72,320
Dreamscape Networks Ltd	Domain name sales & hosting	110,000	-	110,000
East 72 Holdings	investment	-	140,000	-
Ellerston Asian Investments	Asian equity closed end LIC	56,100	74,800	130,900
Frontier Digital Ventures Ltd	Digital business investments	30,000	-	30,000
Grays Ecommerce Limited	Business Auctions	163,239	222,700	385,939
Janus Henderson Group PLC	Funds management	-	121,520	121,520
Kogan Limited	On-line commerce/MVNO	66,800	-	66,800
Macquarie Group	Financial services	-	132,750	132,750
McGrath Holdings Limited	Real estate agency sales	64,400	56,000	120,400
McPhersons Limited	Consumer products	32,500	-	32,500
Medical Australia Limited	Medical products distribution	18,400	33,117	51,517
Mitula Group Limited	On-line real estate	58,200	-	58,200
Murray Goulburn Unit Trust	Capital provider: dairy co-op	25,800	12,900	38,700
Namoi Cotton Co-operative	Cotton processing	-	152,000	152,000
National Australia Bank	Banking	-	63,914	63,914
News Corporation	Media conglomerate	54,750	63,875	118,625
Nine Entertainment	Media	-	103,500	103,500
NZME Limited	NZ based media	62,300	-	62,300
Pental Limited	Consumer products	51,470	-	51,470
PM Capital Global Opps Fund	Global equity closed end LIC	110,500	138,125	248,625
Prime Financial Group Limited	Wealth & financial advisory	238,229	216,000	454,229
Scottish Pacific Group Ltd	Non-bank commercial finance	40,650	121,950	162,600
Seven West Media Limited	Media	81,787	-	81,787
Simonds Group	Housebuilding	53,512	-	53,512
Treasure ASA	Investment	49,864	-	49,864
Vealls Limited (capital shares)	Investment	80,695	218,500	299,195
Webster Limited	Agribusiness, water	68,011	112,000	180,011
Westgold Resources	Gold & copper mining	92,000	64,400	156,400
Wm. Wilhelmsen Holding ASA	Shipping based holding co.	38,566	-	38,566
TOTAL		1,991,899	2,464,512	4,316,411

Table 9: Financial assets – derivative securities held as at 30 June 2017 – pro forma

Company	Industry	E72	Stiletto	merged
A P Moeller Maersk	Shipping/oil	78,485	104,647	183,132
Acacia Research	Patent ownership	29,196	-	29,196
AerCap Holdings	Aircraft leasing	96,603	78,490	175,093
American Express Inc	Consumer credit	71,204	131,454	202,658
AMP Limited	Financial Services	51,900	-	51,900
Banca Sabadell SA	Banking	26,438	-	26,438
Bank of America	Financial Services	15,774	47,321	63,095
Barclays	Banking	61,814	61,814	123,628
British Empire Secs & Gen	Investment trust	23,205	-	23,205
Credit Suisse Group	Financial services	94,068	100,051	194,119
Crude Oil	commodity contract	97,469	64,980	162,449
Dell Inc	VM Ware tracker stock	55,627	79,467	135,094
DHT Holdings	oil tanker owner	26,983	-	26,983
EasyJet PLC	Airline	69,055	63,300	132,355
Ellerston Asian Investments	Asian closed end equity LIC	-	46,750	46,750
Everest Re	Reinsurance	-	82,767	82,767
Exor SpA	Holding company/reinsurance	105,640	112,682	218,322
Fairfax Financial Holdings	Insurance/reinsurance	67,658	45,105	112,763
Fairfax Media	Media/real estate	44,000	-	44,000
Fiat Chrysler	Automobile manufacture	68,690	89,159	157,849
Financiere de L'Odet	Intermediate holding co.	104,325	80,250	184,575
Flow Traders	ETF market making	43,067	62,807	105,874
Foxtons PLC	real estate agency	91,129	-	91,129
Frontline	oil tanker owner	14,679	22,018	36,697
Grand City Properties	Residential real estate	36,503	52,147	88,650
Greenlight Capital Re	Reinsurance	40,767	40,767	81,534
Hansa Trust PLC	Investment trust	45,986	-	45,986
ING Groep	Banking	67,321	74,053	141,374
Janus Henderson Group	Investment management	86,800	-	86,800
KKR and Co LP	Private equity	38,700	72,562	111,262
Lloyds Banking Group	Banking	84,032	67,226	151,258
News Corp B	Media conglomerate	18,400	36,500	54,900
Owens Illinois	Packaging	43,547	93,316	136,863
Pershing Square Holdings	Hedge fund investment co.	58,517	78,023	136,540
PM Capital Global Opps Fund	Global equity closed end LIC	-	55,250	55,250
Rubicon Project (The)	Real time ad bidding	33,420	-	33,420
Shire PLC	Pharmaceutical	57,425	-	57,425
Tanker Investments Ltd	Oil tanker owner	36,619	48,337	84,956
Third Point Re	Reinsurance	36,151	-	36,151
Twitter	Social media	34,857	69,714	104,571
Virgin Australia Holdings	Airline	16,000	32000	48,000
Virtu Financial	Market making	103,283	91,808	195,091
Wellard	Animal freight	57,750	41250	99,000
Wells Fargo	Banking	72,055	64,849	136,904
WPP plc	Advertising & marketing	43,740	62,876	106,616
TOTAL		2,348,882	2,253,738	4,602,620

Table 10: Financial liabilities – derivative securities sold short for future purchase as at 30 June 2017 – pro forma

Company	Industry	E72	Stiletto	merged
Apple	Consumer electronics	93,641	112,369	206,010
Bank of the Ozarks	Banking	60,949	60,949	121,898
BHP Billiton	Diversified resources	58,200	-	58,200
Blue Sky Alternative	Alternative investment mgt	43,654	109,135	152,789
Caterpillar	Capital equipment	139,740	102,010	241,750
Computershare	Registry & mortgage servs	21,210	-	21,210
Corporate Travel Management	Travel services	70,999	109,951	180,950
Dexus Property Group	Office REIT	47,400	-	47,400
Ecplix Group	Fleet leasing & services	80,482	-	80,482
EuroStoxx50 index	European large cap index	411,449	380,590	792,039
FTSE 100 index	UK large cap index	21,988	-	21,988
GUD Holdings	Auto components, pumps	38,730	-	38,730
Hanesbrands	Apparel	22,588	45,176	67,764
Hormel Foods	SPAM & processed foods	22,178	44,356	66,534
Istoxx Iboxx High Yield ETF	Low rated bond investor	80,441	97,678	178,119
Magellan Financial	Investment management	34,608	57,680	92,288
McCormick and Co	Spices, foods	38,040	-	38,040
NASDAQ 100 index	US equity index	135,746	113,122	248,868
Perpetual Limited	Investment management	106,153	83,805	189,958
QBE Insurance	Insurance/reinsurance	23,620	23,620	47,240
S&P/ASX 200 index	Australian equity index	1,360,860	1,738,242	3,099,102
S&P500 index	US equity index	1,018,451	1,018,450	2,036,901
Simon Property Group	Shopping mall REIT	21,035	42,070	63,105
Singapore Telecom	Telecommunications	55,136	-	55,136
SS&C Technologies	Inv. management software	24,974	-	24,974
Telstra Limited	Telecommunications	64,500	-	64,500
Tesla Inc	Solar/electrical vehicles	105,803	94,047	199,850
Wall Street index	Dow Jones IA Derivative	213,850	256,620	470,470
WD40 Inc	Lubricant	57,399	43,049	100,448
Wesfarmers Limited	Conglomerate	60,180	40,120	100,300
TOTAL		4,534,004	4,573,040	9,107,044

8.16 *Risk factors relating to the proposed acquisition of Stiletto*

The acquisition of Stiletto, on a pro-forma basis, slightly increases the leverage and gearing levels within the pro-forma merged group, relative to that of E72 as at 30 June 2017, as illustrated in table 11 below:

Table 11: Alternative measures of gearing ratios as at 30 June 2017 and pro forma (unaudited)

		E72 audited	Pro-forma merged
Shareholders funds	A	3,169,920	5,193,095
Total Assets	B	8,101,795	15,524,647
Financial liabilities – borrowings	C	321,975	993,959
Derivative securities – long exposure	D	2,348,882	4,602,620
Derivative securities – sold short exposure	E	4,534,004	9,107,044
Shares in listed corporations at fair value	F	1,991,899	4,316,411
Total assets/equity	B/A	256%	299%
Financial liabilities/equity	C/A	10%	19%
Gross exposure/equity	(D+E+F)/A	280%	347%

However, in other respects, since Stiletto and E72 have portfolios which are operated in a similar fashion, the risks pertaining to E72 – which are documented in sections 8.16.1 – 8.16.3 below – do not materially change with the acquisition of Stiletto.

8.16.1 General Risks

There are business and market risks inherent in any listed security, which could materially affect the Company's earnings and the pricing of E72 Shares, including:

- (a) movements in local and international economies and share and capital markets;
- (b) changes in interest rates and other general economic conditions;
- (c) changes in investor sentiment and perceptions;
- (d) upheaval and uncertainty due to terrorist activities, insurrection, war and general conflict;
- (e) changes in government fiscal, monetary and regulatory policies and statutory changes; and
- (f) the use of leverage within E72IPL and Stiletto will magnify ALL of the above risks within its operation and hence the value and pricing of E72 Shares.

8.16.2 External risk factors

There are a number of external risk factors over which E72 has little or no control which could materially affect the future pricing of E72 Shares or the Company's earnings, including:

- (a) taxation, where changes to tax legislation and regulation, or their interpretation, may adversely affect the value of an investment in E72 Shares and may affect E72 shareholders differently;
- (b) changing economic conditions in Australia and globally which may affect E72's business and financial condition. Any protracted slowdown in economic conditions or adverse changes in such factors as the level of inflation, interest rates, exchange rates, government policy (including fiscal, monetary and regulatory policies) and employment rates, among others, are outside the control of E72 and the directors

and may result in materially adverse impacts on the business and its operating results;

- (c) stock market losses, poor investment returns or volatility, a weakening or downturn of the financial services, funds and wealth management industries;
- (d) changes in accounting standards or in the interpretation of those accounting standards that occur in the future may adversely impact on E72's business or the costs associated with E72's business and may adversely affect its financial condition; and
- (e) illiquidity and subsequent volatility in the sale price of E72 Shares, with no guarantee that a more active market in E72 Shares will develop despite the changed and increased activities of E72.

8.16.3 Specific risk factors

The key issues impacting the success of the business undertaken by E72 are:

- (a) the Company's success and growth strategy depends heavily upon the board of Directors, especially Andrew Brown, who will be responsible for the investment operation. The loss of their services and particularly those of Mr. Brown for any reason could have a material and adverse effect on the Company's business, operating results and financial condition;
- (b) the success and profitability of the Company depends, in large part, upon the ability of the Andrew Brown to trade appropriately in leveraged products, optimize the timing of entry and exit from such products, use appropriate protective overlays where desired, and invest in well-managed companies which have the ability to increase in value over time. In most cases, the directors and management of E72 will be unlikely to be in a position to influence materially the decisions and strategies made and adopted by the management of those companies;
- (c) E72IPL and Stiletto, as subsidiaries of E72, operate an investment strategy which uses proportionally large quantum of debt capital to leverage the small equity capital base. Synthetic leverage will be provided by operators of CFD platforms, where leverage can be as high as 199.5:1 for equity index and currency contracts (0.5% equity/margin; 99.5% debt), 19:1 for individual securities (5% equity/95% debt) and by providers of margin loans over individual securities where the highest level of leverage is proportionally lower at 3:1 (25% equity; 75% debt). E72IPL and Stiletto will be maintaining a maximum level of gross exposure (where the gross initial value of long and short positions are aggregated, not netted) of 5:1. This implies that an adverse move of approximately 16% would eliminate E72IPL, Stiletto and hence E72's equity capital base;
- (d) In the event that E72's capital is depleted, the Company may need to raise additional equity or debt funds in the future to finance its activities and requirements. There is no assurance that the Company will be able to obtain additional financing when required in the future, that it will be able to pay margin calls to CFD or margin loan providers or that the terms and time frames associated with such funding will be acceptable to E72. This may have an adverse effect on the Company's ability to achieve its strategic goals and have a negative effect on its financial results.

- (e) CFD and margin loan providers will have a first ranking security over the individual exposures entered into. In the event that E72IPL/Stiletto and E72 are unable to provide requisite margin financing, CFD and margin loan providers will have an irrefutable right to close out positions, and invoke personal guarantees if there is a shortfall;
- (f) CFD and margin loan providers have a right to change the margin terms offered to customers at any time with little or no notice in light of market movements and circumstances. This can lead to a need to provide additional margin at short notice, which may not be possible, and result in E72IPL and Stiletto reducing or eliminating desired positions.
- (g) the price of investments that the Company may purchase can fall as well as rise; the price of investments that the Company may short-sell can rise as well as fall and lead to theoretically infinite losses;
- (h) the past performance of investments and funds managed by directors and persons associated with the directors are not necessarily a guide to the future performance of the Company;
- (i) E72IPL and Stiletto may make investments in companies with small market capitalisations. In general, trading in securities in such entities has more limited liquidity than larger companies and so has the potential for greater volatility. Accordingly, the returns that may be generated by the Company are likely to also be subject to that greater volatility;
- (j) E72IPL and Stiletto may make investments in securities which have limited or no voting entitlements. In general, such securities trade at a large discount to intrinsic value, but there is no guarantee that E72IPL and Stiletto will be able to exert adequate influence to change the voting rights of such securities, which may remain trading at high discounts. In addition, trading in such securities tends to have more limited liquidity than fully voting securities;
- (k) E72IPL and Stiletto may make investments in securities not listed on an organised stock exchange, where financial performance is heavily uninfluenced by managerial expertise, and where no ready market for the sale or liquidation of such investments exists. Accordingly, these investments carry substantially larger risks of financial loss;
- (l) E72IPL and Stiletto may give financial support to companies whose securities are not listed on an organised stock exchange and where the capacity to repay such financial assistance is heavily influenced by managerial expertise. Accordingly, the extension of such support carries substantially larger risks of financial loss;
- (m) in the course of acquiring or selling investments, the Company is required to deal with counterparties who may be incapable of settling transactions due to financial stress. E72IPL and Stiletto aim to mitigate this risk by dealing with brokers and counterparties of good standing;
- (n) shareholders are strongly advised to regard any investments in the Company as a long term proposition and to be aware that, as with any equity investment, substantial fluctuations in the value of their investment may occur over time;

- (o) operating costs for the Company as a proportion of total assets are affected by the level of total assets of the Company. The Company's pro-forma balance sheet disclosed in Section 8.13 illustrates that the Company's ability to execute its strategic plans may be impeded in the event that a component of that capital is lost;
- (p) the price at which E72 Shares are traded on NSX may be below the net asset value of those E72 Shares. E72's constitution does not entitle E72 shareholders to require the Company to implement a share buy-back or any other capital reconstruction or to take any other remedial action;
- (q) poor investment performance by E72 could inhibit the ability of E72 to raise funding in the future and reduce the willingness of distribution or administrative partners to do business with E72;
- (r) E72 could become subject to litigation in relation to investment losses, negligence or claims under contractual relationships with customers or suppliers; and
- (s) E72 is dependent upon its own financial management systems, which if damaged or disrupted could lead to financial loss. E72 attempts to mitigate such damage by utilising third party outsourced providers and backing up key business records.

9. Approval of Issue of Unrelated Consideration Shares for acquisition of Stiletto Investments Pty. Limited – Resolution 7

- 9.1 This Resolution is subject to the successful passing of Resolutions 6 , 8 and 9.
- 9.2 The issue of the Unrelated Consideration Shares will exceed the Company's 15% issue limit under NSXA Listing Rule 6.25 (1) and are not afforded exemption under any of the provisions in NSXA Listing Rule 6.25 (2).
- 9.3 The Unrelated Consideration Shares will be issued in consideration to those shareholders of Stiletto unrelated to the relevant interests of Andrew John Brown, in exchange for their Stiletto Shares.
- 9.4 The Unrelated Consideration Shares will be issued by means of a formula based on the NTAPT per share, of E72 and Stiletto, calculated at the close of business on international markets on Tuesday 12th September 2017 as follows:

$$\text{Stiletto Exchange Ratio} = \frac{\text{Stiletto NTAPT}}{\text{E72 NTAPT}} \times \text{Stiletto Shares held}$$
- 9.5 There will be no differentiation made between differential classes of Stiletto's non-voting shares or between Stiletto's voting and non-voting shares.
- 9.6 Based on the respective unaudited NTAPT of Stiletto and audited NTAPT of E72 as at 30 June 2017 (see Sections 8.3 and 8.13), the Stiletto Exchange Ratio would have been 5.6377.

- 9.7 Based on the Stiletto Exchange Ratio pertaining at 30 June 2017 of 5.6377, the following individuals and entities would have been allotted E72 Unrelated Consideration Shares in exchange for their Stiletto Shares, as tabulated in Table 12 (below). Table 12 also discloses the estimated combined shareholding of each entity or individual in E72 assuming the passage of Resolutions 8 and 9, also using a Stiletto Exchange Ratio of 5.6377:

Table 12: Pro-forma E72 Shareholdings after issue of Unrelated Consideration Shares using Stiletto Exchange Ratio of 5.6377

Holder	Total Stiletto shares	Unrelated Consideration Shares	Existing E72 Shares	TOTAL E72 Shares	% holding of E72 assuming Resolution 8
RAYNER FAMILY INTERESTS					
Sally Ann Rayner	19,509	109,986	-	109,986	0.7%
John Gordon Rayner & Sally Ann Rayner	153,293	864,220	-	864,220	5.8%
J&S Rayner Pty Ltd <Rayner Super Fund>	109,921	619,702	647,429	1,267,131	8.5%
TOTAL	282,723	1,593,908	647,429	2,241,337	15.1%
PHILIP STANWAY INTERESTS					
Philip Jason Stanway & Linda Jean Stanway <P&L Stanway SF>	79,688	449,257	195,857	645,114	4.3%
Slate Creek Pty. Limited <Phil Stanway Family A/C>	-	-	155,857	155,857	1.1%
Reklaw Pty Limited	-	-	13,000	13,000	0.1%
TOTAL	79,688	449,257	364,714	813,971	5.5%
T Batch P/L <Therese Batchelor Super Fund>	76,615	431,932	-	431,932	2.9%
ROBERT STANWAY INTERESTS					
WSB Distributors P/L <WSB Distributors S/F>	87,857	495,311	195,857	691,168	4.7%
Stanway Nominees Pty Ltd <RI & PT Stanway Family A/C>	-	-	155,857	155,857	1.1%
Stanway Capital Pty. Limited	-	-	13,000	13,000	0.1%
TOTAL	87,857	495,311	364,714	860,025	5.8%
LAWSON FAMILY INTERESTS					
MA Lawson and S Lawson <MA & S Lawson SF>	7,593	42,807	57,143	99,950	0.7%
Viti Vini Consulting Pty Limited			13,000	13,000	0.1%
Mr Matthew A Lawson & Mrs Sarah Lawson			13,000	13,000	0.1%
TOTAL	7,593	42,807	83,143	125,950	0.8%
TOTAL UNRELATED CONSIDERATION SHARES	534,476	3,013,215	1,460,000	4,473,215	30.15%

9.8 Based on a Stiletto Exchange Ratio of 5.6377, 3,013,215 Unrelated Consideration Shares would be issued, comprising an estimated 20.3% of the pro-forma estimated enlarged capital of E72, assuming the passage of Resolutions 8 and 9. After the issue of these shares, holders of the Unrelated Consideration Shares, in addition to their existing holdings of E72 Shares, would own a total of 30.1% of the enlarged capital of E72.

9.9 *Other relevant information*

The following information provided for the benefit of Shareholders:

Number of Unrelated Consideration Shares to be issued	Unknown but estimated at 3,013,215 assuming Stiletto Exchange Ratio of 5.6377
The date by which the Company will issue and allot the Unrelated Consideration Shares	If approved, it is anticipated that the Unrelated Consideration Shares will be issued and allotted on or about 26 September 2017 and in any event no later than 3 months from the date of this General Meeting.
The issue price of the Unrelated Consideration Shares	n/a – share exchange
Details of the potential allottees to be issued Unrelated Consideration Shares	See Section 9.7 (table 12) above
Impact on the financial position of the Company	See Sections 8.13 and 8.15 (above)
Voting exclusion statement	A voting exclusion applies to this Resolution, please see the notes to Resolution 7 on the Notice of Meeting.
Contingency	The passing of this resolution is subject to the passing of Resolutions 6, 8 and 9. If Resolution 6 is not passed, Resolution 7 will not be put to the Meeting and no Unrelated Consideration Shares will be issued. If Resolutions 8 or 9 are not passed, a positive vote on Resolution 7 will be ineffective and no Unrelated Consideration Shares will be issued

9.10 *Directors' Recommendation*

The Independent Directors, neither of whom are proposed allottees of Unrelated Consideration Shares and are eligible to vote their shareholdings, recommend that shareholders vote in favour of this Resolution.

10. Approval of Issue of Related Consideration Shares for acquisition of Stiletto Investments Pty. Limited – Resolution 8

10.1 This resolution is subject to the passing of Resolutions 6, 7 and 9 and seeks approval to issue E72 Shares (**Related Consideration Shares**) to the Brown Relevant Interests in exchange for their Stiletto Shares.

10.2 *Corporations Act sections 606, 611 (item 7)*

As E72 is a listed company with more than 50 members, the Company is subject to the provisions of Chapter 6 of the Corporations Act dealing with the prohibition by persons of the acquisition of some relevant interests in voting shares of certain types of companies. Broadly, section 606 of the Corporations Act prohibits a person from acquiring a “relevant interest” in voting shares in the Company if that acquisition results in that person’s or their associates’ voting power in the Company increasing to more than 20%, or from a starting point above 20% and below 90%.

Section 611 of the Corporations Act provides a number of exemptions to the prohibition in section 606, including where shareholder approval is received in accordance with item 7 of section 611 of the Corporations Act. ASIC Regulatory Guide 74 (December 2011) (“**RG74**”) stipulates that amongst other conditions, either an Independent Experts Report or an equivalent Directors Report be provided to evaluate the exemption.

10.3 *Impact on voting power of E72*

Since resolution 8 cannot be passed without the passage of Resolutions 6 and 7, the full estimated impact of the passage of Resolution 8 on the voting power of the Brown Relevant Interests, is given in Section 8.14 (table 5).

The Related Consideration Shares would be issued as follows based on the Stiletto Exchange Ratio pertaining at 30 June 2017 of 5.6377:

Table 13: Pro-forma E72 Shareholdings after issue of Related Consideration Shares using Stiletto Exchange Ratio of 5.6377

Holder	Total Stiletto shares	Related Consideration Shares	Existing E72 Shares	TOTAL E72 Shares	% holding of E72 assuming Resolution 7
Andrew John Brown	129,988	732,833	38,571	771,404	5.2%
AJ Brown and DA Brown	-	-	10,000	10,000	-
Donna Ann Brown	238,253	1,343,199	800,000	2,143,199	14.4%
Abron Management Services PL <Brown Family Super Fund>	10,186	57,426	200,000	257,426	1.7%
A Brown and Company PL	-	-	60,000	60,000	0.4%
Abron Investments Pty Ltd	82,441	464,778	520,000	984,778	6.6%
Stiletto Investments PL	-	-	400,000	-	-
Lauren Julia Brown	37,000	208,595	-	208,595	1.4%
Timothy John Brown	32,004	180,429	-	180,429	1.2%
Matthew William Brown	31,915	179,927	-	179,927	1.2%
TOTAL	561,787	3,167,187	2,028,571	4,795,758	32.32%

In summary, Andrew John Brown's relevant interests would rise from the current 22.4% of E72's voting power, to a maximum 32.32% if Resolutions 6, 7, 8 and 9 are approved. The passing of Resolution 8 (subject to the passing of Resolutions 6 and 7) will prevent Andrew Brown and his relevant interests from contravening section 606 (1) (c) (ii) of the Corporations Act.

10.4 *Impact on financial position of E72*

Since resolution 8 cannot be passed without the passage of Resolutions 6, 7 and 9, the full estimated impact of the passage of Resolution 8 on a pro-forma basis at 30 June 2017 is given in Section 8.13 (table 4).

10.5 *Information required to be given under the Corporations Act*

The following paragraphs set out information required to be provided to Shareholders under item 7 in the table in section 611 of the Corporations Act and ASIC Regulatory Guide 74. Shareholders are also referred to the Independent Expert's Report attached to this Explanatory Memorandum as Annexure 1.

(a) *Identity of the persons proposing to be allotted Related Consideration Shares and their associates are:*

- Andrew John Brown;
- Donna Ann Brown;
- Abron Investments Pty. Limited;
- Abron Management Services Pty Limited <Brown Family Super A/C>;
- Lauren Julia Brown;
- Timothy John Brown; and
- Matthew William Brown

which together with A. Brown and Company Pty. Limited comprise **Brown Relevant Interests**, as disclosed in Section 10.3 (table 13)

E72 Shares currently held by Stiletto Investments Pty. Limited, in which Andrew John Brown has a relevant interest are proposed to be cancelled.

A full exposition of the relationship between the above parties and nature of relevant interests and associations is given in Section 8.5.1 and 8.5.2.

(b) *Maximum extent of increase in voting power in the Company resulting from the acquisition*

The maximum extent of increase in voting power in the Company resulting from the issue of Related Consideration Shares will be accurately known at the close of business of international markets on 12 September 2017. However, the passage of Resolution 8 will maximise the increased voting power of the Brown relevant Interests at 32.32%.

In the event that the Stiletto Exchange Ratio increases in such a manner that the allotment of Related Consideration Shares to the Brown Relevant Interests would result in the Brown Relevant Interests exceeding voting power of 32.32%, the remaining consideration in respect of the acquisition of Stiletto will be made in cash.

The quantum of cash required to be paid to the Brown Relevant Interests, in the event of the Stiletto Exchange Ratio increasing, is calculated below:

Table 14: Required cash payments to Brown Relevant Interests at Stiletto Exchange Ratios above 5.6377

Stiletto Exchange Ratio	5.7	5.75	5.8	5.85	5.9	5.95	6.0
Relative move of Stiletto NTAPT to E72 NTAPT from 30 June 2017	1.1%	2.0%	2.9%	3.8%	4.7%	5.5%	6.4%
Excess Shares above 32.32% voting power which would not be issued	19,800	35,200	50,500	65,800	81,200	96,400	111,700
Notional cash consideration at \$0.35 per Share	\$6,930	\$12,320	\$17,675	\$23,030	\$28,420	\$33,740	\$39,095

- (c) *Identity, associates and qualifications of proposed Directors*
No new Directors are proposed.
- (d) *Intentions regarding the future of the Company*
No change to the current activities of the Company.
- (e) *The terms of the proposed acquisition*
See Sections 8.3 and 9.4 for the ratio of E72 Related Consideration Shares per Stiletto Share.
- (f) *Timing of the proposed acquisition*
The E72 Related Consideration Shares to be issued to the Brown Relevant Interest will be allotted on 26th September 2017 or as soon as practicable thereafter, but in any event, within three months after the holding of the Meeting.
- (g) *Reasons for the acquisition*
The Brown Relevant Interests are cornerstone investors in Stiletto, which E72 intends to acquire. The Independent Directors believe the acquisition provides an attractive opportunity to grow E72.
- (h) *Directors interests and recommendations*
Wayne Adsett and Richard Ochojski, the Independent Directors of E72, none of whom are allottees of the Related Consideration Shares and are eligible to vote their shareholdings, recommend that shareholders vote in favour of this Resolution.

- (i) *Independent Expert Report as to whether the issue of Shares is fair and reasonable*
 The Independent Directors of the Company have commissioned the Independent Expert to prepare a report on whether the issue of the Related Consideration Shares is fair and reasonable to the Shareholders not associated with the proposal. The Independent Expert Report is attached to this Explanatory Memorandum as Annexure 1.

The Independent Expert has concluded that the issue of the Related Consideration Shares is not fair but reasonable to Shareholders not associated with the proposal. Shareholders are urged to read the Independent Experts Report.

- (j) *Impact on the Company if Shareholders do not approve the issue of Shares*
 In the event that the Shareholders do not approve the issue of the E72 Related Consideration Shares, then Resolutions 6, 7 and 9 at this Meeting will fail (even if separately approved) since each Resolution 6, 7, 8 and 9 at this Meeting is contingent on the passage of each other. In this event, the Company will not acquire Stiletto, and will continue on its present path.

11. Approval of Selective Share Buy Back – Resolution 9

- 11.1 This resolution is subject to the passing of Resolutions 6, 7 and 8 and seeks approval to buy back and cancel 400,000 E72 Shares currently held by Stiletto (**Buy-Back**).
- 11.2 The Buy-Back is being undertaken for nil cash consideration and will only be effected if the Proposed Transaction is approved. This Resolution is required since E72 cannot otherwise acquire its own Shares from a single Shareholder (other than through a 10/12 on-market share buy back) without the approval of E72 Shareholders.
- 11.3 *Selective Share Buy-Backs*
 The Buy-Back is being undertaken by way of a selective share buy-back pursuant to section 257D of the Corporations Act.

Section 257A of the Corporations Act provides that a company may buy back its own shares if:

- the buy-back does not materially prejudice the company's ability to pay its creditors; and
- the company follows the procedures laid down in Division 2 of Part 2J.1 of the Corporations Act. Pursuant to section 257D(1) of the Corporations Act, a share buy-back must be approved by either:
 - a special resolution passed at a general meeting of the company, with no votes being cast in favour of the resolution by any person whose shares are to be bought back or by their associates; or

- a resolution agreed to, at a general meeting by all ordinary shareholders. Pursuant to section 257D(2) of the Corporations Act, the Company must include with this Explanatory Memorandum a statement setting out all information known to the Company that is material to the decision on how to vote on the buy-back resolution. However, the Company does not have to disclose information if it would be unreasonable to require the Company to do so because the Company has previously disclosed the information to Shareholders. Section 257H(3) provides that immediately after the registration of the transfer to a company of shares bought back, the shares are cancelled.
- Under section 257D(1)(a) of the Corporations Act, Stiletto and its Associates are not entitled to cast votes on Resolution 9. Any such votes will be disregarded.
- If the Buy-Back does not proceed, the shares in the Company held by Stiletto will not be bought back and cancelled, and Stiletto will remain a Shareholder of the Company.

11.4 *ASIC Regulatory Guide 110*

ASIC Regulatory Guide 110 sets out what ASIC expects a company to provide when disclosing such information to shareholders with a notice of meeting. This information is set out below.

11.4.1 *Details of the Buy-Back*

Pursuant to and in accordance with section 257D(2) of the Corporations Act and ASIC Regulatory Guide 110, the following information is provided in relation to the Buy-Back:

- As at the date of this Notice, the Company has 9,056,428 Shares on issue.
- The number of Shares subject to the Buy-Back is 400,000 or 4.4% of current E72 Shares.
- Since the Buy-Back will not be effected unless the Proposed Transaction is approved, using a Stiletto Exchange Ratio of 5.6377, E72 is expected to have 15,236,830 Shares on issue immediately prior to the Buy-Back, and so the Buy-Back represents 2.6% of the pre Buy-Back pro-forma Shares
- The Buy-Back will be undertaken for nil cash consideration as part of the acquisition of Stiletto.
- The reason for the Company undertaking the Buy-Back is that the Buy-Back is required since E72 cannot own Shares in itself, and the acquired company, Stiletto, owns 400,000 E72 Shares.
- The Buy-Back will reduce both the Financial Assets and Contributed Equity of the Company by approximately \$140,000 relative to the pro-forma pre Buy-Back position
- The Shares bought back from Stiletto will be cancelled pursuant to section 257H of the Corporations Act. This will reduce the total Shares on issue from a pro-forma estimated 15,236,830 (assuming a Stiletto Exchange Ratio of 5.6377) to 14,836,830.

- (h) The Buy-Back Shares represent 4.4% of the Company's issued Shares (based on the number of Shares on issue as at the date of the Notice) and 2.6% of the pro-forma issued Shares assuming a Stiletto Exchange Ratio of 5.6377
- (i) Table 5 in section 8.14 sets out the current issued share capital of the Company and the issued share capital of the Company in the event the Buy-Back is implemented. The Buy-Back cannot be implemented independently of the Proposed Transaction, since Resolutions 6, 7, 8 and 9 are interdependent.
- (j) Andrew Brown, a Director of E72, has a relevant interest in the Shares held by Stiletto by virtue of section 608(3)(a) of the Corporations Act as the Brown Relevant Interests have voting power in excess of 20% of Stiletto and he is a Director of Stiletto
- (k) The Directors consider that the main advantages for the Company and its Shareholders in approving the Buy-Back are that it is an essential component of the Proposed Transaction, the advantages for which are discussed in section 8.8.
- (l) The Directors consider that the main disadvantages for the Company and its Shareholders in approving the Buy-Back are that it is an essential component of the Proposed Transaction, the disadvantages of which are discussed in section 8.9

11.4.2 *Other material Information*

There is no other information known to the Company that is material to the decision as to how to vote on Resolution 9. No Director or Associate of a Director is participating in the Buy-Back.

11.5 *Board Recommendation*

The Independent Directors of E72, who are not associated with Stiletto, believe the Buy-Back proposed by Resolution 9 will not prejudice the Company's ability to pay its creditors.

Accordingly, the Independent Directors of E72, who have recommended the Proposed Transaction, and given that Resolution 9 is an integral part of the Proposed Transaction, recommend that Shareholders vote in favour of Resolution 9.



GLOSSARY OF TERMS

AGM	Annual General Meeting
Buy-Back	The selective Share buy back the subject of Resolution 9
Brown Relevant Interests	Relevant interests of Andrew John Brown as defined in Section 10.5 (a) and Sections 8.5.1 and 8.5.2
Company	East 72 Holdings Limited (ABN 85 099 912 044)
Consideration Shares	Shares of E72 to be issued to the Brown Relevant Interests and the Unrelated Vendors in exchange for their Stiletto Shares
Corporations Act	Corporations Act 2001 (Cth)
E72	East 72 Holdings Limited (ABN 85 099 912 044)
Meeting	Annual General Meeting
Member	A Holder of E72 Shares or their nominated proxy or corporate representative
Independent Directors	Wayne Adsett and Richard Ochojski
Independent Expert	Stantons International Securities
Key Management Personnel	The Directors of E72 being Wayne Adsett, Andrew Brown and Richard Ochojski
NSXA	National Stock Exchange of Australia or the financial market operated by NSX Limited, as the context requires
NSXA Listing Rules	A Listing Rule of the NSXA
NTAPT	Net Tangible Assets after all tax liabilities (including on realised and unrealised gains on listed shares and derivatives)
Prior Issue of Shares	A placement of 756,428 Shares made on 6 March 2017 and 15 March 2017 which are the subject of Resolution 4
Prohibited Persons	Key Management Personnel
Professional and Sophisticated Investors	Investors within the definition in Sections 708(8) or 708(11) of the Corporations Act
Proposed Issue of Shares	A proposed issue of up to 10,000,000 Shares to be made within three months of the end of the Meeting which are the subject of Resolution 5
Proposed Transaction	The proposed acquisition of Stiletto, the subject of Resolution 6
Related Consideration Share	A Share of E72 to be issued to the Brown Relevant Interests in exchange for their holding of Stiletto Shares
Share	An ordinary share in E72
Share Purchase Agreement	An agreement between the holders of Stiletto Shares and E72
Shareholders	Holders of E72 Shares
Stiletto	Stiletto Investments Pty Limited (ACN 003 384 754)
Stiletto Exchange Ratio	The number of E72 Shares to be exchanged for each Stiletto Share as described in Sections 8.3 and 9.4
Stiletto Share	A voting or non-voting Share of Stiletto
Unrelated Consideration Share	A Share of E72 to be issued to the Unrelated Vendors in exchange for their holding of Stiletto Shares
Unrelated Vendors	Owners of Stiletto Shares who are not part of the Brown Relevant Interests

Note: In the notice of Meeting and Explanatory Memorandum, unless the context otherwise requires, the above terms have the meaning set opposite them.

ANNEXURE 1

INDEPENDENT EXPERT'S REPORT

**This document forms
an essential part
of the
Notice of Meeting
and
Explanatory Memorandum**

for the meeting to be held on
Monday 25th September 2017 at
10.30am

21 August 2017

The Directors
East 72 Holdings Limited
Suite 12, 120 Bourke Street
WOOLLOOMOOLOO NSW 2011

The Independent Expert has concluded that the transactions related to the issue of Consideration Shares, in E72 (as consideration for the Acquisition of Stiletto to the Vendors, the subject of Resolution 6 (and Resolution 8 as it relates to the interests of Andrew Brown) as outlined in the Notice of General Meeting are not fair but reasonable to the shareholders of the Company (not associated with the Stiletto Shareholders, including the interests of Andrew Brown) as at the date of this report.

Dear Sirs

Re: EAST 72 HOLDINGS LTD (ABN 099 912 044) (“E72” OR ‘THE COMPANY’) ON THE PROPOSAL TO ISSUE ORDINARY SHARES (“CONSIDERATION SHARES) AS CONSIDERATION TO ACQUIRE 100% OF STILETTO INVESTMENTS PTY LTD (“STILETTO”) - SHAREHOLDERS’ MEETING PURSUANT TO THE NATIONAL SECURITIES EXCHANGE (“NSX”) LISTING RULE 6.43 AND IN THE CASE OF THE INTERESTS OF ANDREW BROWN A DIRECTOR OF E72, THE ISSUE OF SECURITIES PURSUANT TO SECTION 611 (ITEM 7) OF THE CORPORATIONS ACT 2001 AS WELL AS THE NSX LISTING RULE 6.43

1. Introduction

1.1 The Company is to acquire 100% of the issued capital of Stiletto on the basis of issuing shares in E72 on a net tangible assets post-tax basis (“NTA”). Based on estimated 30 June 2017 NTA’s of E72 of around 35 cents and Stiletto NTA of around \$1.9732 (unaudited), the scrip for scrip issue will be on an approximate 5.637714286 to 1 basis (approximately 5.637714286 E72 shares for every one (1) Stiletto share). However, the actual ratio may vary if the NTA’s for both E72 and Stiletto vary at date of settlement of the acquisition of Stiletto by E72.

If the proposed acquisition of Stiletto is consummated, it is intended to issue the equivalent number of E72 shares at E72’s NTA per Share calculated at the close of business of international markets on 12 September 2017, to equate to Stiletto’s NTA per Share. An announcement to NSX of each of E72 and Stiletto’s NTA will be made on 13 September in time to assist Shareholders with their deliberations.

1.2 The proposal to acquire Stiletto is known in this report as the Acquisition. Further details are to be outlined in the Notice of Meeting of Shareholder (“Notice”) and the accompanying Explanatory Memorandum to Shareholders (“EM”).

Stiletto runs a similar business to E72, that of an investment company.

1.3 There are 13 classes of shares in Stiletto for a total of 1,096,263 shares being:

- 36,000 ordinary shares;
- 158,960 Class A Shares;
- 73,615 Class B Non-Voting Shares;
- 4,593 Class C Non-Voting Shares;
- 235,253 Class D Non-Voting Shares;
- 44,469 Class E Non-Voting Shares;
- 7,186 Class F Non-Voting Shares;
- 37,000 Class L Non-Voting Shares;
- 31,915 Class M Non-Voting Shares;
- 76,688 Class P Non-Voting Shares;
- 84,857 Class R Non-Voting Shares;
- 273,723 Class S Non-Voting Shares; and
- 32,004 Class T Non-Voting Shares

However, as agreed between the parties, all shares are to be treated equally (notwithstanding non-voting rights) and E72 will only issue ordinary Consideration Shares to all classes of Stiletto shareholders under the scrip for scrip offer (based on net tangible assets of both E72 and Stiletto to determine the final ratio).

There are 9,056,428 shares in E72 as at 30 June 2017 of which 400,000 are owned by Stiletto. Stiletto owns 400,000 shares in E72 (deemed to be related to Andrew Brown) and thus if the Acquisition proceeds, such shares in E72 will be cancelled and the number of E72 shares on issue using the above ration may approximate 14,836,830.

Based on the 1,096,263 shares on issue in Stiletto and using the net tangible asset ratio between E72 and Stiletto of approximately 5.37714286, results in a total of 6,180,402 Consideration Shares to be issued by E72 of which approximately 3,167,187 Consideration Shares will be issued by E72 to the interests of Andrew Brown to take his shareholding interest in E72 to approximately 4,795,758 (approximately 33.32% of the expanded issued capital of E72).

However, it has been agreed that the interests of Brown post the Acquisition (of Stiletto) will be limited to 32.32% and a cash payment will, if necessary be made to the interests of Andrew Brown if the final ratio is different and under normal circumstances further shares would have been issued to such interests.

1.4 Under Section 606 of TCA, a person must not acquire a relevant interest in issued voting shares in a company if because of the transaction, that person's or someone else's voting power in the company increases:

- (a) from 20% or below to more than 20%; or
- (b) from a starting point that is above 20% and below 90%.

Under Section 611 (Item 7) of TCA, section 606 does not apply in relation to any acquisition of shares in a company approved by resolution passed at a general meeting at which no votes were cast in favour of the resolution by the acquirer or the disposer or their respective associates. An independent expert is required to report on the fairness and reasonableness of the transaction pursuant to a Section 611 (Item 7) meeting.

1.5 On completion of the Acquisition, the interests of Andrew Brown (a Director and substantial shareholder of E72) and a Director and substantial shareholder of Stiletto could increase his relevant interest in E72 from approximately 22.4% of the current issued capital of E72 to approximately 32.32% (but as noted above, it has been agreed that the interests of

Andrew Brown post the Acquisition will be limited to 32.32% and a cash payment will, if necessary be made to the interests of Brown if the final ratio is different and under normal circumstances further shares would have been issued to such interests).

If a shareholder increases its shareholding in a public company by greater than 3% every six months, then shareholders' approval is required.

Furthermore, under NSX Listing Rule 6.43, shareholders' approval is required if a company or a child entity acquires a substantial asset from, inter-alia a related party or a person with voting power of at least 10% of the voting securities of the issuer. Andrew Brown is deemed a related party of E72 and a person with voting power of at least 10% of the voting securities of E72.

The current interests of all Stiletto shareholders (including the interests of Andrew Brown and other non-related shareholders of Stiletto) in E72 as at 30 June 2017 totals 3,488,571 (approximately a 38.52% shareholding). On completion of the Acquisition, and using the above Consideration Ratio (may alter on settlement), the interests of the Stiletto shareholders in E72 may approximate 9,268,973 shares or approximately 62.47% of the expanded issued capital of E72.

- 1.6 We have been requested by the Directors of E72 to prepare an Independent Expert's Report to determine the fairness and reasonableness of the proposals as noted in Resolution 6 (that in effect refers to the issue of Consideration Shares in E72 to acquire 100% of the share capital of Stiletto as noted above) and referred to in the Notice and the EM attached to the Notice to be forwarded to shareholders in August 2017 for a shareholders meeting planned for September 2017.

In addition, some of the Consideration Shares to be issued by E72 are to be issued to the interests of Andrew Brown pursuant to NSX Listing Rule 6.43. Resolution 8 also refers to the issue of Consideration Shares to the interests of Andrew Brown. Our opinion also reports on the fairness and reasonableness of the proposal to issue Consideration Shares to the interests of Andrew Brown. Resolution 7 refers to the issue of Consideration Shares to the non-related shareholders of Stiletto (as part of the Consideration Shares to be issued as a result of acquiring 100% of Stiletto as noted in Resolution 6).

- 1.7 There are 9 resolutions being put to the shareholders.

- Resolution 1 refers to the adoption of the Remuneration Report for the year ended 30 June 2017;
- Resolution 2 relates to increasing the directors' fees payable by the Company;
- Resolution 3 relates to the re-election of Richard Ochojski as a director of E72;
- Resolution 4 relates to the ratification of 756,428 shares issued in March 2017;
- Resolution 5 relates to the proposed issue of up to 10,000,000 shares in the Company at a minimum of 3.5 cents per share;
- Resolutions 6, 7 and 8 relates to the acquisition of Stiletto and the issue of Consideration Shares; and
- Resolution 9 relates to the cancellation of 400,000 shares in E72 currently held by Stiletto.

Resolutions 6 to 9 are inter-dependent of each other and all such resolutions must be passed to effect the Acquisition. In order to report on the fairness and reasonableness of Resolution 6 and 8, we need to take into account the proposals as outlined in Resolutions 7 and 9.

We are not reporting on the merits or otherwise of Resolutions 1 to 5 and technically Resolutions 7 and 9.

1.8 Apart from this introduction, this report considers the following:

- Summary of opinion
- Implications of the proposal with Stiletto Shareholders
- Corporate history and nature of business of E72 and Stiletto
- Future direction of E72
- Basis of valuation of E72 shares
- Preferred valuation method for valuing a E72 share
- Premium for control
- Basis of valuation of Stiletto
- Fairness of the Acquisition
- Conclusion as to fairness
- Reasonableness of the Acquisition
- Conclusion as to reasonableness
- Shareholders decision
- Sources of information
- Appendix A and our Financial Services Guide

1.9 In determining the fairness and reasonableness of the acquisition of the shares in Stiletto, we have had regard for the definitions set out by the Australian Securities and Investments Commission (“ASIC”) in its Regulatory Guide 111, “Content of Expert Reports”. Regulatory Guide 111 states that an opinion as to whether an offer is fair and/or reasonable shall entail a comparison between the offer price and the value that may be attributed to the securities under offer (fairness) and an examination to determine whether there is justification for the offer price on objective grounds after reference to that value (reasonableness).

The concept of “fairness” is taken to be the value of the offer price, or the consideration, being equal to or greater than the value of the securities in the above-mentioned offer. Furthermore, this comparison should be made assuming 100% ownership of the “target” and irrespective of whether the consideration is scrip or cash.

An offer is “reasonable” if it is fair. An offer may also be reasonable, if despite not being fair, there are sufficient grounds for security holders to accept the offer in the absence of any higher bid before the close of the offer. Although in this case the proposed Acquisition of Stiletto is not a takeover offer, we have considered the general principals noted above to determine our opinions on fairness and reasonableness.

1.10 In our opinion, the proposals to acquire all of the shares in Stiletto as outlined in above and issue Consideration Shares as noted in Resolutions 6 to 8 and after taking into account the factors referred to in section 12 below and elsewhere in this report, be considered to be not fair but reasonable to the shareholders of E72 (not associated with the Stiletto Shareholders, including the interests of Andrew Brown) as at the date of this report.

A summary of the minority value per share as stated on paragraph 9.3 is set out below.

Net assets at fair values pre-Acquisition	3,169,920
Cancellation of 400,000 shares in E72	(140,000)
Value of Stiletto	<u>2,163,176</u>
Total post Acquisition Value	<u>5,193,096</u>

Number of ordinary shares on issue	14,836,830
Net asset value per share (cents)	35.001
Minority interest discount	16.67%
Minority value per share (cents)	29.167

1.11 The opinions expressed above must be read in conjunction with the more detailed analysis and comments made in this report.

2. **Implications of the Proposals with Stiletto Shareholders**

2.1 As at 25 July 2017, there are 9,056,428 ordinary fully paid shares on issue in E72. The top 20 shareholders list as at 17 July 2017 discloses the following:

Shareholder Group	No. of fully paid shares	% of issued fully paid shares
The Andrew Brown Group (including Stiletto owning 400,000 shares)	2,208,571	22.40
The Stanway Brothers (not deemed associates of each other)	729,428	8.05
The Rayner Group	647,429	7.15
The Roberts Group	528,000	5.83
	<u>4,113,428</u>	<u>43.43</u>

2.2 The top 20 shareholders as per the top 20 shareholders list at 17 July 2017 owned approximately 67.286% of the ordinary issued capital of the Company, however as at 10 July 2017, the top 20 owned approximately 76.61%. It is possible that some shareholders named in the Top 20 list have other shareholdings in E72 but are outside the Top 20 list.

2.3 The movement in the issued capital of the Company on the basis of the Acquisition proceeding based on the above net tangible asset ratio may be:

	Number
Shares on issue as at 25 July 2017	9,056,428
Less: Cancellation of 400,000 shares	(400,000)
Issue of Consideration Shares	<u>6,180,402</u>
Ordinary shares on Issue post -Acquisition	14,836,830
Exercise of existing Share Options	<u>200,000</u>
Shares on issue after exercise of existing Share Options	<u>15,036,830</u>

A summary of the potential percentage interests of the Stiletto Shareholder, including the interest of Andrew Brown are outlined in Sections 1.3 and 1.5 of this report and section 8 of the EM.

It has been agreed that the interests of Andrew Brown post the Acquisition will be limited to 32.32% and a cash payment will, if necessary be made to the interests of Brown if the final ratio is different and under normal circumstances further shares would have been issued to such interests. The possible cash effect of this is outlined in Table 14, Section 10 of the EM, using various ratios to calculate the number of Consideration Shares to be issued.

The actual ratio to calculate the number of Consideration Shares to be issued to the Stiletto Shareholders may alter as it is based on the net tangible assets value per share of both companies. If the proposed acquisition of Stiletto is consummated, it is intended to issue the equivalent number of E72 shares at E72's NTA per Share calculated at the close of business of international markets on 12 September 2017, to equate to Stiletto's NTA per Share. An announcement to NSX of each of E72 and Stiletto's NTA will be made on 13 September in time to assist Shareholders with their deliberations.

The range of the ratio that may be used, may fall in the range of approximately 5.5555 (net tangible assets assumed to be 36 cents for E72 and \$2.00 for Stiletto) (first ratio) and 5.7942 (net tangible assets assumed to be 35.0 cents for E72 and \$2.02 for Stiletto) (second ratio) (but could still be different) depending on the final net tangible asset ratio. Using the above ranges and be allowing for the cancellation of the 400,000 shares held by Stiletto in E72, the number of shares on issue may fall in the range of 14,747,717 and 14,920,476 (normally would 15,008,395 but is reduced by 87,919 shares due to limiting the interests of Andrew Brown to a maximum of 4,749,579 shares). The above range is an assumption by us using prior months net assets of both companies but as at 30 June 2017, the ratio was approximately 5.377.

It has been agreed that the interests of Andrew Brown post the Acquisition will be limited to 32.32% and a cash payment will, if necessary be made to the interests of Andrew Brown if the final ratio is different and under normal circumstances further shares would have been issued to such interests.

The interest of Andrew Brown may be 4,749,579 (approximately 32.21%) on the first ratio but as noted the maximum number of Consideration Shares to be issued to the interests of Andrew Brown is 4,795,748 (approximately 32.14%). Based on the example of the second ratio, the interests of Brown would have received 4,883,677 E72 shares but as limited to 4,795,758 shares, the "shortfall in shares" of 87,919 will be settled with a cash payment to the interests of Andrew Brown of \$30,771 (at 35 cents each). The final cash payment, if required may well differ, but would not be expected to be materially different to the \$30,771 as noted above. Table 14 of Section 10 of the EM refers to various other scenarios of cash that may be paid to the Interests of Andrew Brown depending on the final consideration ratio.

There are 200,000 existing share options outstanding in E72, exercisable at 35 cents each, on or before 30 April 2021. 50,000 share options are held by Wayne Adsett and Richard Ochojski and 100,000 share options are held by Andrew Brown (all directors of E72).

2.4 The current Board of Directors is not expected to change in the near future as a result of the Acquisition. The current Directors of E72 at the date of this report are Wayne Adsett, Andrew Brown and Richard Ochojski.

2.5 Stiletto will become a wholly owned subsidiary of E72.

3. **Corporate History and Nature of Businesses of E72 and Stiletto**

E72

3.1 Principal Activities and Significant Assets

E72 is an investment company listed on the NSX and has a number of changes of name and business activities. In 2014, the Company (then called Australian Premier Finance Holdings Limited) sold its subsidiary, Australian Premier Finance Company Pty Ltd which operated a finance business. In April 2016, the Company changed its name to East 72

Holdings Limited, and commenced an investment operation through its subsidiary East 72 Investments Pty Ltd (“E72IPL”) in May 2016. The Company has operated as an investment company since 2016. The last capital raising of E72 was in March 2017 at 35 cents per share to raise a gross \$2,364,750.

As noted in the 2016 annual report, E72 via its subsidiary, E72IPL undertakes the following operations:

Quote from the 2016 Annual Report

“Stock index futures, index contracts for difference (CFD’s), currency and commodity and other derivatives;

- Listed equities in Australia;
- Selected listed equities overseas;
- CFD’s or other exposures in non-Australian companies; and
- Short sale exposures to selected Australian and overseas companies through CFD’s and physical short-sales.

These retail products - such as margin lending and CFD platforms and products – enable us to replicate a “professional” hedge fund, at least in our particular sphere of interest – “equity and equity hedge”. We have no need to employ a prime broker. The leading providers of these retail products – particularly CFD providers - are game-changers in the finance world; in theory, anyone can gain exposure to a myriad of listed securities on any major exchange, can hedge the currency exposure should they so choose, and can do so with gearing or leverage – the use of borrowed funds – in addition to subscribed equity. Such gearing comes as a double-edged sword – the ability to enhance return but also to expunge capital in a rapid fashion. E72IPL’s leverage comes in two forms:

- Conventional financial leverage
- Synthetic leverage

Conventional leverage is where we borrow money against an existing portfolio of shares, which is used to acquire further shares. This is achieved through conventional margin lending, which is done on a mortgaged basis. This is important to note, so that our shares cannot be used by the lender as financing for themselves, and be spirited away from our ownership. The shares are registered in our name, not a nominee. This is not an “Opes Prime” type arrangement.

Synthetic leverage arises from the use of products such as futures and CFD’s whereby we are only required to pay an initial margin to control a larger contract sized exposure. The margins vary from a skinny 0.5% in the case of currencies and large indices, up to 40-50% in the case of equity CFD’s. As a guide, most Top 20 equity CFD’s in the Australian market can be acquired with only 5% margin and so can be leveraged 19x. We are assiduous in ensuring that the co-mingling of our funds with the CFD provider does NOT occur. This is not an “MF Global” type arrangement (we hope).

E72IPL limits the overall level of debt (financial and synthetic) to a maximum of five times equity, meaning that E72IPL could hold gross exposures of six times its equity value. Gross exposures are the total value of long positions AND short positions”.

End of quote

Stiletto

- 3.2 Stiletto was incorporated in NSW on 28 September 1987 and has had a number of name changes since being incorporated. Stiletto after initially being owned by the interests of Andrew Brown has introduced new investors to raise additional capital. It operates in the same business environment of E72, namely investments (including investments in public listed companies, share trading and margin call operations).

Further details are outlined in the EM attached to the Notice and announcements made by E72 since July 2016 and to the date of this report. All shareholders should read the EM before voting on Resolutions 6 to 8 (and all other resolutions).

- 3.3 A summary unaudited 30 June 2017 statement of financial position of the Stiletto is disclosed in section 5 of this report.

4. Future Directions of E72

- 4.1 We have been advised by the directors and management of E72 that:

- There are no proposals currently contemplated either whereby E72 will acquire any further assets from the shareholders of Stiletto (however E72 will issue Consideration Securities to the Stiletto Shareholders as outlined above in relation to the Acquisition) or where E72 will transfer any of its property or assets to the Stiletto Shareholders;
- The Company will cancel the 400,000 shares held by Stiletto in E72 immediately on completing the Acquisition (of Stiletto);
- The composition of the Board is not expected to change in the short term; and
- No dividend policy has been set.

5. Basis of Valuation of E72 Shares

5.1 Shares

- 5.1.1 In considering the proposal to acquire all of the shares in Stiletto (and the business of Stiletto), we have sought to determine if the considerations payable by E72 to the Stiletto Shareholders are fair and reasonable to the existing non-associated shareholders of E72.

- 5.1.2 The offer would be fair to the existing non-associated shareholders if the value of the shares in Stiletto acquired by E72 is greater than the implicit value of the Consideration Shares (ordinary shares) being offered as consideration. Accordingly, we have sought to determine a theoretical value that could reasonably be placed on E72 shares for the purposes of this report.

- 5.1.3 The valuation methodologies we have considered in determining a theoretical value of a E72 ordinary share are:

- Capitalised maintainable earnings/discounted cash flow;
- Takeover bid - the price at which an alternative acquirer might be willing to offer;
- Adjusted net asset backing and windup value; and
- The market price of E72 shares

5.2 Capitalised maintainable earnings and discounted cash flows.

- 5.2.1 E72 made a loss of \$111,071 for the year ended 30 June 2016 and a profit of \$197,437 for the year ended 30 June 2017 and as at that date has accumulated losses of \$158,184. As the

E72 Group only commenced investment operations late in the year ended 30 June 2016 and future results (post 30 June 2017) may vary widely from the results for the year ended 30 June 2017, we have considered these methods of valuation not to be relevant for the purpose of this report. Investment companies are normally valued based on net tangible assets due to the uncertainty of future earnings.

5.3 Takeover Bid

5.3.1 It is possible that a potential bidder for E72 could purchase all or part of the existing shares, however no certainty can be attached to this occurrence. To our knowledge, there are no current bids in the market place and the directors of E72 have formed the view that there are unlikely to be any takeover bids made for E72 in the immediate future. However, if the agreements to acquire the shares in Stiletto are completed, the collective shareholdings of the Stiletto Shareholders may exceed 20% and a range of percentages are outlined above.

5.4 Adjusted Net Asset Backing

5.4.1 We set out below an unaudited consolidated balance sheet (statement of financial position) of the E72 Group (Balance Sheet "A") as at 30 June 2017.

In addition, we disclose a pro-forma consolidated Balance Sheet "B" assuming the following:

- The acquisition of all of the shares in Stiletto by way of an issue of 6,180,402 Consideration Shares at a deemed issue price of approximately 35 cents per share for a total share ordinary share consideration of \$2,163,176 (equal to the fair value of the net assets of Stiletto);
- The cancelation of 400,000 shares held by Stiletto in E72 at a deemed cost of \$140,000.

In addition, we disclose a summary unaudited consolidated statement of financial position of Stiletto as at 30 June 2017.

	Audited 30 June 2017 E72 Group \$ "A"	Unaudited Pro-forma 30 June 2017 E72 Group (including Stiletto) \$ "B"	Unaudited Stiletto 30 June 2017 \$
Current Assets			
Cash assets	968,628	990,967	22,339
Trade and other receivables/prepayments	374	6,921	6,547
Financial assets	7,126,528	14,520,495	7,533,967
Total Current Assets	8,095,530	15,518,383	7,562,853
Non-Current Assets			
Intangibles	-		
Deferred tax asset	6,265	6,265	-
Total Non-Current Assets	6,265	6,265	
Total Assets	8,101,795	15,524,648	7,562,853

	Audited 30 June 2017 E72 Group \$ "A"	Unaudited Pro-forma 30 June 2017 E72 Group (including Stiletto) \$ "B"	Unaudited Stiletto 30 June 2017 \$
Current Liabilities	24,593	49,593	25,000
Trade and other payables			
Financial liabilities	321,975	321,975	-
Financial derivative liabilities, including margin loans	4,534,004	9,754,028	5,220,024
Income tax	-	105,201	105,201
Total Current Liabilities	4,880,572	10,230,797	5,350,225
Non-Current Liabilities			
Deferred tax liabilities	51,303	100,755	49,452
Total Non-Current Liabilities	51,303	100,755	49,452
Total Liabilities	4,931,875	10,331,552	5,399,677
Net Assets	3,169,920	5,193,096	2,163,176
Equity			
Issued Capital			
Option reserve	3,284,824	5,308,000	1,096,263
Reserves	43,280	43,280	758,989
Accumulated Losses	(158,184)	(158,184)	307,924
Total Equity	3,169,920	5,193,096	2,163,176
Number of shares on issue	9,056,428	14,836,830	1,096,263
Net asset backing per share (cents)	35.001	35.001	197.322

The net asset (book value) backing per fully paid (pre-Acquisition) ordinary E72 share as at 30 June 2017 based on the unaudited balance sheet (Balance Sheet "A") and 9,056,428 ordinary shares on issue is approximately 35.001 cents.

Based on the unaudited pro-forma consolidated net asset book values post the Acquisition of Stiletto results in 14,836,841 shares on issue in Stiletto and this equates to a value per fully paid ordinary share of approximately 35.001 cents per ordinary share (ignoring the value, if any, of non-booked tax benefits).

In the event that E72 was required to pay the Interests of Andrew Brown the sum of \$30,772 (refer above), the pro-forma cash at bank assets and net would reduce by \$30,772 (the net assets would be \$5,162,324). The number of shares on issue would reduce to 14,748,911 and the net asset backing per share would remain the same (35.001cents).

5.4.2 We have accepted the E72 amounts as disclosed for all current assets, non-current assets and all liabilities. We have been advised by the management of E72 that they believe the carrying value of all current assets, non-current assets and liabilities at 30 June 2017 are fair and not materially misstated.

5.4.3 We note that the market is regularly informed on the operations of the E72 Group. We also note it is not the present intention of the Directors of E72 to liquidate the Company and therefore any theoretical value based upon wind up value or even net book value (as adjusted), is just that, theoretical. The shareholders, existing and future, must acquire

shares in E72 based on the market perceptions of what the market considers a E72 share to be worth.

- 5.4.4 The market has either generally valued the vast majority of small cap companies at significant discounts or premiums to appraised technical values and this has been the case for a number of years although we also note that the market is kept fully informed of the activities of the Company.

5.5 Market Price of E72 Fully Paid Ordinary Shares

- 5.5.1 Since reconstructing and entering into investment activities in 2016, there has been only one trade in E72 shares on the NSX and this occurred on 7 June 2017 at 35.0 cents each. As noted above, in March 2017, the Company issued shares at 35.0 cents each.

There was virtually no trading (except 7 June 2017) of the E72 shares before the announcement of the proposed Acquisition.

Due to the minimal volumes (no Deep Market exists), we have considered that the listed share price methodology is not the most appropriate methodology to use in this instance. Investment companies are normally valued based on net tangible assets due to the uncertainty of future earnings and often a discount is applied by investors to the net tangible asset value per share (and discount can fall in the range of 5% to 20% and can be outside such range). Large listed investment companies may occasionally trade on a recognised securities exchange at a modest premium. Due to the size of E72, it would not be expected that share would be traded in E72 above net asset backing per share.

6. Preferred valuation method of valuing a E72 Share

- 6.1 In assessing the fair value of E72 and a E72 ordinary share pre-the Acquisition, we have selected the net assets on a going concern methodology as the preferred methodology as:

- E72 does not generate reliable profits (although a profit was noted for the year ended 30 June 2017) and no forecasts of future profits and cash flow are made. Therefore, the capitalisation of future maintainable earnings and discounted future cash flows are not appropriate; and
- Although the shares of E72 are listed, as there has been only one share trade on NSX and it is arguably inappropriate to use one market share price to value the Company and the shares in the Company for the purposes of this report.

- 6.2 As stated at paragraph 5.4.1 we have assessed the value of a E72 ordinary share prior to the proposed Acquisition on a net asset basis on a going concern basis as 35.001 cents.

- 6.3 The future value of a E72 share will depend upon, inter alia:

- * the future success of the business activities of Stiletto being obtained via the Acquisition of all of the shares in Stiletto;
- * the state of Australian and overseas stock markets;
- * the strength and performance of the Board and management and/or who makes up the Board and management;
- * Foreign exchange rates;
- * general economic conditions;
- * the liquidity of shares in E72; and
- * the success of the current business activities of the E72 Group.

7. Premium for Control

- 7.1 Premium for control for the purposes of this report, has been defined as the difference between the price per share, which a buyer would be prepared to pay to obtain or improve a controlling interest in the Company and the price per share which the same person would be required to pay per share, which does not carry with it control or the ability to improve control of the Company.
- 7.2 Under the Corporations Act 2001 (“TCA”), control may be deemed to occur when a shareholder or group of associated shareholders control more than 20% of the issued capital. In this case, collectively the Stiletto Shareholders collective shareholding interest will be well over 20%.
- 7.3 It is generally accepted that premium for control may vary from nil to 40% or more depending on many different factors including the nature of the business, the financial position of a company, and shareholding percentages. Taking into consideration the current shareholdings of the existing Stiletto Shareholders in E72 (including the shareholding interests of Andrew Brown) and that Andrew Brown is the executive director of E72 and in conjunction with the other two directors of E72 makes all significant decisions involving the operations of E72, it is our view that a control premium of 20% is reasonable.
- 7.4 Our preferred methodology is to value E72 and a E72 share on a technical net asset basis which assumes a 100% interest in the Company. Therefore, no adjustment is considered necessary to the technical asset value determined under paragraph 5.4.1 as this already represents the fair value of the Company or a share in the Company on a pre-Proposed Transactions (Acquisition) control basis.
- 7.5 We set out below the comparison of the book value of a E72 share compared to the potential issue price for ordinary Consideration Shares based on NSX share prices in July 2015 and to 9 February 2017.

	Para.	(cents)
Estimated fair value of a E72 ordinary share	6.2	35.001
Issue price of the ordinary Consideration Shares		<u>35.001</u>
Excess/(shortfall) between Issue Price and fair value		<u>NIL</u>

On a pre-Acquisition control basis, the book value (not market value based on NSX share trades) of a E72 share approximates 35.001 cents per share.

- 7.6 The deemed value of the Ordinary Share Consideration may be made up of:

6,180,402 Consideration Shares	<u>\$2,163,176</u> (at 35.01 cents)
Total Deemed Ordinary Share Consideration	<u>\$2,163,176</u>

8. **Value of Consideration**

8.1 Based on the pre-announcement assessed preferred fair value of an ordinary share in E72 (not the NSX share price), the ordinary post consolidated ordinary share consideration would be:

6,180,402 Consideration Shares	<u>\$2,163,176</u>
Assumed share issue price based on assessed fair value (paragraph 6.2)	<u>35.001 cents</u>

We have excluded the indirect costs and legal and other fees.

9. **Fairness of the proposals with the Stiletto Shareholders**

9.1 In arriving at our conclusion on fairness, we considered whether the transaction is “fair” by comparing:

- (a) the fair market value of a E72 share pre-transaction on a control basis; versus
- (b) the fair market value of a E72 share post-transaction on a minority basis, taking into account the associated dilution resulting from the issue of new ordinary shares (Consideration Shares) under the proposed Acquisition (refer below).

9.2 The preferred value of a E72 share **pre-the Proposed Acquisition on a control basis** as noted in paragraph 6.2 is 35.001 cents.

9.3 As noted above, we have set out above the estimated technical net asset values of E72 based on Pro-Forma Balance Sheet A as detailed in paragraph 5.4.1 and after adjusting for the following transactions:

- The acquisition of all of the shares in Stiletto by way of an issue of 6,180,402 Consideration Shares at a deemed issue price of approximately 35 cents per share for a total share ordinary share consideration of \$2,163,176 (equal to the fair value of the net assets of Stiletto);
- The cancellation of 400,000 shares held by Stiletto in E72.

	\$
Net assets at fair values pre-Acquisition	3,169,920
Cancellation of 400,000 shares in E72	(140,000)
Value of Stiletto	<u>2,163,176</u>
Total post Acquisition Value	<u>5,193,096</u>
Number of ordinary shares on issue	14,836,830
Net asset value per share (cents)	35.001
Minority interest discount	16.67%
Minority value per share (cents)	29.167

In the event that all outstanding share options were exercised at 35.0 cents each to raise a gross \$70,000 and ignoring results post 30 June 2017, the adjusted net assets would increase to approximately \$5,263,096 and the number of shares on a fully diluted basis would be 15,036,830 and the minority interest in a E72 share would approximate 29.168 cents.

The above figures are based on the net assets of both the E72 Group and Stiletto and may alter if the net assets alter that affect the number of Consideration Shares to be issued to the Stiletto Shareholders and E72 issues shares pursuant to Resolution 5 as noted above and in the Notice and EM.

- 9.4 In order to reflect the minority interest value we have applied a minority interest discount to the technical net asset value. The minority interest discount has been calculated as the inverse of the premium for control of 20% as discussed in paragraph 7.3.
- 9.5 Using the preferred net asset fair values, the estimated fair value of a E72 share pre-the Proposed Acquisition of Stiletto on a control basis (35.001 cents) is less than the estimated fair value of a E72 share post the proposals on a minority basis (29.167 cents and 29.167 cents on a fully diluted basis). However, there is no change in net asset backing per share pre and post the Proposed Acquisition of Stiletto.

There is no change to our conclusion on fairness in the event that a small cash payment was required to be made to the Interests of Andrew Brown.

10. **Basis of Valuation of Stiletto**

- 10.1 The usual approach to the valuation of an asset is to seek to determine what an informed, willing but not anxious buyer would pay to an informed, willing but not anxious seller in an open market.
- 10.2 Completion of the Acquisition is conditional on all necessary due diligence being successfully completed on the Stiletto and its business. We advise that we have not undertaken any further steps to ascertain ownership of the Stiletto Business.
- 10.3 The usual approach to the valuation of an asset is to seek to determine what an informed, willing but not anxious buyer would pay to an informed, willing but not anxious seller in an open market. To estimate the fair market value of Stiletto, we have considered valuation methodologies recommended by ASIC Regulatory Guideline 111 regarding valuation reports of independent experts and common market practice. These are discussed below.
- 10.4 Market based methods

Market based methods estimate a company's fair market value by considering the market price of transactions in its shares or market value of comparable companies. Market based methods include:

- Capitalisation of maintainable earnings; discounted cash flows and multiples of EBITDA or EBIT;
- Analysis of a company's recent share trading history; and
- Industry specific methods.

The capitalisation of maintainable earnings methods estimates fair market value based on the company's future maintainable earnings and an appropriate earnings multiple. An appropriate earnings multiple is derived from market transactions involving comparable companies. The capitalisation of maintainable earnings is appropriate where the company's earnings are relatively stable. The most recent share trading history provides evidence on the fair market value of the shares in a company where they are publicly traded in an informed and liquid market. Industry-specific methods estimate market value using rules of thumb for a particular industry. Generally, rules of thumb provide less persuasive evidence on market value of a company, since they may not account for company-specific factors.

10.5 Discounted cash flow method

The discounted cash flow method estimates market value by discounting a company's future cash flows to their present value. This method is appropriate where a projection or forecast of future cash flows can be made with a reasonable degree of confidence. The discounted cash flow method is commonly used to value early stage companies or projects with a finite life.

10.6 Asset-based methods

Asset-based methods estimate the market value of a company's shares based on the realisable value of its identifiable net assets. Asset-based methods include:

- Orderly realisation of assets method;
- Liquidation of assets method; and
- Net asset on a going concern basis.

The orderly realisation of assets method estimates fair market value by determining the amount that would be distributed to shareholders, after payment of all liabilities, including realisation costs and taxation charges that arise, assuming the company is wound up in an orderly manner. The liquidation method is similar to the orderly realisation of assets method except the liquidation method assumes the assets are sold in a shorter timeframe. Since winding up or liquidation of the company may not be contemplated, these methods in their strictest form may not necessarily be appropriate. The net assets on a going concern basis, estimates the market values of the net assets of the company but does not take account of realisation costs.

These approaches ignore the possibility that the company's value could exceed the realisable value of its assets. Asset-based methods are appropriate when companies are not profitable or a significant proportion of a company's assets are liquid.

10.7 Selection of Valuation Methodologies

In this section, we consider the valuation of Stiletto. We have considered the valuation of Stiletto in assessing whether or not the proposals outlined in Resolutions 6 and 8 (and Resolution 7) is fair and reasonable for E72's non-associated shareholders. In forming our opinion on the value of Stiletto we have considered the appropriateness of the valuation methodologies available as noted above.

Capitalisation of maintainable earnings and discounted cash flows are not appropriate for the same reasons outlined above in relation to E72. Recent share trading is not applicable as Stiletto is a private company. An asset-based method in the current circumstances may be the most appropriate valuation methodology to use. The book values of the Stiletto as at 30 June 2017 is noted in paragraph 5.4.1 and the net assets are disclosed at approximately \$2,163,176 that equates to approximately 197.322 per Stiletto share on issue as at 25 July 2017.

10.8 In assessing the fair value of Stiletto pre - the Acquisition, we have selected the net assets on a going concern methodology as the preferred methodology and the reasons have been outlined above.

In the absence of projections, we have valued Stiletto on the basis of net asset backing using the unaudited balance sheet as at 30 June 2017. Thus, for the purposes of this report, the current assessed value of Stiletto is approximately \$2,163,176 (but the future value may be in excess or below this figure).

11. **Conclusion as to Fairness**

- 11.1 The proposals pursuant to Resolution 6 (and Resolutions 7 and 8) is believed fair to E72's non-associated shareholders if the value of the consideration offered is equal to or less than the value of Stiletto being acquired and if the fair market value of a E72 share pre-transaction on a control basis is equal to or less than the fair market value of a E72 share post-transaction on a minority basis, taking into account the associated dilution resulting from the issue of new ordinary shares (Consideration Shares) under the proposed Acquisition.
- 11.2 The fair value of a share in E72 post Acquisition on a minority basis has been assessed at 29.168 cents (29.168 cents fully diluted) compared with a preferred value of a share pre - Acquisition of 35.001 cents (on a control basis).
- 11.3 **After taking into account the factors referred to in 10 above and elsewhere in this report we are of the opinion that the transactions related to the issue of Consideration Shares, the subject of Resolution 6 (and the issue of Consideration Shares to the interests of Andrew Brown as noted in Resolution 8) in the Notice may be considered to be not fair to the shareholders of E72 (not associated with the Stiletto Shareholders, including the interest of Andrew Brown) at the date of his report.**

12. **Reasonableness of the Acquisition**

- 12.1 We set out below some of the advantages and disadvantages and other factors pertaining to the proposed Acquisition that we considered in arriving at our conclusion on the reasonableness of the Acquisition and in particular the proposals pursuant to Resolution 6 (and Resolutions 7 and 8).

Advantages

- 12.2 The Company becomes a larger investment house with further opportunities to expand. Shareholders and new investor may be more interested in investing in a larger company. Section 8.8 of the EM outlines the advantages and these are noted by us as being reasonable, some of which we have noted in this section of our report. Investors normally like to have a larger business with greater assets and this often leads to a company having a greater ability to raise capital as compared with a company with a smaller business and lesser assets. We believe this will apply to East 72.
- 12.3 The Company may be better placed to raise further funds by way of share equity as a result of acquiring Stiletto (refer 12.2 above)
- 12.4 There is an incentive to E72 and the ex-Stiletto Shareholders to successfully exploit the Stiletto Businesses as the such shareholders collectively will or may have collectively significant shareholding interests in E72. The interests of Andrew Brown (already shareholders in both E72 and Stiletto) may have a shareholding interest in E72 exceeding 32% and thus they have a vested interest to ensure commercial success of the expanded E72 business.

Disadvantages

- 12.5 Currently, the Stiletto Shareholders (including the interests of Andrew Brown and other common shareholders of both companies) collective shareholding in E72 is approximately 38.52% and if Resolution 6 (and Resolutions 7 and 8) is passed and the Acquisition is consummated, the collective ex Stiletto shareholders will control approximately 62.47%. The number of shares on issue in E72 rises to approximately 14,836,846 (but may differ if the net asset ratio in determining the number of Consideration Shares to be issued alters).

The current shareholders of E72 will be diluted to an approximate 61.04% compared with a current 100% shareholding interest in E72. Excluding the common shareholders, the non-common shareholders interest in E72 is diluted from approximately 64.18% to approximately 37.53%.

The interests of Andrew Brown shareholding interest in E72 after completion of the Acquisition will approximate (maximum) 32.31% of the expanded issued capital after the issue of the Consideration Shares and approximately 32.56% if all existing share options in E72 are exercised (using the ratio as noted above as at 30 June 2017). The existing shareholding of the interests of Andrew Brown as at 25 July 2017 in E72 approximates 22.40% (but it is noted that he is the executive director of E72 (and Stiletto) and will continue to be the main decision maker of the expanded E72 Group post -Acquisition (key decisions made with the other two non-executive directors of E72). The interests of Andrew Brown will have the ability to vote down any special resolutions, having a shareholding interest in the expanded E72 of over 25%. However, as noted, effective control is already with Andrew Brown.

Other Factors

- 12.6 The future profitability of the investment business owned by Stiletto is unknown but this also applies to the E72 Group.
- 12.7 It is noted that for accounting purposes in the books of E72, the ordinary Consideration Shares will be booked at the fair value of Stiletto at the date the ordinary Consideration Shares are issued to the Stiletto Shareholders. The ultimate fair value of an investment in the Stiletto Businesses may alter depending upon financial performance.
- 12.8 It is the view of the existing independent Board (excluding Andrew Brown) of E72 that the investment in Stiletto is in the best interests of all shareholders.
- 12.9 As noted in Section 8.16 of the EM, the gearing ratio increases but in all other respects, since E72 and Stiletto have portfolios which are operated in a similar fashion, do not materially change with the acquisition of Stiletto. There is not expected to be a material increase in operating costs as most costs of Stiletto relate to trading activities and has little overheads. The expanded E72 has further increase exposure to smaller cap companies but the type of investments between E72 and Stiletto are similar in that they both invest and trade in small cap companies. There is always a risk in trading in small cap companies, but E72 has been doing this since reconstructing in 2016 and Stiletto has been doing so for a number of years (with commercial success in most years). As noted, Andrew Brown will still manage the expanded E72 in conjunction with the non-executive Directors.
- 12.10 Existing shareholders may be given the opportunity to sell their shares in excess of the share price existing prior to the Acquisition announcement. However, those shareholders who consider the risk of increasing the investment business to be too high may wish to sell their shareholdings in E72. Being a larger company may result in increased liquidity in trading (but this is not assured). Liquidity in trading has been extremely low.
- 12.11 The net book assets of E72 prior to the Acquisition are \$3,169,920 (30 June 2017) (35.001 cents per share) whilst post the Acquisition, the net book assets of the E72 Group are estimated to be an initial \$5,193,096 or approximately 35.001 cents. The value attributable to the existing shareholders would be \$3,169,920 compared with a current shareholding book interest of approximately \$3,169,920 (effectively no change).

13. **Conclusion as to Reasonableness**

- 13.1 **After taking into account the factors referred to in 12 above and elsewhere in this report we are of the opinion that the advantages to the existing shareholders outweigh the disadvantages and also taking into account the other factors noted above ,and thus the proposed Acquisition as noted above and in Resolution 6 (and Resolution 8 as it relates to the interests of Andrew Brown) in the Notice may be considered to be reasonable to the existing non-associated shareholders of E72 at the date of his report.**

14. **Shareholder Decision**

- 14.1 Stantons International Securities Pty Ltd has been engaged to prepare an independent expert's report setting out whether in its opinion the issue Consideration Shares to the Stiletto Shareholders (including the interest of Andrew Brown) as consideration to acquire the shares in Stiletto are fair and reasonable and state reasons for that opinion. Stantons International Securities Pty Ltd has not been engaged to provide a recommendation to shareholders in relation to the proposals under Resolutions 6 to 8 but we have been requested to determine whether the proposals pursuant to Resolutions 6 to 8 are fair and/or reasonable to those shareholders not associated with the Vendors. The responsibility for such a voting recommendation lies with the directors of E72.

- 14.2 In any event, the decision whether to accept or reject Resolutions 6 to 8 (and all other Resolutions) is a matter for individual shareholders based on each shareholder's views as to value, their expectations about future market conditions and their particular circumstances, including risk profile, liquidity preference, investment strategy, portfolio structure and tax position.

If in any doubt as to the action they should take in relation to the proposals under Resolutions 6 to 8 (and all other Resolutions), shareholders should consult their own professional adviser.

- 14.3 Similarly, it is a matter for individual shareholders as to whether to buy, hold or sell shares in E72. This is an investment decision upon which Stantons International Securities Pty Ltd does not offer an opinion and is independent on whether to accept the proposals under Resolutions 6 to 8 (and all other Resolutions). Shareholders should consult their own professional adviser in this regard.

15. **Sources of Information**

- 15.1 In making our assessment as to whether the proposed Acquisition as noted above are fair and reasonable, we have reviewed relevant published available information and other unpublished information of the E72 Group, Stiletto and the Stiletto Businesses that is relevant to the current circumstances. In addition, we have held discussions with the management of E72 about the present and future operations of the Company. Statements and opinions contained in this report are given in good faith but in the preparation of this report, we have relied in part on information provided by the directors and management of E72.

- 15.2 Information we have received includes, but is not limited to:

- a) Drafts of the Notice of E72 and EM to 18 August 2017;
- b) Discussions with management of E72 and Stiletto;
- c) Details of historical market trading of E72 ordinary fully paid shares recorded by NSX for the period 1 March 2016 to 18 August 2017 (only one trade at 35.0 cents);
- d) Shareholding details of E72 as supplied by the Company's share registry as at 17 July 2017;

- e) Annual Report of E72 for the years ended 30 June 2016 and a draft Annual Report for the year ended 30 June 2017;
- f) Announcements made by E72 to the NSX from 1 January 2015 to 18 August 2017;
- g) The unaudited financial statements of Stiletto for the year ended 30 June 2017 and 2016 and various quarterly financial statements to 31 March 2017;
- h) The shareholders list of Stiletto as at 17 July 2017;
- i) A spread sheet disclosing common shareholders between E72 and Stiletto; and
- j) Supporting schedules on investments by Stiletto including hedging positions, margin calls and various other exposure relating to investments by Stiletto.

15.3 Our report includes Appendix A and our Financial Services Guide attached to this report.

Yours faithfully

STANTONS INTERNATIONAL SECURITIES PTY LTD
(Trading as Stantons International Securities)



J P Van Dieren - FCA
Director

AUTHOR INDEPENDENCE AND INDEMNITY

This annexure forms part of and should be read in conjunction with the report of Stantons International Securities Pty Ltd dated 21 August 2017, relating to the issue of Consideration Shares to be issued to the Stiletto Shareholders (including the interests of Andrew Brown) as outlined in Section 1 of the report and Resolutions 6 and 8 (and in effect Resolution 7) in the Notice of Meeting to Shareholders and the Explanatory Memorandum proposed to be distributed to the E72 shareholders in August 2017.

At the date of this report, Stantons International Securities Pty Ltd does not have any interest in the outcome of the proposals. There are no relationships with E72 and Stiletto other than acting as an independent expert for the purposes of this report. Before accepting the engagement Stantons International Securities Pty Ltd considered all independence issues and concluded that there were no independence issues in accepting the assignment to prepare the Independent Experts Report. There are no existing relationships between Stantons International Securities Pty Ltd and the parties participating in the transaction detailed in this report which would affect our ability to provide an independent opinion.

Stantons International owns all of the shares in Stantons International Securities Pty Ltd. The fee to be received for the preparation of this report is based on the time spent at normal professional rates plus out of pocket expenses and is estimated at \$17,000. The fee is payable regardless of the outcome. With the exception of the fee, neither Stantons International Securities Pty Ltd nor John P Van Dieren and Martin Michalik have received, nor will, or may they receive, any pecuniary or other benefits, whether directly or indirectly, for or in connection with the making of this report.

Stantons International Securities Pty Ltd (and Stantons International Audit and Consulting Pty Ltd) do not hold any securities in E72 and the Stiletto. There are no pecuniary or other interests of Stantons International Securities Pty Ltd that could be reasonably argued as affecting its ability to give an unbiased and independent opinion in relation to the proposal. Stantons International Securities Pty Ltd, Mr J Van Dieren and Mr Martin Michalik have consented to the inclusion of this report in the form and context in which it is included as an annexure to the Notice.

QUALIFICATIONS

We advise Stantons International Securities Pty Ltd is the holder of an Australian Financial Services Licence (no 448697) under the Corporations Act 2001 relating to advice and reporting on mergers, takeovers and acquisitions that involve securities. The directors of Stantons International Audit and Consulting Pty Ltd are the directors of Stantons International Securities Pty Ltd. Stantons International Securities Pty Ltd has extensive experience in providing advice pertaining to mergers, acquisitions and strategic for both listed and unlisted companies and businesses.

Mr John P Van Dieren, FCA, and Mr Martin Michalik, ACA, the persons responsible for the preparation of this report, have extensive experience in the preparation of valuations for companies and in advising corporations on takeovers generally and in particular on the valuation and financial aspects thereof, including the fairness and reasonableness of the consideration offered.

The professionals employed in the research, analysis and evaluation leading to the formulation of opinions contained in this report, have qualifications and experience appropriate to the task they have performed.

DECLARATION

This report has been prepared at the request of the Directors of E72 in order to assist them and the E72 shareholders to assess the merits of the proposals as outlined in Resolutions 6 to 8 to the Explanatory Statement to which this report relates. This report has been prepared for the benefit of E72's shareholders and does not provide a general expression of Stantons International Securities Pty Ltd's opinion as to the longer-term value of E72, Stiletto and the Stiletto Businesses. Stantons International Securities Pty Ltd does not imply, and it should not be construed, that it has carried out any form of audit or audit review on the accounting or other records of E72 and its subsidiary and Stiletto and its investment Business. Neither the whole nor any part of this report, nor any reference thereto may be included in or with or attached to any document, circular, resolution, letter or statement, without the prior written consent of Stantons International Securities Pty Ltd to the form and context in which it appears.

DUE CARE AND DILIGENCE

This report has been prepared by Stantons International Securities Pty Ltd with due care and diligence. The report is to assist shareholders in determining the fairness and reasonableness of the proposals set out in Resolutions 6 to 8 to the Notice and each individual shareholder may make up their own opinion as to whether to vote for or against Resolutions 6 to 8.

DECLARATION AND INDEMNITY

Recognising that Stantons International Securities Pty Ltd may rely on information provided by E72 and its officers (save whether it would not be reasonable to rely on the information having regard to Stantons International Securities Pty Ltd experience and qualifications), E72 has agreed:

- (a) To make no claim by it or its officers against Stantons International Securities Pty Ltd (and Stantons International Audit and Consulting Pty Ltd) to recover any loss or damage which E72 may suffer as a result of reasonable reliance by Stantons International Securities Pty Ltd on the information provided by E72; and
- (b) To indemnify Stantons International Securities Pty Ltd (and Stantons International Audit and Consulting Pty Ltd) against any claim arising (wholly or in part) from E72 or any of its officers providing Stantons International Securities Pty Ltd any false or misleading information or in the failure of E72 or its officers in providing material information, except where the claim has arisen as a result of wilful misconduct or negligence by Stantons International Securities Pty Ltd

A draft of this report was presented to E72 directors for a review of factual information contained in the report. Comments received relating to factual matters were taken into account, however the valuation methodologies and conclusions did not alter.

**FINANCIAL SERVICES GUIDE
FOR STANTONS INTERNATIONAL SECURITIES PTY LTD
(Trading as Stantons International Securities)
Dated 21 August 2017**

1. Stantons International Securities Pty Ltd ABN 42 128 908 289 and Financial Services Licence 448697 (“SIS” or “we” or “us” or “ours” as appropriate) has been engaged to issue general financial product advice in the form of a report to be provided to you.

2. **Financial Services Guide**

In the above circumstances, we are required to issue to you, as a retail client a Financial Services Guide (“FSG”). This FSG is designed to help retail clients make a decision as to their use of the general financial product advice and to ensure that we comply with our obligations as financial services licensees.

This FSG includes information about:

- who we are and how we can be contacted;
- the services we are authorised to provide under our Australian Financial Services Licence, Licence No: 448697;
- remuneration that we and/or our staff and any associated receive in connection with the general financial product advice;
- any relevant associations or relationships we have; and
- our complaints handling procedures and how you may access them.

3. **Financial services we are licensed to provide**

We hold an Australian Financial Services Licence which authorises us to provide financial product advice in relation to:

- Securities (such as shares, options and notes)

We provide financial product advice by virtue of an engagement to issue a report in connection with a financial product of another person. Our report will include a description of the circumstances of our engagement and identify the person who has engaged us. You will not have engaged us directly but will be provided with a copy of the report as a retail client because of your connection to the matters in respect of which we have been engaged to report.

Any report we provide is provided on our own behalf as a financial services licensee authorised to provide the financial product advice contained in the report.

4. **General Financial Product Advice**

In our report, we provide general financial product advice, not personal financial product advice, because it has been prepared without taking into account your personal objectives, financial situation or needs. You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before you act on the advice. Where the advice relates to the acquisition or possible acquisition of a financial product, you should also obtain a product disclosure statement relating to the product and consider that statement before making any decision about whether to acquire the product.

5. **Benefits that we may receive**

We charge fees for providing reports. These fees will be agreed with, and paid by, the person who engages us to provide the report. Fees will be agreed on either a fixed fee or time cost basis.

Except for the fees referred to above, neither SIS, nor any of its directors, employees or related entities, receive any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of the report.

6. **Remuneration or other benefits received by our employees**

SIS has no employees and Stantons International Audit and Consulting Pty Ltd charges a fee to SIS. All Stantons International Audit and Consulting Pty Ltd employees receive a salary. Stantons International Audit and Consulting Pty Ltd employees are eligible for bonuses based on overall productivity but not directly in connection with any engagement for the provision of a report.

7. **Referrals**

We do not pay commissions or provide any other benefits to any person for referring customers to us in connection with the reports that we are licensed to provide.

8. **Associations and relationships**

SIS is ultimately a wholly subsidiary of Stantons International Audit and Consulting Pty Ltd a professional advisory and accounting practice. Stantons International Audit and Consulting Pty Ltd trades as Stantons International that provides audit, corporate services, internal audit, probity, management consulting, accounting and IT audits.

From time to time, SIS and Stantons International Audit and Consulting Pty Ltd and/or their related entities may provide professional services, including audit, accounting and financial advisory services, to financial product issuers in the ordinary course of its business.

9. **Complaints resolution**

9.1 Internal complaints resolution process

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. All complaints must be in writing, addressed to:

The Complaints Officer
Stantons International Securities Pty Ltd
Level 2
1 Walker Avenue
WEST PERTH WA 6005

When we receive a written complaint, we will record the complaint, acknowledge receipt of the complaints within 15 days and investigate the issues raised. As soon as practical, and not more than 45 days after receiving the written complaint, we will advise the complainant in writing of our determination.

9.2 Referral to External Dispute Resolution Scheme

A complainant not satisfied with the outcome of the above process, or our determination, has the right to refer the matter to the Financial Ombudsman Service Limited (“FOSL”). FOSL is an independent company that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial services industry.

Further details about FOSL are available at the FOSL website www.fos.org.au or by contacting them directly via the details set out below.

Financial Ombudsman Service Limited
PO Box 3
MELBOURNE VIC 8007

Toll Free: 1300 78 08 08
Facsimile: (03) 9613 6399

10. Contact details

You may contact us using the details set out above.

Telephone 08 9481 3188
Fax 08 9321 1204
Email jvdieren@stantons.com.au



All Correspondence to:

- ✉ **By Mail:** Boardroom Pty Limited
GPO Box 3993
Sydney NSW 2001 Australia
- 📠 **By Fax:** +61 2 9290 9655
- 💻 **Online:** www.boardroomlimited.com.au
- ☎ **By Phone:** (within Australia) 1300 737 760
(outside Australia) +61 2 9290 9600

YOUR VOTE IS IMPORTANT

For your vote to be effective it must be recorded **before 10:30am AEST on Saturday 23 September 2017.**

🖥 TO VOTE ONLINE

- STEP 1: VISIT** www.votingonline.com.au/e72agm2017
- STEP 2: Enter your Postcode OR Country of Residence (if outside Australia)**
- STEP 3: Enter your Voting Access Code (VAC):**

📱 BY SMARTPHONE



Scan QR Code using smartphone
QR Reader App

TO VOTE BY COMPLETING THE PROXY FORM

STEP 1 APPOINTMENT OF PROXY

Indicate who you want to appoint as your Proxy.

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

Appointment of a Second Proxy

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

To appoint a second proxy you must:

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

STEP 2 VOTING DIRECTIONS TO YOUR PROXY

To direct your proxy how to vote, mark one of the boxes opposite each item of business. All your securities will be voted in accordance with such a direction unless you indicate only a portion of securities are to be voted on any item by inserting the percentage or number that you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given item, your proxy may vote as he or she chooses. If you mark more than one box on an item for all your securities your vote on that item will be invalid.

Proxy which is a Body Corporate

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

STEP 3 SIGN THE FORM

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

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

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

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

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

STEP 4 LODGEMENT

Proxy forms (and any Power of Attorney under which it is signed) must be received no later than 48 hours before the commencement of the meeting, therefore by **10:30am AEST on Saturday 23 September 2017.** Any Proxy Form received after that time will not be valid for the scheduled meeting.

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

- 💻 **Online** www.votingonline.com.au/e72agm2017
- 📠 **By Fax** +61 2 9290 9655
- ✉ **By Mail** Boardroom Pty Limited
GPO Box 3993,
Sydney NSW 2001 Australia
- 👤 **In Person** Boardroom Pty Limited
Level 12, 225 George Street,
Sydney NSW 2000 Australia

Attending the Meeting

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

East 72 Holdings Limited

ABN 85 099 912 044

Your Address

This is your address as it appears on the company's share register. If this is incorrect, please mark the box with an "X" and make the correction in the space to the left. Securityholders sponsored by a broker should advise their broker of any changes. **Please note, you cannot change ownership of your securities using this form.**

PROXY FORM

STEP 1 APPOINT A PROXY

I/We being a member/s of **East 72 Holdings Limited** and entitled to attend and vote hereby appoint:

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

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

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chair of the Meeting as my/our proxy at the Annual General Meeting of **East 72 Holdings Limited** to be held at **Level 26, 1 Bligh Street, Sydney NSW 2000 on Monday 25 September 2017 at 10:30am AEST** and at any adjournment of that meeting, to act on my/our behalf and to vote in accordance with the following directions or if no directions have been given, as the proxy sees fit.

Chair of the Meeting authorised to exercise undirected proxies on remuneration related matters: If I/we have appointed the Chair of the Meeting as my/our proxy or the Chair of the Meeting becomes my/our proxy by default and I/we have not directed my/our proxy how to vote in respect of Resolutions 1 and 2, I/we expressly authorise the Chair of the Meeting to exercise my/our proxy in respect of these Resolution/s even though Resolutions 1 and 2 are connected with the remuneration of a member of the key management personnel for the Company.

The Chair of the Meeting will vote all undirected proxies in favour of all Items of business (including Resolutions 1 and 2). If you wish to appoint the Chair of the Meeting as your proxy with a direction to vote against, or to abstain from voting on an item, you must provide a direction by marking the 'Against' or 'Abstain' box opposite that resolution.

STEP 2 VOTING DIRECTIONS

* If you mark the Abstain box for a particular item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your vote will not be counted in calculating the required majority if a poll is called.

	FOR	AGAINST	ABSTAIN*		FOR	AGAINST	ABSTAIN*
Resolution 1 Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 6 Approval of Acquisition of Stiletto Investment Pty. Limited	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 Increase in maximum remuneration for non-executive Directors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 7 Approval of Issue of Unrelated Consideration Shares for acquisition of Stiletto Investments Pty. Limited	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 Re-election of Director - Mr. Richard Ochojski	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 8 - Special Approval of Issue of Related Consideration Shares for acquisition of Stiletto Investments Pty. Limited	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4 Approval of Prior Issue of Ordinary Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 9 - Special Approval of Selective Buy Back	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5 Approval of Proposed Issue of Ordinary Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				

STEP 3 SIGNATURE OF SECURITYHOLDERS

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

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director / Company Secretary

Contact Name.....

Contact Daytime Telephone.....

Date / / 2017