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LEAD MANAGER



NAOS

NAOS EX-50 OPPORTUNITIES
COMPANY LIMITED
ABN 49 169 448 837

PROSPECTUS

Offer of unsecured convertible notes to raise up
to \$17.5 million

WARNING – NAC Notes offered under this Prospectus may not be suitable for some investors. Their overall complexity may make them difficult to understand and the risks associated with the NAC Notes could result in the loss of all your investment. If you do not fully understand how they work or the risks associated with them, you should obtain professional advice.

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IMPORTANT INFORMATION FOR APPLICANTS

This Prospectus is an important document and requires your immediate attention. It should be read in its entirety. Your investment decision regarding the Offer should be based upon the information contained in this Prospectus, the information disclosed by the Company to the ASX in compliance with its continuous disclosure obligations, and any advice which you determine is necessary or appropriate to inform your decision regarding the Offer. If you do not understand any part of this Prospectus, you should consult your accountant, tax adviser, stockbroker, solicitor or other professional adviser.

Please refer to the instructions in section 7 of this Prospectus regarding your application under the Offer.

ABOUT THIS PROSPECTUS

This Prospectus is issued by NAOS Ex-50 Opportunities Company Limited (ABN 49 169 448 837) (**NAC, Company or Issuer**) in connection with the issue of redeemable, unsecured, unsubordinated, convertible notes (**NAC Notes**) each with a face value of \$100 (**Offer**).

This Prospectus dated 30 September 2020 was lodged with ASIC on that date. Neither ASIC, ASX nor any of their respective officers take any responsibility for the contents of this Prospectus.

The expiry date of this Prospectus is the date that is 13 months after the date of this Prospectus. No NAC Notes will be issued on the basis of this Prospectus after the expiry date.

Certain words and phrases used in this Prospectus have defined meanings set out in the Glossary in section 9 of this Prospectus.

All financial amounts shown in this Prospectus are expressed in Australian dollars unless otherwise stated.

TRANSACTION SPECIFIC PROSPECTUS

This Prospectus is a transaction specific prospectus for an offer of NAC Notes and has been prepared in accordance with section 713 of the *Corporations Act 2001* (Cth) (**Corporations Act**) as modified by ASIC Corporations (Offers of Convertibles) Instrument 2016/83.

As such it does not contain the same level of disclosure as an initial public offering prospectus or a prospectus prepared in accordance with section 710 of the *Corporations Act*.

This Prospectus is therefore intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX. In providing information in this Prospectus, regard has been had to the fact that NAC is a disclosing entity for the purposes of the *Corporations Act* and certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult.

INTERMEDIARY AUTHORISATION

The Company does not hold an Australian Financial Services Licence (**AFSL**) under the *Corporations Act* necessary to carry out the Offer under this Prospectus. Accordingly, the Offer will be made under an arrangement between the Company and Acacia Partners Pty Ltd ABN 49 607 046 391 as holder of an AFSL under section 911A(2)(b) of the *Corporations Act*, to act as Authorised Intermediary. The Company has authorised the Authorised Intermediary to invite people to apply for and to arrange for the issue of the NAC Notes under the Offer and the Company will only issue the NAC Notes in accordance with those offers and no others.

The Lead Manager will manage the Offer on behalf of the Company.

The Lead Manager and the Authorised Intermediary's functions must not be considered as an endorsement of the Offer, nor a recommendation of the suitability of the Offer for any investor. The Lead Manager does not guarantee the success or performance of the Company or the returns (if any) to be received by an investor. Neither the Lead Manager nor any other Licensee is responsible for, or has caused the issue of, this Prospectus.

FUTURE PERFORMANCE

Certain statements in this Prospectus are about the future and are forward looking in nature. Generally, you can identify forward-looking statements by terms such as "may", "will", "should", "could", "would", "aim", "assumes", "intends", "objectives", "positioned", "targets", "expects", "plans", "anticipates", "believes", "estimates", "projects", "predicts", "potential" and other similar expressions that are intended to identify forward-looking statements, which are generally not historical in nature. These forward-looking statements are based on current expectations, estimates, forecasts and projections about NAC's business and the industry in which NAC operates and management's beliefs and assumptions.

These forward-looking statements are not guarantees of future performance. You should be aware that there are a number of risks (both known and unknown), uncertainties, assumptions and other important factors, some of which are beyond the control of the Company that could cause the actual conduct, results, performance or achievements of the Company to be materially different from those expressed or implied by such statements or that could cause future conduct or results to be materially different from the historical conduct or results. This Prospectus details some important risk factors that could cause NAC's actual results to differ from the forward-looking statements made in this Prospectus. Further details regarding these risks, and other risks which may affect NAC or an investment in NAC, are contained in section 4 of this Prospectus.

Deviations as to future conduct, results, performance and achievements are both normal and to be expected.

Except as required by law and then only to the extent required, neither nor its related bodies corporate, and their respective directors, officers, partners, employees, agents, representatives or advisors, or any other person makes any representation, or gives any assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this Prospectus will occur. Investors are cautioned about relying on forward-looking statements included in this Prospectus.

The forward-looking statements in this Prospectus reflect views held as at the date of this Prospectus, unless otherwise specified. Subject to the *Corporations Act*, the Listing Rules and any other applicable laws or regulations, NAC does not intend to publicly update or revise any forward-looking statements to reflect new information or future events or otherwise. You should, however, review the factors and risks the Company describes in the reports filed from time to time with the ASX after the date of this Prospectus.

RESPONSIBILITY STATEMENT BY TRUSTEE

The Trustee, Melbourne Securities Corporation Ltd (ABN 57 160 326 545):

- a) has not authorised or caused the issue, submission, dispatch or provision of this Prospectus and does not make any statement or purport to make any statement in this Prospectus or any statement on

- which a statement in this Prospectus is based;
- b) nor any of its directors, employees, officers, affiliates, agents, advisors, intermediaries or related body corporate (each a 'related person') assumes any responsibility for the accuracy or completeness of any information contained in this Prospectus;
- c) to the maximum extent permitted by law expressly disclaims all liability in respect of, makes no representation or any statement regarding, and takes no responsibility for, any part of this Prospectus, or any statements in, or omissions from this Prospectus, other than the references to its name and the statement(s) and/or report(s) (if any) specified below and included in this Prospectus with its written consent;
- d) has given, and has not, before the lodgement of this Prospectus with ASIC withdrawn, its written consent to be named in this Prospectus in the form and content in which it is named;
- e) nor any related person makes any representation as to the truth and accuracy of the contents of this Prospectus;
- f) has relied on NAC for the accuracy of the contents of this Prospectus; and
- g) nor any related person makes any representation or warranty as to the performance of the NAC Notes or the payment of interest or redemption of NAC Notes.

NO REPRESENTATIONS OTHER THAN IN THIS PROSPECTUS

You should rely only on information in this Prospectus. No person is authorised to provide any information or to make any representations in connection with the Offer which are not contained in this Prospectus. Any information or representations not contained or incorporated by reference in this Prospectus may not be relied upon as having been authorised by NAC in connection with the Offer.

RESTRICTIONS IN FOREIGN JURISDICTIONS

This Prospectus does not constitute an offer or invitation to apply for NAC Notes in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation.

No action has been taken to register or qualify the NAC Notes or the Offer, or to otherwise permit a public offering of the NAC Notes, in any jurisdiction outside Australia. The distribution of this Prospectus outside Australia (including electronically) may be restricted by law and persons who come into possession of this Prospectus outside Australia should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

Any person who has a registered address in a country outside of Australia and who receives this Prospectus outside Australia may only apply for NAC Notes if that person is able to reasonably demonstrate to the satisfaction of NAC that they may participate in the Offer relying on a relevant exception from, or are otherwise not subject to, the lodgement, filing, registration or other requirements of any applicable securities laws in the jurisdiction in which they have such registered address.

This Prospectus may not be distributed to, or relied upon by, persons in the United States. This Prospectus does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States or to "US Persons" (as defined in Rule 902(k) of Regulation S under the US Securities Act of 1933, as amended (**US Securities Act**)). The NAC Notes have not been, and will not be registered under the US Securities Act and may not be offered or sold in the United States or to US Persons except in transactions exempt from, or not subject to, registration under the US Securities Act and applicable US state securities laws. This Prospectus does not constitute an offer to sell, or the solicitation of an offer to buy, nor shall there be any sale of the NAC Notes in any state or other jurisdiction in which such offer, solicitation or sale would be unlawful.

PAST PERFORMANCE INFORMATION

Past performance and pro forma financial information included in this Prospectus is given for illustrative purposes only and should not be relied upon as (and is not) an indication of the Company's views on its future financial performance or condition. Investors should note that past performance, including past share price performance, of NAC cannot be relied upon as an indicator of (and provides no guidance as to) NAC's future performance including future share price performance.

The historical information included in this Prospectus is, or is based on, information that has previously been released to the market.

Investors should also be aware that certain financial data included in this Prospectus may be 'non-IFRS financial information' under Regulatory Guide 230 Disclosing non-IFRS financial information published by ASIC. The Company believes this non-IFRS financial information provides useful information to users in measuring the financial performance and condition of the Company. The non-IFRS financial information does not have a standardised meaning prescribed by Australian Accounting Standards and, therefore, may not be comparable to similarly titled measures presented by other entities, nor should it be construed as an alternative to other financial measures determined in accordance with Australian Accounting Standards. Investors are cautioned, therefore, not to place undue reliance on any non-IFRS financial information and ratios (if any) included in this Prospectus.

ELECTRONIC PROSPECTUS

A copy of this Prospectus will be made available in electronic form on the following website: www.naosoffer.com.au.

The Corporations Act prohibits any person passing onto another person an Application Form for the Offer unless it is attached to a hard copy of this Prospectus or it accompanies the complete and unaltered electronic version of this Prospectus. A paper copy of this Prospectus will be made available free of charge by contacting the Company.

EXPOSURE PERIOD

The Corporations Act prohibits the acceptance by NAC of applications for NAC Notes in respect of the Offer during the seven day period after the date this Prospectus was lodged with ASIC. This period is referred to as the 'Exposure Period' and ASIC may extend this period by a further seven days (that is up to 14 days in total).

The purpose of the Exposure Period is to enable materials in the Prospectus, which relate to the Offer, to be examined by ASIC and market participants before the Offer may be accepted by investors. No applications will be processed until after the end of the Exposure Period.

NO WITHDRAWAL OF APPLICATION

You cannot withdraw your Application once it has been lodged, except as permitted under the Corporations Act.

PROVIDING PERSONAL INFORMATION

NAC will collect, hold, use, and disclose personal information provided by investors in connection with an investment in the Company. This means that NAC will need to collect your personal information (for example, your name, address and details of your investment in the Company).

Under the Corporations Act some of this information must be included in NAC's registers, which will be accessible by the public.

NAC will only use and/or disclose your personal information for the purposes for which it was collected, other related purposes and as permitted or required by law. If you do not wish to provide this information, NAC and its Registrar may not be able to process your Application.

NAC may also share your personal information with its service providers or others who provide services on its behalf, some of which may be located outside of Australia.

For more details on how NAC collects, stores, uses and discloses your information, please refer to section 6.17. You can also read NAC's Privacy Policy located at www.naos.com.au/privacy-policy.

INCORPORATION BY REFERENCE

Information contained in or accessible through the documents or websites mentioned in this Prospectus does not form part of this Prospectus unless it is specifically stated that the document or website is incorporated by reference and forms part of this Prospectus.

This Prospectus does not provide investment advice – you should seek your own professional investment advice.

The information in this Prospectus is not investment advice and has been prepared without taking into account your investment objectives, financial situation and particular needs (including financial and taxation considerations) as an investor. This Prospectus should not be construed as financial, taxation, legal or other advice. NAC is not licensed to provide financial product advice in respect of its securities or any other financial products.

It is important that you read the entire Prospectus (including the investment risks described in section 4) and seek professional investment advice from your financial adviser or other professional adviser before deciding whether to apply for any NAC Notes.

Except for any liability which cannot be excluded by law, the Lead Manager and its respective directors, officers, employees and advisers expressly disclaims and does not accept any liability for the contents of this Prospectus, the NAC Notes or the Offer.

Any investment in the NAC Notes offered under this Prospectus should be considered highly speculative. An investment in the NAC Notes is an investment in NAC and may be affected by the ongoing performance, financial position and solvency of the Company. The NAC Notes are an unsecured investment and rank for repayment behind any secured debt and those unsecured obligations mandatorily preferred by law.

IMPORTANT INFORMATION FOR NEW ZEALAND INVESTORS

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (the **FMC Act**). The NAC Notes are not being offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) other than to a person who:

- is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;
- meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
- is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
- is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or
- is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.

GUIDANCE FOR RETAIL INVESTORS

The Notes are “unsecured notes” for the purposes of section 283BH of the Corporations Act.

If you are considering applying for any NAC Notes under the Offer, this Prospectus is important and should be read in its entirety before making an Application. In particular you should have regard to:

- ‘Overview of the Offer and the NAC Notes’ in section 1 and ‘Information about NAC’ in section 2;
- ‘Risk factors’ in section 4; and
- ‘NAC Note Terms’ in section 8.

You should carefully consider the risks and other information regarding an investment in NAC Notes and NAC in light of your investment objectives, financial situation and particular needs (including financial and taxation issues).

SPEAK TO YOUR PROFESSIONAL ADVISER

NAC Notes are a complex investment and may be difficult to understand, even for experienced investors, and involve different risks from a simple debt or ordinary equity security. You should ensure that you understand the NAC Note Terms and risks of investing in NAC Notes and consider whether NAC Notes are an appropriate investment for your particular circumstances.

NAC recommends that you seek guidance from your licensed financial adviser or other professional adviser before deciding whether to invest. ASIC has published guidance on how to choose a licensed adviser on its MoneySmart website. You can read this guidance by searching for the term ‘choosing a financial adviser’ at www.moneysmart.gov.au.

CONSIDER THE ASIC GUIDANCE FOR RETAIL INVESTORS

ASIC has published guidance on its MoneySmart website which may be relevant to your consideration of whether to invest in NAC Notes – namely, information for retail investors who are considering investing in hybrid securities. You can find this guidance by searching “hybrid securities” at www.moneysmart.gov.au. ASIC’s guidance includes a series of questions you should ask before you invest in hybrid securities, and a short quiz you can complete to check your understanding of how hybrids work, their features and the risks of investing in them.

OBTAIN FURTHER INFORMATION ABOUT NAC

NAC is subject to regular reporting and disclosure obligations under the Corporations Act and the Listing Rules. NAC must notify ASX immediately (subject to certain exceptions) if it becomes aware of information about it that a reasonable person would expect to have a material effect on the price or value of its securities. While the NAC Notes are on issue, NAC will also produce quarterly reports about the NAC Notes that are provided to ASIC and the Trustee in accordance with the requirements of section 283BF of the Corporations Act (**283BF Report**).

Copies of documents lodged with ASIC, which are publicly available, can be obtained from ASIC’s website at www.asic.gov.au (a fee may apply) and NAC’s ASX announcements may be viewed at www.asx.com.au.

ENQUIRIES

If you have any questions in relation to the Offer or an Application, please visit www.naosoffer.com.au, email the Registrar at corporateactions@boardroomlimited.com.au or call the NAC Notes Offer Information Line on 1300 737 760 (within Australia) or on +61 2 9290 9600 (International) Monday to Friday 8:30am to 5:30pm, Sydney time.

LETTER FROM THE CHAIRMAN

Dear investor,

I am pleased to invite you to participate in NAOS Ex-50 Opportunities Company Limited's (NAC) offer of listed, redeemable, unsecured, convertible notes (NAC Notes). The Offer is subject to Shareholder Approval and a notice of meeting related to the Meeting of Shareholders will be sent to Shareholders shortly.

The NAC Notes provide investors with a listed exposure to a fixed interest yield and, up until the First Step-Up Date, the possibility to benefit from appreciation in the price of NAC Ordinary Shares above a price of \$1.15 through an optional conversion into NAC Ordinary Shares at any time until 30 September 2025.

NAC is a listed investment company and its Ordinary Shares are listed on the ASX (ASX: NAC). It aims to provide investors with genuine long-term concentrated exposure to Australian undervalued listed small and mid-cap companies with an industrial focus. The Board of Directors believe the issue of NAC Notes provides the ability to increase the overall size of the investment portfolio without diluting existing NAC Shareholders in order to allow the Investment Manager to take advantage of a number of current investment opportunities.



KEY TERMS OF THE NAC NOTES

Face Value – each NAC Note will have a Face Value of \$100;

Interest Rate:

- Until 30 September 2025: Fixed at 5.50% per annum;
- From 30 September 2025 to 30 September 2026: Fixed at 6.50% per annum; and
- From 30 September 2026 to 30 September 2027: Fixed at 7.50% per annum;

Interest payments – paid semi-annually, in arrears on each of 31 March and 30 September;

Maturity Date – 30 September 2027 (if not converted or redeemed earlier);

Convertibility – convertible into Ordinary Shares upon notice at a fixed Conversion Price (subject to adjustment for certain dilutionary and other capital transactions by NAC) at any time until 30 September 2025;

Conversion Price – the conversion price is \$1.15, which represents the 31 August 2020 post-tax Net Tangible Assets per Ordinary Share of NAC;

Issue size – up to \$17.5 million;

Ranking – the NAC Notes rank equally with each other and without any preference amongst themselves, and at least equally with all other unsubordinated and unsecured obligations of NAC (other than any obligations preferred by mandatory provisions of applicable law). The NAC Notes rank ahead of NAC Ordinary Shares; and

Liquidity – application will be made to list the NAC notes on ASX under the ticker code (ASX: NACGA).

This Prospectus contains further details of the Offer, the terms of the NAC Notes and a description of the risks associated with an investment in the NAC Notes and NAC. I encourage you to read the entire Prospectus carefully and consider the risks which are set out in section 4 before deciding whether to participate in the Offer. If you are unsure whether the NAC Notes are a suitable investment for you, you should consult your stockbroker, accountant or other professional adviser.

On behalf of the NAC Board, I invite you to consider participating in this investment opportunity.

Yours faithfully

A handwritten signature in black ink, appearing to read 'David Rickards'.

David Rickards
Chairman

NAOS Ex-50 Opportunities Company Limited

KEY DATES

SUMMARY OF KEY DATES¹:

Priority Offer Record Date	25 September 2020
Lodgement of Prospectus with ASIC and announcement of NAC Notes Offer	30 September 2020
Notice of meeting issued to Shareholders	9 October 2020
Offer opens	8 October 2020
Offer closes	22 October 2020
Meeting of Shareholders	12 November 2020
Settlement Date	16 November 2020
Issue of NAC Notes	17 November 2020
Despatch of holding statements	18 November 2020
NAC Notes expected to commence trading on ASX (normal settlement basis)	20 November 2020
First Interest Payment Date	31 March 2021
First Step-Up Date	30 September 2025
Second Step-Up Date	30 September 2026
Maturity Date	30 September 2027

1. These dates are indicative only. NAC reserves the right to change the dates without prior notice. NAC and the Lead Manager may (without notice to any investor or other person) accept late Applications (either generally or in particular cases), extend the Closing Date, close the Offer early or withdraw the Offer at any time before the NAC Notes are issued. If the Offer is withdrawn before the issue of the NAC Notes, all Application Monies received by NAC will be refunded (without interest) to Applicants as soon as practicable after the withdrawal. In addition, ASIC may extend the Exposure Period by up to seven calendar days in which case the Opening Date for the Offer and other dates may be varied accordingly without notice.

SECTION 1: OVERVIEW OF THE OFFER AND THE NAC NOTES

1.1 ABOUT THE COMPANY

Question	Answer	More information
Who is the Issuer?	NAOS Ex-50 Opportunities Company Limited (ABN 49 169 448 837) (NAC). NAC is a listed investment company that was established in 2014 and its Ordinary Shares are listed on the ASX (ASX: NAC).	Section 2.1
Who is the Investment Manager?	NAOS Asset Management Limited (ABN 23 107 624 126) is the investment manager of NAC (NAOS or Investment Manager).	Section 2.7
What is the Company's investment approach?	NAC aims to provide investors with genuine, concentrated exposure to Australian undervalued listed small and mid-cap companies with an industrial focus. NAC's Investment Portfolio is managed on behalf of the Company by NAOS.	Section 2.3
What is the Company's net tangible asset position?	The pre-tax net tangible assets of NAC at 31 August 2020 were \$55.47 million, which equates to \$1.20 per Ordinary Share. The post-tax net tangible assets of NAC at 31 August 2020 were \$53.16 million, which equates to \$1.15 per Ordinary Share.	Section 2.5
What is the Company's dividend policy?	NAC aims to deliver shareholders a sustainable growing stream of fully franked dividends, provided NAC has sufficient profit reserves and franking credits and it is within prudent business practices to do so. Whilst past performance is not indicative of future performance, since inception of the Investment Portfolio, NAC has declared aggregate fully franked dividends of 27.50 cents per Ordinary Share.	Section 2.6
Who are the Directors?	The Directors of NAC are: <ul style="list-style-type: none">• David Rickards, Independent Chairman;• Sarah Williams, Independent Director;• Warwick Evans, Director (and director of the Investment Manager); and• Sebastian Evans, Director (and director of the Investment Manager).	Section 2.9

1.2 KEY FEATURES OF THE OFFER

Question	Answer	More information
What are the NAC Notes?	The NAC Notes are redeemable, unsecured, unsubordinated, convertible notes.	Section 8
What is the Offer size?	Up to \$17.5 million.	Section 3
What is the purpose of the Offer?	Proceeds of the Offer will be used to fund further investments in securities and costs associated with the Offer. The deployment of the funds raised from the Offer will be consistent with NAC's investment objectives as detailed at section 2.3. NAC maintains its focus on protecting capital and aims to deliver shareholders a sustainable growing stream of fully franked dividends, whilst providing capital growth over the longer term.	Section 2
Is the Offer conditional upon Shareholder Approval?	Yes, the Offer is conditional on NAC obtaining Shareholder Approval. Shareholder Approval is being sought at a Meeting of Shareholders which is scheduled to be held on 12 November 2020. If Shareholder Approval is not obtained, NAC will not proceed with the Offer, no NAC Notes will be issued and Application Monies will be returned to Applicants without interest.	Section 6.1

What is the effect of the Offer on NAC's financial position?

The unaudited pro forma statement of financial position shows the adjustments that would be made to NAC's statement of financial position as at 30 June 2020, assuming an issue of \$17.5 million of NAC Notes, net of associated costs.

Section 3.1

	30 June 2020 (audited)	30 June 2020 (adjusted)	Pro Forma (unaudited)
	\$	\$	\$
Assets			
Cash and cash equivalents	270,992	16,927,450	17,198,442
Financial assets at fair value	49,882,767	-	49,882,767
Other assets	1,952,106	-	1,952,106
Total assets	52,105,865	16,927,450	69,033,315
Liabilities			
Convertible Notes	-	16,927,450	16,927,450
Other liabilities	2,484,019	-	2,484,019
Total liabilities	2,484,019	16,927,450	19,411,469
Net assets / Total equity	49,621,846	-	49,621,846

What is the effect of the Offer on NAC's capital structure?

	Pre-Offer	Post-Offer
Ordinary Shares	46,031,682	46,031,682
Options ¹	23,776,870	23,776,870
NAC Notes ²	None	175,000

1. ASX listed options (ASX: NACOA), exercise price of \$1.03, expiry date 31 March 2023.

2. Assumes an issue size of \$17.5 million.

1.3 KEY TERMS OF THE NAC NOTES

Security	Redeemable, unsecured, unsubordinated, convertible notes.	Section 8
Maturity	Unless converted, redeemed earlier, or purchased by NAC and cancelled, NAC will redeem all outstanding NAC Notes on 30 September 2027 (Maturity Date).	Section 8
Face Value	\$100 per NAC Note.	Section 8
Interest Rate	<ul style="list-style-type: none"> From the Issue Date until the First Step-Up Date: Fixed at 5.50% per annum; From the First Step-Up Date: Fixed at 6.50% per annum; and From the Second Step-Up Date: Fixed at 7.50% per annum. 	Section 8
Step-Up Dates	<ul style="list-style-type: none"> First Step-Up Date: 30 September 2025 Second Step-Up Date: 30 September 2026 	Section 8

Interest payment	<p>Payable semi-annually in arrears on each Interest Payment Date. Interest will be paid on 31 March and 30 September during the term of the NAC Notes, with the first interest payment payable on 31 March 2021.</p> <p>Interest payments are not deferrable by NAC nor are they discretionary.</p>	Section 8
Noteholder Conversion	<p>A Noteholder may from time to time elect to convert some or all of its NAC Notes into Ordinary Shares by the issue of a Conversion Notice (provided the aggregate Face Value of the NAC Notes the subject of the Conversion Notice is at least \$10,000, or the aggregate Face Value of all Notes held by that Noteholder). A Noteholder may validly elect to convert its holding of NAC Notes by issuing a Conversion Notice at any time during the Conversion Period or any time after the Noteholder receives notice that NAC intends to exercise its rights to redeem the NAC Notes following a Tax Event, provided the notice is received at least 10 Business Days prior to the Redemption Date specified in such notice. The Conversion Period will end on the First Step-up Date. Conversion Notices will only be valid if received by NAC at least 10 Business Days before the end of the Conversion Period or certain Redemption Dates. A Noteholder's conversion rights are subject to certain restrictions where a Tax Event, Delisting Event or a Change of Control Event has previously occurred, or where the notice of conversion is received within 10 Business Days of an Interest Payment Date.</p>	Section 8
Conversion number	<p>Upon Conversion each NAC Note will convert into a number of Ordinary Shares determined by dividing the Conversion Amount for the NAC Note by the Conversion Price.</p>	Section 8
Conversion Amount	<p>Equal to the Face Value plus any accrued (but unpaid) interest up to (but excluding) the Conversion Date.</p>	Section 8
Conversion Price	<p>\$1.15, subject to adjustment for certain dilutionary and other capital transactions by NAC.</p>	Section 8
Noteholder exit rights	<p>If a Change of Control Event or a Delisting Event occurs, the Noteholder of any NAC Notes may require NAC to redeem all of the NAC Notes held by that Noteholder prior to the Maturity Date for an amount equal to their Face Value together with any accrued (but unpaid) interest. As soon as reasonably practicable after the occurrence of a Change of Control Event or a Delisting Event, NAC must deliver a Noteholder Redemption Event Notice in writing to the Trustee with a copy to the Noteholders, the Registrar and ASX specifying the occurrence of a Change of Control Event and/or Delisting Event and other information as described under the NAC Note Terms.</p> <p>A Noteholder may exercise its right to redeem all (but not some) of its NAC Notes (arising in the above circumstances) by delivery to NAC of a duly completed and signed Noteholder Redemption Election Notice at any time within 30 Business Days from the date it has received a Noteholder Redemption Event Notice.</p> <p>If not previously redeemed or converted, the NAC Notes will be redeemed on the Maturity Date for an amount equal to 100% of the Face Value of the Note together with any accrued (but unpaid) interest.</p>	Section 8

Optional early redemption by NAC

If a Tax Event or Change of Control Event occurs, NAC may redeem all of the NAC Notes before the Maturity Date for an amount equal to 101% of their Face Value together with any accrued (but unpaid) interest.

NAC may also redeem all of the NAC Notes before their Maturity Date on the First Step-up Date or any subsequent Interest Payment Date, or if a Clean-up Event occurs, for an amount equal to 100% of their Face Value together with any accrued (but unpaid) interest.

In each of the above circumstances, the NAC Note Terms set out a strict process by which NAC may effect early redemption. This process includes (among other requirements) the giving of appropriate notice by NAC to the Trustee, the Registrar, the Noteholders and ASX of the relevant event and of NAC's intention to redeem the NAC Notes.

Section 8

Change of Control Event

This occurs where:

- (a) the investment management agreement between the Investment Manager and NAC lapses or is terminated and no replacement investment management agreement has been entered into by the Investment Manager and NAC on, or as soon as reasonably practicable after, such lapse or termination; or
- (b) a takeover bid is made to acquire all of the Ordinary Shares and the offer under the takeover bid is, or becomes, unconditional and:
 - (i) the bidder has acquired at any time during the offer period a relevant interest in more than 50 per cent of the Ordinary Shares on issue; or
 - (ii) the Directors of NAC unanimously recommend the acceptance of the offer under the takeover bid, and acceptance of that offer would result in the bidder having a relevant interest in 100 per cent of the Ordinary Shares on issue; or
- (c) a court approves a proposed scheme of arrangement which, when implemented, will result in a person having a relevant interest in more than 50 per cent of the Ordinary Shares on issue.

Section 8

Delisting Event

This occurs where:

- (a) Ordinary Shares or NAC Notes are no longer quoted on ASX; or
 - (b) Ordinary Shares or NAC Notes are suspended from trading on ASX for a period of 20 consecutive Business Days,
- in each case, other than as a result (directly or indirectly) of a Change of Control Event.

Section 8

Tax Event

A Tax Event occurs where, on or after the Issue Date, NAC receives an opinion of nationally recognised legal counsel or tax adviser in Australia, experienced in such matters, that, as a result of a change in a law, or in the application or interpretation of a law, there is a more than insubstantial risk that:

- (a) any payment to a Noteholder under a NAC Note will be subject to an amount of withholding or deduction in respect of any Taxes or other governmental charges for which NAC must pay an Additional Amount; or
- (b) payment of interest will not be allowed as a deduction for the purposes of NAC's Australian tax purposes.

Section 8

Events of Default	<p>Each of the following is an Event of Default in relation to any NAC Notes:</p> <ul style="list-style-type: none"> (a) (non-payment) NAC fails to pay or repay any amount payable by it under the NAC Notes within 10 Business Days after the date on which it is due and, where the sole reason for the default is a technical or administrative difficulty within the banking system being used to effect payment, such default is not remedied within five Business Days; (b) (non-issue of Ordinary Shares) NAC fails to issue Ordinary Shares on Conversion in accordance with the NAC Note Terms within 10 Business Days after the date on which such issue is to be made; (c) (breach of other obligations) NAC fails to comply with any of its other material obligations under the NAC Note Terms or the NAC Trust Deed and such failure remains unremedied for a period of 30 Business Days after NAC has received written notice from the Trustee in respect of the failure; (d) (cross default) any debt of NAC greater than \$1,000,000 (or its equivalent in any other currencies) becomes due and payable before its stated maturity due to the occurrence of a default event (however described); (e) (insolvency) an Insolvency Event occurs in respect of NAC; (f) (unlawfulness) it is, at any time unlawful for NAC to perform any of its payment obligations under the NAC Notes; or (g) (vitiation) all or any obligations of NAC or rights of the Noteholders or the Trustee under the NAC Trust Deed or the NAC Note Terms are terminated or are or become void, illegal, invalid, unenforceable or of limited force and effect. 	Section 8
Default Interest Rate	<p>Interest accrues on the Face Value of each Note at the last applicable Interest Rate plus a default rate of 2.0% per annum while:</p> <ul style="list-style-type: none"> (a) an Event of Default occurs and is continuing; or (b) the LTV Ratio exceeds 45% (other than while default interest following an Event of Default applies). 	Section 8
Financial information and financial undertakings	<p>For so long as any of the NAC Notes remain outstanding, NAC must not, without the approval of Noteholders by way of Special Resolution:</p> <ul style="list-style-type: none"> (a) make any In-specie Distribution; (b) make any other Distribution that would result in an LTV Ratio Event immediately after such Distribution; or (c) incur any Financial Indebtedness other than Permitted Financial Indebtedness. 	Sections 3 and 8
Permitted Financial Indebtedness	<p>NAC may incur Financial Indebtedness in any of the following circumstances:</p> <ul style="list-style-type: none"> (a) under NAC Notes issued on the Initial Issue Date; (b) where the Financial Indebtedness is incurred or guaranteed after the Initial Issue Date for the purpose of replacing, refinancing or extending the maturity of any other Permitted Financial Indebtedness; (c) where the Financial Indebtedness does not result in NAC's total Financial Indebtedness exceeding \$17,500,000 and also does not result in an LTV Ratio Event in each case immediately after the incurrence of such Financial Indebtedness; or (d) where the Financial Indebtedness has been approved by the Noteholders by way of Special Resolution pursuant to the Meeting Provisions. 	Section 8

Negative pledge	<p>For so long as the NAC Notes are outstanding NAC must not create or permit to subsist any Security Interest upon the whole or any part of its present or future assets to secure any Financial Indebtedness other than a Permitted Security Interest, unless in any such case, before or at the same time as the creation of the Security Interest:</p> <p>(a) all amounts payable by NAC under the NAC Notes and the NAC Trust Deed are secured equally and rateably with the Financial Indebtedness; or</p> <p>(b) such other Security Interest is provided in respect of all amounts payable by NAC under the NAC Notes and the NAC Trust Deed as the Trustee shall in its absolute discretion determine to be not materially less beneficial to the interests of the Noteholders as a whole.</p>	Section 8
Other key covenant	NAC has agreed that it will not, without Noteholder approval, substantially change its core business activity of being a listed investment company (with the value of the unlisted Marketable Securities that NAC holds, as at the time of their acquisition, being no greater than 15% of the value of all Marketable Securities then held by NAC).	Section 8
Quarterly reports	NAC will publish a copy of each 283BF Report on its website as soon as practicable after providing to the Trustee.	Section 8
Trustee	<p>Melbourne Securities Corporation Ltd (ABN 57 160 326 545) was appointed as trustee of the Trust pursuant to the NAC Trust Deed executed on 30 September 2020.</p> <p>The NAC Trust Deed provides for the obligations of NAC and the Trustee to the Noteholders. All rights in relation to the NAC Notes may generally only be enforced by the Trustee in accordance with the NAC Trust Deed as summarised in section 6.</p>	Section 8
Ranking	<p>NAC Notes are direct, unsecured and unsubordinated debt obligations and rank without preference or priority:</p> <ul style="list-style-type: none"> behind NAC's secured debt; equally amongst themselves and at least equally with all other unsubordinated and unsecured obligations of NAC, other than those obligations mandatorily preferred by law including employee entitlements and secured creditors; and ahead of ordinary equity of NAC and any of NAC's obligations that are expressed to be subordinated to NAC Notes. 	Section 8

	Ranking	Existing NAC debt obligations & equity	Facility capitalisation ^{1,2,3}
Higher Ranking	Secured debt	None	None
	Unsecured debt	NAC Notes	\$17.5m
	Unsecured subordinated debt	None	None
	Preference shares	None	None
Lower Ranking	Ordinary shares	Ordinary Shares	\$49.62m

Notes:

1. Assuming that \$17.5m of the NAC Notes are issued under the Offer.

2. NAC's total shareholders' equity as at 30 June 2020, as set out in section 3 of this Prospectus.

3. These amounts may vary during the term of this Prospectus and during the term of the NAC Notes.

Credit rating	Unrated.	
Participation rights	If there is a securities issue before the Maturity Date, the Noteholder will not have any participation rights except to the extent that the Noteholder exercises its rights under the NAC Note Terms and is issued Ordinary Shares prior to the record date for any such securities issue or is otherwise a holder of Ordinary Shares.	Section 8
Voting rights	Noteholders may not attend or vote at meetings of members of NAC unless provided for by the Listing Rules or the Corporations Act.	Section 8
ASX quotation	Application will be made for the NAC Notes to be quoted on ASX under the code 'NACGA'.	Section 8

1.4 KEY RISKS ASSOCIATED WITH NAC NOTES

The following is a summary of risks associated with an investment in NAC Notes, many of which are outside the control of NAC. Please refer to section 4 for further information on the risks relating to an investment in NAC generally and to the market for NAC Notes generally. Please note the risks highlighted are not intended to be exhaustive.

Before applying for NAC Notes, you should consider whether NAC Notes are a suitable investment for you. A summary of some of the key risks associated with an investment in NAC are described in section 4.

NAC Notes are complex instruments and may not be a suitable investment for all investors	Each potential investor in the NAC Notes must determine the suitability of that investment in light of their own circumstances. A potential investor should not invest in the NAC Notes unless it has the expertise (either alone or with the help of a financial adviser) to evaluate how the NAC Notes will perform under changing conditions, the resulting effects on the value of such NAC Notes and the impact this investment will have on the potential investor's overall investment portfolio.	Section 4.1.1
NAC may not be able to redeem the NAC Notes when due	NAC expects to be able to redeem the NAC Notes using the proceeds from future debt or equity raisings, cash flows from operations (if available) or proceeds from the sale of investments. There is a risk that NAC would be unable to procure or raise sufficient cash resources from future debt or equity raisings or sale of investments and would, in that case, have insufficient cashflows to redeem the NAC Notes at the Maturity Date. Neither NAC, nor the Trustee nor any other entity have guaranteed the redemption of the NAC Notes.	Section 4.1.2
NAC may redeem the NAC Notes before the Maturity Date	NAC Notes may be redeemed early by NAC in certain circumstances. There is a risk that the redemption amount may be less than the previously prevailing market value of NAC Notes or the timing of such redemption may not accord with a Noteholder's individual financial circumstances or tax position. Additionally, in the event of an early redemption of NAC Notes, Noteholders may not receive the returns they expected to achieve on NAC Notes (if held until maturity) by investing the proceeds in alternative investment opportunities available at that time.	Section 4.1.3
Interest rate risk	Interest on the NAC Notes is fixed and payable semi-annually in arrear in accordance with the NAC Note Terms. No adjustment will be made to the rate of interest paid to Noteholders as other market-based interest rates rise or fall. The market price of NAC Notes on ASX may fluctuate due to changes in interest rate generally, credit spreads on other corporate securities or investor sentiment towards NAC.	Section 4.1.4

NAC Notes are unsecured and will rank behind the claims of NAC's secured creditors	<p>Subject to security being granted through the negative pledge detailed in clause 6.1 of the NAC Note Terms, if NAC is wound-up, Noteholders will rank behind secured creditors of NAC and equally with other unsecured and unsubordinated creditors of NAC and ahead of Shareholders.</p> <p>If there is a shortfall of funds on winding-up, there is a risk that Noteholders will not receive a full (or any) repayment of their money invested in the NAC Notes or payment of unpaid interest.</p>	Section 4.1.5
Volatility of market price for Ordinary Shares	<p>The Ordinary Shares held by Noteholders following Conversion of their NAC Notes will have the same rights as other Ordinary Shares, which are different from the rights attached to NAC Notes.</p> <p>The trading price of the Ordinary Shares will directly affect the trading price of the NAC Notes. The market price of the Ordinary Shares may be volatile and may cause volatility in the price of NAC Notes and affect the ability of Noteholders to sell the NAC Notes at an acceptable price. There may be no liquid market for Ordinary Shares at the time of Conversion or the market for Ordinary Shares may be less liquid than that for comparable securities issued by other entities at the time of Conversion. Noteholders may suffer loss as a result.</p>	Section 4.1.6
Interest payments are not guaranteed	<p>NAC expects to make interest payments using available cash balances and cash flow from NAC's investments.</p> <p>NAC's ability to generate cash flows from NAC's operations will depend substantially on the performance of its investments in ASX listed companies. The interest payments on the NAC Notes are not guaranteed by the Investment Manager, the Trustee or any other entity.</p>	Section 4.1.7
Future issues of securities may result in Shareholder dilution	<p>NAC may undertake additional offerings of securities in the future. While NAC is subject to the constraints of the ASX Listing Rules regarding the percentage of its capital that it is able to issue within a 12 month period, any issuance of equity securities by NAC after the offer of the NAC Notes could dilute the interest of the existing shareholders and could substantially decrease the market price of the Ordinary Shares. The NAC Note Terms provide for an adjustment to the Conversion Price in relation to some but not all future offerings of securities or in situations where it is lawful to do so.</p>	Section 4.1.8
Payment of dividends on Conversion of NAC Notes to Ordinary Shares is not guaranteed	<p>Payment of any dividends on Ordinary Shares issued on Conversion of the NAC Notes is at the discretion of Directors. Noteholders whose NAC Notes are converted after the record date for a dividend will have no entitlement to that dividend.</p> <p>Directors may only declare or determine a dividend if there are funds legally available to pay dividends. NAC Notes will not be entitled to participate in any dividends on the Ordinary Shares.</p> <p>The amount of future dividends actually paid will be determined by the Board of NAC having regard to, amongst other things, NAC's operating results, financial position and available profit reserves. A change in dividend policy or dividend levels may impact the market value of NAC Notes.</p>	Section 4.1.9
Payment of franked dividends on Conversion of NAC Notes to Ordinary Shares is not guaranteed	<p>There is no guarantee that dividends on Ordinary Shares will be franked. NAC's ability to continue to pay franked dividends is dependent upon the receipt of franked dividends from investments and the payment of tax. Changes to the corporate tax rate may also affect the franking rate attached to any dividends on Ordinary Shares and also the franking rate attached to dividends received from investments. If dividends are franked, the value and availability of any franking credits to a Shareholder will differ depending on the Shareholder's particular tax circumstances.</p> <p>Shareholders should be aware that the ability to use any franking credits, either as an offset to a tax liability or by claiming a refund after the end of the income year, will depend on the individual tax position of each Shareholder and could change if there is a change in applicable law.</p>	Section 4.1.10

Noteholders have limited anti-dilution protection	<p>As at the date of this Prospectus, NAC has 23,776,870 ASX-listed options on issue. Should all or some of these options be exercised in the future, a proportionate number of Ordinary Shares would be issued and this may depress the price of Ordinary Shares already on issue and of the NAC Notes. In addition, as a result of any issue of Ordinary Shares, the voting power and proportionate economic interest of NAC's existing shareholders (and, indirectly, of holders of NAC Notes) would be diluted.</p> <p>NAC may undertake additional offerings of securities in the future.</p> <p>The NAC Note Terms provide for an adjustment to the Conversion Price in relation to only a limited class of future offerings of securities or in situations where it is lawful to do so (refer to the NAC Note Terms described in section 8).</p>	Section 4.1.11
The NAC Notes are subject to changes in Australian tax law	<p>Any future changes in Australian tax law, including changes in interpretation or application of the law by the courts or taxation authorities in Australia, may affect the taxation treatment of the acquisition, holding, Conversion or disposal of NAC Notes.</p>	Section 4.1.12
Noteholders have no voting rights	<p>There is a risk that Noteholders may be affected by corporate decisions made by NAC. Noteholders have no voting or other rights in relation to the Ordinary Shares until Ordinary Shares are issued to them. In addition, NAC Notes do not confer on Noteholders any right to subscribe for new securities in NAC or to participate in any new or bonus issue of securities. The rights attaching to Ordinary Shares, if Ordinary Shares are issued, will be the rights attaching to Ordinary Shares at that time. Noteholders have no right to vote on or otherwise to approve any changes to the Constitution in relation to the Ordinary Shares that may be issued to them upon Conversion. Therefore, Noteholders will not be able to influence decisions that may have adverse consequences for them.</p>	Section 4.1.13
Modifications and waivers	<p>NAC may in certain circumstances amend the NAC Note Terms and the NAC Trust Deed without the consent of Noteholders (refer to clause 11.1 of the NAC Note Terms). NAC may only amend the NAC Note Terms or the NAC Trust Deed in other circumstances if the amendment has been approved by a Noteholder Resolution or (where required under the Meeting Provisions) a Special Resolution. There is a risk that an amendment of the NAC Note Terms will be made, and with which Noteholders may not agree.</p>	Section 4.1.14
Noteholders have limited means to enforce their rights under the NAC Notes and NAC Trust Deed	<p>The NAC Note Terms provide that rights under the NAC Notes and the NAC Trust Deed may generally only be enforced by the Trustee and not by the Noteholders directly. Noteholders must therefore rely on enforcement by the Trustee, except in certain circumstances where the Trustee has failed to take action after being requested by Noteholders to do so. Noteholders may, by Noteholder or Special Resolution, waive breaches or amend the NAC Trust Deed. A Noteholder with a large holding of NAC Notes may influence the outcome of any such vote.</p>	Section 4.1.15
Lack of a public market for the NAC Notes	<p>The NAC Notes are a new issue of securities for which there is currently no established trading market and one may never develop. NAC will seek quotation of the NAC Notes on the ASX to permit on-market trading of the NAC Notes in Australia.</p> <p>Any trading market for NAC Notes may be less liquid than the market for Ordinary Shares. Illiquidity may have an adverse effect on the market value of NAC Notes. There can be no assurance that investors will be able to buy or sell NAC Notes on the ASX at a price acceptable to them, or at all.</p>	Section 4.1.16

Securities law restrictions on the resale and Conversion of the NAC Notes and the resale of Ordinary Shares may impact the Noteholders' ability to sell the NAC Notes	The NAC Notes and the Ordinary Shares into which the NAC Notes are convertible have not been registered under the Securities Act or any state securities laws. Unless and until they are registered, the NAC Notes and the Ordinary Shares issuable and deliverable upon Conversion may not be offered, sold or resold except pursuant to an exemption from registration under the Securities Act and applicable state laws or in a transaction not subject to such laws. The NAC Notes are being offered and sold only to non-US persons outside the United States in reliance on Regulation S under the Securities Act. NAC is not required to register the NAC Notes or the Ordinary Shares into which the NAC Notes are convertible under the NAC Note Terms. Hence, future resales of the NAC Notes and the Ordinary Shares into which the NAC Notes are convertible may only be made pursuant to an exemption from registration under the Securities Act and applicable state laws or in a transaction not subject to such laws.	Section 4.1.17
NAC Notes are unrated	NAC Notes are unrated. The market price and liquidity of an unrated security may be adversely affected compared to securities that are rated.	Section 4.1.18
FATCA withholding and reporting	If NAC or any other person is required to withhold amounts under or in connection with FATCA from any payments made with respect to NAC Notes or with respect to the issuance of any Ordinary Shares upon any Conversion, Noteholders and beneficial owners of NAC Notes, and holders of Ordinary Shares issued upon any Conversion will not be entitled to receive any gross up or additional amounts to compensate them for such withholdings. FATCA is complex and its application to the NAC Notes remains uncertain. Prospective investors are advised to consult their own tax advisers about the application of FATCA to the NAC Notes.	Section 4.1.19
Market price of the NAC Notes may fluctuate	NAC will apply for quotation of NAC Notes on ASX, but NAC is unable to forecast the market price and liquidity of the market for NAC Notes. The market price for the NAC Notes may fluctuate due to various factors.	Section 4.1.20
Inflation risk	An increase in the inflation rate may erode in real terms the value of the capital invested in NAC Notes. It may also negatively impact the profitability of the companies in which NAC invests and the market value of the shares of those companies.	Section 4.1.21

1.5 FURTHER INFORMATION ABOUT THE OFFER

Offer structure	<p>The offer consists of:</p> <ul style="list-style-type: none"> • a Priority Offer; and • a Broker Firm Offer. <p>If there is excess demand Applications may be scaled back by NAC.</p> <p>There is no general public offer of the NAC Notes.</p>	Section 7
Application process	<p>If you are applying under the Priority Offer, you must apply online at www.naosoffer.com.au. Instructions on how to complete the Application Form are set out online. Further information can be obtained by contacting the NAC Notes Offer Information Line on 1300 737 760 (within Australia) or on +61 2 9290 9600 (International) (Monday to Friday 8:30am to 5:30pm, Sydney time).</p> <p>If you are applying under the Broker Firm Offer, you should contact the Syndicate Broker who has offered you a Broker Firm Allocation for information about how and when to lodge your Application.</p> <p>For further information on how to apply for NAC Notes, see section 7.</p>	Section 7
Brokerage, commission or stamp duty payable	No brokerage, commission or stamp duty is payable by you on your application. You may be required to pay brokerage if you sell NAC Notes on ASX after NAC Notes have been quoted on ASX.	Section 7

Minimum Application	Applications must be for a minimum of 50 NAC Notes (\$5,000). If your Application is for more than 50 NAC Notes, you must apply in multiples of 10 NAC Notes (\$1,000) thereafter.	Section 7
Participation in the Priority Offer	The Priority Offer is open to any person who has a registered address in Australia and who, as at the Priority Offer Record Date, was a shareholder in one or more of the following: <ul style="list-style-type: none"> • NAOS Ex-50 Opportunities Company Limited (ASX: NAC); • NAOS Emerging Opportunities Company Limited (ASX: NCC); or • NAOS Small Cap Opportunities Company Limited (ASX: NSC), (together, the Eligible Participants), • and any other party as determined by NAC in its discretion. 	Section 7
Participation in the Broker Firm Offer	The Broker Firm Offer is open to Australian and New Zealand clients of Syndicate Brokers who are either a "Sophisticated Investor" within the meaning of s708(8) of the Corporations Act or a "Professional Investor" within the meaning of s708(11) of the Corporations Act.	Section 7
Allocation policy	NAC will seek to provide Applicants under the Priority Offer with an allocation of at least 100 NAC Notes (where such Applicants have applied for 100 or more NAC Notes) on a reasonable endeavours basis. NAC does not guarantee any minimum allocation and the extent of any allocation will ultimately depend on the number of Applicants under the Priority Offer and total level of Applications under the Offer. Allocations to brokers and institutional investors under the Broker Firm Offer will be determined by NAC, in agreement with the Lead Manager. Once the allocation to brokers and institutions under the Broker Firm Offer has been determined, the brokers participating in the Broker Firm Offer will determine the allocation of NAC Notes among their clients.	Section 7
Shareholder Approval	The Offer is conditional on NAC obtaining Shareholder Approval. Shareholder Approval is being sought at a Meeting of Shareholders which is scheduled to be held on 12 November 2020. If Shareholder Approval is not obtained, NAC will not proceed with the Offer, no NAC Notes will be issued and Application Monies will be returned to Applicants without interest.	Section 6.1
Underwriting	The Offer is not underwritten.	Section 7
Tax implications of investing in NAC Notes	A general description of the Australian taxation consequences of investing in NAC Notes is set out in section 5. That discussion in general terms and is not intended to provide specific advice in relation to the circumstances of any particular investor. Accordingly, investors should seek independent advice in relation to their individual tax position.	Section 5
Issue Date	NAC expects that NAC Notes will be issued on 17 November 2020.	Key dates
Commencement of trading on ASX	NAC expects that NAC Notes will begin trading on ASX on 20 November 2020.	Key dates
Holding Statements	NAC expects that Holding Statements will be despatched by 18 November 2020.	Key dates
Withdrawal of Offer	NAC reserves the right not to proceed with the Offer or any part of it at any time before the issue of NAC Notes to Successful Applicants. If NAC withdraws the Offer, NAC Notes will not be issued and all relevant application monies will be refunded (without interest).	Section 6

Further information about NAC
and the NAC Notes

Section 6

NAC is a disclosing entity for the purposes of the Corporations Act and, as a result, is subject to regular reporting and disclosure obligations under the Corporations Act and the Listing Rules. In addition, NAC must notify ASX immediately (subject to certain exceptions) if it becomes aware of information about NAC that is not generally available, and that a reasonable person would expect to have a material effect on the price or value of its securities, including the NAC Notes.

In addition, NAC has committed to publish on its website a copy of each 283BF Report (as soon as practicable after providing to the Trustee), and the LTV Ratio and the Conversion Price in respect of the NAC Notes on a quarterly basis.

Copies of documents lodged with ASIC can be obtained from, or inspected at, an ASIC office and NAC's ASX announcements may be viewed on www.asx.com.au (ASX: NAC). Further information about NAC, including NAC's half-yearly and annual financial reports, presentations and other investor information, can be obtained from www.naos.com.au/nac-naos-ex50-opportunities-company-limited.

If you have any questions about the Offer please call NAC Notes Offer Information Line on 1300 737 760 (within Australia) or on +61 2 9290 9600 (International) (Monday to Friday 8:30am to 5:30pm, Sydney time) during the Offer Period. If you are unclear in relation to any matter or are uncertain as to whether NAC Notes are a suitable investment for you, you should seek professional advice from your accountant, stockbroker, lawyer or other independent professional adviser.

SECTION 2: INFORMATION ABOUT NAC

2.1 INTRODUCTION

NAOS Ex-50 Opportunities Company Limited (ABN 49 169 448 837) (**NAC**) is a listed investment company that was established in 2014 and its shares are listed on the Australian Securities Exchange (ASX: NAC). NAC seeks to protect investor capital whilst providing a sustainable growing stream of fully franked dividends and long-term capital growth above the benchmark index, being the S&P/ASX 300 Industrials Accumulation Index (XKIAI).

2.2 STRUCTURE

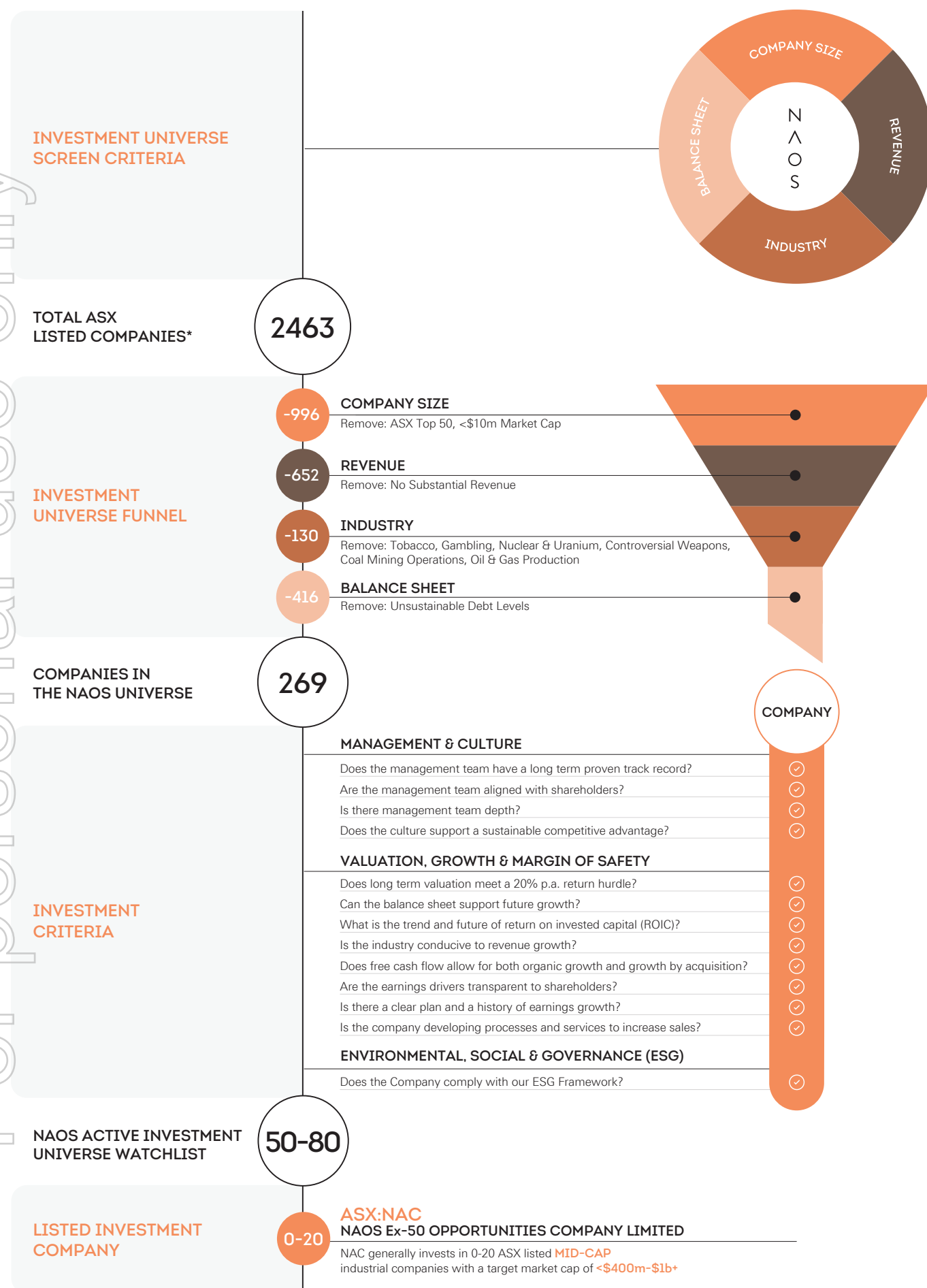
As a listed investment company, NAC has a closed ended company structure, which means that the number of shares on issue is fixed. This allows management to concentrate on the performance of the funds invested over the longer term without having to factor in inflows or outflows of monies through applications and redemptions. In addition, this structure allows management to select investments based on factors including business quality and long-term outlook, regardless of share liquidity profile.

2.3 INVESTMENT OBJECTIVES AND PROCESS

NAC aims to provide investors with genuine, concentrated exposure to Australian undervalued listed small and mid-cap companies with an industrial focus.

NAC's investment process is detailed in Figure 1. on the next page.

Figure 1. Investment process



* Source: Bloomberg Data June 2020

2.4 INVESTMENT PORTFOLIO

NAC targets a concentrated portfolio structure which comprises 0-20 companies that are believed to represent sound long-term value (**Investment Portfolio**). NAC does not regularly update the market on the composition of its Investment Portfolio, other than the information contained within its Annual Report. NAC makes substantial shareholder disclosures in relation to its investments when required. The following tables provide an overview of the composition, performance, and key metrics of the Investment Portfolio.

Table 1. Investment Portfolio as at 31 August 2020

BTC Health Limited unlisted options
Eureka Group Holdings Ltd
Experience Co Ltd
MNF Group Ltd
Objective Corporation Ltd
Over The Wire Holdings Ltd
People Infrastructure Ltd
Smartpay Holdings Ltd
Tuas Limited

Table 2. Performance relative to benchmark as at 31 August 2020

	1 month	1 year	3 years (p.a.)	5 years (p.a.)	Inception (p.a.)	Inception (total return)
NAC Investment Portfolio performance ¹	+11.43%	+19.72%	+11.62%	+14.35%	+13.77%	+111.34%
S&P/ASX 300 Industrials Accumulation Index	+3.63%	-7.04%	+4.77%	+6.27%	+5.82%	+38.88%
Performance relative to benchmark	+7.80%	+26.76%	+6.85%	+8.08%	+7.95%	+72.46%

1. Investment Portfolio performance is post all operating expenses, before fees, taxes and initial IPO and placement commissions. Performance has not been grossed up for franking credits received by shareholders. Since inception (p.a. and total return) includes part performance for the month of November 2014. Returns compounded for periods greater than 12 months.

Historical performance is not an indication of the future performance of the Investment Portfolio. Performance returns of NAC will differ to the Investment Portfolio performance due to fees payable to the Investment Manager and tax payable by NAC.

2.5 KEY METRICS

The key metrics of NAC as at 31 August 2020 are provided in the table below.

Table 3. Key metrics of NAC as at 31 August 2020

Pre-tax Net Tangible Assets per Ordinary Share	\$1.20
Post-tax Net Tangible Assets per Ordinary Share	\$1.15
Weighted average market capitalisation of investments	\$332.1 million
Number of holdings	9
Share price	\$0.925
Fully franked FY20 dividend ¹	5.25 cents per share
Fully franked dividend yield ²	5.68%

1. NAC Ordinary Share dividends are paid on a quarterly basis.

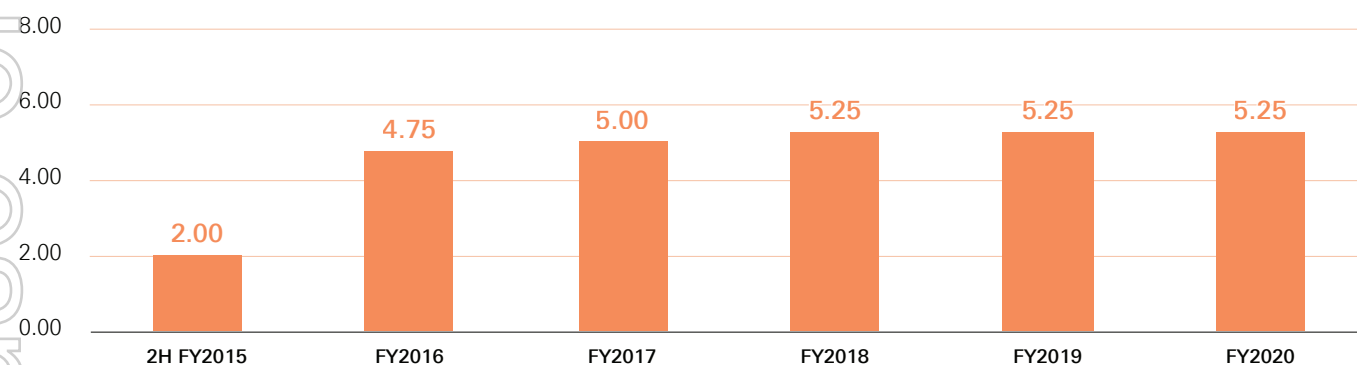
2. Based on 31 August 2020 NAC closing share price, and FY20 total dividends of 5.25c per share.

2.6 DIVIDEND PROFILE

NAC aims to deliver shareholders a sustainable growing stream of fully franked dividends, provided NAC has sufficient profit reserves and franking credits and it is within prudent business practices to do so.

There is no guarantee that NAC's aim to pay dividends will be met in the future. Further to this, the level of franking attached to any dividend will depend on tax paid and on the number of Options exercised prior to that dividend record date.

Figure 2. Fully franked dividend profile (cents per Ordinary Share)



2.7 DESCRIPTION OF THE INVESTMENT MANAGER

NAOS Asset Management Limited (ABN 23 107 621 126) is the investment manager of NAC (**NAOS** or **Investment Manager**).

NAOS is a specialist fund manager providing genuine long-term concentrated exposure to Australian listed industrial companies outside of the ASX 50.

NAOS launched its first listed investment company in 2013, raising \$17.3 million from 400 shareholders. Today NAOS manages approximately \$250 million across three listed investment companies that combined have approximately 7,500 shareholders. In addition to NAC, NAOS acts as Investment Manager for the following listed investment companies:

- NAOS Emerging Opportunities Company Limited (ASX: NCC) which aims to provide investors with genuine, concentrated exposure to Australian undervalued listed micro-cap companies with an industrial focus; and
- NAOS Small Cap Opportunities Company Limited (ASX: NSC) which aims to provide investors with genuine, concentrated exposure to Australian undervalued listed small-cap companies with an industrial focus.

NAOS directors and employees have a significant interest in all three listed investment companies, creating strong alignment of interests with shareholders. In addition, NAOS Asset Management Limited is majority owned by staff and Directors.

2.8 INVESTMENT MANAGER BELIEFS



VALUE WITH LONG TERM GROWTH

We believe in investing in businesses where the earnings today are not a fair reflection of what the same business will earn over the longer term. Ultimately, this earnings growth can be driven by many factors including revenue growth, margin growth, cost synergies, acquisitions and even share buybacks. The end result is earnings growth over a long-term investment horizon even if the business was perceived to be a value type business at the time of the initial investment.



QUALITY OVER QUANTITY

Excessive diversification, or holding too many investments, may be detrimental to overall portfolio performance. We believe it is better to approach each investment decision with conviction. In our view, to balance risk and performance most favourably, the ideal number of quality companies in each portfolio would generally be 0 to 20.



INVEST FOR THE LONG TERM

As investors who are willing to maintain perspective by taking a patient and disciplined approach, we believe we will be rewarded over the long term.

If our investment thesis holds true we persist. Many of our core investments have been held for three or more years where management execution has been consistent and the value proposition is still apparent.



MANAGEMENT ALIGNMENT

We believe in backing people who are proven and aligned with their shareholders. One of the most fundamental factors which is consistent across the majority of company success stories in our investment universe is a high quality proven management team with 'skin in the game'. NAOS Directors and staff members are significant holders of shares on issue across our strategies, so the interests of our shareholders are well aligned with our own.



IGNORE THE INDEX

This means we are not forced holders of stocks with large index weightings that we are not convinced are attractive investment propositions.

We actively manage each investment to ensure the best outcome for our shareholders and only invest in companies that we believe will provide excellent, sustainable long-term returns.



PURE EXPOSURE TO INDUSTRIALS

With the big four banks making up a large portion of total domestic equity holdings for the SMSF investor group, many Australian investors are at risk of being overexposed to one sector and may be missing out on opportunities to invest in quality companies in industries such as Media, Advertising, Agriculture or Building Materials. Australian listed industrial companies outside the ASX 50 are our core focus, and we believe the LICs we manage provide pure access to these companies which may be lesser known by the broader investment community.



PERFORMANCE V LIQUIDITY FOCUS

We believe in taking advantage of inefficient markets; the perceived risk associated with low liquidity (or difficulty buying or selling large positions) combined with investor short-termism presents an opportunity to act based purely on the long-term value proposition where the majority may lose patience and move on. Often illiquidity is caused by aligned founders or management having significant holdings in a company. NAOS benefits from a closed-end LIC structure, which means we do not suffer 'redemption risk' and we can focus on finding quality undervalued businesses regardless of their liquidity profile.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG)

As an investment manager, NAOS recognises and accepts its duty to act responsibly and in the best interests of shareholders. We believe that a high standard of business conduct and a responsible approach to environmental, social and governance (ESG) factors is associated with a sustainable business model over the longer term that benefits not only shareholders but also the broader economy. NAOS is a signatory to the UN-supported Principles for Responsible Investment (PRI) and is guided by these principles in incorporating ESG into our investment practices.



CONSTRUCTIVE ENGAGEMENT

NAOS entities are not activist investors; due to our investment approach it is common for NAOS to establish a substantial shareholding in a company with a long-term (five years+) investment horizon.

This approach allows us to supportively engage with the boards and/or management teams of our portfolio holdings.

Examples of constructive engagement where the NAOS investment team look to add value:

- Growth capital if/when required
- Messaging and communications
- Capital management decisions
- Company strategy
- Board composition

2.9 BOARD OF DIRECTORS OF NAC

David Rickards – Independent Chairman

David Rickards has been a Director and Chairman of the Company since 20 October 2017.

David is also a Director of NAOS Small Cap Opportunities Company Limited (ASX: NSC) and Chairman of NAOS Emerging Opportunities Company Limited (ASX: NCC). David is also Co-Founder of Social Enterprise Finance Australia and for the period 2006 -2016 was a Director and Treasurer of Bush Heritage Australia. David has over 25 years of equity market experience, most recently as an Executive Director at Macquarie Group where David was head of equities research globally as well as equity strategy since 1989 until he retired in mid-2013. David was also a Consultant for the financial analysis firm Barra International.

David holds a Masters of Business Administration majoring in Accounting and Finance from the University of Queensland as well as two Bachelor degrees, one in Engineering (Civil and Structural) from the University of Sydney, and a Bachelor's degree in Science (Pure Mathematics and Geology).

Sarah Williams – Independent Director

Sarah Williams was appointed as an Independent Director in January 2019.

Sarah is also a Director of NAOS Emerging Opportunities Company Limited (ASX: NCC). Sarah has over 25 years' experience in executive management, leadership, IT and risk management within the financial services and IT industries. Most recently, Sarah was an Executive Director at Macquarie Group holding the role of Head of IT for the Asset Management, Investment Banking and Leasing businesses. During her 18-year tenure at Macquarie Group she also led the Risk and Regulatory Change team, the Equities IT team and developed the IT M&A capability. Sarah has also held senior roles with J.P. Morgan and Pricewaterhouse Coopers in London. Sarah has also been a director of charitable organisations including Cure Cancer Australia Foundation and Make a Mark Australia.

Sarah holds an Honours Degree in Engineering Physics from Loughborough University and has also studied at the Harvard Business School.

Warwick Evans – Director

Warwick Evans has been a Director since 20 October 2017.

Warwick is also a Director of NAOS Emerging Opportunities Company Limited (ASX: NCC), NAOS Small Cap Opportunities Company Limited (ASX: NSC) and NAOS Asset Management Limited, the Investment Manager. Warwick has over 35 years of equity markets experience, most notably as Managing Director for Macquarie Equities (globally) from 1991 to 2001 as well as being an Executive Director for Macquarie Group. He was the founding Chairman and Chief Executive Officer of the Newcastle Stock Exchange (NSX) and was also the Chairman of the Australian Stockbrokers Association. Prior to these positions he was an Executive Director at County NatWest.

Warwick holds a Bachelor's degree in Commerce majoring in Economics from the University of New South Wales.

Sebastian Evans – Director

Sebastian Evans has been a Director of the Company since 20 October 2017.

Sebastian is also a Director of NAOS Emerging Opportunities Company Limited (ASX: NCC), NAOS Small Cap Opportunities Company Limited (ASX: NSC) and is Chief Investment Officer (**CIO**) and Managing Director of NAOS Asset Management Limited, the Investment Manager. Sebastian is the CIO across all investment strategies.

Sebastian holds a Masters of Applied Finance majoring in Investment Management (MappFin) as well as a Bachelor's Degree in Commerce majoring in Finance and International Business, a Graduate Diploma in Management from the Australian Graduate School of Management (AGSM) and a Diploma in Financial Services.

The interests of the Directors in the Company as at the date of the prospectus are set out in section 6.13.1.

2.10 SENIOR MANAGEMENT OF THE INVESTMENT MANAGER

Sebastian Evans - Chief Investment Officer

See section 2.9 above.

Ben Rundle – Portfolio Manager

Ben joined NAOS in January 2015 as a Portfolio Manager. Ben has been working in the financial markets since February 2006 and prior to joining NAOS he held various roles within the Financial Services Industry including roles at Macquarie Bank and most recently with Moelis and Company.

Robert Miller – Portfolio Manager

Robert has been with NAOS since September 2009 working with the investment team as an Investment Analyst and now Portfolio Manager. Robert has completed his Bachelors Degree in Business from the University of Technology, Sydney, as well as completing his Masters of Applied Finance from the Financial Services Institute of Australasia.

Richard Preedy – Chief Financial and Operating Officer

Richard joined NAOS in October 2015 as Chief Financial and Operating Officer. Richard has over 14 years' financial services experience in the UK and Australia, beginning his career in London with Deloitte & Touche before relocating to Sydney in 2013. Richard holds a BA (Hons) in Business Management from the University of Sheffield, is a fully qualified Chartered Accountant, and a member of the Governance Institute of Australia.

Julia O'Brien – Business Development Manager

Julia joined NAOS in September 2015 in the capacity of Business Development Manager. Prior to joining NAOS, Julia held various Client Relationship roles within the Financial Services Industry in Australia and the UK including roles at Macquarie Bank and Deutsche Bank. Julia holds a Bachelor of Business degree majoring in Accounting from the University of Technology, Sydney and she also holds a Graduate Diploma in Applied Finance from KAPLAN.

Nina Dunn – Business Development Manager

Nina joined NAOS in July 2020 as the Business Development Manager. Prior to joining NAOS, Nina worked as the Director of Marketing at Morrow Sodali. She has spent much of her career in the funds management industry working in senior investor relations and marketing roles for Wilson Asset Management, Ellerston Capital and Select Asset Management. Nina has a Bachelor of Arts (Business) from the University of Sydney and a Graduate Diploma of Financial Markets from the Financial Services Institute of Australia (FINSIA).

Angela Zammit – Marketing & Communications Manager

Angela joined NAOS in May 2020 in the capacity of Marketing & Communications Manager. Prior to joining NAOS, Angela held Marketing roles for companies in both Australia and the UK including SAI Global, American Express, Citibank, and Arete Marketing. Angela holds a Bachelor of Communications degree majoring in Advertising & Marketing from the University of Canberra.

SECTION 3: EFFECT OF THE OFFER

3.1 HISTORICAL AND PRO FORMA FINANCIAL INFORMATION

(a) Basis of preparation

This section contains historical and pro forma historical financial information of NAC (**Financial Information**).

The Financial Information in section 3.1 is presented in an abbreviated form and does not contain all of the presentation, disclosures, statements and comparative information required by Australian Accounting Standards that are usually provided in an annual financial report prepared in accordance with the Corporations Act.

The Financial Information comprises the historical statement of financial position as at 30 June 2018, 30 June 2019 and 30 June 2020.

NAC is a disclosing entity for the purposes of the Corporations Act and, as a result, is subject to regular reporting and disclosure obligations under the Corporations Act and the Listing Rules, including an obligation to lodge half-yearly and annual financial reports with ASIC.

NAC's financial statements for the years ended 30 June 2018, 30 June 2019 and 30 June 2020 have been audited by Deloitte Touche Tohmatsu in accordance with Australian Auditing Standards. A complete version of NAC's financial reports for these periods are available from ASX's website, www.asx.com.au.

The Financial Information should be read in conjunction with the notes set out in the 2018 Annual Report, the notes set out in the 2019 Annual Report, the notes set out in the 2020 Annual Report, the risks described in section 4 and other information contained in the Prospectus.

The Directors are responsible for the preparation and presentation of the Financial Information.

The pro forma balance sheet as at 30 June 2020 has been prepared by the Directors and assumes completion of the transactions detailed in section 3.1(b). The accounting policies used in preparation of the pro forma balance sheet are consistent with those set out in NAC's Annual Report for the year ended 30 June 2020.

(b) Pro forma adjustments

The pro forma statement of financial position has been prepared based on the historical statement of financial position as at 30 June 2020 adjusted for the impact of the Offer, as if the Offer was completed at 30 June 2020. The adjustments made to the pro forma statement of financial position reflect an issue of \$17.5 million of NAC Notes, net of the expected costs incurred in respect of the issue of \$572,550.

Certain costs associated with the Offer will be incurred on issuance of NAC Notes and will be amortised over their tenure.

(c) Historical statement of financial position

Set out below and on the next page is a summary of NAC's historical statement of financial position as at 30 June 2018, 30 June 2019 and 30 June 2020.

	30 June 2018 (audited) \$	30 June 2019 (audited) \$	30 June 2020 (audited) \$
Assets			
Cash and cash equivalents	4,089,412	4,418,878	270,992
Trade and other receivables	186,333	682,839	467,757
Financial assets at fair value	54,405,716	47,165,895	49,882,767
Deferred tax assets	534,043	1,276,287	1,484,349
Total assets	59,215,504	53,543,899	52,105,865
Liabilities			
Trade and other payables	408,789	339,768	740,586
Deferred tax liabilities	1,365,725	631,922	1,743,433
Total liabilities	1,774,514	971,690	2,484,019
Net assets	57,440,990	52,572,209	49,621,846

Equity			
Issued capital	53,528,189	53,158,781	48,674,617
Profits reserve	5,655,209	2,214,042	7,861,307
Accumulated losses	(1,742,408)	(2,800,614)	(6,914,078)
Total equity	57,440,990	52,572,209	49,621,846

(d) Pro forma statement of financial position

The pro forma statement of financial position has been derived from the audited statutory statement of financial position as at 30 June 2020 and has been prepared to reflect the NAC Note issue of \$17.5 million pursuant to the Offer, net of associated costs.

The pro forma statement of financial position of NAC is provided for illustrative purposes and will not necessarily reflect the actual position and balances as at the date of this Prospectus or at the conclusion of the Offer.

	30 June 2020 (audited) \$	30 June 2020 (adjusted) \$	Pro Forma (unaudited) \$
Assets			
Cash and cash equivalents	270,992	16,927,450	17,198,442
Trade and other receivables	467,757	-	467,757
Financial assets at fair value	49,882,767	-	49,882,767
Deferred tax assets	1,484,349	-	1,484,349
Total assets	52,105,865	16,927,450	69,033,315
Liabilities			
Trade and other payables	740,586	-	740,586
Deferred tax liabilities	1,743,433	-	1,743,433
Convertible Notes	-	16,927,450	16,927,450
Total liabilities	2,484,019	16,927,450	19,411,469
Net assets	49,621,846	-	49,621,846
Equity			
Issued capital	48,674,617	-	48,674,617
Profits reserve	7,861,307	-	7,861,307
Accumulated losses	(6,914,078)	-	(6,914,078)
Total equity	49,621,846	-	49,621,846

Notes on the pro forma statement of financial position

i. Cash pro forma reconciliation

The table below details the reconciliation of the pro forma cash balance of NAC as at 30 June 2020, reflecting the impact of the pro forma adjustments on the actual cash at bank.

Pro forma cash reconciliation	\$
Cash balance as at 30 June 2020	270,992
Gross proceeds of Offer	17,500,000
Expenses of the Offer	(572,550)
Pro forma cash balance	17,198,442

Expenses of the Offer	\$
Lead Manager fees ¹	335,000
Legal fees	136,000
Administrative fees ²	53,900
Registry fee	27,650
Trustee fee	20,000
Expenses of the Offer	572,550

1. Lead Manager fees assume a total raise of \$17.5 million of convertible notes.

2. Administrative Fees include lodgement fees, listing fees, accounting fees and typesetting costs.

ii. Borrowing compound financial instruments – Convertible Notes

The unsecured convertible notes to be issued by NAC in accordance with the Offer, are able to be converted to share capital in NAC at the option of the Noteholder, and the number of Shares to be issued in NAC will not vary with changes in the fair value of the instruments. In accordance with AASB 132: Financial Instruments: Presentation, the NAC Notes will be recognised as a compound financial instrument.

The liability component of a compound financial instrument is initially recognised at the fair value of a comparable liability that does not have an equity conversion option. The equity component is initially recognised as the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component.

Transaction costs which are directly attributable to the NAC Note issue are allocated to the liability and equity component of the compound financial instrument on a proportional basis.

For the NAC Notes the fair value of the liability component has been estimated to be equal to the aggregate Face Value of the NAC Notes and no equity component has therefore been recognised.

These amounts have been recorded within the NAC pro forma statement of financial position as at 30 June 2020 net of transaction costs which are directly attributable to the NAC Note issue.

Interest, dividends, losses and gains relating to the financial liability are recognised in profit or loss.

3.2 HISTORICAL AND PRO FORMA FINANCIAL INFORMATION

(a) LTV Ratio

To assist potential investors to understand the financial position of NAC, the following disclosure regarding the LTV Ratio is provided.

The LTV Ratio included below has been calculated based on the unaudited pro forma statement of financial position as at 30 June 2020, incorporating the impact of the Offer but assuming that the net proceeds of the Offer of \$16,927,450 are invested immediately into marketable securities (rather than held as cash).

Under these assumptions, and applying the formula set out below, NAC would have an LTV Ratio of 25.79%:

$$\text{LTV Ratio} = \frac{\text{Total Debt – (Cash and cash equivalents)}}{\text{Market Value of all Marketable Securities held by or on behalf of NAC}}$$

The LTV Ratio indicates the extent to which NAC's investments in securities are funded by net borrowings. A higher ratio indicates a greater reliance on net borrowings.

Under the NAC Note Terms, for so long as any of the NAC Notes remain outstanding, NAC must not, without the approval of the Noteholders by way of Special Resolution:

- make any In-specie Distribution;
- make any other Distribution that would result in an LTV Ratio Event immediately after such Distribution; or
- incur any Financial Indebtedness other than Permitted Financial Indebtedness.

Should the LTV Ratio exceed 45% at any time while the NAC Notes are on issue, the Interest Rate will increase by 2.0% per annum for the number of days the LTV Ratio exceeded 45%, other than while default interest following an Event of Default applies.

(b) Assets, liabilities and equity

NAC had total assets of \$52.1 million, total liabilities of \$2.5 million and total equity of \$49.6 million as at 30 June 2020. The market value of the Company's equity at 30 June 2020 (market capitalisation) was \$37.3 million. The Company's market capitalisation as at 28 September 2020 was approximately \$46.0 million.

(c) Loans and debt

As at the date of this Prospectus, NAC is not in default on current loan covenants or debt obligations.

3.3 NAC'S EXISTING DEBT FACILITIES AND DEBT MATURITY

As of the date of this Prospectus, NAC had no outstanding interest bearing loans and borrowings.

SECTION 4: RISK FACTORS

There are a number of factors, both specific to NAC and of a general nature, which may affect the future operating and financial performance of NAC and the value of an investment in NAC or NAC Notes.

Before applying for any NAC Notes, you should consider whether the NAC Notes are a suitable investment for you. There are risks associated with NAC's business and risks associated with an investment in the NAC Notes and NAC, many of which are outside the control of NAC. These risks include those in this section 4 and other matters referred to in this Prospectus. You should carefully consider the risks described and the other information in this Prospectus before investing in NAC Notes. The risks and uncertainties described below are not the only ones NAC faces.

Additional risks and uncertainties that NAC is unaware of, or that NAC currently deems to be immaterial, may also become important factors that affect the NAC Notes or NAC.

4.1 RISKS ASSOCIATED WITH NAC NOTES

4.1.1 NAC Notes are complex instruments and may not be a suitable investment for all investors

Each potential investor in the NAC Notes must determine the suitability of that investment in light of their own circumstances. A potential investor should not invest in the NAC Notes unless it has the expertise (either alone or with the help of a financial adviser) to evaluate how the NAC Notes will perform under changing conditions, the resulting effects on the value of such NAC Notes and the impact this investment will have on the potential investor's overall investment portfolio.

4.1.2 NAC may not be able to redeem the NAC Notes when due

NAC expects to be able to redeem the NAC Notes using the proceeds from future debt or equity raisings, cash flows from operations (if available) or proceeds from the sale of investments. There is a risk that NAC would be unable to procure or raise sufficient cash resources from future debt or equity raisings or sale of investments and would, in that case, have insufficient cashflows to redeem the NAC Notes at the Maturity Date.

NAC must redeem the NAC Notes on the request of a Noteholder if a Change of Control Event or a Delisting Event (each as defined in the NAC Note Terms) occurs. NAC cannot assure Noteholders that, if required, it would have sufficient cash or other financial resources at the time such a redemption obligation arises or would be able to arrange financing to redeem the NAC Notes in cash.

Neither NAC, nor the Trustee nor any other entity have guaranteed the redemption of the NAC Notes.

4.1.3 NAC may redeem the NAC Notes before the Maturity Date

NAC Notes may be redeemed early by NAC in certain circumstances. There is a risk that the redemption amount may be less than the previously prevailing market value of NAC Notes or the timing of such redemption may not accord with a Noteholder's individual financial circumstances or tax position.

Additionally, in the event of an early redemption of NAC Notes, Noteholders may not receive the returns they expected to achieve on NAC Notes (if held until maturity) by investing the proceeds in alternative investment opportunities available at that time.

4.1.4 Interest rate risk

Interest on the NAC Notes is fixed and payable semi-annually in arrears in accordance with the NAC Note Terms. No adjustment will be made to the rate of interest paid to Noteholders as other market-based interest rates rise or fall.

The market price of NAC Notes on ASX may fluctuate due to changes in interest rates generally, credit spreads on other corporate securities or investor sentiment towards NAC.

4.1.5 NAC Notes are unsecured and will rank behind the claims of NAC's secured creditors

Neither the NAC Trust Deed nor the NAC Notes create any security interest in favour of Noteholders to secure the payment obligations arising under the NAC Notes. Subject to security being granted through the negative pledge detailed in clause 6.1 of the NAC Note Terms, if NAC is wound-up, Noteholders will rank behind secured creditors of NAC and equally with other unsecured and unsubordinated creditors of NAC and ahead of Shareholders.

Investors should be aware that in the event of bankruptcy, liquidation, reorganisation or other winding-up procedures, any of NAC's assets which are the subject of a valid security arrangement will be only available to pay obligations on the NAC Notes after such secured indebtedness has been repaid in full. If there is a shortfall of funds on winding-up, there is a risk that Noteholders will not receive a full (or any) repayment of their money invested in the NAC Notes or payment of unpaid interest.

4.1.6 Volatility of market price for Ordinary Shares

The Ordinary Shares held by Noteholders following Conversion of their NAC Notes will have the same rights as other Ordinary Shares, which are different from the rights attached to NAC Notes.

The trading price of the Ordinary Shares will directly affect the trading price of the NAC Notes. The market price of the Ordinary Shares may be volatile and may cause volatility in the price of NAC Notes and affect the ability of Noteholders to sell the NAC Notes at an acceptable price. There may be no liquid market for Ordinary Shares at the time of Conversion or the market for Ordinary Shares may be less liquid than that for comparable securities issued by other entities at the time of Conversion. Noteholders may suffer loss as a result.

4.1.7 Interest payments are not guaranteed

NAC expects to make interest payments using available cash balances and cash flow from the NAC's investments.

NAC's ability to generate cash flows from NAC's operations will depend substantially on the performance of its investments in ASX listed companies. If NAC's investments do not perform as expected by NAC, there is a risk that NAC would be unable to generate sufficient cash balances and cash flows from operations and would in that case have insufficient cash flows to service the semi-annual interest payments on the NAC Notes.

The interest payments on the NAC Notes are not guaranteed by the Investment Manager, the Trustee or any other entity.

4.1.8 Future issues of securities may result in Shareholder dilution

NAC may undertake additional offerings of securities in the future. While NAC is subject to the constraints of the ASX Listing Rules regarding the percentage of its capital that it is able to issue within a 12 month period, any issuance of equity securities by NAC after the offer of the NAC Notes could dilute the interest of the existing shareholders and could substantially decrease the market price of the Ordinary Shares. The NAC Note Terms provide for an adjustment to the Conversion Price in relation to some but not all future offerings of securities or in situations where it is lawful to do so.

4.1.9 Payment of dividends on Conversion of NAC Notes to Ordinary Shares is not guaranteed

Payment of any dividends on Ordinary Shares issued on Conversion of the NAC Notes is at the discretion of Directors. Noteholders whose NAC Notes are converted after the record date for a dividend will have no entitlement to that dividend.

Directors may only declare or determine a dividend if there are funds legally available to pay dividends. NAC Notes will not be entitled to participate in any dividends on the Ordinary Shares.

The amount of future dividends actually paid will be determined by the Board of NAC having regard, amongst other things, to NAC's operating results, financial position, and available profit reserves from which to pay a dividend. A change in dividend policy or dividend levels may impact the market value of NAC Notes.

4.1.10 Payment of franked dividends on Conversion of NAC Notes to Ordinary Shares is not guaranteed

There is no guarantee that dividends on Ordinary Shares will be franked. NAC's ability to continue to pay franked dividends is dependent upon the receipt of franked dividends from investments and the payment of tax. Changes to the corporate tax rate may also affect the franking rate attached to any dividends on Ordinary Shares and also the franking rate attached to dividends received from investments. If dividends are franked, the value and availability of any franking credits to a Shareholder will differ depending on the Shareholder's particular tax circumstances.

Shareholders should be aware that the ability to use any franking credits, either as an offset to a tax liability or by claiming a refund after the end of the income year, will depend on the individual tax position of each Shareholder and could change if there is a change in applicable law.

4.1.11 Noteholders have limited anti-dilution protection

As at the date of this Prospectus, NAC has 23,776,870 ASX-listed options on issue (ASX: NACOA). Should all or some of these options be exercised in the future, a proportionate number of Ordinary Shares would be issued and this may depress the price of Ordinary Shares already on issue and of the NAC Notes. In addition, as a result of any issue of Ordinary Shares, the voting power and proportionate economic interest of NAC's existing shareholders (and, indirectly, of Noteholders) would be diluted.

NAC may undertake additional offerings of securities in the future. The NAC Note Terms provide for an adjustment to the Conversion Price in relation to only a limited class of future offerings of securities or in situations where it is lawful to do so (refer to NAC Note Terms described in section 8).

4.1.12 The NAC Notes are subject to changes in Australian tax law

Any future changes in Australian tax law, including changes in interpretation or application of the law by the courts or taxation authorities in Australia, may affect the taxation treatment of the acquisition, holding, Conversion or disposal of NAC Notes.

4.1.13 Noteholders have no voting rights

There is a risk that Noteholders may be affected by corporate decisions made by NAC. Noteholders have no voting or other rights in relation to the Ordinary Shares until Ordinary Shares are issued to them. In addition, NAC Notes do not confer on Noteholders any right to subscribe for new securities in NAC or to participate in any bonus issue of securities. The rights attaching to Ordinary Shares, if Ordinary Shares are issued, will be the rights attaching to Ordinary Shares at that time. Noteholders have no right to vote on or otherwise to approve any changes to the Constitution in relation to the Ordinary Shares that may be issued to them upon Conversion. Therefore, Noteholders will not be able to influence decisions that may have adverse consequences for them.

4.1.14 Modifications and waivers

NAC may in certain circumstances amend the NAC Note Terms and the NAC Trust Deed without the consent of Noteholders (refer to clause 11.1 of the NAC Note Terms).

NAC may only amend the NAC Note Terms or the NAC Trust Deed in other circumstances if the amendment has been approved by a Noteholder Resolution or (where required under the Meeting Provisions) a Special Resolution of Noteholders. There is a risk that an amendment of the NAC Note Terms or the NAC Trust Deed will be made, and with which Noteholders may not agree.

4.1.15 Noteholders have limited means to enforce their rights under the NAC Notes and NAC Trust Deed

The NAC Note Terms provide that rights under the NAC Notes and the NAC Trust Deed may generally only be enforced by the Trustee and not by the Noteholders directly. Noteholders must therefore rely on enforcement by the Trustee, except in certain circumstances where the Trustee has failed to take action after being requested by Noteholders to do so.

Noteholders may, by Noteholder or Special Resolution, waive breaches or amend the NAC Trust Deed. A Noteholder with a large holding of NAC Notes may influence the outcome of any such vote.

4.1.16 Lack of a public market for the NAC Notes

The NAC Notes are a new issue of securities for which there is currently no established trading market and one may never develop. NAC will seek quotation of the NAC Notes on the ASX to permit on-market trading of the NAC Notes in Australia.

Any trading market for NAC Notes may be less liquid than the market for Ordinary Shares. Illiquidity may have an adverse effect on the market value of NAC Notes.

If an active trading market were to develop, the NAC Notes could trade at a price that may be lower than the Issue Price of the NAC Notes. Whether or not the NAC Notes will trade at lower prices depends on many factors, including:

- prevailing interest rates and the market for similar securities;
- general economic, market and political conditions;
- NAC's financial condition, financial performance and future prospects as well as the market price and volatility of the Ordinary Shares;
- the publication of earnings estimates or other research reports and speculation in the press or investment community; and
- changes in the industry and competition affecting NAC.

There can be no assurance that investors will be able to buy or sell NAC Notes on the ASX at a price acceptable to them, or at all.

4.1.17 Securities law restrictions on the resale and Conversion of the NAC Notes and the resale of Ordinary Shares may impact the Noteholder's ability to sell the NAC Notes

The NAC Notes and the Ordinary Shares into which the NAC Notes are convertible have not been registered under the Securities Act or any state securities laws. Unless and until they are registered, the NAC Notes and the Ordinary Shares issuable and deliverable upon Conversion may not be offered, sold or resold except pursuant to an exemption from registration under the Securities Act and applicable state laws or in a transaction not subject to such laws. The NAC Notes are being offered and sold only to non-US persons outside the United States in reliance on Regulation S under the Securities Act. NAC is not required to register the NAC Notes or the Ordinary Shares into which the NAC Notes are convertible under the NAC Note Terms. Hence, future resales of the NAC Notes and the Ordinary Shares into which the NAC Notes are convertible may only be made pursuant to an exemption from registration under the Securities Act and applicable state laws or in a transaction not subject to such laws.

4.1.18 NAC Notes are unrated

NAC Notes are unrated. The market price and liquidity of an unrated security may be adversely affected compared to securities that are rated.

4.1.19 Foreign Account Tax Compliance Act ('FATCA') withholding and reporting

In order to comply with FATCA, NAC (or, if NAC Notes are held through another financial institution, such other financial institution) may be required (pursuant to an agreement with the United States or under applicable law including pursuant to the terms of an applicable intergovernmental agreement entered into between the United States and any other jurisdiction) (i) to request certain information from Noteholders or beneficial owners of NAC Notes, which information may be provided to the US Internal Revenue Service ('IRS'), and (ii) to withhold tax on some portion of payments made with respect to NAC Notes if such information is not provided or if payments are made to certain foreign financial institutions that have not entered into a similar agreement with the United States (and are not otherwise required to comply with the FATCA regime under applicable law including pursuant to the terms of an applicable intergovernmental agreement entered into between the United States and any other jurisdiction).

If NAC or any other person is required to withhold amounts under or in connection with FATCA from any payments made with respect to NAC Notes or with respect to the issuance of any Ordinary Shares upon any Conversion, Noteholders and beneficial owners of NAC Notes, and holders of Ordinary Shares issued upon any Conversion will not be entitled to receive any gross up or additional amounts to compensate them for such withholdings.

FATCA is complex and its application to the NAC Notes remains uncertain. Prospective investors are advised to consult their own tax advisers about the application of FATCA to the NAC Notes.

This information is based on guidance issued by the IRS or other relevant tax authority as at the date of this Prospectus. Future guidance may affect the application of FATCA to NAC, Noteholders or beneficial owners of NAC Notes or Ordinary Shares.

4.1.20 Market price of the NAC Notes may fluctuate

NAC will apply for quotation of NAC Notes on ASX, but NAC is unable to forecast the market price and liquidity of the market for NAC Notes. The market price for the NAC Notes may fluctuate due to various factors, including:

- operating results of NAC that vary from expectations of securities analysts and investors;
- changes in expectations as to NAC's future financial performance, including financial estimates by securities analysts and investors;
- announcement of acquisitions, strategic partnerships, joint ventures or capital commitments by NAC or its competitors;
- changes in the market price of Ordinary Shares;
- macroeconomic conditions, interest rates, credit spreads on other corporate securities, general movements in the Australian and international equity markets;
- other major Australian and international events such as hostilities and tensions, and acts of terrorism; and
- other factors beyond the control of NAC and its Directors.

It is possible that NAC Notes will trade at a market price above or below the Face Value as a result of these and other factors. As a result, Noteholders who wish to sell their NAC Notes may be unable to do so at an acceptable price (if at all). Additionally, this may result in greater volatility in the market price of the NAC Notes than would be expected for non-convertible debt securities. Where markets are volatile, there is the potential for fluctuations in the price of securities, sometimes markedly and over a short period. Investing in volatile conditions implies a greater level of volatility risk for investors than an investment in a more stable market.

4.1.21 Inflation risk

An increase in the inflation rate may erode in real terms the value of the capital invested in NAC Notes. It may also negatively impact the profitability of the companies in which NAC invests and the market value of the shares of those companies.

4.2 RISKS ASSOCIATED WITH NAC

Key risks relating to NAC are set out below. It is not, however, possible to describe all the risks to which NAC may become subject and which may impact adversely on NAC's prospects and performance.

4.2.1 Market risk and impact of COVID-19

There is a risk that investments that form part of NAC's Investment Portfolio may fall in value over short or extended periods of time due to movements in the broader equity market. Noteholders are exposed to this risk both through their holdings as well as through NAC's Investment Portfolio. In particular, the events relating to the COVID-19 pandemic (and government responses) have resulted in significant market volatility including in the prices of securities trading on the ASX and there is continued uncertainty as to the economic outlook in Australia and globally. A prolonged decline in macroeconomic conditions (such as increased and sustained unemployment, subdued consumer confidence, economic recessions, downturns or extended periods of uncertainty or volatility) may adversely impact the value and liquidity of NAC's securities (including the NAC Notes) and may also adversely affect the value of shares held by NAC in any of its portfolio companies which may adversely impact the value of NAC's Net Tangible Assets per Ordinary Share.

4.2.2 Small-cap and mid-cap companies risk

NAC generally invests in small and mid-cap companies, some of which may be more susceptible to losses and risks of insolvency due to having limited customers, product lines, markets or financial resources, or being heavily dependent on key personnel. Shares in small and mid-cap companies may be susceptible to wide price fluctuations, may trade less frequently and in smaller volumes and therefore may be affected by liquidity risk. Any of these factors in turn may materially adversely affect the performance of NAC and the trading price of its Ordinary Shares.

4.2.3 Liquidity risk

Positions in small and mid-cap companies such as those held by NAC, may be difficult to sell and convert into cash, as the market for these types of investments is inherently smaller and less liquid than for large-cap companies. The risks associated with a lack of liquidity of shares in the portfolio companies are further increased due to NAC's concentrated investment style. Although the Investment Manager constructs its investment strategy having regard to liquidity constraints, there is a risk that one or more of the holdings in the Investment Portfolio (from time to time) may become illiquid. This can result in a loss if NAC needs to sell such investments within a particular time frame.

4.2.4 Concentration risk

NAC's Investment Portfolio will generally only hold between 0-20 positions. This means that NAC's Investment Portfolio is concentrated in nature and it has a substantial holding in many of the companies. As a result, there is the risk that the Investment Portfolio may be less diversified than other listed investment companies. This may increase the exposure that NAC has to abnormal falls in the market price of any single investment and in turn could negatively impact the value of Ordinary Shares.

4.2.5 Short selling risk

As part of its investment strategy, NAC may engage from time to time in short selling of companies which it believes are significantly overvalued and have a number of risks to their overall business strategy.

There are inherent risks associated with short selling. Short selling involves borrowing securities in a company (including through the use of derivatives) which are then sold. If the price of the securities falls then NAC can buy those securities at a lower price to transfer back to the lender of the securities. However, if the price of those securities rises NAC may be required to sell the securities to the lender at a significant loss.

Short selling can be seen as a form of leverage and may magnify the gains and losses achieved in NAC's Investment Portfolio. While short selling may be used to manage certain risk exposures in NAC's Investment Portfolio and increase returns, it may also have a significantly increased adverse impact on its returns. Short selling exposes NAC's Investment Portfolio to the risk that investment flexibility could be restrained by the need to provide collateral to the securities lender and that positions may have to be liquidated at a loss and not at a time of NAC's choosing.

4.2.6 Equity investment risks

As NAC is a listed investment company that seeks to invest in ASX listed small and mid-cap companies, NAC is exposed to risks inherently associated with investing in listed securities, including:

- the performance of the companies in which NAC invests;
- the level of dividend payments made by the companies in which NAC invests;
- the market prices of the securities in which NAC invests;
- the market liquidity of the securities in which NAC invests;
- the size of NAC's Investment Portfolio;
- the concentrated investment style of the Investment Manager (which may increase the exposure that the Investment Portfolio has to abnormal falls in the market price of any single investment); and
- the ability to diversify risk.

4.2.7 Economic risk

The investment returns of NAC's Investment Portfolio are influenced by market factors including changes in the economic conditions (e.g. changes in interest rates and inflation), changes in the financial markets, changes to the legislative and political environment, as well as changes in investor sentiment. In addition, unexpected and unpredictable events affecting the economy (for example, natural disasters, acts of terrorism and war) could add to wider equity market volatility.

4.2.8 Regulatory risk

NAC is exposed to the risk of changes to applicable laws and regulations or their interpretation, which could have a negative effect on NAC, its investments or returns to shareholders and NAC is also exposed to risks of non-compliance with reporting or other legal obligations.

4.2.9 Investment strategy risk

The success and profitability of NAC significantly depends on the ability of the Investment Manager to successfully and profitably manage NAC's Investment Portfolio and invest in securities that have the ability to generate a return for NAC. There is a risk that the Investment Manager may fail to make investments that generate a return and may make investments that lose money or may change strategy, such as to include overseas securities or less liquid assets.

4.2.10 Reputational risk

There is a risk of impairment of NAC's reputation arising from factors which could include poor performance, failure to meet regulatory obligations, involvement in public controversy in companies in which it invests or other high-profile issues, shareholder dissatisfaction, inappropriate director remuneration or contagion from reputational concerns of other listed investment companies.

4.2.11 Industry risk

There are several industry risk factors that may affect the future operations or performance of NAC. These factors are outside the control of NAC. Such factors include increased regulatory and compliance costs and variations in legislation and government policies generally.

4.2.12 Key person risk

NAC is exposed to the risk that the Investment Manager may cease to manage NAC's Investment Portfolio. The ability of the Investment Manager to continue to manage the Investment Portfolio is dependent on a range of factors including, the maintenance of its AFSL, its continued solvency and the retention of its investment team. The loss of key personnel within the Investment Manager could have a negative effect on the performance of the Investment Manager and NAC.

SECTION 5: AUSTRALIAN TAX IMPLICATIONS

This section contains a general description of the Australian tax consequences of acquiring, holding, converting or disposing of the NAC Notes.

The description applies only to Noteholders who are individuals who are not otherwise associates of NAC and who acquire, hold and dispose of the NAC Notes on capital account. It does not apply to Noteholders which are companies, trusts or other types of entities and it does not apply to Noteholders who acquire, hold or dispose of the NAC Notes as part of the conduct or carrying on of a business (in any jurisdiction), or who otherwise hold the NAC Notes on revenue account or as trading stock nor to Noteholders who are subject to the taxation of financial arrangements rules contained in Division 230 of the Tax Act in relation to gains and losses on their NAC Notes.

The actual taxation consequences of acquiring, holding and disposing of the NAC Notes will vary depending upon the particular circumstances of each Noteholder. Therefore, prospective Noteholders should obtain independent professional advice relating to their own specific circumstances and they should not rely on the summary below.

This summary assumes that all relevant transactions are carried out in the manner described in this Prospectus and is based upon the law and the commonly understood administrative practices of the Australian Taxation Office as in effect at the date of this Prospectus. Prospective investors should note that taxation law and its interpretation is subject to change and is open to challenge. Prospective investors should treat the following comments as a guide only. No ruling has been sought from the Australian Taxation Office to confirm the views below.

5.1 NAC NOTES AS DEBT INTERESTS

The NAC Notes should be 'debt interests' issued by NAC, notwithstanding that the Noteholders will have the right to convert their NAC Notes into Ordinary Shares in NAC in accordance with the NAC Note Terms. Therefore, interest payable on the NAC Notes should not be frankable distributions for tax purposes but treated as interest, as discussed below.

5.2 AUSTRALIAN RESIDENT INDIVIDUALS

(a) Payments of interest

Payments of interest in respect of the NAC Notes should be included in the assessable income of Noteholders who are residents of Australia for Australian income tax purposes, generally in the year of income in which the payments are received.

Noteholders are not required to quote their tax file number to NAC in connection with their acquisition of the NAC Notes, but NAC may be required to withhold and remit to the Australian Taxation Office a portion (currently 47%) of any interest payable on the NAC Notes to a Noteholder who has not validly quoted their tax file number in connection with their acquisition of the NAC Notes (or provided evidence of an applicable exemption from withholding). Where withholding is required, the Noteholder would be entitled to claim from the Australian Taxation Office a credit for the amount which NAC withheld from that Noteholder and remitted to the Australian Taxation Office.

No additional amounts are payable to a Noteholder if withholding is required because that Noteholder did not validly quote a tax file number or provide evidence of an applicable exemption.

(b) Sale or redemption of NAC Notes

The NAC Notes held by Australian resident individuals should be subject to the rules applicable to traditional securities because the NAC Notes would not be issued at a discount to their face value nor would they have any deferred income features such as indexation of invested capital.

Therefore, any gain made on the sale or redemption of the NAC Notes (where the amount received on sale or redemption exceeds the cost of subscribing for or purchasing the NAC Notes), should be included in the assessable income of the Australian resident Noteholder, usually in the year of income in which the Noteholder becomes entitled to receive the proceeds of sale or the redemption amount. In those circumstances, the gain would generally not be subject to the capital gains tax ('CGT') provisions and the CGT discount would not apply, even if the NAC Notes were held for more than 12 months.

Any loss made by an Australian resident individual Noteholder from the sale or redemption of the NAC Notes (where the amount received on sale or redemption is less than the cost of subscribing for or purchasing the NAC Notes) should generally be an allowable deduction, subject to certain exceptions, usually in the year of income in which the Noteholder becomes entitled to receive the proceeds of sale or the redemption amount. Noteholders should seek their own advice regarding their entitlement to a deduction for any loss made from the sale or redemption of the NAC Notes.

(c) Conversion to Ordinary Shares

A Noteholder of a NAC Note may request Conversion of the NAC Note into Ordinary Shares. The Conversion would generally be ignored for the purposes of both the traditional securities rules described above and the CGT rules, such that there will be no taxing point (and no loss) at the time of Conversion under those rules. Instead, the Ordinary Shares acquired pursuant to the Conversion will be treated as having a cost base that is, in broad terms, equal to the cost base of the NAC Notes at the time of Conversion, plus any amount paid on Conversion (where applicable).

Any gain or loss on the ultimate disposal of the Ordinary Shares held on capital account will be subject to the CGT provisions.

A Noteholder will be taken to have acquired the Ordinary Shares acquired pursuant to a Conversion at the time of the Conversion. The acquisition date of the Ordinary Shares does not go back to the date of the acquisition of the NAC Notes. Therefore, the Ordinary Shares would need to be held for a further 12 months from the time of Conversion in order to be eligible for any available CGT discount. Noteholders should seek their own advice regarding their entitlement to the CGT discount upon an ultimate disposal of any Ordinary Shares acquired pursuant to a Conversion.

5.3 NON-AUSTRALIAN RESIDENTS

(a) Australian tax treatment of interest

If a Noteholder of NAC Notes is not a resident of Australia for Australian tax purposes, interest payable to that Noteholder would generally not be subject to Australian income or interest withholding tax, provided that the non-resident Noteholder does not hold the NAC Notes in connection with the conduct of any business in Australia and also provided that NAC issues the NAC Notes in a manner which satisfies the “public offer test” and other requirements for exemption from Australian interest withholding tax, which it is NAC’s intention to do.

(b) Sale or redemption of NAC Notes

A non-resident Noteholder of NAC Notes would generally not be subject to Australian tax on a gain (or loss) from the sale or redemption of NAC Notes under the traditional securities provisions, provided that any gain made from that sale or redemption was not from sources in Australia. Although the application of the source rules depends heavily on the particular facts and circumstances of each case, and can be uncertain, gains from the sale or redemption of NAC Notes by a non-resident Noteholder should generally not be taken to be from Australian sources if the non-resident Noteholder acquired, held and disposed of the NAC Notes outside Australia. It is important to note that a non-resident Noteholder may however be subject to tax on the disposal of the NAC Notes in their own tax jurisdiction and accordingly they should seek their own taxation advice in relation to this issue.

Even if a gain from the sale or redemption of the NAC Notes by a non-resident Noteholder is treated as being derived from sources in Australia, that gain may be exempt from Australian tax under the provisions of an applicable double tax treaty between Australia and the country of residence of the Noteholder. Non-resident Noteholders should seek their own taxation advice in relation to this issue.

The CGT provisions would generally not apply to the sale or redemption of the NAC Notes unless the non-resident Noteholder is an individual who was formerly a resident of Australia and elected to keep their NAC Notes within the Australian CGT net.

Non-resident Noteholders should seek their own taxation advice in relation to this issue.

(c) Conversion to Ordinary Shares

As described above in relation to Australian resident Noteholders, the Conversion of a NAC Note would generally be ignored for the purposes of both the traditional securities rules and the CGT rules, such that there will be no taxing point (or loss) at the time of Conversion under those rules. Instead, the Ordinary Shares acquired pursuant to the Conversion will be treated as having a cost base that is, in broad terms, equal to the cost base of the NAC Notes at the time of Conversion plus any amount paid on Conversion (where applicable), with a Noteholder being taken to have acquired the Ordinary Shares at the time of the Conversion.

Any gain or loss made by a non-resident Noteholder on the ultimate disposal of the Ordinary Shares should only be subject to the Australian CGT provisions if the Ordinary Shares are characterised as ‘indirect Australian real property interests’. A non-resident Noteholder’s Ordinary Shares may be treated as indirect Australian real property interests if both of the following requirements are satisfied:

1. the non-resident Noteholder, together with its ‘associates’ (as defined in section 318 of the Tax Act), held a combined interest of at least 10% of NAC either at the time the Ordinary Shares are disposed of or for at least 12 months during the 24 months before the Ordinary Shares are disposed of; and
2. more than 50% of the value of NAC’s assets is attributed to direct or indirect interests in Australian real property, which is defined to include mining and exploration leases and licences.

Otherwise, the CGT rules should not apply to tax any gain by a non-resident Noteholder on the ultimate disposal of their NAC Ordinary Shares unless the non-resident Noteholder is an individual who was formerly a resident of Australia and they elected to keep their Ordinary Shares within the Australian CGT net. Non-resident Noteholders should seek their own taxation advice as to whether their Ordinary Shares may be subject to the operation of the Australian CGT provisions.

(d) Non-Australian taxes

Noteholders who are not residents of Australia may be subject to other tax consequences in their own country of residence.

Noteholders should seek tax advice in their own country or residence.

5.4 OTHER TAXES

Noteholders will generally not be subject to any Australian Goods and Services Tax or stamp duties in any Australian State or Territory in respect of their acquisition, holding, sale, redemption or Conversion of NAC Notes or the receipt of interest payable on NAC Notes.

SECTION 6: ADDITIONAL INFORMATION

6.1 OFFER SUBJECT TO SHAREHOLDER APPROVAL

The Offer is conditional on NAC obtaining Shareholder Approval under Listing Rule 7.1.

Listing Rule 7.1 prohibits, subject to certain exceptions, a company from issuing or agreeing to issue equity securities that would represent more than 15% of the company's ordinary securities on issue 12 months prior to the date of issue (or agreement to issue) of such securities, without prior approval of a company's shareholders (Listing Rule 7.1 Capacity).

As the Ordinary Shares that may be issued on conversion of the NAC Notes to be offered under the Offer would exceed NAC's Listing Rule 7.1 Capacity, Shareholder Approval is required to be obtained prior to the issue of the NAC Notes.

If Shareholder Approval is granted, the issue of the NAC Notes will be excluded from NAC's Listing Rule 7.1 Capacity. This will provide NAC with flexibility to issue further securities in the next 12 months, if the Board considers it is in the interests of the Company and its Shareholders to do so.

Shareholder Approval will be sought at a Meeting of Shareholders which is scheduled to be held at 11:00am on 12 November 2020. The notice of meeting will be despatched to Shareholders on or about 9 October 2020.

If Shareholder Approval is not obtained, NAC will not proceed with the Offer, no NAC Notes will be issued and Application Monies will be returned to Applicants without interest.

6.2 NO BREACHES OF LOAN COVENANTS OR DEBT OBLIGATIONS

NAC has not materially breached any loan covenants or capital market debt obligations in the two years prior to the date of this Prospectus.

6.3 COMPLIANCE WITH CHAPTER 2M AND SECTION 674 OF THE CORPORATIONS ACT

As at the date of this Prospectus, NAC has complied with the provisions of Chapter 2M of the Corporations Act as they apply to NAC and with section 674 of the Corporations Act.

6.4 REPORTING AND DISCLOSURE OBLIGATIONS

This Prospectus is a transaction specific prospectus issued by NAC in accordance with the applicable provisions of the Corporations Act for a prospectus for continuously quoted securities. It has been prepared in accordance with section 713 of the Corporations Act and ASIC Corporations (Offers of Convertibles) Instrument 2016/83.

This Prospectus does not contain the same level of disclosure as an initial public offering prospectus or a prospectus prepared in accordance with section 710 of the Corporations Act.

NAC is a disclosing entity for the purposes of the Corporations Act and is subject to regular reporting and disclosure obligations under the Corporations Act and the ASX Listing Rules. These obligations require that NAC prepare both yearly and half-yearly financial statements and a report on the operations of NAC during the relevant accounting period together with an audit or review report by its auditor. Copies of these documents and other documents lodged with ASIC by NAC may be obtained from, or inspected at, an ASIC office.

NAC also has an obligation under the Listing Rules to notify ASX immediately of any information concerning NAC of which it becomes aware and which a reasonable person would expect to have a material effect on the price or value of NAC's securities unless exceptions from disclosure apply under Listing Rules. ASX maintains records of company announcements for all companies listed on ASX. NAC's announcements may be viewed on ASX's website (www.asx.com.au).

Section 713 of the Corporations Act (as modified by ASIC Corporations (Offers of Convertibles) Instrument 2016/83) enables a company to issue a transaction specific prospectus where the securities offered are continuously quoted securities (within the meaning of that term in the Corporations Act) or securities convertible into continuously quoted securities. This generally means that the relevant securities are in a class of securities that were quoted enhanced disclosure securities at all times during the 3 months before the date of the prospectus and that, during the 12 months before the date of the prospectus, the issuing company was not exempted from the continuous disclosure regime and disclosing entity requirements provided for under the Corporations Act and the Listing Rules.

The content requirements for a transaction specific prospectus under Section 713 of the Corporations Act require that the prospectus contain:

- information regarding the effect of the Offer on NAC;
- information regarding the rights and liabilities attaching to the NAC Notes and the Ordinary Shares (underlying securities that the NAC Notes may be converted into);
- statements detailing that, as a disclosing entity, NAC is subject to regular reporting and disclosure obligations, and that copies of documents lodged with ASIC in relation to NAC may be obtained from, or inspected at, an ASIC office; and
- a statement informing people of their right to obtain a copy of certain financial documents and continuous disclosure notices, and noting that copies will be provided free of charge if requested during the application period for the prospectus.

NAC believes, after having made reasonable enquiry, that it has complied in full with, and has not been exempted from, the general and specific requirements of ASX (as applicable throughout the 12-month period prior to the date of this Prospectus) which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of the ASX making that information available to the stock market conducted by ASX.

To meet the specific disclosure requirements for a transaction specific prospectus set out in section 713(5) of the Corporations Act, the prospectus must also incorporate information if such information:

- has been excluded from a continuous disclosure notice in accordance with the Listing Rules; and
- is information that investors and their professional advisors would reasonably require for the purpose of making an informed assessment of:
 - the assets and liabilities, financial position and performance, profits and losses and prospects of the body; and
 - the rights and liabilities attaching to the securities being offered.

The prospectus must contain this information only to the extent to which it is reasonable for investors and their professional advisors to expect to find such information in the prospectus.

In addition, NAC has committed to publish on its website at the end of each quarter, a copy of each 283BF Report (as soon as practicable after providing to the Trustee) and the LTV Ratio and the Conversion Price in respect of the NAC Notes.

6.5 ACCESSING INFORMATION ABOUT NAC

NAC will provide a copy of any of the following documents free of charge to any person who requests a copy during the Offer Period in relation to this Prospectus:

- the financial statements of NAC for the year ended 30 June 2020 (being the most recent annual financial statements lodged with ASX before the lodgement of this Prospectus);
- any document or financial statement lodged by NAC with ASIC or ASX under the continuous disclosure reporting requirements in the period after the lodgement of the annual financial statements and before the lodgement of this Prospectus; and
- NAC's Constitution.

Copies of NAC's financial statements are available at www.naos.com.au/nac-naos-ex50-opportunities-company-limited.

Copies of NAC's Constitution and copies of the financial statements are available on request from NAC's office on +61 2 9002 1576 or alternatively by emailing enquiries@naos.com.au.

The following announcements (continuous disclosure notices) have been made by the Company to ASX since lodgement of its annual report for the financial year ended 30 June 2020 with ASX on 20 August 2020:

Date	Headline
29 September 2020	Daily share buy-back notice - Appendix 3E
24 September 2020	NAOS Investor Roadshow Webinar - Presentation Materials
22 September 2020	Notification of Cancellation of Shares
22 September 2020	Daily share buy-back notice - Appendix 3E
21 September 2020	Daily share buy-back notice - Appendix 3E
17 September 2020	Change of Director's Interest Notice - W Evans
17 September 2020	Change of Director's Interest Notice - D Rickards
17 September 2020	Change of Director's Interest Notice - S Evans
17 September 2020	Daily share buy-back notice - Appendix 3E
16 September 2020	Daily share buy-back notice - Appendix 3E
11 September 2020	Update – Dividend/Distribution - NAC
11 September 2020	Daily share buy-back notice - Appendix 3E
10 September 2020	Daily share buy-back notice - Appendix 3E
9 September 2020	Investment Report & NTA Update - August 2020
1 September 2020	Daily share buy-back notice - Appendix 3E
31 August 2020	Daily share buy-back notice - Appendix 3E
26 August 2020	Daily share buy-back notice - Appendix 3E
25 August 2020	Change in substantial holding
25 August 2020	Notification of Cancellation of Shares
25 August 2020	Invitation to NAOS Investor Roadshow Webinar

25 August 2020	Change of Director's Interest Notice - D Rickards
25 August 2020	Daily share buy-back notice - Appendix 3E
21 August 2020	Daily share buy-back notice - Appendix 3E

6.6 RIGHTS ATTACHING TO NAC NOTES

The rights attaching to NAC Notes are contained in the NAC Note Terms, which are contained in section 8.

6.7 RIGHTS ATTACHING TO ORDINARY SHARES

Ordinary Shares may be issued to Noteholders by NAC on Conversion of NAC Notes. These Ordinary Shares will be issued as fully paid and will rank equally with all other Ordinary Shares already on issue in all respects, except that they will not be entitled to any dividend or any other distribution or entitlement that has not been paid as at the Conversion Date but for which the record date was prior to the Conversion Date.

The rights attaching to Ordinary Shares are set out in NAC's Constitution and the Corporations Act. The following is a broad summary of rights which attach to Ordinary Shares. It is not intended to be an exhaustive or definitive summary of the rights attaching to Ordinary Shares.

Transfers

Subject to the Constitution of NAC, the Corporations Act, the Listing Rules and the ASX Settlement Operating Rules, Ordinary Shares will be freely transferable. Subject to the Listing Rules and the Corporations Act, the Directors may refuse to register a transfer or apply a holding lock to prevent a transfer of Ordinary Shares if the Listing Rules provide or would require that registration of the transfer may or should be refused.

Dividends

The Directors may from time to time declare or determine a dividend to be paid to the Shareholders. Dividends determined by NAC are payable to Shareholders in proportion to the amounts paid on the Ordinary Shares that they hold.

Dividends must only be paid in accordance with applicable laws and NAC's Constitution. NAC is restricted under the Corporations Act from paying Dividends unless:

- NAC's assets exceed its liabilities immediately before the Dividend is determined and the excess is sufficient for the payment of the Dividend;
- the payment of the Dividend is fair and reasonable to Shareholders as a whole; and
- the payment of the Dividend does not materially prejudice NAC's ability to pay its creditors.

Winding up of NAC

Subject to the preferential entitlement of preference shareholders, Shareholders have the right to receive, in kind, the whole or any part of NAC's property in a winding up, subject to the rights of a liquidator of the Company (with consent of members by special resolution).

Meetings and voting rights

Shareholders are entitled to receive notice of, attend and vote at general meetings of NAC. Each holder of Ordinary Shares present at a general meeting (whether in person or by proxy or representative) is entitled to one vote on a show of hands or, on a poll, one vote for each fully paid Ordinary Share held and fraction of a vote equivalent to the paid up capital of a partly paid Ordinary Share.

Variation of rights

The rights, privileges and restrictions attaching to the Ordinary Shares can only be varied by agreement between the Company and any person purporting to contract on behalf of Shareholders provided such agreement is ratified in writing by the holders of at least three-fourths of the number of Ordinary Shares on issue or is confirmed by a resolution passed at a general meeting of Shareholders where the quorum will be members present in person holding three-fourths of the number of Ordinary Shares on issue.

Issue of further Ordinary Shares

Subject to Shareholder approvals required under the Listing Rules, the NAC Directors control the issue of Ordinary Shares. Subject to the Corporations Act, the Constitution and Listing Rules, the NAC Directors may issue further Ordinary Shares, and grant options and pre-emptive rights over Ordinary Shares, on such terms and conditions as the Directors determine.

6.8 NAC TRUST DEED

NAC will enter into the NAC Trust Deed with Melbourne Securities Corporation Ltd (as Trustee) on or about the date of this Prospectus. The Trustee has agreed to act as trustee of the assets and rights held on trust for the benefit for itself and the Noteholders pursuant to the terms of the NAC Trust Deed.

The NAC Trust Deed governs the terms and conditions on which the NAC Notes are to be issued and is subject to the Corporations Act and the Listing Rules. Schedule 2 to the NAC Trust Deed contains the NAC Note Terms. A summary of selected NAC Note Terms are also set out in section 8.

The following is a summary of the material provisions of the NAC Trust Deed. To obtain a complete understanding of the NAC Trust Deed it is necessary to read it in full. A complete copy of the NAC Trust Deed is available for inspection without charge during normal office hours at the registered office of NAC at Level 34, MLC Centre, 19 Martin Place, Sydney NSW 2000 within 7 days after lodgement of this Prospectus.

The NAC Trust Deed will also be released to ASX and will be available from its website (www.asx.com.au) during the Offer Period.

(a) Legal nature of the NAC Notes

The NAC Trust Deed provides that the NAC Notes:

- constitute separate and independent acknowledgments of the indebtedness of NAC;
- are direct, unsecured and unsubordinated obligations of NAC;
- are convertible into Ordinary Shares on and in accordance with the NAC Note Terms;
- confer no rights on Noteholders to participate in the profits or property of NAC, except as set out in the NAC Note Terms and the NAC Trust Deed;
- rank equally and without any preference amongst themselves and at least equally with all other present and future unsubordinated and unsecured obligations of NAC as described in the NAC Note Terms;
- are "unsecured notes" for the purposes of section 283BH of the Corporations Act; and
- do not carry a right to vote at any general meeting, unless provided for by the Listing Rules or the Corporations Act.

NAC's obligations in relation to the NAC Notes, as constituted by and specified in the NAC Trust Deed, are to the Trustee and to those persons who are registered as Noteholders. Certificates in respect of the NAC Notes will not be issued unless NAC determines that certificates should be made available or are required to be made available by law.

To the extent of any inconsistency between the NAC Note Terms and the NAC Trust Deed, the NAC Note Terms will prevail to the extent permitted by law.

(b) NAC's undertakings

Under the NAC Trust Deed, NAC undertakes that it will among other things:

- comply with the NAC Trust Deed and the NAC Note Terms;
- comply with its reporting obligations to the Trustee, the Noteholders and ASIC under the Corporations Act, the Listing Rules and the ASX Settlement Operating Rules (as applicable);
- carry on and conduct its business in a proper and efficient manner;
- notify the Trustee after it becomes aware of an Event of Default or a breach by NAC of Chapter 2L of the Corporations Act;
- pay all Moneys Owed to the Noteholders from time to time as and when due in accordance with the NAC Trust Deed and NAC Note Terms;
- provide to the Trustee and to each Noteholder who requests it, a copy of NAC's audited financial statements in respect of each financial year;
- make all of its financial and other records available for inspection by the Trustee, and provide the Trustee, and any auditors appointed by the Trustee to carry out the inspection, any information, explanations or other assistance which they may reasonably require about matters relating to those records;
- promptly give the Trustee copies of all documents and notices given to Noteholders and any annual reports produced;
- use all reasonable endeavours and furnish any documents, information and undertakings as may be reasonably necessary in order to ensure that the NAC Notes are, and until redeemed, converted or purchased by NAC and cancelled, remain, quoted on ASX; and
- do anything reasonably requested by the Trustee to enable the Trustee to comply with its obligations under the NAC Trust Deed, the Corporations Act (or any other laws binding on the Trustee with respect to the NAC Note Trust or the NAC Notes) and the Listing Rules.

(c) Trustee's undertakings

Under the NAC Trust Deed, the Trustee undertakes that it will among other things:

- fulfil its duties under Chapter 2L of the Corporations Act;
- act honestly and in good faith and comply with all applicable laws in performing its duties and in the exercise of its discretions under the NAC Trust Deed and the NAC Note Terms;
- exercise such diligence and prudence as a person carrying on the business of a professional trustee would exercise in performing its duties and in the exercise of its discretions under the NAC Trust Deed and the NAC Note Terms;
- if and to the extent the Trustee holds assets of the NAC Note Trust, keep accounting records which correctly record and explain all amounts paid and received by the Trustee in its capacity as trustee under the NAC Trust Deed; and

- if and to the extent the Trustee holds assets of the NAC Note Trust, keep the assets of the NAC Note Trust separate from all other assets of the Trustee which are held in a capacity other than as trustee under the NAC Trust Deed.

(d) Powers of the Trustee

In addition to those powers arising under law, the Trustee has certain powers and discretions as set out in the NAC Trust Deed, including (subject to certain limitations specified in the NAC Trust Deed) the power:

- to waive any breach or proposed breach (including an Event of Default or other default) by NAC under the NAC Trust Deed or the NAC Note Terms, if in the opinion of the Trustee the interests of the Noteholders will not be materially prejudiced by such waiver;
- to delegate the exercise of any right power, authority or discretion conferred on the Trustee by the NAC Trust Deed or by law; and
- to amend the NAC Trust Deed or the NAC Note Terms by agreement with NAC (depending on circumstances set out in the NAC Trust Deed and the NAC Note Terms, with or without the consent of the Noteholders).

Subject to the Corporations Act and always acting in good faith to the Noteholders, the Trustee and any Related Body Corporate of the Trustee may, among other things, without in any such case being liable to account to any trust, NAC or to any Noteholder, hold NAC Notes and may deal in any capacity with NAC or with any Related Body Corporate of NAC.

(e) Limited liability of the Trustee

The liability of the Trustee is limited in the manner set out in the NAC Trust Deed. The Trustee will not be liable to NAC, a Noteholder or any other person except in the case of the Trustee's fraud, negligence or wilful default. The NAC Trust Deed contains various provisions which, subject to the Corporations Act, entitle the Trustee to make assumptions as to various matters, rely on information, statements and opinions provided to it and exercise various other discretions.

(f) Indemnity of the Trustee

The Trustee will be indemnified for all fees, costs, losses, liabilities, claims, demands, Taxes (as defined in the NAC Trust Deed) and expenses incurred by the Trustee in the execution of the NAC Note Trust, the performance of, or the exercise of any of the powers, rights, authorities or discretions vested in the Trustee under the NAC Trust Deed or the NAC Note Terms, except to the extent that such costs, losses, liabilities, claims, demands, Taxes and expenses arise out of the Trustee's fraud, negligence or wilful default or breach of section 283DA of the Corporations Act, or any Taxes (excluding any GST) imposed on the Trustee's remuneration for its services as trustee.

(g) Enforcement by Trustee

Only the Trustee is entitled to enforce the NAC Trust Deed or the NAC Note Terms, except in the circumstances described in paragraph (h) below. The Trustee is not required to notify any person of the occurrence of any default or breach of the NAC Trust Deed or the NAC Notes.

(h) Enforcement on direction by Noteholders

The Trustee is only obliged to take action in relation to an Event of Default or to otherwise enforce the NAC Trust Deed or the NAC Note Terms where all the following conditions are met:

- the Trustee has been directed to take that action by a Noteholder Resolution (or, if required by, a Special Resolution) (ignoring any NAC Notes held by or on behalf of NAC and not cancelled);
- the Trustee is indemnified and/or secured to its satisfaction;
- such action is permitted under the NAC Trust Deed and the NAC Note Terms;
- the Trustee liability for taking such action is limited in a manner consistent with section 283DC of the Corporations Act; and
- the Trustee is not restricted or prohibited from taking such action by any order of any competent court or any applicable law.

(i) Enforcement by Noteholders

No Noteholder is entitled to commence any action or proceedings directly against NAC to enforce any right, power or remedy under the NAC Note Terms or the NAC Trust Deed unless:

- the Trustee, having become bound to proceed in accordance with the NAC Trust Deed and the NAC Note Terms, fails to do so within 14 days and that failure is continuing; or
- 30 Business Days have lapsed since the date on which one or more Noteholders gave notice to the Trustee that they intend to commence such action or proceedings and the Trustee has not commenced such action or proceedings notwithstanding a request from such Noteholders to do so.

Any such action must be brought in the name of the Noteholders and not the Trustee.

(j) Appointment of Trustee and declaration

The Trustee is appointed to hold on trust for Noteholders:

- the right to enforce NAC's duty to repay the NAC Notes;
- the right to enforce NAC's obligation to pay all other Moneys Owed in respect of the NAC Notes;
- the right to enforce any other duties that NAC has under the NAC Trust Deed, the NAC Note Terms or Chapter 2L of the Corporations Act; and
- any other powers and property which the Trustee may receive or which may be vested in the Trustee.

Each Noteholder (and any person claiming through or under a Noteholder) is bound by, and is taken to have notice of, the NAC Trust Deed and the NAC Note Terms and to have irrevocably authorised the Trustee to enter into the NAC Trust Deed and to exercise its rights under the NAC Trust Deed, the NAC Note Terms and Chapter 2L of the Corporations Act, in its capacity as trustee. It is a condition of receiving any of the rights or benefits under a Note that a Noteholder complies with the NAC Trust Deed and the NAC Note Terms.

(k) Meetings of Noteholders

Subject to the Corporations Act, the Trustee or NAC may at any time convene a meeting of Noteholders. NAC must convene such meeting on receipt of a direction in writing by Noteholders of at least 10% or more of the aggregate Face Value of the NAC Notes then outstanding.

A meeting of Noteholders has the power to:

- by Special Resolution, amongst other things, approve certain amendments to the NAC Note Terms or the NAC Trust Deed or subject to the provisions of the NAC Note Terms and the NAC Trust Deed, give any release or waiver in respect of anything done or omitted to be done by NAC or any breach or default by NAC; and
- by a Noteholder Resolution, give directions to the Trustee to do anything for which a Special Resolution is not required by the NAC Note Terms or the NAC Trust Deed.

A resolution duly passed at a meeting of Noteholders held in accordance with the NAC Trust Deed is binding on all Noteholders whether or not they are present or voting at the meeting. The NAC Trust Deed may also be amended without the approval of Noteholders in certain circumstances, as described in the NAC Note Terms.

(l) Retirement and removal

The Trustee may retire by giving notice to NAC, which will not be effective until the day upon which the appointment of a new Trustee becomes effective. The Trustee may also be removed by NAC in various circumstances. Any removal of the Trustee will only take effect upon the appointment of a new Trustee.

(m) Registrar

The NAC Trust Deed contains arrangements relating to the maintenance of the Register of Noteholders. NAC, the Trustee and the Registrar may treat Noteholders as the absolute beneficial owners of Notes held by them and despite any notice of ownership, trust or interest in the NAC Note.

6.9 OFFER MANAGEMENT AGREEMENT

NAC, NAOS and the Lead Manager have entered into the Offer Management Agreement dated 30 September 2020 pursuant to which the Lead Manager will manage and act as sole bookrunner for the Offer. Under the Offer Management Agreement, NAC also appointed Acacia Partners Pty Ltd as the Authorised Intermediary (for the purposes of section 911A(2)(b) of the Corporations Act) to make offers to arrange for the issue of the NAC Notes under the Offer.

(a) Fees and expenses

In return for providing the services under the Offer Management Agreement, NAC will pay the Lead Manager a management fee comprising of:

- \$225,000 (exclusive of GST); and
- 1.00% of the gross proceeds of allocations to wholesale investors under the Broker Firm Offer (exclusive of GST).

The Lead Manager will have sole responsibility to pay all commissions and fees payable to any co-managers or brokers appointed in connection with the Offer.

NAC has agreed to pay or reimburse the Lead Manager for all reasonable legal costs and expenses incurred by them in connection with the Offer, as well as other additional out-of-pocket expenses.

No additional fee is payable to the Authorised Intermediary.

(b) Representations and warranties, undertakings and other terms

The Offer Management Agreement contains certain standard representations and warranties and undertakings by NAC and NAOS to the Lead Manager (as well as various standard conditions precedent).

The representations and warranties given by NAC and NAOS relate to matters such as the power to enter into the Offer Management Agreement, corporate approvals, authorities and licences, information in this Prospectus, the conduct of the due diligence process and ongoing due diligence, litigation, the conduct of the Offer, information provided to the Lead Manager, compliance with laws, the ASX Listing Rules and other legally binding requirements, the Trust Deed and the financial position of NAC. NAC also provides additional representations and warranties in connection with matters including in relation to its securities, compliance with continuous disclosure obligations and eligibility of the NAC Notes for quotation on ASX.

NAC and NAOS' undertakings include that it will not, during the period following the date of the Offer Management Agreement until 90 days after NAC Notes have been issued under the Offer, vary any term of the Trust Deed, issue any equity securities or vary its capital structure without the prior written consent of the Lead Manager, subject to certain exceptions. NAC and NAOS have also undertaken, not before the issue of the NAC Notes under the Offer, to vary the composition of their respective boards or NAOS' portfolio managers named in section 2.10 of this Prospectus without the prior written consent of the Lead Manager.

(c) Termination events

The Lead Manager may terminate the Offer Management Agreement prior to Completion, without cost or liability to the Lead Manager, by giving a written notice to NAC and NAOS if any of the following events occurs:

- **(withdrawal)** NAC withdraws the Prospectus, any supplementary prospectus, the Offer or any part of the Offer, or indicates that it intends to do any of those things.
- **(no confirmation certificate)** NAC or NAOS does not provide the Confirmation Certificates (as defined in the Offer Management Agreement) in the manner required by the Offer Management Agreement.
- **(quotation)** ASX makes an official statement to NAC, NAOS or the Lead Manager that it will not approve the granting of official quotation to the NAC Notes or that it will impose conditions which are not customary or reasonably satisfactory to NAC, NAOS and the Lead Manager, before 5:00pm on the Business Day immediately preceding the Settlement Date.
- **(prospectus / disclosure documents)** any of the following occurs:
 - there is a material omission from the Prospectus or any other document issued or published by NAC or on behalf of NAC in respect of the Offer (Disclosure Document) of information required by the Corporations Act or any other applicable law or requirement;
 - the Prospectus or any other Disclosure Document contains a misleading or deceptive statement;
 - a statement in the Prospectus or any other Disclosure Document becomes misleading or deceptive; or
 - a Disclosure Document does not comply with applicable law or the Listing Rules.
- **(investigation)** any person makes an application for an order under Part 9.5 of the Corporations Act in relation to the Offer or the Disclosure Documents or ASIC of a governmental authority commences or gives notice of an intention to hold, any investigation, proceedings or hearing in relation to the Offer or the Disclosure Documents, except where such investigation, proceeding or hearing does not become publicly known and is withdrawn within 2 Business Days of being made (or if it is made within 2 Business Days prior to the Settlement Date it has been withdrawn prior to the Settlement Date).
- **(Corporations Act)** any of the following occur in respect of the Prospectus or the Offer:
 - ASIC applies for an order under section 1324B of the Corporations Act and the application is not dismissed or withdrawn before the Closing Date;
 - ASIC gives notice of intention to hold a hearing, or makes an interim order or any other order under section 1020E of the Corporations Act, except where such hearing does not become publicly known and is withdrawn within 2 Business Days of being made (or if it is made within 2 Business Days prior to the Settlement Date it has been withdrawn prior to the Settlement Date); or
 - an application is made by ASIC for an order under Part 9.5 of the Corporations Act or ASIC commences any investigation or hearing under Part 3 of the Australian Securities and Investments Commission Act 2001 (Cth), except where such investigation or hearing does not become publicly known and is withdrawn within 2 Business Days of being made (or if it is made within 2 Business Days prior to the Settlement Date it has been withdrawn prior to the Settlement Date).
- **(insolvency event)** an Insolvency Event (as defined in the Offer Management Agreement) occurs or there is an act or omission which is likely to result in an Insolvency Event occurring with respect to NAC, NAOS or the Trustee.
- **(repayment of application monies)** any circumstance arising after lodgement of the Prospectus that results in NAC being required, by ASIC or under any applicable law, to either:
 - repay the funds received from applicants for NAC Notes under the Offer; or
 - give applicants under the Offer an opportunity to withdraw their applications for NAC Notes and be repaid their application monies.
- **(consent)** any person (other than the Lead Manager) whose consent to the issue of the Prospectus is required by the Corporations Act who has previously consented to the issue of the Prospectus withdraws such consent or any person otherwise named in the Prospectus with their consent (other than the Lead Manager) withdraws such consent.
- **(supplementary prospectus)** a supplementary prospectus must, in the reasonable opinion of the Lead Manager, be lodged with ASIC under the Corporations Act or NAC lodges a supplementary prospectus (other than in accordance with the Offer Management Agreement) in a form that has not been approved by the Lead Manager.

- **(director)** a director or responsible manager of NAC or NAOS:
 - is charged with an indictable offence or any regulatory body commences any public action against the director or responsible manager in his or her capacity as a director or responsible manager of NAC or NAOS or announces that it intends to take any such action;
 - is disqualified from managing a corporation under sections 206B, 206C, 206D, 206E, 206F or 206G of the Corporations Act or under any law of any jurisdiction; or
 - otherwise engages in any fraudulent conduct or activity.
- **(prosecution)** a member of the NAOS' executive team or the investment team responsible for NAC is charged with an indictable offence or engages in any fraudulent conduct or activity.
- **(market fall)** between the date of the Offer Management Agreement and the date prior to the Settlement Date, the S&P ASX All Ordinaries Index closes 12.5% or more below the closing level on the day prior to execution of the Offer Management Agreement for 2 consecutive trading days.
- **(no issue)** NAC is or becomes unable, for any reason, to issue or allot the NAC Notes within the time required by the Timetable, the Disclosure Documents, the Listing Rules, the ASX Settlement Operating Rules or by any other applicable laws, or an order of a court of competent jurisdiction or a governmental agency.
- **(key investment team)** Sebastian Evans is removed from office by NAOS or NAC.
- **(manager)** There is a change in ownership of NAOS.
- **(illegality)** there is an event or occurrence, including any statute, order, rule or regulation, official directive or request (including on compliance with which is in accordance with the general practice of persons to whom the directive or request is addressed) of any governmental agency which makes it illegal for the Lead Manager to satisfy an obligation under the Offer Management Agreement, or to market, promote or settle the Offer in accordance with the Offer Management Agreement.
- **(fraud)** NAC or NAOS engages in any fraudulent conduct or activity whether or not in connection with the Offer.
- **(timetable)** the Offer is not conducted in accordance with the Timetable or any event specified in the Timetable is delayed for more than two Business Days without the prior written consent of the Lead Manager.
- **(material contract)** any of the following occurs:
 - The Trust Deed or the investment management agreement between NAC and NAOS (**Investment Management Agreement**) is terminated;
 - an event occurs which entitles a party to terminate the Trust Deed or the Investment Management Agreement;
 - there is a material breach of a Trust Deed or the Investment Management Agreement including a failure to satisfy a condition precedent to performance of the Trust Deed;
 - a condition precedent to performance the Trust Deed becomes incapable of being satisfied; or
 - the Trust Deed or the Investment Management Agreement is amended in a material respect without the Lead Manager's prior written consent.

(d) Termination events subject to materiality

In addition, the Lead Manager may terminate the Offer Management Agreement prior to the issue of the NAC Notes under the Offer, without cost or liability to the Lead Manager, by giving a written notice to NAC and NAOS if any of the following occurs, but only if the Lead Manager has reasonable grounds to believe, that event has, or is likely to have, a materially adverse effect on the Offer, Completion or the willingness of investors to pay the Offer price for the NAC Notes, or will lead to or is reasonably likely to lead to a liability for the Lead Manager under the Corporations Act or any other applicable law or regulation (including a contravention of the Corporations Act or any other applicable law or regulation):

- **(adverse change)** there is or is expected to be, individually or in aggregate with a separate event, a material adverse change or effect on the general affairs, business, reputation, operations, assets, liabilities, financial position or performance, profits, losses, prospects, earnings position, unit or shareholder's equity, or results of operations of NAC or NAOS (taken as a whole) occurs, other than as publicly disclosed by NAC to ASX prior to the date of the Offer Management Agreement.
- **(certificate incorrect)** a statement in a Confirmation Certificate is untrue, incorrect or misleading or deceptive.
- **(change in law)** In Australia:
 - a law or regulation is introduced or there is a public announcement of a proposal to introduce a law or regulation; or
 - a new government policy is adopted or there is a public announcement of a proposal to adopt a new government policy,
 other than a law, regulation or policy which has been announced before the date of the Offer Management Agreement, which will, or will likely, prohibit or otherwise regulate or affect the Offer, capital issues by NAC, NAOS implementing NAC's investment strategy on the terms set out in this Prospectus or the taxation treatment of the NAC Notes and NAC.
- **(political or economic conditions)** any adverse change or disruption occurs in the existing financial markets, political or economic conditions currency exchange rates or controls or financial markets in Australia, New Zealand, the United States, the United Kingdom, Hong Kong or any Member State of the European Union or any development involving a prospective adverse change in political, financial or economic conditions in any of those countries, in each case existing in those countries as at the date of the Offer Management Agreement.

- **(moratorium)** a general moratorium on commercial banking activities in Australia or New Zealand is declared by the relevant central banking authority in any of those countries, or there is a material disruption in commercial banking or security settlement or clearance services in any of those countries.
- **(market disruption)** trading in all securities quoted or listed on ASX, the New Zealand Exchange, New York Stock Exchange, London Stock Exchange or the Hong Kong Stock Exchange, is suspended or limited in a material respect for 1 trading day (or a substantial part of 1 trading day).
- **(default)** a party is in default of any of the terms or conditions of the Offer Management Agreement or breaches any warranty, undertaking or covenant given or made by it under this agreement (including any conditions precedent).
- **(charge)** other than as disclosed from those identified in this Prospectus, NAC or NAOS charges or agrees to charge, the whole, or a substantial part of the assets of NAC.
- **(representations and warranties)** any representation or warranty contained in the Offer Management Agreement on the part of NAC or NAOS is breached or becomes false, misleading or incorrect.
- **(prescribed occurrence)** except as contemplated by this Prospectus, a Prescribed Occurrence (as described in the Offer Management Agreement) occurs in respect of NAC or NAOS.
- **(hostilities)** in respect of Australia, New Zealand, the People's Republic of China, the United States, the United Kingdom, Hong Kong or any Member State of the European Union, there occurs or they are involved in:
 - an outbreak of hostilities (whether or not war or a national emergency has been declared) not presently existing; or
 - an escalation in existing hostilities,
 or a major terrorist act is perpetrated in any of those countries.
- **(disclosures in due diligence report)** the Due Diligence Report or Verification Material (as defined in the Offer Management Agreement) or any other information supplied by or on behalf of NAC or NAOS to the Lead Manager in relation to NAC, NAOS or the Offer is or becomes false or misleading or deceptive or likely to mislead or deceive, including by way of omission.
- **(AFSL)** any Australian financial services licence, or other licence, approval or permit required by NAC or NAOS to perform the NAC's business or NAOS' business is terminated, rescinded, revoked or withdrawn or otherwise amended or varied in a manner that impedes NAC or NAOS and/or its ability to discharge its obligations under this agreement.
- **(regulatory approvals)** if a regulatory body withdraws, revokes or amends any regulatory approvals required by NAC or NAOS, including in in respect of the Offer Management Agreement or the Offer.

(e) Indemnity

Subject to certain exclusions relating to, among other things, fraud, wilful misconduct or gross negligence of an indemnified party, NAC and NAOS have agreed in the Offer Management Agreement to keep the Lead Manager and certain affiliated parties indemnified from losses suffered in connection with the Offer.

6.10 REMUNERATION OF TRUSTEE

Melbourne Securities Corporation Ltd (ABN 57 160 326 545) has agreed to act as trustee of the NAC Convertible Trust in respect of the NAC Notes. The Trustee will be paid by way of a fee for its services such amounts as may be agreed between NAC and the Trustee from time to time. In this regard, the parties have agreed to an initial engagement fee of \$20,000 (excluding GST) and a minimum annual ongoing trustee fee of \$40,000 (excluding GST) covering the first \$25 million of NAC Notes on issue.

6.11 ASX WAIVERS AND APPROVALS

NAC has received ASX confirmations in relation to the NAC Note Terms and the Offer that the NAC Note Terms are appropriate and equitable for the purposes of Listing Rule 6.1. No further ASX waivers or confirmations are required.

6.12 OTHER FOREIGN JURISDICTIONS

No action has been taken to register or qualify the NAC Notes or the Offer, or to otherwise permit a public offering of the NAC Notes, in any jurisdiction outside Australia.

The distribution of this Prospectus (including an electronic copy) in jurisdictions outside Australia may be restricted by law. If you come into possession of this Prospectus in jurisdictions outside Australia, then you should seek advice on, and observe, any such restrictions. If you fail to comply with such restrictions, that failure may constitute a violation of applicable securities laws. This Prospectus does not constitute an offer or invitation to apply for NAC Notes in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation.

This Prospectus may not be distributed to, or relied upon by, persons in the United States. This Prospectus does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States or to "US Persons" (as defined in Rule 902(k) of Regulation S under the US Securities Act). The NAC Notes have not been, and will not be registered under the US Securities Act and may not be offered or sold in the United States or to US Persons except in transactions exempt from, or not subject to, registration under the US Securities Act and applicable US state securities laws. This Prospectus does not constitute an offer to sell, or the solicitation of an offer to buy, nor shall there be any sale of the NAC Notes in any state or other jurisdiction in which such offer, solicitation or sale would be unlawful.

6.13 DIRECTORS' INTERESTS

Other than as set out below or elsewhere in this Prospectus:

- no Director has, or has had in the 2 years prior to lodgement of this Prospectus with ASIC, an interest in:
 - (a) the formation or promotion of NAC;
 - (b) any property acquired, or proposed to be acquired, by NAC in connection with:
 - (i) its formation or promotion; or
 - (ii) the Offer; or
 - (c) the Offer.
- no one has paid or agreed to pay any amount, and no one has given or agreed to give any benefit, to any Director or any proposed Director or to any firm in which any Director or proposed Director is or was a partner:
 - (a) to induce that person to become, or to qualify as, a director of NAC; or
 - (b) for services provided by that person or by the firm in which that person is or was a partner in connection with the formation or promotion of NAC or the Offer.

6.13.1 Holdings of Ordinary Shares and Options

The Directors have the following interests in NAC, either directly or indirectly as at the date of the Prospectus:

Directors	Ordinary Shares	Options
David Rickards	819,713	371,875
Sarah Williams	15,463	7,731
Warwick Evans	1,657,998	821,568
Sebastian Evans	5,544,262 ¹	2,771,323

1. Includes 5,387,615 Ordinary Shares held by the Investment Manager. Sebastian Evans is a major shareholder of the Investment Manager.

6.13.2 Remuneration

Details of the remuneration paid to Directors can be found in NAC's Remuneration Report contained in NAC's annual report for the financial year ended 30 June 2020. The table below summarises the Director's remuneration which was paid for the financial year ended 30 June 2020:

Directors	Total
David Rickards	\$30,000
Sarah Williams	\$15,000
Warwick Evans	\$10,000
Sebastian Evans	Nil – Sebastian Evans is remunerated by the Investment Manager and does not receive directors' fees from NAC.

The maximum aggregate annual cash fee pool from which non-executive directors may be paid for their services as members of the Board, exclusive of expense reimbursement and equity grants is \$100,000. Any increase to the aggregate annual amount needs to be approved by Shareholders. Directors will seek approval of the Shareholders from time to time, as appropriate.

Directors may be paid additional amounts from time to time in accordance with the NAC's Constitution.

6.13.3 Indemnity, insurance and access

NAC has entered into deeds of access and indemnity with all of its Directors setting out the rights of those Directors to access Board papers and to be indemnified by NAC, including after they cease to be a Director.

NAC also maintains directors' and officers' liability insurance to the extent allowable by law.

6.14 RELATED PARTY DISCLOSURES

Sebastian Evans is a director and major shareholder of the Investment Manager. Warwick Evans is also a director and shareholder of the Investment Manager. Sebastian Evans and Warwick Evans will each benefit indirectly from any fees paid to the Investment Manager in accordance with its role as investment manager for the NAC.

Details of fees payable to the Investment Manager are set out below:

- **Management Fees:** The Investment Manager is entitled to be paid a management fee of 1.75% p.a. (excluding GST) of the gross value of the Investment Portfolio. For the financial year ended 30 June 2020, this management fee amounted to \$933,560 (excluding Reduced Input Tax Credits (**RITC**)).
- **Performance Fees:** The Investment Manager is entitled to be paid, annually in arrears, a performance fee being 20% p.a. (excluding GST) of the amount the Investment Portfolio outperforms the S&P/ASX 300 Industrials Accumulation Index (**Benchmark Index**). No performance fee is payable if the Investment Portfolio underperforms the Benchmark Index. Any underperformance to the Benchmark Index is carried forward to future performance calculation periods and must be recouped before the Investment Manager is entitled to a performance fee. No performance fee was paid to the Investment Manager for the financial year ended 30 June 2020.

In addition, for the year ended 30 June 2020 the Investment Manager was paid total fees of \$89,000 for the provision of company secretarial, administrative, financial and accounting services.

The Investment Manager is a substantial Shareholder in NAC (having a relevant interest in 5,387,615 Ordinary Shares).

6.15 INTERESTS OF EXPERTS

Other than set out in this Prospectus, no:

- person named in this Prospectus as performing a function in a professional, advisory, or other capacity in connection with the preparation or distribution of this Prospectus;
- promoter of NAC; or
- the Lead Manager to the Offer,

(each, a relevant person) holds, at the time of lodgement of this Prospectus with ASIC, or has held in the 2 years before lodgement of this Prospectus with ASIC, an interest in:

- the formation or promotion of NAC;
- the Offer; or
- any property acquired or proposed to be acquired by NAC in connection with its formation or promotion of the Offer.

Other than as set out in this Prospectus, no relevant person has paid or agreed to pay any amount or given or agreed to give any benefits for services provided by a relevant person in connection with the formation or promotion of NAC or the Offer.

The amounts set out below are exclusive of GST.

Gilbert + Tobin has acted as Australian legal adviser in respect of the Offer. In aggregate, NAC has paid or agreed to pay approximately \$125,000 (plus disbursements) for these services to the date of this Prospectus. Further amounts may be paid to Gilbert + Tobin in accordance with its normal time based charges.

Acacia Partners Pty Ltd ABN 49 607 046 391 has acted as the Lead Manager and bookrunner in relation to the Offer. NAC has agreed to pay the fees described in section 6.9 of this Prospectus. NAC has also agreed to pay the legal fees incurred by the Lead Manager.

Acacia Partners Pty Ltd ABN 49 607 046 391 has acted as the authorised intermediary in relation to the Offer. No fees are payable by NAC with respect to the arrangement with the Authorised Intermediary.

Deloitte Touche Tohmatsu Australia has performed a specific agreed-upon procedure engagement in relation to the recalculation of LTV Ratio and will be paid fees of approximately \$5,000. Deloitte Touche Tohmatsu Australia is also engaged by NAC and its related entities, as a statutory auditor.

6.16 CONSENTS

None of the parties referred to below have authorised or caused the issue of this Prospectus or made or purported to have made any statement that is included in this Prospectus or any statement on which a statement made in this Prospectus is based, other than as specified below. Each of the parties referred to below, to the maximum extent permitted by law, expressly disclaims, and takes no responsibility for any part of, this Prospectus, other than the reference to its name and a statement included in this Prospectus with the consent of that party, as specified below.

Acacia Partners Pty Ltd has given and has not, before lodgement of this Prospectus with ASIC, withdrawn its consent to being named in this Prospectus in the form and context in which it is named.

Gilbert + Tobin has given and has not, before lodgement of this Prospectus with ASIC, withdrawn its consent to being named in this Prospectus in the form and context in which it is named.

Melbourne Securities Corporation Ltd (ABN 57 160 326 545) has given and has not, before lodgement of this Prospectus with ASIC withdrawn their consent to being named as the trustee in this Prospectus in the form and context in which it is named.

Boardroom Pty Limited has given and has not, before lodgement of this Prospectus with ASIC, withdrawn its consent to being named in this Prospectus in the form and context in which it is named.

6.17 ACKNOWLEDGEMENT AND PRIVACY STATEMENT

By making an Application you acknowledge that you have read this Prospectus.

NAC will collect, hold, use, and disclose personal information provided by investors in connection with an investment in the Company. This means that NAC will need to collect your personal information (for example, your name, address and details of your investment in the Company).

NAC will only use and/or disclose your personal information for the purposes for which it was collected, other related purposes and as permitted or required by law. If you do not wish to provide this information, NAC and its Registrar may not be able to process your Application.

You acknowledge that the personal information submitted as part of the Application Form or other forms and otherwise provided to NAC (directly or via its agents, including the Registrar) will be collected, used and disclosed by NAC (and its agents, including the Registrar) in order to process your Application, service your needs as a Noteholder (and following Conversion, if applicable, your holding of Ordinary Shares), provide facilities and services that you request, carry out appropriate administration, send you information about the products and services of NAC, the Investment Manager and other companies managed by the Investment Manager, including future offers of securities and as otherwise required or authorised by law (including, without limitation, any law relating to taxation, money laundering or counter-terrorism).

NAC may also share your personal information with its service providers or others who provide services on its behalf. Some of these recipients may be located outside Australia where your personal information may not receive the same level of protection as afforded under Australian law. You acknowledge that if you do not provide the personal information required by the Application Form or other forms, it might not be possible to process your Application, administer your security holding and/or send you information about the products and services of NAC, including future offers of securities.

Under the Corporations Act, certain information provided as part of an Application must be included in NAC's registers, which will be accessible by the public.

The information contained in NAC's registers must remain there even if a person ceases to be a Shareholder. Information contained in NAC's registers is also used to facilitate dividend payments and corporate communications (including financial results, annual reports and other information that NAC may wish to communicate to its Shareholders) and compliance by NAC with legal and regulatory requirements. An Applicant has a right to access and correct the information that NAC and the Registrar hold about that person, subject to certain exemptions under law.

If you do not wish to receive information about the products and services of NAC or the Investment Manager, including future offers of securities, please contact NAC's office on +61 2 9002 1576 (Monday to Friday, 8.30am to 5.30pm, Sydney time) and request that NAC does not send you marketing material.

NAC's privacy policy is available on NAC's website at www.naos.com.au and contains information about how you may access and seek correction of the personal information that NAC holds about you, how you may complain about a breach of the Privacy Act 1988 (Cth) by NAC and how NAC will deal with such a complaint.

The Registrar's complete privacy policy is available at the Registrar's website, www.boardroomlimited.com.au. Queries regarding the Registrar's privacy policy may also be emailed to privacyofficer@boardroomlimited.com.au.

6.18 GOVERNING LAW

This Prospectus, the Offer and the contracts formed on acceptance of Applications are governed by the laws applicable in New South Wales. Each applicant for NAC Notes submits to the exclusive jurisdiction of the courts of New South Wales.

6.19 CONSENT TO LODGEMENT

Every Director has consented to the lodgement of this Prospectus with ASIC under the Corporations Act.

SECTION 7: HOW TO APPLY

7.1 OBTAINING A PROSPECTUS AND APPLICATION FORM

During the Offer Period, an electronic version of this Prospectus with an Application Form will be available at www.naosoffer.com.au and may be available through your Syndicate Broker.

This Prospectus is available to you electronically only if you are accessing and downloading or printing the electronic copy of the Prospectus in Australia or New Zealand. If you access this Prospectus electronically, you must download the entire Prospectus.

Applications pursuant to the Broker Firm Offer must be made through your Syndicate Broker. Please contact your Syndicate Broker for further information on the application process.

Eligible Participants may, during the Offer Period, request a paper copy of this Prospectus and an Application Form free of charge by contacting NAC on +61 2 9002 1576 (Monday to Friday 8.30am to 5.30pm, Sydney time). However Eligible Participants should note that Applications under the Priority Offer can only be made by completing the online Application Form and making a BPAY® payment in respect of the required Application Payment (see section 7.3).

Applications will only be considered where Applicants have applied pursuant to an Application Form (either electronic or paper) that was attached to, or accompanied by, a copy of this Prospectus, and have provided the Application Monies. You cannot withdraw your online Application once it has been lodged, except as permitted under the Corporations Act.

7.2 APPLYING FOR NAC NOTES

The Offer is comprised of:

- the Priority Offer (see section 7.3); or
- the Broker Firm Offer (see section 7.4).

Applications for NAC Notes pursuant to the Broker Firm Offer must be made through your Syndicate Broker. Please contact your Syndicate Broker for further information on the application process.

7.3 PRIORITY OFFER APPLICATIONS

The Priority Offer opens on 8 October 2020. The Closing Date for the Priority Offer is expected to be 22 October 2020.

The Priority Offer is open to Eligible Participants, being any person who has a registered address in Australia and who, as at the Priority Offer Record Date, was a shareholder in one or more of the following:

- NAOS Ex-50 Opportunities Company Limited (ASX: NAC);
- NAOS Emerging Opportunities Company Limited (ASX: NCC); or
- NAOS Small Cap Opportunities Company Limited (ASX: NSC).

The Priority Offer is also open to any other party as determined by NAC in its discretion.

Applications for the Priority Offer must be made online. If you are an Eligible Participant, you can apply at www.naosoffer.com.au.

Instructions on how to complete the Application Form are provided online. As part of your application, you will be asked to provide your Priority Code which is contained within the Priority Offer email you will have received. Once you have completed your online Application Form, you will be required to complete your Application by making a BPAY® payment. You will be given a BPAY® biller code and unique Customer Reference Number for your Application. Follow the BPAY® instructions to complete your Application. If you do not make a BPAY® payment, your Application will be incomplete and will not be accepted by NAC.

Your completed online Application Form and Application Monies must be received by the Registrar by the Closing Date of the Priority Offer, which is expected to be 5.00pm on 22 October 2020.

7.4 BROKER FIRM OFFER APPLICATIONS

The Broker Firm Offer opens on 8 October 2020. The Closing Date for the Broker Firm Offer is expected to be 22 October 2020.

The Broker Firm Offer is open to Australian and New Zealand clients of Syndicate Brokers who are either a "Sophisticated Investor" within the meaning of s708(8) of the Corporations Act or a "Professional Investor" within the meaning of s708(11) of the Corporations Act.

If you are a client of a Syndicate Broker you must contact your broker directly for instructions as to how to participate in the Broker Firm Offer. You must contact your Syndicate Broker for their specific instructions on how to submit your Application Form and your Application Monies to your Syndicate Broker. Your Syndicate Broker must have received your completed Application Form and your Application Monies (as applicable) in time to arrange settlement on your behalf by the relevant closing date for the Broker Firm Offer. Your Syndicate Broker will act as your agent in processing your Application Form and providing your application details and Application Monies to NAC.

7.5 BROKERAGE, COMMISSION AND STAMP DUTY

You do not have to pay brokerage or stamp duty on your Application for NAC Notes. However, you may have to pay brokerage (and applicable GST) on any subsequent purchases or sales of NAC Notes on ASX.

7.6 REFUNDS

Applicants who are not allotted any NAC Notes, or are allotted fewer NAC Notes than the number applied and paid for as a result of a scale back, will have all or some of their Application Monies (as applicable) refunded (without interest) as soon as practicable after the Issue Date.

7.7 MINIMUM APPLICATIONS

Applications for NAC Notes must be for a minimum of 50 NAC Notes (\$5,000). If your Application is for more than 50 NAC Notes, you must apply in multiples of 10 NAC Notes (\$1,000) thereafter.

7.8 ALLOCATION POLICY

The basis of the allocations of NAC Notes between the Priority Offer and Broker Firm Offer will be determined by NAC, in agreement with the Lead Manager.

NAC will seek to provide Applicants under the Priority Offer with an allocation of at least 100 NAC Notes (where such Applicants have applied for 100 or more NAC Notes) on a reasonable endeavours basis. NAC does not guarantee any minimum allocation and the extent of any allocation will ultimately depend on the number of Applicants under the Priority Offer and total level of Applications under the Offer.

The allocation of NAC Notes within the Broker Firm Offer will be determined by NAC, in agreement with the Lead Manager following the completion of the Bookbuild. The Bookbuild is a process conducted by the Lead Manager before the Offer opens. In this process, the Bookbuild participants are invited to lodge bids for a number of NAC Notes. On the basis of those bids, NAC and the Lead Manager will determine the firm allocations to Bookbuild participants (being Syndicate Brokers and institutional investors).

Allocations to Broker Firm Applications by a Syndicate Broker are at the discretion of that Syndicate Broker.

7.9 UNDERWRITING

The Offer is not underwritten.

7.10 APPLICATION TO ASX FOR QUOTATION OF NAC NOTES

NAC will apply to ASX for NAC Notes to be quoted on ASX under the code "NACGA".

If ASX does not grant permission for NAC Notes to be quoted by the Issue Date, NAC Notes will not be issued and all Application Payments will be refunded (without interest) to Applicants as soon as practicable.

7.11 CHESS AND ISSUER SPONSORED HOLDINGS

NAC will apply for NAC Notes to participate in CHESS. No certificates will be issued for NAC Notes. NAC expects that Holding Statements for issuer sponsored holders and confirmations for CHESS holders will be despatched to Successful Applicants by 18 November 2020.

7.12 PROVISION OF TFN AND/OR ABN

When your Holding Statement is mailed to you, you will also be mailed a form on which to provide your TFN and/or ABN should you wish to do so. The collection and quotation of TFNs and ABNs are authorised, and their use and disclosure is strictly regulated, by tax laws and the Privacy Act 1988 (Cth).

SECTION 8: NAC NOTE TERMS

DEFINED TERMS

A term or expression in this Section 8 starting with a capital letter which is defined in clause 16.4 (Definitions) below has the meaning given to it in the Definitions.

1. FORM OF NOTES

1.1 CONSTITUTION AND STATUS

The Notes are unsecured and unsubordinated debt obligations of the Issuer constituted by, and owing under, the Trust Deed. Noteholders are entitled to the benefit of and are bound by the provisions of the Trust Deed and these Note Terms.

1.2 FORM

The Notes are redeemable, unsecured, convertible notes of the Issuer issued in registered form by entry in the Register.

1.3 FACE VALUE AND ISSUE PRICE

- (a) Each Note is issued fully paid and with a Face Value of A\$100.
- (b) The issue price of each Note will be determined by the Directors in their absolute discretion and may be the Face Value, more than the Face Value or less than the Face Value (**Issue Price**). The Issue Price must be paid in full on application.

1.4 CURRENCY

The Notes are denominated in Australian dollars.

1.5 QUOTATION OF NOTES

The Issuer must use all reasonable endeavours and furnish any documents, information and undertakings as may be reasonably necessary in order to procure official quotation of:

- (a) the Notes; and
- (b) the Ordinary Shares issued on conversion of Notes,

on the ASX and to ensure such quotation of Notes is maintained until Redeemed, Converted or purchased by the Issuer and cancelled.

1.6 CLEARING SYSTEM

So long as the Notes are quoted on the ASX, the rights of a person holding an interest in the Notes are subject to the rules and regulations of the Clearing System.

1.7 EVIDENCE OF HOLDINGS

- (a) The Issuer or the Registrar (as applicable) must issue to each Noteholder a Statement of Holding in respect of the Notes inscribed in the Register in the relevant Noteholder's name, as soon as reasonably practicable after the Issue Date for those Notes. A Statement of Holding is no assurance or guarantee that any amounts will be paid to the Noteholder.
- (b) Certificates in respect of the Notes will not be issued unless the Issuer determines that certificates should be made available or are required to be made available by law.

1.8 PROVISION OF INFORMATION BY NOTEHOLDERS

If requested by the Issuer, the Noteholders must provide information required by the Issuer or the Trustee in order to comply with any applicable law, including FATCA.

1.9 UNSECURED NOTES

The Notes are unsecured notes for the purposes of section 283BH of the Corporations Act.

1.10 NO OTHER RIGHTS

Subject to these Note Terms and the Trust Deed, the Notes confer no rights on a Noteholder:

- (a) to become a Member of the Issuer;
- (b) to attend or vote at any meeting of Members of the Issuer, unless provided for by the ASX Listing Rules or the Corporations Act;
- (c) to subscribe for or participate in any new issue of securities by the Issuer; or
- (d) to otherwise participate in the profits or property of the Issuer, except as set out in these Note Terms or the Trust Deed.

2. INTEREST

2.1 INTEREST

Subject to and in accordance with this clause 2, each Note bears interest (**Interest**) at the Interest Rate.

2.2 PERIOD OF ACCRUAL OF INTEREST

Subject to clause 2.6, Interest accrues on the Face Value of each Note on and from the Issue Date for the Note at the applicable Interest Rate, and ceases to accrue Interest on the Maturity Date for the Note (or if the Note is Redeemed or Converted earlier, on the date the Note is so Redeemed or Converted).

2.3 CALCULATION OF INTEREST PAYABLE

The Interest payable on each Note in respect of each Interest Period is the amount calculated in accordance with the following formula:

$$\text{Interest} = \frac{I \times \text{Face Value} \times N}{365}$$

Where:

N means the number of days in the Interest Period; and

I means the Interest Rate in respect of the Interest Period, subject to adjustment in accordance with clause 2.6,

provided that in respect of any Interest Period during which an LTV Ratio Event or an Event of Default has occurred or ceased to occur, the Interest Rate in respect of that Interest Period will be determined through the use of straight-line interpolation by reference to two rates based on the relevant Interest Rate, one of which shall be determined as if "N" were the number of days in the relevant Interest Period prior to the occurrence (or ceasing to occur) of the relevant LTV Ratio Event or Event of Default (as applicable), and the other of which shall be determined as if "N" were the number of days in the relevant Interest Period from and including the occurrence (or ceasing to occur) of the relevant LTV Ratio Event or Event of Default (as applicable).

2.4 INTEREST PAYMENTS

The Interest payable in respect of each Interest Period is payable in arrears on the Interest Payment Date on which the relevant Interest Period ends. Any Interest payable on the Redemption Date or Conversion Date of a Note, will be payable as part of the Redemption Price or Conversion Amount (as applicable), for such Note.

2.5 DETERMINATION AND NOTIFICATION OF INTEREST RATE, INTEREST PAYABLE AND OTHER ITEMS

- (a) The Issuer must provide notice to the Trustee, the Registrar and the ASX of the following:
 - (i) the amount of Interest payable in respect of each Interest Period, which notice must not be less than 4 Business Days before the Record Date in relation to the payment of that Interest; and
 - (ii) any amendment to the amount referred to in sub-paragraph (i) above arising from any extension or reduction in an Interest Period or calculation period, which notice must be provided as soon as practicable after the relevant amendment.
- (b) The Issuer may amend its calculation or determination of any amount, item or date (or make appropriate alternative arrangements by way of adjustment) as a result of the extension or reduction of any Interest Period or calculation period without prior notice but must notify the Trustee, the Registrar and the ASX after doing so.

2.6 DEFAULT INTEREST

- (a) Other than where clause 2.6(b) applies, if an LTV Ratio Event occurs and is continuing, Interest accrues on the Face Value of each Note at the sum of the most recent Interest Rate plus a default rate of 2.00 per cent. per annum while the LTV Ratio Event continues.
- (b) If an Event of Default occurs and is continuing, Interest accrues on the Face Value of each Note at the sum of the most recent Interest Rate plus a default rate of 2.00 per cent. per annum while the relevant Event of Default continues.

2.7 DETERMINATION FINAL

The determination by the Issuer of all amounts, rates and dates to be calculated or determined by it under these Note Terms is, in the absence of manifest or proven error, final and binding on the Issuer, the Trustee and each Noteholder.

2.8 ROUNDING

For the purposes of any calculations required under these Note Terms:

- (a) all percentages resulting from the calculations must be rounded, if necessary, to the nearest ten-thousandth of a percentage point (with 0.00005% being rounded up to 0.0001%);
- (b) all figures resulting from the calculations must be rounded to four decimal places (with 0.00005 being rounded up to 0.0001); and
- (c) all amounts that are due and payable to a Noteholder in respect of the Noteholder's aggregate holding of Notes must be rounded to the nearest one Australian cent (with 0.5 of a cent being rounded up to one cent).

3. CONVERSION

3.1 CONVERSION RIGHT

Subject to these Note Terms, each Noteholder has the right (**Conversion Right**) to convert any Note that it holds into a number of Ordinary Shares determined by the application of the following formula:

A

B

where:

A means the Conversion Amount in relation to the relevant Note; and

B means the Conversion Price.

3.2 CONVERSION AT NOTEHOLDER'S ELECTION

- (a) Subject to clauses 3.2(b) and 3.3, a Noteholder may elect in its absolute discretion to convert some or all of its Notes into Ordinary Shares by giving the Issuer (with a copy to the Registrar and the Trustee) a Conversion Notice on any Business Day:
 - (i) during the Conversion Period; or
 - (ii) at any time after a Tax Redemption Notice has been given by the Issuer, in each case specifying its intention to convert some or all of its Notes (**Conversion Notice**).
- (b) The aggregate Face Value of Notes which are the subject of a Conversion Notice given by a Noteholder must be at least A\$10,000, or the aggregate Face Value of all Notes held by that Noteholder.

3.3 CONVERSION NOTICE

- (a) A Conversion Notice must:
 - (i) be in writing;
 - (ii) specify the number of Notes to be converted; and
 - (iii) be signed by the Noteholder or an authorised representative or officer of the Noteholder.
- (b) Once a Conversion Notice has been given by a Noteholder:
 - (i) the notice cannot be withdrawn without the written consent of the Issuer;
 - (ii) the Noteholder must not deal with, transfer, dispose or otherwise encumber any Notes which are the subject of the Conversion Notice; and
 - (iii) the Noteholder must provide such evidence of title to the Notes which are the subject of the Conversion Notice as may be reasonably required by the Issuer and the Registrar.
- (c) Following receipt by a Noteholder of an Early Redemption Notice, a Noteholder may only give a Conversion Notice (for some or all of its Notes) if the Early Redemption Notice is:
 - (i) a Noteholder Redemption Event Notice that specifies a Change of Control Event or a Delisting Event; or
 - (ii) a Tax Redemption Notice.
- (d) A Conversion Notice received by the Issuer 10 or more Business Days before an Interest Payment Date will be effective on such date as may be determined by the Issuer (in its absolute discretion), provided such date is no later than the Interest Payment Date immediately following the date on which the Issuer has received the Conversion Notice.
- (e) If a Conversion Notice is received by the Issuer less than 10 Business Days before an Interest Payment Date, the Conversion Notice will be effective on such date as may be determined by the Issuer (in its absolute discretion), provided such date is no later than the second Interest Payment Date after the date on which the Issuer has received the Conversion Notice.
- (f) In no circumstances will a Conversion Notice be effective:
 - (i) where a Noteholder has received a Tax Redemption Notice prior to it giving the Conversion Notice, if the Conversion Notice is received by the Issuer less than 10 Business Days before the Redemption Date specified in such Tax Redemption Notice;
 - (ii) where a Noteholder has exercised its rights under clause 4.6(a) to require the Notes to be Redeemed following a Change of Control Event or a Delisting Event, if the Conversion Notice is received by the Issuer less than 10 Business Days before the earlier of the last day of the Conversion Period and the relevant Noteholder Redemption Event Date; and
 - (iii) otherwise, if it is received by the Issuer less than 10 Business Days before the last day of the Conversion Period.
- (g) A Conversion Notice received by the Issuer outside normal Business Hours or on a day which is not a Business Day will for all purposes be taken to have been received by the Issuer on the immediately following Business Day.

3.4 EFFECT OF CONVERSION

On the Conversion Date of a Note held by a Noteholder:

- (a) the Note will be taken to have been Redeemed, and the Noteholder will be taken to have paid the Conversion Amount for that Note to the Issuer by way of subscription for new Ordinary Shares (**Conversion Shares**) at an issue price per Conversion Share that is equal to the Conversion Price in effect on the relevant Conversion Date;
- (b) the Issuer will be taken to have issued to the Noteholder, and must register the Noteholder as the holder of, the Conversion Shares, and will notify the Trustee and Registrar accordingly;
- (c) the Noteholder will be deemed to have consented to be registered as the holder of the Conversion Shares in the register of Members;
- (d) the Issuer (or the Registrar, on the Issuer's behalf) will send a holding notice in respect of the Conversion Shares to the Noteholder at the address for the Noteholder shown in the Register at the close of business on the day which is five Business Days before the Conversion Date;
- (e) the Issuer must use all reasonable endeavours to procure and maintain quotation of the Conversion Shares on the ASX; and
- (f) upon issue of the Conversion Shares, all other rights conferred or restrictions imposed by the Note under these Note Terms will no longer have effect.

3.5 RANKING OF CONVERSION SHARES

Each Conversion Share issued on a Conversion Date will be fully paid and rank *pari passu* in all respects with all other fully paid Ordinary Shares on issue on the relevant Conversion Date, except the holder of the Conversion Share will not be entitled to any dividend or other distribution to which holders of Ordinary Shares are entitled that has not been paid as at the Conversion Date, where the applicable record date for determining such entitlements or other distributions occurred prior to the Conversion Date.

3.6 NO FRACTIONAL SHARES

No fractional Ordinary Shares will be issued on Conversion of a Note and no cash adjustment will be made. If the calculation under this clause 3 results in an entitlement to a number of Ordinary Shares which includes a fraction of a Share, the fraction will be disregarded.

3.7 ADJUSTMENTS TO CONVERSION PRICE FOR BONUS ISSUES

- (a) Subject to clause 3.7(b), if the Issuer makes a bonus issue of Ordinary Shares to the Shareholders generally, the Conversion Price will be adjusted immediately under the following formula:

$$CP = CPo \times \frac{RD}{(RD + RN)}$$

where:

CP means the Conversion Price applying immediately after the application of this formula;

CPo means the Conversion Price applying immediately before the application of this formula;

RD means the number of Ordinary Shares on issue immediately before the issue of new Ordinary Shares under the bonus issue;

RN means the number of Ordinary Shares issued under the bonus issue.

- (b) For the purpose of clause 3.7(a), an issue will be regarded as a bonus issue notwithstanding that the Issuer does not make offers to some or all Shareholders with registered addresses outside Australia, provided that in so doing the Issuer is not in contravention of the applicable ASX Listing Rules.
- (c) Such adjustment shall become effective on the date of the relevant bonus issue.

3.8 ADJUSTMENTS TO CONVERSION PRICE FOR OFF MARKET BUY-BACKS

- (a) Subject to clause 3.8(b), if the Issuer undertakes an off market buy-back under a buy-back scheme which but for any applicable restrictions on transfer would be generally available to Shareholders (or otherwise cancels Ordinary Shares for consideration), the Conversion Price will be adjusted immediately using the following formula:

$$CP = CPo \times \frac{1}{P} \times \frac{(BD \times P) - (BN \times A)}{(BD - BN)}$$

where:

CP means the Conversion Price applying immediately after the application of this formula;

CPo means the Conversion Price applying immediately before the application of this formula;

P means the VWAP during the 20 Business Days before the announcement to the ASX of the buy-back (or cancellation);

BD means the number of Ordinary Shares on issue immediately before the buy-back (or cancellation);

BN means the number of Ordinary Shares bought back (or cancelled); and

A means the buy-back (or cancellation) price per Ordinary Share.

- (b) No adjustment to the Conversion Price will occur if P exceeds A.
- (c) Such adjustment shall become effective on the date of the relevant buy-back (or cancellation).

3.9 ADJUSTMENT TO CONVERSION PRICE FOR ISSUES AT LESS THAN CURRENT MARKET PRICE

- (a) If and whenever the Issuer will issue (otherwise than as mentioned in clauses 3.7 or 3.10) any Ordinary Shares (other than Conversion Shares issued or other Ordinary Shares issued on the exercise of any rights of conversion into, or exchange or subscription for or purchase of, Ordinary Shares) wholly for cash or for no consideration at a price per Ordinary Share which is less than 90% of the VWAP during the five Business Days immediately preceding the date of the first public announcement of the terms of such issue, the Conversion Price will be adjusted immediately using the following formula:

$$CP = CPo \times \frac{1}{P} \times \frac{(RD \times P) + (RN \times A)}{(RD + RN)}$$

where:

CP means the Conversion Price applying immediately after the application of this formula;

CPo means the Conversion Price applying immediately before the application of this formula;

P means the VWAP during the five consecutive Business Days up to the announcement of the terms of such issue or grant to the ASX;

RD means the number of Ordinary Shares on issue immediately before the issue of new Ordinary Shares under the rights or bonus issue;

RN means the number of Ordinary Shares issued at a price per Ordinary Share which is less than 90% of the VWAP during the five Business Days immediately preceding the date of the first public announcement of the terms of such issue or grant; and

A means the subscription price per Ordinary Share for the issue.

- (b) Such adjustment shall become effective on the date of the relevant issue of Ordinary Shares.

3.10 ADJUSTMENT TO CONVERSION PRICE FOR ISSUES UNDER A SHARE PURCHASE PLAN OR DIVIDEND REIMBURSEMENT PLAN AT A DISCOUNT

- (a) If and whenever the Issuer will issue any new Ordinary Shares under a share purchase plan or dividend reinvestment plan where the pricing of new Ordinary Shares under that plan is expressly calculated as a discount to a market price and that discount is greater than 10%, the Conversion Price will be adjusted immediately using the following formula:

$$CP = CPo \times \frac{(RD + ((1-D) \times RN))}{(RD + RN)}$$

where:

CP means the Conversion Price applying immediately after the application of this formula;

CPo means the Conversion Price applying immediately before the application of this formula;

RD means the number of Ordinary Shares on issue immediately before the issue of new Ordinary Shares under the share purchase plan or dividend reinvestment plan;

RN means the number of Ordinary Shares issued under the plan; and

D means the discount at which new Ordinary Shares are issued under the plan.

- (b) Such adjustment shall become effective on the date of the relevant issue of new Ordinary Shares.

3.11 ADJUSTMENT TO CONVERSION PRICE FOR RETURN OF CAPITAL

- (a) If the Issuer makes a pro rata return of capital to holders of Ordinary Shares without cancellation of any Ordinary Shares, the Conversion Price will be adjusted under the following formula:

$$CP = CPo \times \frac{(P-C)}{P}$$

where:

CP means the Conversion Price applying immediately after the application of this formula;

CPo means the Conversion Price applying immediately before the application of this formula;

P means the VWAP during the period from (and including) the first Business Day after the announcement to the ASX of the return of capital up to and including the last Business Day of trading cum the return of capital (or if there is no period of cum return of capital, an amount reasonably determined by the Directors as representing the value of an Ordinary Share cum the return of capital); and

C means with respect to a return of capital (other than by way of extraordinary distribution, special dividend (being a dividend that is paid other than in accordance with the Issuer's dividend policy from time to time), or special distribution), the amount of the cash and/or the value (as reasonably determined by the Directors) of any other property distributed to holders of Ordinary Shares per Ordinary Share (or such lesser amount such that the difference between P and C is greater than zero).

- (b) Such adjustment shall become effective on the date of the relevant return of capital, or if later, the first date upon which the amount of the relevant cash and/or the value of property distributed to holders of Ordinary Shares is capable of being determined as provided in this clause 3.11.

3.12 ADJUSTMENTS FOR A CHANGE OF CONTROL EVENT

Where a Change of Control Event occurs, then upon any exercise of Conversion Rights where the Conversion Date falls during the Change of Control Period, the Conversion Price will be the Change of Control Conversion Price, as calculated using the following formula:

$$\text{COCCP} = \frac{\text{SSP}}{(1 + (\text{Premium} \times c/t))}$$

where:

COCCP means the Change of Control Conversion Price;

SSP means the Conversion Price in effect on the relevant Conversion Date, disregarding the application of this clause 3.12.

Premium (expressed as a decimal) means the premium of 0.15;

c means the number of days from (and including) the date the Change of Control Event occurs to (but excluding) the Maturity Date; and

t means the number of days from (and including) the Initial Issue Date to (but excluding) the Maturity Date.

3.13 NOTICE OF AMENDMENT

Any adjustment of the Conversion Price under this clause 3 will be notified to the Trustee, the Noteholders and the ASX promptly after such adjustment has been determined.

3.14 ON MARKET BUY-BACKS

No adjustment to the Conversion Price shall occur as a result of an on market buy-back of Ordinary Shares.

4. REDEMPTION AND BUY BACK

4.1 REDEMPTION ON MATURITY DATE

Each Note must be Redeemed by the Issuer on the Maturity Date by payment of the Redemption Price unless:

- (a) the Note has been previously Converted;
- (b) the Note has been previously Redeemed; or
- (c) the Note has been purchased by the Issuer under clause 4.2 and cancelled.

4.2 BUY BACK

Subject to compliance with any applicable law or requirement of the ASX:

- (a) the Issuer may at any time purchase Notes in the open market or otherwise and at any price;
- (b) the Notes purchased under this clause 4.2 may be held, resold, dealt with or cancelled at the discretion of the Issuer; and
- (c) the Notes so purchased, while held by or on behalf of the Issuer, will not entitle the Noteholder to vote at any meetings of the Noteholders and will not be taken to be outstanding for certain purposes set out in clause 7 and the Meeting Provisions, including without limitation, calculating quorums at meetings of the Noteholders.

4.3 REDEMPTION AT THE OPTION OF THE ISSUER – OPTIONAL EARLY REDEMPTION

The Issuer may on the First Step-up Date or on any Interest Payment Date after the First Step-up Date, elect to Redeem all (but not some) of the Notes in whole before the Maturity Date at the Redemption Price for each such Note by giving not less than 15 nor more than 45 days' notice in writing of such Redemption (an **Optional Early Redemption Notice**) to the Noteholders, the Trustee, the Registrar and the ASX, nominating the Redemption Date upon which the Issuer proposes to Redeem the relevant Notes.

4.4 REDEMPTION AT THE OPTION OF THE ISSUER – TAX EVENT

- (a) If a Tax Event occurs prior to the Maturity Date, the Issuer may elect to Redeem all (but not some) of the Notes in whole before the Maturity Date at the Redemption Price for each such Note by giving not less than 15 nor more than 45 days' notice in writing of such Redemption (a **Tax Redemption Notice**) to the Noteholders, the Trustee, the Registrar and the ASX, nominating the Redemption Date upon which the Issuer proposes to Redeem the Notes.
- (b) Prior to the giving of any Tax Redemption Notice pursuant to this clause 4.4, the Issuer will deliver to the Trustee:
- (i) a certificate signed by two directors of the Issuer specifying details of the relevant Tax Event; and
 - (ii) an opinion of independent legal or tax advisors of recognised standing in Australia, and experienced in such matters, confirming that the Tax Event has occurred.
- (c) The Trustee will be entitled to accept and conclusively rely upon such certificate and opinion as sufficient evidence thereof in which event it will be conclusive and binding on the Noteholders. Upon the expiry of the Tax Redemption Notice, the Issuer must redeem the Notes at the Redemption Price.

4.5 REDEMPTION AT THE OPTION OF THE ISSUER – CLEAN-UP EVENT

If a Clean-Up Event occurs prior to the Maturity Date, the Issuer may elect to Redeem all (but not some) of the Notes in whole before the Maturity Date at the Redemption Price for each such Note by giving not less than 15 nor more than 45 days' notice in writing of such Redemption (a **Clean-Up Event Redemption Notice**) to the Noteholders, the Trustee, the Registrar and the ASX, nominating the Redemption Date upon which the Issuer proposes to Redeem the Notes.

4.6 NOTEHOLDER REDEMPTION EVENT

- (a) If a Noteholder Redemption Event occurs:
- (i) a Noteholder may require the Issuer to Redeem all (but not some) of the Notes held by that Noteholder in whole; and
 - (ii) where the relevant Noteholder Redemption Event is a Change of Control Event, the Issuer may Redeem all (but not some) of the Notes,
- on the Noteholder Redemption Event Date at the applicable Redemption Price for each such Note.
- (b) As soon as reasonably practicable after the occurrence of a Noteholder Redemption Event, the Issuer must give notice of the Noteholder Redemption Event to the Trustee with a copy to the Noteholders, the Registrar and the ASX (**Noteholder Redemption Event Notice**). The Noteholder Redemption Event Notice must contain:
- (i) a statement informing Noteholders of:
 - (A) their entitlement to require the Notes to be Redeemed pursuant to this clause 4.6 or Converted pursuant to clause 3.2; or
 - (B) where the relevant Noteholder Redemption Event is a Change of Control Event, whether the Issuer will elect to Redeem the Notes, and will also specify:
 - (ii) details of the relevant Noteholder Redemption Event;
 - (iii) the closing price of the Notes on the day that the Notes were trading on the ASX immediately prior to the occurrence of the relevant Noteholder Redemption Event; and
 - (iv) the last day of the Noteholder Redemption Event Period.
- (c) A Noteholder may exercise its rights under clause 4.6(a) to require the Notes to be Redeemed by delivering a Noteholder Redemption Election Notice to the Issuer at any time on or prior to the last day of the Noteholder Redemption Event Period.
- (d) If a Noteholder delivers a Noteholder Redemption Election Notice to the Issuer in accordance with clause 4.6(c), the Issuer must Redeem all Notes the subject of the Noteholder Redemption Election Notice on the relevant Noteholder Redemption Event Date.

4.7 EFFECT OF NOTICE

Any notice given under this clause 4 is irrevocable once given. The accidental or inadvertent failure to give notice to an individual Noteholder will not invalidate an Early Redemption Notice.

4.8 FAILURE TO REDEEM

If the Issuer fails to Redeem the Notes when due, Interest will continue to accrue on the Notes at the rate applicable to them on their Redemption Date and must be paid to the relevant Noteholders upon Redemption of the Notes.

4.9 CANCELLATION

Notes that have been Redeemed will be cancelled by the Issuer and may not be resold.

5. STATUS AND RANKING

5.1 STATUS

The Notes at all times constitute direct, unsubordinated and (subject to clause 6.1 (*Negative pledge*)) unsecured obligations of the Issuer.

5.2 RANKING

- (a) The Notes rank equally with each other and without any preference amongst themselves and at least equally with all other present and future unsubordinated and unsecured obligations of the Issuer (other than any obligations preferred by mandatory provisions of applicable law).
- (b) The ranking of Notes is not affected by the date of registration of any Noteholder in the Register.

6. COVENANTS

6.1 NEGATIVE PLEDGE

For so long as any Notes remain outstanding, the Issuer must not create or permit to subsist any Security Interest upon the whole or any part of its present or future assets to secure any Financial Indebtedness other than a Permitted Security Interest, unless in any such case, before or at the same time as the creation of the Security Interest:

- (a) all amounts payable by the Issuer under the Notes and the Trust Deed are secured equally and rateably with the Financial Indebtedness; or
- (b) such other Security Interest is provided in respect of all amounts payable by the Issuer under the Notes and the Trust Deed as the Trustee shall in its absolute discretion determine to be not materially less beneficial to the interests of the Noteholders as a whole.

6.2 LIMIT ON THE INCURRENCE OF FINANCIAL INDEBTEDNESS

For so long as any Notes remain outstanding, the Issuer must not, without the approval of the Noteholders by way of Special Resolution, incur any Financial Indebtedness other than Permitted Financial Indebtedness.

6.3 LIMIT ON MAKING DISTRIBUTIONS

For so long as any Notes remain outstanding, the Issuer must not without the approval of the Noteholders by way of Special Resolution make:

- (a) any In-specie Distribution; or
- (b) any other Distribution which would result in an LTV Ratio Event immediately after such Distribution.

6.4 OTHER COVENANTS

So long as any Notes remain outstanding, the Issuer must:

- (a) do everything necessary to maintain its corporate existence;
- (b) do everything necessary to maintain the authorisations it is required to maintain in order to conduct its business;
- (c) comply with all laws binding on it where a failure to comply would have a Material Adverse Effect; and
- (d) not, without the approval of the Noteholders by way of Special Resolution, substantially change its core business activity of being a listed investment company with the value of the unlisted Marketable Securities that it holds, as at the time of their acquisition, being no greater than 15% of the value of all Marketable Securities then held by the Issuer.

7. EVENTS OF DEFAULT

7.1 EVENTS OF DEFAULT

An Event of Default occurs and is continuing in relation to the Notes if:

- (a) **(non-payment)** the Issuer fails to pay or repay any amount payable by it under these Note Terms within 10 Business Days after the date on which it is due and, where the sole reason for the default is a technical or administrative difficulty within the banking system being used to effect payment, such default is not remedied within five Business Days;
- (b) **(non-issue of Ordinary Shares)** the Issuer fails to issue Ordinary Shares on Conversion in accordance with these Note Terms within 10 Business Days after the date on which such issue is to be made;
- (c) **(breach of other obligations)** the Issuer fails to comply with any of its other material obligations under these Note Terms or the Trust Deed and such failure remains unremedied for a period of 30 Business Days after the Issuer has received written notice from the Trustee in respect of the failure;
- (d) **(cross default)** any debt of the Issuer greater than A\$1,000,000 (or its equivalent in any other currencies) becomes due and payable before its stated maturity due to the occurrence of a default in the observance by the Issuer of any of the terms of that debt;
- (e) **(insolvency)** an Insolvency Event occurs in respect of the Issuer;
- (f) **(unlawfulness)** at any time, it is unlawful for the Issuer to perform any of its payment obligations under the Notes; or
- (g) **(vitiation)** all or any obligations of the Issuer or rights of the Noteholders or the Trustee under the Trust Deed or these Note Terms are terminated or are or become void, illegal, invalid, unenforceable or of limited force and effect.

7.2 NOTIFICATION

If an Event of Default occurs, the Issuer must, promptly after becoming aware of it, notify the Noteholders, the Trustee, the Registrar and the ASX of the occurrence of the Event of Default.

7.3 CONSEQUENCES OF AN EVENT OF DEFAULT

- (a) If an Event of Default occurs and is continuing in relation to the Notes, the Trustee may declare, by written notice to the Issuer (with a copy to the Noteholders), that the Face Value (together with any accrued and unpaid Interest) of each Note is due and payable immediately or on such other date as specified in that notice.
- (b) The Trustee will not be bound to take any action referred to in clause 7.3(a) above or any other proceedings or action to enforce the obligations or covenants of the Issuer pursuant to or in connection with the Trust Deed or these Note Terms unless:
 - (i) it is directed to take such action by a Noteholder Resolution (or, if required by, a Special Resolution) (ignoring any Notes held by or on behalf of the Issuer and not cancelled);
 - (ii) it is indemnified and/or secured to its satisfaction as contemplated by the Trust Deed;
 - (iii) its liability for taking such action is limited in a manner consistent with section 283DC of the Corporations Act;
 - (iv) such action is permitted under the Trust Deed and these Note Terms; and
 - (v) it is not restricted or prohibited from taking such action by any order of any competent court or any applicable law.

If the Trustee forms the view that such action is or could be inconsistent with the Trust Deed, these Note Terms or the Corporations Act or any applicable law, it must take steps to seek (and, if the court so determines, to obtain) as soon as reasonably practicable a court direction or order to set aside or vary the direction given by Special Resolution, and, while those steps are underway, the Trustee is not obliged to take any action or proceedings it has been directed to take by Special Resolution.

7.4 NOTEHOLDERS' RIGHT TO TAKE ACTION

No Noteholder is entitled to commence action or proceedings directly against the Issuer to enforce any right, power or remedy under these Note Terms or the Trust Deed unless:

- (a) the Trustee, having become bound to proceed in accordance with the Trust Deed and these Note Terms, fails to do so within 14 days of being obliged to do so and such failure is continuing; or
- (b) 30 Business Days have lapsed since the date on which one or more Noteholders gave notice to the Trustee that they intend to commence such action or proceedings (with such notice to specify the details, including legal basis for, such action or proceedings, and to be copied to the Issuer) and the Trustee has not commenced such action or proceedings notwithstanding a request from such Noteholders to do so,

in which case any such Noteholder may itself institute such actions or proceedings against the Issuer to the same extent (but not further or otherwise) that the Trustee would have been entitled to do so. Any such proceedings must be brought in the name of the Noteholders and not the Trustee.

8. TITLE AND TRANSFER OF NOTES

8.1 TITLE

Title to a Note passes when details of the transfer are entered in the Register.

8.2 EFFECT OF ENTRIES IN REGISTER

- (a) Each entry in the Register in respect of a Note constitutes:
 - (i) an unconditional and irrevocable undertaking by the Issuer to the Noteholder to pay principal, interest and any other amount in accordance with these Note Terms;
 - (ii) an entitlement to the other benefits given to the Noteholders under these Note Terms and the Trust Deed in respect of the Note; and
 - (iii) (subject to rectification for fraud or manifest or proven error) conclusive evidence of validly issued Note under the Trust Deed, regardless of any non-compliance by the Issuer with the provisions of the Trust Deed.
- (b) For the avoidance of doubt, an entry in the Register does not make the Noteholder a member of the Issuer or confer rights on a Noteholder to become a member of the Issuer or to attend or vote at meetings of members of the Issuer.

8.3 NO CERTIFICATES

Except to the extent required by law or otherwise determined by the Issuer, no certificates in respect of the Notes will be issued by the Issuer, the Registrar or the Trustee.

8.4 REGISTER CONCLUSIVE AS TO OWNERSHIP

Notes are regarded as issued or transferred to a person if and when the person's name is recorded in the Register as the Noteholder in accordance with the Trust Deed. Entries in the Register in relation to a Note constitute conclusive evidence that the person so entered is the absolute owner of the Note subject to correction for fraud or manifest or proven error.

8.5 NON-RECOGNITION OF INTERESTS

Except as required by law, the Issuer, the Trustee and the Registrar must treat the person whose name is entered in the Register as the Noteholder as the absolute owner of that Note. This clause 8.5 applies whether or not a Note is overdue and despite any notice of ownership, trust or interest in the Note.

8.6 JOINT HOLDERS

- (a) Where two or more persons are entered in the Register as the joint holders of a Note then they are taken to hold the Note as joint tenants with rights of survivorship, but the Registrar is not bound to register more than four persons as joint holders of any Note.
- (b) On the death of a joint holders, the survivor or survivors are the only person or persons whom the Issuer or the Trustee will recognise as having any title to the Notes (but the Issuer or the Trustee may require any evidence of death which it thinks fit).
- (c) The joint holders are counted as a single Noteholder of the Note for the purposes of calculating the number of Noteholder or requisitioners who have requested a Meeting of Noteholders.
- (d) The giving of notice to, or receipt of notice for, any one of the joint holders is taken to be the giving of notice to, or receipt of notice for, all of the joint holders.
- (e) Any one of the joint holders may give an effective receipt for payment on the Notes and a payment to any one of the joint holders will discharge the Issuer's liability with respect to that payment.
- (f) The Registrar is not bound to register more than four persons as joint holders of any Note.

8.7 TRANSFERS IN WHOLE

A Note may be transferred in whole but not in part.

8.8 TRANSFER

- (a) A Noteholder may, subject to this clause 8.8, transfer any Notes:
 - (i) if the Notes are quoted on the ASX, by a transfer in accordance with the rules of the Clearing System;
 - (ii) by a proper transfer under any other computerised or electronic system recognised by the Corporations Act; or
 - (iii) by any proper or sufficient instrument of transfer of marketable securities under applicable law.
- (b) The Issuer must not charge any fee on the transfer of a Note.

8.9 MARKET OBLIGATIONS

The Issuer must comply with all Applicable Regulations and any other relevant obligations imposed on it in relation to the transfer of a Note.

8.10 ISSUER MAY REQUEST HOLDING LOCK OR REFUSE TO REGISTER TRANSFER

If the Notes are quoted on ASX, and if permitted to do so by the ASX Listing Rules and the Corporations Act, the Issuer may:

- (a) request the CS Facility Operator or the Registrar, as the case may be, to apply a holding lock to prevent a transfer of Notes approved by and registered on the CS Facility Operator's electronic sub-register or Notes registered on an issuer- sponsored sub-register, as the case may be; or
- (b) refuse to register a transfer of Notes.

8.11 ISSUER MUST REQUEST HOLDING LOCK OR REFUSE TO REGISTER TRANSFER

- (a) The Issuer must request the CS Facility Operator or the Registrar, as the case may be, to apply a holding lock to prevent a transfer of Notes approved by and registered on the CS Facility Operator's electronic sub-register or Notes registered on an issuer-sponsored sub-register, as the case may be, if the Corporations Act, the ASX Listing Rules or the terms of a Restriction Agreement require the Issuer to do so.
- (b) The Issuer must refuse to acknowledge a disposal (including registering any transfer) of Notes if the Corporations Act, the ASX Listing Rules or the terms of a Restriction Agreement require the Issuer to do so.
- (c) In the event of a breach of the ASX Listing Rules relating to Restricted Securities, or a breach of a Restriction Agreement, the Noteholder of the Restricted Securities is not entitled to any Interest (or other distribution on), or voting rights in respect of, the Restricted Securities.

8.12 NOTICE OF HOLDING LOCK AND REFUSAL TO REGISTER TRANSFER

If, in the exercise of its rights under clause 8.10 and 8.11, the Issuer requests the application of a holding lock to prevent a transfer of Notes or refuses to register a transfer of Notes, it must, within five Business Days after the date it requests the holding lock or the date it refuses to register a transfer, give written notice of the request or refusal to the Noteholder, to the transferee and the broker lodging the transfer. Any failure to give such notice does not, however, invalidate the exercise by the Issuer of its rights.

8.13 DELIVERY OF INSTRUMENT

If an instrument is used to transfer the Notes according to clause 8.8, it must be delivered to the Registrar, together with such evidence (if any) as the Issuer or the Registrar reasonably requires to prove the title of the transferor to, or right of the transferor to transfer, the Notes.

8.14 REFUSAL TO REGISTER TRANSFERS

- (a) The Issuer may only refuse to register a transfer of any Notes if such refusal is required or permitted by Applicable Regulation or these Note Terms.
- (b) If the Issuer refuses to register a transfer, the Issuer must give the lodging party notice of the refusal and the reasons for it within five Business Days after the date on which the transfer was delivered to the Registrar.

8.15 TRANSFEROR TO REMAIN NOTEHOLDER UNTIL REGISTRATION

A transferor of a Note remains the Noteholder in respect of that Note until the transfer is registered and the name of the transferee is entered in the Register.

8.16 EFFECT OF TRANSFER

Upon registration and entry of the transferee in the Register, the transferor ceases to be entitled to future benefits under the Trust Deed and these Note Terms in respect of the transferred Notes and the transferee becomes so entitled in accordance with clause 8.8.

8.17 DEATH, LEGAL DISABILITY

- (a) If a Noteholder dies, becomes subject to a legal disability, becomes bankrupt or is liquidated the legal representative or the person entitled to Notes as a result of bankruptcy or liquidation, will be recognised as being entitled to require the transfer to it of Notes registered in the Noteholder's name.
- (b) The Issuer need not register any transfer or transmission under this clause 8.17 unless the transferee provides evidence of its entitlement satisfactory to the Issuer and an indemnity in favour of the Issuer in a form determined by the Issuer in respect of any consequence arising from the transfer or transmission.

8.18 TRANSFER OF UNIDENTIFIED NOTES

Where the transferor executes a transfer of less than all the Notes registered in its name, and the specific Notes to be transferred are not identified, the Registrar may register the transfer in respect of such of the Notes registered in the name of the transferor as the Registrar thinks fit, provided the aggregate of the Face Value of all the Notes registered as having been transferred equals the aggregate of the Face Value of all the Notes expressed to be transferred in the transfer.

9. PAYMENTS

9.1 SUMMARY OF PAYMENT PROVISIONS

Payments in respect of the Notes will be made in accordance with this clause 9.

9.2 RECORD DATE

All payments under or in respect of a Note will be made only to those persons registered as the Noteholder at the nominated time on the relevant Record Date.

9.3 PAYMENTS SUBJECT TO APPLICABLE LAWS

All payments are subject to applicable laws, but without prejudice to the provisions of these Note Terms relating to the payments of Additional Amounts. If a payment cannot lawfully be made by the Issuer to a particular Noteholder due to any circumstance or matter affecting the Noteholder without the approval of a Government Agency or the satisfaction of some other condition, then the Noteholder is not entitled to receive that payment, and the Issuer is not obliged to make that payment, unless that approval has been obtained or that other condition is satisfied. The Issuer is not obliged to pay any further interest to the affected Noteholder in such circumstances on account of the delay.

9.4 PAYMENT DELAYS

If the Issuer has determined that a person other than a Noteholder is or may be entitled to be registered as a Noteholder and receive a payment in respect of a Note, the Issuer may withhold the payment until it has established the respective entitlements of that person to its satisfaction and (if applicable) the person so entitled has been registered as Noteholder and provided details for the payment to be made to the satisfaction of the Issuer. The Issuer is not obliged to pay any further interest on account of the delay.

9.5 PAYMENTS ON BUSINESS DAYS

If a payment:

- (a) is due on a day which is not a Business Day then the due date for payment will be postponed to the first following day that is a Business Day; or
- (b) is to be made to an account on a Business Day on which banks are not open for general banking business in the place in which the account is located, then the due date for payment will be the first following day on which banks are open for general banking business in that place,

and in either case, no Noteholder is entitled to any interest or amount in respect of that delay.

9.6 PAYMENTS TO ACCOUNTS

Moneys payable by the Issuer to a Noteholder may be paid in any manner the Issuer decides, including by direct credit into a nominated account of the Noteholder at an Australian branch of a financial institution.

9.7 PAYMENTS BY CHEQUE

- (a) The Issuer may decide that payments in respect of the Notes will be made by cheque sent by prepaid post on the payment date to the Noteholder (or to the first named joint holder of the Notes) at its address appearing in the Register.
- (b) Cheques sent to the Noteholder will be at the risk of the registered Noteholder and will be taken to have been received by the Noteholder on the payment date and, no further amount will be payable by the Issuer in respect of the Notes as a result of the Noteholder not receiving payment on the due date.

9.8 UNSUCCESSFUL ATTEMPTS TO PAY

Subject to applicable law and the ASX Listing Rules, where the Issuer:

- (a) decides that an amount is to be paid to a Noteholder by a method of direct credit and the Noteholder has not nominated an account to which amounts are to be paid by that method;
- (b) attempts to pay an amount to a Noteholder by direct credit, electronic transfer of funds or any other means and the transfer is unsuccessful;
- (c) has made reasonable efforts to locate a Noteholder but is unable to do so; or
- (d) has issued a cheque which has not been presented within six months of its date and, as a consequence, the Issuer has cancelled such cheque,

then, in each case:

- (e) the amount will be taken to have been duly paid to the Noteholder and will not bear Interest; and
- (f) the amount will be held by the Issuer for the Noteholder in a non-interest bearing deposit with a bank selected by the Issuer until the Noteholder (or any legal personal representative of the Noteholder) nominates an account for payment or otherwise claims the amount or the amount is paid by the Issuer according to the legislation relating to unclaimed moneys.

9.9 PAYMENT TO JOINT NOTEHOLDERS

A payment to any one of the joint Noteholders of a Note will discharge the Issuer's liability in respect of the payment.

9.10 FRACTIONS

For the purposes of making any payment to a Noteholder in respect of its aggregate holding of Notes, any fraction of a cent will be disregarded.

10. TAXATION

10.1 NO SET-OFF, COUNTERCLAIM OR DEDUCTIONS

All payments in respect of the Notes must be made in full without set-off or counterclaim, and will be made free and clear of, and without any withholding or deduction in respect of Taxes, unless such withholding or deduction is required by applicable law or made under or in connection with, or to ensure compliance with, FATCA.

10.2 WITHHOLDING TAX

Subject to clause 10.3, if a law requires the Issuer to withhold or deduct an amount for Taxes imposed in connection with a payment on a Note such that the Noteholder would not actually receive on the due date the full amount provided for under the Notes, then:

- (a) the Issuer agrees to withhold or deduct the amount for the Taxes; and
- (b) if the amount deducted or withheld is in respect of Taxes imposed in Australia, the Issuer will pay an additional amount (Additional Amount) so that, after making the deduction or withholding, the Noteholder is entitled to receive (at the time the payment is due) the amount it would have received if no deduction or withholding had been required to be made from a payment in respect of a Note.

10.3 GROSS-UP EXCEPTIONS

- (a) No Additional Amounts are payable under clause 10.2 in respect of any Note:
 - (i) to, or to a third party on behalf of, a Noteholder who is liable to such Taxes in respect of such Note by reason of having some connection with Australia other than the mere holding of or receipt of payment in respect of such Note;
 - (ii) to, or to a third party on behalf of, a Noteholder who could lawfully avoid (but has not so avoided) such Taxes by complying or procuring that any third party complies with any statutory requirements or by making or procuring that any third party makes a declaration of non-residence or similar case for exemption to any Tax Authority;
 - (iii) to, or to a third party on behalf of, a Noteholder who is an Offshore Associate and not acting in the capacity of a clearing house, paying agent, custodian, funds manager or responsible entity of a registered scheme within the meaning of the Corporations Act;

- (iv) to, or to a third party on behalf of, a Noteholder that is not the beneficial owner of such Notes to the extent that the beneficial owner thereof would not have been entitled to the payment of such Additional Amounts had such beneficial owner been the Noteholder of such Notes;
- (v) to, or to a third party on behalf of, a Noteholder where such withholding or deduction is required to be made pursuant to a notice or direction issued by the Commissioner of Taxation under section 255 of the Tax Act or section 260-5 of Schedule 1 to the Taxation Administration Act 1953 (Cth) or any similar law;
- (vi) to, or to a third party on behalf of, a Noteholder, if that person has not supplied an appropriate Australian tax file number, an Australian business number or other exemption details from these requirements before the Record Date; or
- (vii) in respect of any combination of any or all of paragraphs (i) to (vi) above.
- (b) Notwithstanding any other provision of these clauses, if the Issuer, any agent, or any other person through whom payments on the Notes are made, is required to withhold or deduct amounts under or in connection with, or in order to ensure compliance with FATCA, the Issuer or that other person will be permitted to make such withholding or deduction, and the Noteholders and beneficial owners of Notes will not be entitled to receive any gross up, additional amount or other amount for such withholding or deduction had payment been made on the due date.

11. AMENDMENTS AND WAIVERS OF NOTE TERMS

11.1 AMENDMENTS WITHOUT THE CONSENT OF THE NOTEHOLDERS

Subject to the Trust Deed and compliance with the Corporations Act and all other applicable laws, the Issuer may at any time and from time to time, with the approval of the Trustee, but without the consent of the Noteholders, amend these Note Terms or the Trust Deed if the Trustee agrees with the Issuer that such amendments are:

- (a) of a formal or minor or technical nature;
- (b) made to cure any ambiguity or correct any manifest error;
- (c) necessary to facilitate the listing or quotation of the Notes on the ASX;
- (d) necessary to comply with any laws, regulations, legislation or the ASX Listing Rules; or
- (e) not materially prejudicial to the interests of Noteholders as a whole.

11.2 AMENDMENTS WITH THE CONSENT OF THE NOTEHOLDERS

Without limiting clause 11.1, subject to the Trust Deed and compliance with the Corporations Act and all other applicable laws, the Issuer may at any time and from time to time, amend these Note Terms or the Trust Deed if a Noteholder Resolution or (where required under the Meeting Provisions) a Special Resolution is passed in favour of such amendment. If the amendment sought alters or conflicts with any of the personal rights or obligations of the Trustee, it will not be effective without the prior written consent of the Trustee.

11.3 INTERPRETATION

In this clause 11, “**amend**” includes modify, waive, vary, cancel, amend or add to and “**amendment**” has a corresponding meaning.

12. TIME LIMIT FOR CLAIMS

A claim against the Issuer for a payment under the Notes is void unless made within five years after the date on which payment first became due and payable.

13. NOTICES

All notices and other communications to the Noteholders in connection with the Trust Deed or the Notes must be made in accordance with the notice provisions set out in clause 19 (*Notices*) of the Trust Deed.

14. FURTHER ISSUE OF NOTES

14.1 ISSUER MAY ISSUE FURTHER NOTES

Subject to clauses 6.2, 14.2 and the ASX Listing Rules, the Issuer may from time to time create and issue additional Notes after the Initial Issue Date having the same terms and conditions as the Notes issued on the Initial Issue Date in all respects (or in all respects other than in respect of the Issue Date, the Issue Price, the date on which the additional Notes commence bearing Interest or the date of the first interest payment in respect of the additional Notes). Any Notes issued pursuant to this clause 14 will be consolidated and form part of the same single class as the Notes issued on the Initial Issue Date, and will be treated as such including for the purposes of voting and taking all other actions by the Noteholders, except as otherwise specified in the Trust Deed or these Note Terms. References in these Note Terms to the Notes include (unless the context requires otherwise) any additional Notes issued pursuant to this clause 14 that form a single class with the Notes issued on the Initial Issue Date.

14.2 NOTICE OF FURTHER ISSUES

The Issuer must provide prior notice to the Trustee and the Noteholders of any additional Notes to be issued under clause 14.1, and execute such supplemental documents as the Trustee may require in connection with the issue of such Notes.

15. GENERAL

15.1 REPORTING

In addition to any requirements of the Corporations Act and the ASX Listing Rules, each Noteholder (if requested by that Noteholder) will be provided with copies of all annual and half yearly reports and financial statements provided to Shareholders.

15.2 FURTHER DOCUMENTS

The Issuer may request the Trustee to execute (and the Trustee may agree to execute), on behalf of all Noteholders, such documents as the Issuer considers necessary or desirable provided that the Trustee is indemnified to its satisfaction, acting reasonably, against any Taxes, fees, costs, charges, expenses or liabilities (including solicitor and client as well as party and party costs) which it may suffer or incur as a result of doing so.

15.3 GOVERNING LAW AND JURISDICTION

- (a) These Note Terms and the Notes are governed by the laws of New South Wales, Australia.
- (b) The Issuer and each Noteholder submits to the non-exclusive jurisdiction of the courts exercising jurisdiction in New South Wales, Australia in connection with matters concerning the Notes or these Note Terms.
- (c) The Issuer and each Noteholder waives any right they have to object to an action being brought in those courts, or to claim that the action has been brought in an inconvenient forum, or to claim those courts do not have jurisdiction.

16. INTERPRETATION AND DEFINITIONS

16.1 INTERPRETATION

In these Note Terms:

- (a) if there is any inconsistency between the provisions of these Note Terms and the Trust Deed, then, to the maximum extent permitted by law, the provisions of these Note Terms will prevail;
- (b) calculations, elections and determinations made by the Issuer under these Note Terms are binding on Noteholders in the absence of manifest error;
- (c) if an event under these Note Terms must occur on a stipulated day which is not a Business Day, then the stipulated day will be taken to be the succeeding Business Day;
- (d) the singular includes the plural and vice versa, and a gender includes the other gender;
- (e) another grammatical form of a word or expression defined in these Note Terms has a corresponding meaning;
- (f) a reference to a document (including these Note Terms) includes all schedules, annexures, attachments or exhibits to it;
- (g) a reference to a cause or clause is to a clause or clause of these Note Terms;
- (h) a reference to a document or instrument includes the document or instrument as novated, altered, supplemented or replaced from time to time and all schedules, annexures, attachments or exhibits to it;
- (i) a reference to **Australian dollars, A\$, dollars, \$ or cents** is a reference to the lawful currency of Australia;
- (j) a reference to time is to Sydney time;
- (k) a reference to a person includes a reference to the person's executors, administrators, successors and permitted assigns and substitutes;
- (l) a reference to a person includes:
 - (i) a reference to the person's executors, administrators, successors and permitted assigns and substitutes; and
 - (ii) any type of entity or body of persons, whether or not it is incorporated or has a separate legal identity, and any executor, administrator or successor in law of the person, including a natural person, partnership, joint venture, government agency, association, corporation or other body corporate;
- (m) a reference to a statute, ordinance, code, rule, directive or law (however described) includes a constitutional provision, a statutory provision, treaty, decree, convention, statute, regulation, ordinance, code, by-law, judgment, rule of common law or equity, whether inside or outside Australia, and is a reference to that law as amended, extended, re-enacted consolidated or replaced;
- (n) the meaning of general words is not limited by specific examples introduced by words 'such as', 'including', 'particularly' including, 'for example' or other similar expressions;
- (o) headings (including those in brackets at the beginning of clauses) and footnotes are for convenience only and do not affect the interpretation of these Note Terms.
- (p) an Event of Default is subsisting until it has been remedied or waived in writing by the Trustee on behalf of the Noteholders;
- (q) if a payment is required to be made under these Note Terms, unless the contrary intention is expressed, the payment will be made in Australian dollars; and

- (r) any agreement, representation, warranty or indemnity by two or more parties (including where two or more persons are included in the same defined term) binds them jointly and severally.

16.2 REFERENCES TO PARTICULAR TERMS

Unless the contrary intention appears, in these Note Terms:

- (a) any reference to “principal” is taken to include the aggregate principal amount of the Notes outstanding, any Additional Amounts in respect of principal which may be payable under these Note Terms and any other amount in the nature of principal payable in respect of the Notes under these Note Terms; and
- (b) any reference to “interest” is taken to include any Additional Amounts in respect of interest and any other amount in the nature of interest payable in respect of the Notes under these Note Terms.

16.3 INCONSISTENCY WITH ASX LISTING RULES

So long as the Notes are quoted on the ASX, these Note Terms are to be interpreted in a manner consistent with the ASX Listing Rules.

16.4 DEFINITIONS

Unless the contrary intention appears, in these Note Terms:

Additional Amount has the meaning given to it in clause 10.2.

Applicable Regulations means such provisions of the ASX Listing Rules, the rules of the applicable Clearing System or the Corporations Act, and any regulations or rules under or pursuant to any such provisions, as may be applicable to the transfer of a Note and includes any Restriction Agreement.

ASX means ASX Limited (ABN 98 003 624 691) or the securities market operated by it, as the context requires.

ASX Listing Rules means the listing rules of the ASX.

ASX Settlement means ASX Settlement Pty Ltd (ABN 49 008 504 532), the body which administers CHES.

ASX Settlement Operating Rules means the settlement rules of ASX Settlement as amended or replaced from time to time.

Australian Accounting Standards means the Australian Accounting Standards issued by the Australian Accounting Standards Board.

Business Day means a day which is a business day within the meaning of the ASX Listing Rules but where used in connection with any Redemption, Conversion or payment on the Notes, excludes a day on which major trading banks are not open for business in Sydney.

Cash and Cash Equivalents means, at any time, the aggregate amount in Australian dollars of cash and cash equivalents held by the Issuer as at such time, as determined in accordance with the Australian Accounting Standards, but excluding the amount of such cash or cash equivalents which are the subject of a Security Interest.

Change of Control Event means the occurrence of any of the following:

- (a) the investment management agreement between the investment manager and the Issuer lapses or is terminated and no replacement investment management agreement has been entered into by the investment manager and the Issuer on, or as soon as reasonably practicable after, such lapse or termination;
- (b) a takeover bid is made to acquire all of the Ordinary Shares and the offer under the takeover bid is, or becomes, unconditional and:
- (i) the bidder has acquired at any time during the offer period a relevant interest in more than 50 per cent of the Ordinary Shares on issue; or
- (ii) the Directors of the Issuer unanimously recommend the acceptance of the offer under the takeover bid, and acceptance of that offer would result in the bidder having a relevant interest in 100 per cent of the Ordinary Shares on issue; or
- (c) a court approves a proposed scheme of arrangement which, when implemented, will result in a person having a relevant interest in more than 50 per cent of the Ordinary Shares on issue.

Change of Control Notice means a Noteholder Redemption Event Notice informing the Noteholders that a Change of Control Event has occurred.

Change of Control Period means the period beginning on the date the Issuer provides a Change of Control Notice and ending 30 Business Days from that date.

CHES means the Clearing House Electronic Sub-register System operated by ASX Settlement.

Clean-Up Event means at any time the aggregate principal amount of the Notes outstanding is less than A\$5 million.

Clean-Up Event Redemption Notice means a notice provided by the Issuer in accordance with clause 4.5.

Clearing System means CHES or any other applicable securities trading or clearance system through which the Notes are cleared and/or settled.

Conversion means the conversion of a Note in accordance with clause 3 and the words **Convert**, **Convertible**, **Converting** and **Converted** bear a corresponding meaning.

Conversion Amount means in relation to a Note the subject of a Conversion Notice, the Face Value of the Note, together with any accrued (but unpaid) Interest on the Note up to (but excluding) the Conversion Date for the Note.

Conversion Date in relation to a Note means the date (determined by the Issuer (in its absolute discretion) in accordance with these Note Terms) on which Ordinary Shares will be issued to the relevant Noteholder on the Conversion of that Note under clause 3.

Conversion Notice means a notice of Conversion given in accordance with clause 3.2 in the form set forth in Schedule 4 of the Trust Deed or as otherwise determined by the Issuer or required by the ASX Listing Rules.

Conversion Period in respect of a Note means the period commencing on (and excluding) the Initial Issue Date and ending on (and including) the First Step-up Date.

Conversion Price means A\$1.15 or such other price as is determined in accordance with clauses 3.7 to 3.12.

Conversion Right means the right of a Noteholder to convert principal and accrued but unpaid Interest due under a Note into Ordinary Shares in accordance with clause 3.3.

Conversion Shares has the meaning given to it in clause 3.4.

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

CS Facility has the same meaning as 'prescribed CS Facility' in the Corporations Act.

CS Facility Operator means the operator of a CS Facility.

a **Delisting Event** will occur if:

- (a) the Ordinary Shares or Notes cease to be quoted on the ASX; or
- (b) trading of the Ordinary Shares or Notes on the ASX is suspended for a period of more than 20 consecutive Business Days, in each case, other than as a result (directly or indirectly) of a Change of Control Event.

Directors means some or all of the directors of the Issuer acting as a board.

Distribution means a distribution to Shareholders in any form whatsoever, including without limitation, by way of dividend (whether in cash or in specie), share buy-back, reduction of capital, bonus securities issue or otherwise.

Early Redemption Notice means any of the following:

- (a) an Optional Early Redemption Notice;
- (b) a Tax Redemption Notice;
- (c) a Clean-Up Event Redemption Notice; or
- (d) a Noteholder Redemption Event Notice.

Event of Default means any event specified in clause 7.1.

Face Value means the nominal principal amount of each Note, being A\$100.

Financial Indebtedness means, without double counting, any indebtedness for or in respect of:

- (a) moneys borrowed;
- (b) any amount raised under any acceptance credit, or bill acceptance, discount or endorsement facility;
- (c) any amount raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument;
- (d) the amount of any liability in respect of any lease or hire purchase contract which would, in accordance with any applicable generally accepted accounting practices, be treated as a finance or capital lease;
- (e) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis);
- (f) any redeemable shares where the holder has the right, or the right in certain conditions, to require redemption;
- (g) any amount raised under any other transaction (including any forward sale or purchase agreement) of a type not referred to in any other paragraph of this definition having the commercial effect of a borrowing;
- (h) consideration for the acquisition of assets (excluding inventory bought in the ordinary course of business) or services payable more than 180 days after acquisition;
- (i) any counter-indemnity obligation in respect of a guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution; and
- (j) the amount of any liability in respect of any guarantee or indemnity for any of the items referred to in paragraphs (a) to (i) inclusive above, but excluding any increase or possible increase in Financial Indebtedness resulting from changes to accounting definitions.

First Step-up Date means 30 September 2025.

First Step-up Interest Rate means an interest rate of 6.50% per annum.

Fixed Interest Rate means an interest rate of 5.50% per annum.

Government Agency means a government, a government department or a governmental, semi-governmental, statutory, administrative, parliamentary, provincial, public, municipal, local, judicial or quasi-judicial body.

Initial Issue Date means the date on which Notes are first issued under these Note Terms.

Insolvency Event occurs in relation to a body corporate if:

- (a) it is (or states that it is) insolvent (as defined in the Corporations Act); or
- (b) it is in liquidation, in provisional liquidation, under administration (other than in circumstances where the appointment of the administrator or liquidator is stayed, withdrawn, dismissed or terminated within 30 Business Days) or wound up (each as defined in the Corporations Act).

In-specie Distribution means any non-cash Distribution of the Issuers' Investment Assets, direct or indirect, for the benefit of a Shareholder.

Interest means the interest payable from time to time on a Note under these Note Terms.

Interest Payment Date in relation to a Note means:

- (a) 31 March and 30 September in each year during the term of the Note, with the first Interest Payment Date being 31 March 2021, or if any such date is not a Business Day, the following Business Day;
- (b) where the Conversion Right attached to the Note has been exercised prior to the Redemption Date in respect of the Note, the Conversion Date in respect of the Note; and
- (c) the Redemption Date in respect of the Note.

Interest Period means in respect of a Note, each period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next Interest Payment Date. However:

- (a) the first Interest Period commences on (and includes) the Issue Date in respect of the Note; and
- (b) the final Interest Period ends on (but excludes) the first to occur in respect of the Note:
 - (i) the Maturity Date;
 - (ii) any other Redemption Date; and
 - (iii) where the Conversion Right attached to the Note has been exercised prior to the Redemption Date in respect of the Note, the Conversion Date in respect of the Note.

Interest Rate means:

- (a) in respect of each Interest Period that commences during the period from (and including) the Initial Issue Date to (but excluding) the First Step-up Date, the Fixed Interest Rate;
- (b) in respect of each Interest Period that commences during the period from (and including) the First Step-up Date to (but excluding) the Second Step-up Date, at the First Step-up Interest Rate; and
- (c) in respect of each Interest Period that commences during the period from (and including) the Second Step-up Date to (but excluding) its Maturity Date, at the Second Step-up Interest Rate.

Investment Assets means the assets owned by the Issuer which may include, without limitation, any of the following:

- (a) securities, including, without limitation, equity and debt securities of all types, whether subordinated or unsubordinated, secured or unsecured, quoted or unquoted, rated or unrated, denominated in any currency;
- (b) deposits and currencies of all kinds;
- (c) any other debt and equity instruments, including without limitation, loans (and participations therein), warrants, trade claims and promissory notes; and
- (d) derivative instruments and other synthetic products, including, but not limited to, foreign exchange options and forwards (including on a non-deliverable basis), bond options and forwards (including on a non-deliverable basis), interest rate and currency swaps, forward rate agreements, total return swaps, credit default swaps and equity derivatives and in credit and/or convertibility linked notes; and pooled investment vehicles of any description.

Issue Date in relation to a Note means the date on which the Note is issued.

Issue Price has the meaning given to it in clause 1.3.

Issuer means NAOS Ex-50 Opportunities Company Limited (ABN 49 169 448 837).

LTV Ratio means, at any time, the loan-to-value ratio for the Issuer calculated as follows:

$$A = B/C$$

where:

A = the LTV Ratio (expressed as a percentage) as at such time;

B = the Total Debt less the Cash and Cash Equivalents as at such time; and

C = the Market Value of all Marketable Securities held by or on behalf of the Issuer as such time.

LTV Ratio Event means the LTV Ratio exceeds 45%.

Market Value in relation to a Marketable Security means, at any time:

- (a) where that Marketable Security is listed on the ASX, the most recent traded price listed for such Marketable Security on the ASX; and

(b) where that Marketable Security is not listed on the ASX, the redemption price (however described) specified in the terms for such Marketable Security unless there is no redemption price so specified, in which case the Market Value for such Marketable Security will be determined by reference to the higher of:

- (i) the most recent price at which a marketable security comprising the same class as that Marketable Security was redeemed by the Issuer;
- (ii) the most recent price (if any) at which the Issuer purchased that Marketable Security or purchased marketable securities comprising the same class as that Marketable Security (whichever purchase occurred most recently); and
- (iii) the most recent price at which the Issuer sold marketable securities comprising the same class as that Marketable Security (whether together with other Marketable Securities or individually or whether in a single transaction or series of transactions) provided the aggregate purchase price for such marketable securities exceeded A\$1,000,000,

provided that if the Market Value of an unlisted Marketable Security cannot be reasonably determined in accordance with paragraph(b) above, the Market Value of such Marketable Security will be determined by the reasonable estimate of the Issuer and supported by calculations or any other documentation that the Trustee may reasonably request.

Marketable Securities means:

- (a) any debentures, stocks, shares or bonds of any Government Agency, local government authority, body corporate, association or society, and includes any right or option in respect of shares in any body corporate and any interest in a managed investment scheme; and
- (b) any unit (whatsoever called) or interest in a trust estate which represents a legal or beneficial interest in any of the income or assets of that trust estate and includes any options to acquire any units as described.

Material Adverse Effect means an event or circumstance which has, or would reasonably be expected to have, a material adverse effect on the ability of the Issuer to meet its obligations under these Note Terms or the Trust Deed.

Maturity Date means 30 September 2027.

Meeting Provisions means the provisions for meetings of the Noteholders set out in Schedule 3 of the Trust Deed.

Member or Shareholder means a person holding Ordinary Shares and entered in the register of members as a member, for the time being, of the Issuer.

NAC Group means the Issuer and its Subsidiaries.

Note means a debt obligation denominated in Australian dollars and issued, or to be issued, by the Issuer which is constituted by, and owing under, the Trust Deed, the details of which are recorded in, and evidenced by, entry in the Register.

Note Terms means, in relation to a Note, these clauses.

Noteholder means the person from time to time whose name is entered on the Register as the holder of a Note.

Noteholder Redemption Election Notice means a notice provided by the Noteholder in accordance with clause 4.6(c) in the form set forth in Schedule 5 of the Trust Deed or as otherwise determined by the Issuer or required by the ASX Listing Rules.

Noteholder Redemption Event means each of the following events:

- (a) a Delisting Event; or
- (b) a Change of Control Event.

Noteholder Redemption Event Date means the date that is the 20th Business Day after the expiry of the Noteholder Redemption Event Period.

Noteholder Redemption Event Notice means a notice provided by the Issuer in accordance with clause 4.6(b).

Noteholder Redemption Event Period means the period beginning on the date the Issuer provides a Noteholder Redemption Event Notice and ending 30 Business Days from that date.

Noteholder Resolution means:

- (a) a resolution passed at a meeting of the Noteholders duly called and held under the Meeting Provisions:
 - (i) by more than 50% of the persons voting on a show of hands (unless paragraph (ii) below applies); or
 - (ii) if a poll is duly demanded, then by a majority consisting of more than 50% of the votes cast; or
- (b) a resolution passed by postal ballot or written resolution, then by Noteholders representing (in aggregate) more than 50% of the principal amount of the Notes outstanding as at the Notification Date or (in the case of resolutions passed by postal ballot) outstanding as at the date determined by the Issuer, with the Trustee's approval.

Officer means a director or secretary of the Issuer or any other person authorised by the Issuer as an Officer of the Issuer for the purposes of these Note Terms.

Offshore Associate means an "associate" (as defined in section 128F(9) of the *Tax Act*) of the Issuer that is either:

- (a) a non-resident of Australia that, if it acquires the Notes or an interest in the Notes, would not acquire the Notes or an interest in the Notes in carrying on a business at or through a permanent establishment of the associate in Australia; or

- (b) a resident of Australia that, if it acquires the Notes or an interest in the Notes, would acquire the Notes or an interest in the Notes in carrying on a business in a country outside Australia at or through a permanent establishment of the associate in that country, and which does not acquire a Note or an interest in the Notes in the capacity of a clearing house, custodian, funds manager or responsible entity of a registered scheme.

Optional Early Redemption Notice means a notice given by the Issuer to the Trustee under clause 4.3.

Ordinary Share means an ordinary share in the capital of the Issuer.

Permitted Financial Indebtedness means any of the following Financial Indebtedness:

- (a) the Financial Indebtedness constituted by the Notes issued on the Initial Issue Date;
- (b) any Financial Indebtedness incurred or guaranteed after the Initial Issue Date for the purpose of replacing, refinancing or extending the maturity of any other Permitted Financial Indebtedness;
- (c) any Financial Indebtedness:
 - (i) that does not result in the Issuer's total Financial Indebtedness exceeding A\$17,500,000; and
 - (ii) does not result in an LTV Ratio Event,in each case, immediately after the incurrence of such Financial Indebtedness; or
- (d) any other Financial Indebtedness approved by the Noteholders by way of Special Resolution.

Permitted Security Interest means any of the following:

- (a) any Security Interests securing Financial Indebtedness or other obligations which do not exceed A\$1,000,000 in aggregate;
- (b) any Security Interest that is a deemed security interest under the PPSA that does not, in substance, secure payment or performance of an obligation;
- (c) any Security Interest arising by operation of law and in the ordinary course of trading so long as the Financial Indebtedness secured by that Security Interest is paid when due or contested in good faith and appropriately provisioned;
- (d) any Security Interest over the assets of a member of the NAC Group after the Initial Issue Date if:
 - (i) the Security Interest was not created in contemplation of the acquisition of that asset by a member of the NAC Group;
 - (ii) the money secured by that Security Interest is paid or repaid either in accordance with the terms applicable to such payment as those terms were in effect at the time the member of the NAC Group became a Subsidiary of the Issuer or at such earlier time as that member elects;
 - (iii) the principal amount secured has not been increased in contemplation of, or since, the acquisition of that asset by a member of the NAC Group; and
 - (iv) the Security Interest is removed or discharged within six months of the date of acquisition of such asset;
- (e) any netting and set-off arrangements arising in the ordinary course of the NAC Group's banking arrangements for the purpose of netting debit and credit balances;
- (f) any title retention arrangement entered into by the Issuer in the ordinary course of trading on the supplier's usual terms of sale (or on terms more favourable to the Issuer) so long as the debt it secures is paid when due or contested in good faith and sufficient reserves of liquid assets have been set aside to pay the debt if the contest is unsuccessful;
- (g) any Security Interest over goods (and related insurance contracts) under, and relating to, documentary credit transactions arising or created in the ordinary course of business;
- (h) deposits or pledges to secure contracts in the ordinary course of business, other than by way of security for Financial Indebtedness;
- (i) any Security Interest over and limited to the interest in, or assets of, a joint venture owned by any member of the NAC Group to support the obligations of that member of the NAC Group in respect of any joint venture; and
- (j) any other Security Interest approved by the Noteholders by way of Special Resolution.

Prospectus means a prospectus under which Notes are offered for issue as supplemented from time to time and includes any replacement prospectus in respect of such prospectus.

Record Date means, in relation to any payment to be made under or in respect of the Notes:

- (a) subject to sub-paragraphs (b) and (c) below, the date which is eight calendar days before the applicable due date for payment;
- (b) such other date as is determined by the Issuer in its absolute discretion, and communicated to the ASX not less than eight calendar days before the Record Date which would have been determined under paragraph (a) above; or
- (c) such other date as may be required by, or agreed with, the ASX.

Wherever it is necessary to determine the Noteholder as at a Record Date, such determination will be made as of such time as the Issuer reasonably determines.

Redemption means the redemption of a Note by payment of its Redemption Price in accordance with these Note Terms and the words **Redeem**, **Redeemable** and **Redeemed** have a corresponding meaning.

Redemption Date in relation to a Note means the date for Redemption of that Note in accordance with these Note Terms.

Redemption Price means:

- (a) in respect of any Note to be Redeemed under clause 4.3, an amount equal to 100% of the Face Value of the Note together with any accrued (but unpaid) Interest on the Note up to (but excluding) the Redemption Date for the Note;
- (b) in respect of any Note to be Redeemed under clause 4.4, an amount equal to 101% of the Face Value of the Note together with any accrued (but unpaid) Interest on the Note up to (but excluding) the Redemption Date for the Note;
- (c) in respect of any Note to be Redeemed under clause 4.5, an amount equal to 100% of the Face Value of the Note together with any accrued (but unpaid) Interest on the Note up to (but excluding) the Redemption Date for the Note;
- (d) in respect of any Note to be Redeemed under clause 4.6(a)(ii) as a result of the occurrence of a Change of Control Event, an amount equal to 101% of the Face Value of the Note together with any accrued (but unpaid) Interest on the Note up to (but excluding) the Redemption Date for the Note; and
- (e) in respect of any other Note to be Redeemed on its Maturity Date or otherwise, an amount equal to 100% of the Face Value of the Note together with any accrued (but unpaid) Interest up to (but excluding) the Redemption Date for the Note.

Register means the register of Noteholders established and maintained under the Trust Deed and, where appropriate, includes:

- (a) a sub-register maintained by or for the Issuer under the Corporations Act, the ASX Listing Rules or the ASX Settlement Operating Rules; and
- (b) any branch register.

Registrar means Boardroom Pty Limited (ABN 14 003 209 836) or any other person appointed by the Issuer to maintain the Register and perform any payment and other duties in relation to the Notes.

Related Bodies Corporate has the meaning given to it in the Corporations Act.

Restricted Securities has the same meaning as in the ASX Listing Rules and extends to Notes which are subject to voluntary restrictions by agreement between the Issuer and one or more Noteholders.

Restriction Agreement means an agreement which is required to be concluded under Chapter 9 of the ASX Listing Rules or in voluntarily concluded between the Issuer and one or more Noteholders.

Second Step-up Date means 30 September 2026.

Second Step-up Interest Rate means an Interest Rate of 7.50% per annum.

Security Interest means any mortgage, pledge, lien or charge or any security or preferential interest or arrangement of any kind or any other right of, or arrangement with, any creditor to have its claims satisfied in priority to other creditors with, or from the proceeds of, any asset. It includes any retention of title other than in the ordinary course of trading and a deposit of money by way of security but it excludes a charge or lien arising in favour of a Government Agency by operation of statute unless there is default in payment of moneys secured by that charge or lien.

Special Resolution means:

- (a) a resolution passed at a meeting of the Noteholders duly called and held under the Meeting Provisions:
 - (i) by more than 66²/₃% of the persons voting on a show of hands (unless paragraph (ii) below applies); or
 - (ii) if a poll is duly demanded, then by a majority consisting of more than 66²/₃% of the votes cast; or
- (b) a resolution passed by postal ballot or written resolution, then by Noteholders representing (in aggregate) more than 66²/₃% of the principal amount of the Notes outstanding as at the Notification Date or (in the case of resolutions passed by postal ballot) outstanding as at the date determined by the Issuer, with the Trustee's approval.

Statement of Holding means a statement of holding (in the form determined by the Issuer and the Registrar from time to time) which sets out details of the number of Notes inscribed in the Register in the Noteholder's name as at the date specified in the statement.

Subsidiary has the meaning given to it in the Corporations Act, but an entity will also be taken to be a Subsidiary of an entity if it is controlled by that entity (as defined in section 50AA of the Corporations Act) and, without limitation:

- (a) a trust may be a Subsidiary, for the purposes of which a unit or other beneficial interest will be regarded as a share; and
- (b) an entity may be a Subsidiary of a trust if it would have been a Subsidiary if that trust were a corporation.

Tax means any tax (including any consumption tax, goods and services tax (including GST) and value added tax), levy, impost, charge, withholding, deduction, fee or duty (including stamp and transaction duties) assessed, levied, imposed or collected by a government authority and any related interest, penalty, fine or expense in connection with it, except if imposed on, or calculated having regard to, the net income of a Noteholder or the Trustee.

Tax Act means the *Income Tax Assessment Act 1936* (Cth) or the *Income Tax Assessment Act 1997* (Cth), as the context requires.

Tax Authority means any government, state, municipal, local, federal or other fiscal, revenue, customs or excise authority, body or official, having power to tax.

Tax Event occurs where, on or after the Issue Date for a Note, the Issuer receives an opinion of a nationally recognised legal counsel or tax adviser in Australia, experienced in such matters, that as a result of a change in a law or in the application or interpretation of a law there is a more than insubstantial risk that:

- (a) any payment to a Noteholder under the Note will be subject to an amount of withholding or deduction in respect of any Taxes or other governmental charges for which the Issuer must pay an Additional Amount; or
- (b) payment of an amount of Interest on the Note will not be, or will cease to be, allowed as a deduction for Australian tax purposes.

Tax Redemption Notice has the meaning given to it in clause 4.4(a) of these Note Terms.

Total Debt means, at any time, the outstanding principal amount of all Financial Indebtedness of the Issuer as at such time.

Trust Deed means the trust deed entitled 'Trust Deed relating to the NAC Convertible Note Trust (2020)' dated on or about 30 September 2020 and entered into by the Issuer and the Trustee.

Trustee means Melbourne Securities Corporation Ltd (ABN 57 160 326 545) in its capacity as trustee of the Trust or any successor or such other person appointed in accordance with the Trust Deed as trustee of the Trust.

VWAP for the purpose of determining adjustments to the Conversion Price in respect of a Note to be Converted, means the average of the daily volume weighted average sale prices of the Ordinary Shares sold on the ASX during the period specified in these Note Terms, excluding any transaction defined in the applicable Clearing System rules as 'special', crossings prior to the commencement of normal trading, crossings during the after-hours adjust phase and any overseas trades or exchange traded option exercises, subject to the following adjustments:

- (a) where, on some or all of the Business Days in the relevant period, Ordinary Shares have been quoted on the ASX as cum dividend or cum any other distribution or entitlement which is not extended to a Noteholder, and the Note will convert into Ordinary Shares after the date those Ordinary Shares no longer carry that entitlement, then the VWAP on the Business Days on which those Ordinary Shares have been quoted cum dividend, or cum any other distribution or entitlement will be reduced by an amount (Cum Value) equal to:
 - (i) in the case of a dividend or other distribution, the amount of that dividend or distribution (with no value included for any franking credits);
 - (ii) in the case of an entitlement which is traded on the ASX on any of those Business Days, the volume weighted average price of all such entitlements sold on the ASX during the relevant period on the Business Days on which those entitlements were traded; or
 - (iii) in the case of an entitlement not traded on the ASX during the relevant period, the value of the entitlement as reasonably determined by the Directors; and
- (b) where, on some or all of the Business Days in the relevant period, Ordinary Shares have been quoted ex dividend, ex distribution or ex entitlement, and the Note will convert into Ordinary Shares which carry entitlements for the holders of those Ordinary Shares to receive the relevant dividend, distribution or entitlement, the VWAP on the Business Days on which those Ordinary Shares have been quoted ex dividend, ex distribution or ex entitlement will be increased by the Cum Value.

SECTION 9: GLOSSARY

\$ or dollars means Australian dollars.

Additional Amount has the meaning given to that term in the NAC Note Terms.

Allocation means the number of NAC Notes allocated to a Successful Applicant under the Offer.

Applicant means a person who submits an Application.

Application means an application made to acquire NAC Notes under this Prospectus.

Application Form means the application form referred to in, and accompanied by a copy of, this Prospectus.

Application Monies means the monies submitted by Applicants in respect of their Applications.

ASIC means the Australian Securities & Investments Commission.

ASX Settlement Operating Rules means the ASX Settlement Operating Rules issued by ASX Settlement Pty Ltd (ABN 49 008 504 532) as amended or replaced from time to time.

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

Authorised Intermediary means Acacia Partners Pty Ltd (ABN 49 607 046 391, AFSL 480585).

Board means the board of Directors.

Bookbuild has the meaning given in section 7.8.

Broker Firm Offer means the Offer of NAC Notes under this Prospectus to Australian and New Zealand clients of Syndicate Brokers who are either a "Sophisticated Investor" within the meaning of s708(8) of the Corporations Act or a "Professional Investor" within the meaning of s708(11) of the Corporations Act as described in section 7.4.

Broker Firm Offer Applicant means a person who submits an Application under the Broker Firm Offer.

Business Day means a day which is a business day within the meaning of the Listing Rules but where used in connection with any Redemption, Conversion or payment on the Notes, excludes a day on which major trading banks are not open for business in Sydney.

Change of Control Event has the meaning given to that term in the NAC Note Terms.

Closing Date means the date by which Applications must be lodged for the Offer, being 22 October 2020, unless NAC and the Lead Manager agree to vary this date.

Constitution means the constitution of NAC.

Conversion means the conversion of a NAC Note in accordance with the NAC Note Terms and the words Convert, Convertible, Converting and Converted bear a corresponding meaning.

Conversion Amount has the meaning given to that term in the NAC Note Terms.

Conversion Date has the meaning given to that term in the NAC Note Terms.

Conversion Notice has the meaning given to that term in the NAC Note Terms.

Conversion Price has the meaning given to that term in the NAC Note Terms.

Corporations Act means the Corporations Act 2001 (Cth).

Director means an existing director of NAC.

Delisting Event has the meaning given to that term in the NAC Note Terms.

Early Redemption Notice has the meaning given to that term in the NAC Note Terms.

Eligible Participant means any person who has a registered address in Australia and who, as at the Priority Offer Record Date, was a shareholder in one or more of the following:

- (a) NAOS Ex-50 Opportunities Company Limited (ASX: NAC);
- (b) NAOS Emerging Opportunities Company Limited (ASX: NCC); or
- (c) NAOS Small Cap Opportunities Company Limited (ASX: NSC).

Exposure Period means the seven day period after the date of lodgement of the Prospectus with ASIC. This period may be extended by ASIC for a further period of up to seven days.

Face Value has the meaning given to that term in the NAC Note Terms.

Financial Indebtedness has the meaning given to that term in the NAC Note Terms.

Holding Statement means a statement issued to Noteholders by the Registrar which sets out the number of NAC Notes issued to that Noteholder.

Insolvency Event has the meaning given to that term in the NAC Note Terms.

Interest Rate has the meaning given to that term in the NAC Note Terms.

Issue Date has the meaning given to that term in the NAC Note Terms.

Issuer or NAC or the Company means NAOS Ex-50 Opportunities Company Limited (ABN 49 169 448 837).

Lead Manager means Acacia Partners Pty Ltd (ABN 49 607 046 391).

Listing Rules means the listing rules of ASX.

Maturity Date means the NAC Notes maturity date, being 30 September 2027.

Meeting of Shareholders means the annual general meeting of NAC Shareholders scheduled for 11:00 am 12 November 2020.

Moneys Owning has the meaning given to that term in the NAC Trust Deed.

NAC Note Terms means the terms of issue of the NAC Notes as detailed in section 8.

NAC Note Trust means the trust named the "NAC Convertible Note Trust (2020)" established under the NAC Trust Deed.

NAC Notes means the redeemable, unsecured, unsubordinated, convertible notes offered by NAC under this Prospectus.

NAC Trust Deed means the document entitled "Trust Deed relating to the NAC Convertible Note Trust (2020)" dated 30 September 2020 between NAC and the Trustee described in section 6.8 of this Prospectus.

NCC means NAOS Emerging Opportunities Company Limited (ABN 58 161 106 510).

Noteholder means a registered holder of NAC Notes.

Noteholder Redemption Election Notice has the meaning given to that term in the NAC Note Terms.

Noteholder Redemption Event Notice has the meaning given to that term in the NAC Note Terms.

Noteholder Resolution has the meaning given to that term in the NAC Note Terms.

NSC means NAOS Small Cap Opportunities Company Limited (ABN 47 107 617 381).

Offer means the offer to subscribe for NAC Notes under this Prospectus at the Offer price of \$100 under this Prospectus, comprising the Priority Offer and the Broker Firm Offer.

Ordinary Shares means fully paid ordinary shares in the capital of NAC.

Participating Broker means any participating organisation of ASX selected by NAC in agreement with the Lead Manager to participate in the Broker Firm Offer.

Priority Offer means the Offer of NAC Notes under this Prospectus to Eligible Participants and any other party as determined by NAC in its discretion.

Priority Offer Applicant means a person who submits an Application under the Priority Offer.

Priority Offer Record Date means 5:00pm (Sydney time) 25 September 2020.

Prospectus means this prospectus dated 30 September 2020.

Redemption means the redemption of a NAC Note in accordance with the NAC Note Terms and the words Redeem, Redeemable and Redeemed bear their corresponding meanings.

Redemption Date has the meaning given to that term in the NAC Note Terms.

Register has the meaning given to that term in the NAC Note Terms.

Registrar means Boardroom Pty Limited (ABN 14 003 209 836) or any other person appointed by NAC to maintain the Register and perform any payment and other duties as specified in that agreement.

Related Body Corporate has the meaning given to that term in the Corporations Act.

Security Interest has the meaning given to that term in the NAC Note Terms.

Shareholder means a registered holder of Ordinary Shares.

Shareholder Approval means the approval by Shareholders of the issue of the NAC Notes pursuant to Listing Rule 7.1 at the Meeting of Shareholders.

Special Resolution has the meaning given to that term in the NAC Note Terms.

Subsidiary or Subsidiaries has the meaning given to that term in the NAC Note Terms.

Successful Applicant means an Applicant who is allocated NAC Notes under the Offer.

Syndicate Broker means any of the Lead Manager or Participating Brokers.

Timetable means the key dates for the Offer set out on page 8.

Trustee means Melbourne Securities Corporation Ltd (ABN 57 160 326 545) in its capacity as trustee of the NAC Note Trust or any successor or such other person appointed in accordance with the NAC Trust Deed as trustee of the NAC Note Trust.

APPENDIX A – ACACIA PARTNERS FINANCIAL SERVICES GUIDE

1. THE ISSUER OF THIS FINANCIAL SERVICE GUIDE

This Financial Services Guide (**FSG**) is issued by Acacia Partners Pty Ltd (ABN 49 607 046 391 AFSL 480585) (**Acacia Partners, our, we, or us**) and is dated 15 September 2020. Acacia Partners is an Australian corporate advisory business. We advise and assist corporations with mergers, acquisitions and divestments as well as equity, hybrid and debt capital raisings. Acacia Partners may deal with retail investors in the context of those activities.

2. ISSUE OF NAC NOTES BY NAC

Acacia Partners has entered into an agreement with NAC to make offers to you to arrange for the issue of NAC Notes being offered by NAC in accordance with the Corporations Act 2001 (Cth). This is the service we are providing you.

3. PURPOSE AND CONTENT OF THIS FINANCIAL SERVICES GUIDE

This FSG has been produced to inform you about the financial services that we will be, or are likely to be, providing to you, the kinds of financial products to which those services relate and the fees that we charge in relation to the service we are providing to you.

This FSG includes information about:

- the financial services and products we can provide;
- the type of advice you may receive;
- your privacy and your personal information;
- how we handle complaints;
- the remuneration and other benefits that may be received by us or other relevant persons in relation to the financial services we provide; and
- fees and charges you may pay.

4. SERVICES AND PRODUCTS WE CAN PROVIDE

Acacia Partners does NOT offer personal advice that takes into account your personal financial objectives, financial situation or needs.

Acacia Partners may provide you with general advice in relation to specific products. This means that any advice given by representatives of Acacia Partners will not take into account your personal objectives, financial situation or needs. You will need to decide if a product or service is right for you.

Acacia Partners holds an Australian Financial Services Licence. Acacia Partners is authorised under its licence to provide general financial product advice in relation to the following financial products:

- basic deposit products;
- non-basic deposit products;
- managed investment schemes, including an Investor Directed Portfolio Service;
- government debentures, stocks or bonds; and
- securities.

Acacia Partners is also licensed to deal in each of those types of financial products, including by arranging to issue and underwriting interests in managed investment schemes and securities.

5. REMUNERATION AND COMPENSATION

Acacia Partners will be paid a fee equal to the sum of \$225,000 (exclusive of GST) and 1.0% (exclusive of GST) of the dollar amount of NAC Notes allocated to wholesale investors under the Broker Firm Offer upon successful completion of the Offer.

Our staff are paid a salary and a variable bonus based on their contribution to revenue, relationships, compliance and culture as well as the overall profitability of the business. There is no set formula for calculating such bonuses. Our senior staff are also shareholders of the business and, through their equity ownership, participate in the profits of the business.

6. YOUR PRIVACY AND YOUR PERSONAL INFORMATION

We will collect personal information for primary purposes, which are relevant to providing and administering our financial products and services.

To enable us to provide advice on and arrange financial services, we collect the information needed by ourselves and information required by product suppliers. We will usually provide some or all of this information to the relevant product suppliers. Some of these companies may be located outside Australia.

We are committed to implementing and promoting a Privacy Policy which will ensure the privacy and security of your personal information. A copy of our Privacy Policy is available on request.

If you wish to examine your file, please ask us. We will make arrangements for you to do so.

7. HOW WE HANDLE COMPLAINTS

If you have a complaint, we encourage you to discuss the matter with your Acacia Partners representative. If you are not happy with the response you receive, please write to the Complaints Officer by email to admin@acaciapartners.com.au or by using the address below:

Acacia Partners Pty Ltd
Level 39, 55 Collins St
MELBOURNE VIC 3000

If an issue has not been resolved to your satisfaction, you can lodge a complaint with the Australian Financial Complaints Authority (AFCA). AFCA provides fair and independent financial services complaint resolution that is free to customers.

Website: www.afca.org.au
Email: info@afca.org.au
Telephone: 1800 931 678 (free call)
Mail: GPO Box 3, MELBOURNE VIC 3001

8. PROFESSIONAL INDEMNITY INSURANCE AND COMPENSATION ARRANGEMENTS

Acacia Partners holds professional indemnity insurance that satisfies the requirements for compensation arrangements under section 912B of the Corporations Act.

9. FURTHER INFORMATION

If you would like to know more about the services we provide please contact us.

Acacia Partners Pty Ltd
Level 39, 55 Collins St
MELBOURNE VIC 3000
Telephone: + 61 3 9639 1920
Email: admin@acaciapartners.com.au

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NAOS Ex-50 Opportunities Company Limited

ABN 49 169 448 837

Broker Firm Application Form

This is an Application Form for NAC Notes in NAOS Ex-50 Opportunities Company Limited (**Company**) under the Broker Firm Offer on the terms set out in the prospectus dated 30 September 2020 and any replacement prospectus (as required) (**Prospectus**). Defined terms in the Prospectus have the same meaning in this Application Form. You may apply for a minimum of 50 NAC Notes and multiples of 10 NAC Notes thereafter. This Application Form and your payment must be received by your broker by **5.00pm (Sydney Time) on the Closing Date**.

This Application Form is important. If you are in doubt as to how to deal with this Application Form, please contact your accountant, lawyer, stockbroker or other professional adviser. The Prospectus contains information relevant to a decision to invest in the NAC Notes of the Company and you should read the entire Prospectus carefully before applying for NAC Notes.

This Application Form does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States. The NAC Notes referred to herein have not been, and will not be, registered under the U.S. Securities Act of 1933 (the **U.S. Securities Act**) or under the securities laws of any state or other jurisdiction of the United States. The NAC Notes may not be offered or sold, directly or indirectly, in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws.

To meet the requirements of the *Corporations Act 2001* (Cth), this Application Form must not be distributed to another person unless included in or accompanied by the Prospectus. A person who gives another person access to this Application Form must, at the same time and by the same means, gives the other person access to the Prospectus. During the Offer period, the Company will send you a free copy of the Prospectus if you have received an electronic Prospectus and you ask for a paper copy.

PLEASE FOLLOW THE INSTRUCTIONS TO COMPLETE THIS APPLICATION FORM (SEE REVERSE) AND PRINT CLEARLY IN CAPITAL LETTERS USING BLACK OR BLUE PEN.

Broker Reference – Stamp Only	
Broker Code	Advisor Code
<input type="text"/>	<input type="text"/>

A	Number of NAC Notes you are applying for	B	Total amount payable
<input type="text"/>		<input type="text"/>	
Minimum of 50 NAC Notes to be applied for then in multiples of 10 thereafter		\$ <input type="text"/>	
C Write the name(s) you wish to register the NAC Notes in (<i>see reverse for instructions</i>)			
Applicant #1			
<input type="text"/>			
Name of Applicant #2 or <Account Designation>			
<input type="text"/>			
Name of Applicant #3 or <Account Designation>			
<input type="text"/>			
D Write your postal address here			
Number/Street			
<input type="text"/>			
<input type="text"/>			
Suburb/Town			
<input type="text"/>			
State			
<input type="text"/>			
Postcode			
<input type="text"/>			
E CHESS participant – Holder Identification Number (HIN)			
<input checked="" type="checkbox"/> <input type="text"/>			
<i>Important please note if the name and address details above in sections C and D do not match exactly with your registration details held at CHESS, any NAC Notes issued as a result of your Application will be held on the Issuer Sponsored subregister.</i>			
F Enter your Tax File Number(s), ABN, or exemption category			
Applicant #1			
<input type="text"/>			
Applicant #2			
<input type="text"/>			
Applicant #3			
<input type="text"/>			
G Cheque payment details – * PIN CHEQUE(S) HERE. Cheque to be made in accordance with the instruction from your broker. If payment is made by cheque, enter cheque details below.			
Name of drawer of cheque			
<input type="text"/>			
Cheque no.			
<input type="text"/>			
BSB no.			
<input type="text"/>			
Account no.			
<input type="text"/>			
Cheque Amount A\$			
<input type="text"/>			
H Contact telephone number (daytime/work/mobile)			
<input type="text"/>			
Contact name			
<input type="text"/>			
E-mail address			
<input type="text"/>			

By submitting this Application Form with your Application Monies, I/we declare that I/we:

- | | | | | |
|--|---|---|--|---|
| <ul style="list-style-type: none"> ✓ have read the Prospectus in full; ✓ have received a copy of the electronic Prospectus or a print out of it; ✓ have completed this Application Form in accordance with the instructions on the form and in the Prospectus; ✓ declare that the Application Form and all details and statements made by me/us are complete and accurate; | <ul style="list-style-type: none"> ✓ agree and consent to the Company collecting, holding, using and disclosing my/our personal information in accordance with the Prospectus; ✓ where I/we have been provided information about another individual, warrant that I/we have obtained that individual's consent to the transfer of their information to the Company; ✓ acknowledge that once the Company accepts my/our Application Form, I/we may not withdraw it; | <ul style="list-style-type: none"> ✓ apply for the number of NAC Notes that I/we apply for (or a lower number allocated in a manner allowed under the Prospectus); ✓ acknowledge that my/our Application may be rejected by the Company in its absolute discretion; ✓ authorise the Company and their respective officers and agents to do anything on my/our behalf necessary (including the completion and execution of documents) to enable the NAC Notes to be allocated to me/us; | <ul style="list-style-type: none"> ✓ am/are over 18 years of age; ✓ agree to be bound by the constitution of the Company; ✓ acknowledge that neither the Company nor any person or entity guarantees any particular rate of return on the NAC Notes, nor do they guarantee the repayment of capital; ✓ acknowledge and agree that the Offer may be withdrawn by the Company or may not otherwise proceed in the circumstances described in the Prospectus; ✓ represent, warrant and agree that I/we am/are not in the United States or a US Person and am/are not acting for the account or benefit of a US Person; and | <ul style="list-style-type: none"> ✓ represent, warrant and agree that I/we have not received this Prospectus outside Australia and am/are not acting on behalf of a person resident outside Australia or New Zealand. |
|--|---|---|--|---|

YOU SHOULD READ THE PROSPECTUS CAREFULLY BEFORE COMPLETING THIS APPLICATION FORM.

Please complete all relevant sections of the appropriate Application Form using BLOCK LETTERS. These instructions are cross-referenced to each section of the Application Form.

A If applying for NAC Notes insert the **number** of NAC Notes for which you wish to subscribe at Item **A** (not less than 50 NAC Notes representing a minimum investment of \$5,000.00). Multiply by A\$100.00 to calculate the total Application Monies for NAC Notes and enter the **A\$amount** at Item **B**.

C Write your **full name**. Initials are not acceptable for first names.

D Enter your **postal address** for all correspondence. All communications to you from the Company will be mailed to the person(s) and address as shown. For joint Applicants, only one address can be entered.

E If you are sponsored in CHESS by a stockbroker or other CHESS participant you may enter your CHESS HIN if you would like the allocation to be directed to your HIN. **NB: your registration details provided must match your CHESS account exactly.**

F Enter your Australian tax file number ("**TFN**") or **ABN** or exemption category, if you are an Australian resident. Where applicable, please enter the TFN/ABN of each joint Applicant. Collection of TFNs is authorised by taxation laws. Quotation of your TFN is not compulsory and will not affect your Application Form. However, if no TFN is quoted your dividends and distributions may be taxed at the highest marginal tax rate plus medicare levy.

G Applicants pay their Application Monies to their Broker in accordance with the relevant Broker's directions. Please contact your broker for further instructions.

H Enter your **contact details, including name, phone number and e-mail address**, so we may contact you regarding your Application Form or Application Monies.

Note that **ONLY** legal entities can hold the NAC Notes. The Application must be in the name of a natural person(s), companies or other legal entities acceptable to the Company. At least one full given name and surname is required for each natural person. Examples of the correct form of registrable title are set out below.

Type of Investor	Correct Form of Registrable Title	Incorrect Form of Registrable Title
Individual	Mr John David Smith	J D Smith
Company	ABC Pty Ltd	ABC P/L or ABC Co
Joint Holdings	Mr John David Smith & Mrs Mary Jane Smith	John David & Mary Jane Smith
Trusts	Mr John David Smith <J D Smith Family A/C>	John Smith Family Trust
Deceased Estates	Mr Michael Peter Smith <Est Lte John Smith A/C>	John Smith (deceased)
Partnerships	Mr John David Smith & Mr Ian Lee Smith	John Smith & Son
Clubs/Unincorporated Bodies	Mr John David Smith <Smith Investment A/C>	Smith Investment Club
Superannuation Funds	John Smith Pty Limited <J Smith Super Fund A/C>	John Smith Superannuation Fund

Mail your completed Application Form with your cheque(s) or bank draft attached to your broker, and complete the broker details below:

[illegible]

Do NOT lodge this Application Form with the Registrar.

The Broker Firm Offer is expected to open on Thursday, 8 October 2020 and close at 5:00 p.m. (Sydney Time) on Thursday, 22 October 2020, unless varied in accordance with the Corporations Act and ASX Listing Rules. Your broker must must receive your completed Application Form and Application Monies in time to arrange settlement on your behalf by the Closing Date for the Broker Firm Offer.

It is not necessary to sign or otherwise execute the Application Form.

If you have any questions as to how to complete the Application Form, please contact Boardroom Pty Limited on 1300 737 760 within Australia and +61 2 9290 9600 outside Australia.

NAOS Ex-50 Opportunities Company Limited advises that Chapter 2C of the Corporations Act requires information about its noteholders (including names, addresses and details of notes held) to be included in the Company's note register. Information is collected to administer your securityholding and if some or all of the information is not collected then it might not be possible to administer your securityholding. Your personal information may be disclosed to the Company. To obtain access to your personal information or more information on how the Company collects, stores, uses and discloses your information please contact the Company at the address or telephone number shown in the Prospectus.

The Registrar's Privacy Policy (**Privacy Policy**) also sets out important information relating to the collection, use and disclosure of all personal information that you provide to the Company. Please ensure that you and all relevant individuals have read the Privacy Policy carefully before submitting this Application Form. The Privacy Policy can be found on the website <https://www.boardroomlimited.com.au/corp/privacy-policy>.

Issuer

NAOS Ex-50 Opportunities Company Limited
Level 34, MLC Centre
19 Martin Place
Sydney NSW 2000

Lead Manager

Acacia Partners Pty Ltd
ABN 49 607 046 391
Level 39, 55 Collins Street
Melbourne VIC 3000

Authorised Intermediary

Acacia Partners Pty Ltd
ABN 49 607 046 391
Level 39, 55 Collins Street
Melbourne VIC 3000

Legal Adviser

Gilbert + Tobin
Level 35, Tower Two, International Towers Sydney
200 Barangaroo Avenue
Barangaroo NSW 2000

Trustee

Melbourne Securities Corporation Ltd
ABN 57 160 326 545
Level 2, 120 Collins Street
Melbourne VIC 3000

Auditor

Deloitte Touche Tohmatsu Australia
Level 1, Grosvenor Place
225 George Street
Sydney NSW 2000

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