

1 June 2018

NOTICE OF GENERAL MEETING

Notice is given that a General Meeting of Shareholders of NAOS Absolute Opportunities Company Limited (ACN 169 448 837) (**Company**) will be held as follows:

Date: Friday, 6 July 2018
Time: 10.00am (Sydney time)
Venue: Level 34, MLC Centre, 19 Martin Place, Sydney, NSW, 2000

ITEMS OF BUSINESS

1. Change of Company Name and Constitution

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

'That, for the purposes of sections 157(1)(a) and 136(2) of the Corporations Act 2001 (Cth) and for all other purposes:

- (a) the Company change its name from "NAOS Absolute Opportunities Company Limited" to "NAOS Ex-50 Opportunities Company Limited"; and*
- (b) all references in the Company's constitution to "NAOS Absolute Opportunities Company Limited" be amended to "NAOS Ex-50 Opportunities Company Limited" to reflect the Company's new name.'*

2. Amendment to Management Agreement

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

*'That, pursuant to and in accordance with the ASX Listing Rules and the management agreement between the Company and NAOS Asset Management Limited (**Manager**) dated 26 August 2014 (**Management Agreement**), all necessary amendments be made to the Management Agreement to allow for the benchmark rate (being the Reserve Bank of Australia Cash Rate Target (per annum, or if no longer published a similar rate published by Australia's central bank) rate plus 250 basis points, limited to a maximum value of eight (8) percent per annum) to be deleted and replaced with "the S&P/ASX 300 Industrials Accumulation Index" as a benchmark index, with effect from 1 July 2018, so that the Company will pay the Manager an annual performance fee of 20% (excluding GST) of any outperformance over the S&P/ASX 300 Industrials Accumulation Index.*

Voting Exclusion:

The Company will disregard any votes cast on Resolution 2 by the Manager and any associate of the Manager. However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form or it is cast by the Chairman as proxy for a person who is entitled to vote in accordance with a direction on the proxy form to vote as the proxy decides. For the purpose of this Notice, "associate" has the meaning given in the Corporations Act.

INFORMATION FOR SHAREHOLDERS

Entitlement to attend and vote

For the purposes of the meeting and in accordance with section 1074E(2)(g)(i) of the Corporations Act and Regulation 7.11.37 of the Corporations Regulations, the Board has determined that the shareholders entitled to attend and vote at the meeting will be those persons who are recorded on the Company's register of Shareholders at 7.00pm (Sydney time) on 4 July 2018. Share transfers registered after that time will be disregarded in determining the shareholders entitled to attend and vote at the meeting.

Appointing a proxy

A shareholder entitled to attend and vote is entitled to appoint not more than two proxies to attend and vote in his/her stead.

A proxy holder need not be a shareholder of the Company.

If the shareholder appoints two (2) proxies, the shareholder may specify the proportion or number of votes each proxy is entitled to exercise. If no proportion or number of votes is specified, each proxy may exercise half of the votes. If the specified proportion or numbers of votes exceed that which the shareholder is entitled to, each proxy may exercise half of the shareholder's votes. Any fractions of votes brought about by the apportionment of votes to a proxy will be disregarded.

Proxies must be:

- (a) Lodged online;
- (b) Lodged by posting them or delivering them by hand to the address specified below; or
- (c) Received at the fax number specified below.

Proxies must also be received not later than 48 hours before the meeting (being 10:00am (Sydney time) on 4 July 2018).

Online: <https://www.votingonline.com.au/nacgm2018>

Address: Boardroom Pty Limited
Level 12
225 George Street
Sydney NSW 2000

Postal address: Boardroom Pty Limited
GPO Box 3993
Sydney NSW 2001

Fax number: +612 9290 9655

A form of proxy is provided with this Notice.

Undirected proxies and Chairman's voting instructions

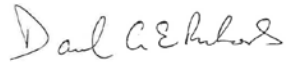
If you return your proxy form but do not nominate a proxy, the Chairman will be your proxy and will vote on your behalf as you direct on the proxy form. If your nominated representative does not attend the Meeting then your proxy will revert to the Chairman and he will vote on your behalf as you direct on the proxy form. If a proxy is not directed how to vote on an item of business or any Resolution, the proxy (including, if applicable, the Chairman) may vote, or abstain from voting, as he/she thinks fit. If you appoint the Chairman as your proxy (including

appointment by default) and do not direct them how to vote on a Resolution, they will vote your proxy in favour of the item of business even if the Chairman has an interest in the outcome of that Resolution and votes cast by the Chairman, other than as proxy holder, would be disregarded because of their interest.

Explanatory Statement

Please read the enclosed Explanatory Statement for an explanation of the items of business set out in this Notice.

By order of the Board

A handwritten signature in dark ink, appearing to read "David Rickards", written in a cursive style.

David Rickards
Chairman

EXPLANATORY NOTES ON THE BUSINESS OF THE MEETING

Item 1: Change of Company Name and Constitution

This special resolution seeks the approval of shareholders to change the name of the Company from “NAOS Absolute Opportunities Company Limited” to “NAOS Ex-50 Opportunities Company Limited” and to amend the Company’s constitution to reflect the change of name. There will be no change to the Company’s ASX listing code, which will remain as “NAC”.

Section 157 of the Corporations Act 2001 (Cth) provides that a company may change its name if the company passes a special resolution adopting a new name and that the change of name takes effect when the Australian Securities and Investments Commission alters the details of the company’s registration. Section 136(2) of the Corporations Act provides that a company may modify its constitution by special resolution.

Approval is sought by special resolution, which requires at least 75% of the total votes cast by shareholders entitled to vote on the resolution at the meeting (whether in person, or by proxy, attorney or representative) are voted in favour of the resolution. There are no voting exclusions.

If this special resolution is passed, the change of name will take effect when the Australian Securities and Investments Commission alters the details of the Company’s registration.

The Board unanimously recommends that shareholders vote in favour of the resolution. The Board considers that the change of name is appropriate to better reflect the Company’s investment strategy.

The Chair of the Meeting intends to vote undirected proxies in favour of the resolution.

Item 2: Amendment to Management Agreement

The management agreement between the Company and NAOS Asset Management Limited (**Manager**) dated 26 August 2014, as amended from time to time (**Management Agreement**) provides that the Company will pay the Manager an annual performance fee of 20% (excluding GST) of any outperformance over the benchmark rate (being the Reserve Bank of Australia Cash Rate Target (per annum, or if no longer published a similar rate published by Australia’s central bank) rate plus 250 basis points, limited to a maximum value of eight (8) percent per annum).

Approval is sought by ordinary resolution to make all necessary changes to the Management Agreement to allow for the benchmark rate to be deleted and replaced with “the S&P/ASX 300 Industrials Accumulation Index” as a benchmark index, so that the Company will pay the Manager an annual performance fee of 20% (excluding GST) of any outperformance over the S&P/ASX 300 Industrials Accumulation Index.

It should be noted that there will be no change to the current requirements of the Management Agreement in relation to the carrying over of any underperformance of the benchmark (including any underperformance (if any) as at 30 June 2018). Any underperformance of the benchmark will continue to be carried forward to future performance calculation periods and must be recouped before the Manager is entitled to a performance fee.

Set out below are worked examples of how the performance fees would be calculated where the management agreement is amended to require the portfolio to outperform the S&P/ASX 300 Industrials Accumulation Index as the new benchmark index. These worked examples are not based on any forecasts or predictions of the Company’s returns and are provided for illustrative purposes only.

As a worked example, assuming a performance calculation period of 1 July 2018 to 30 June 2019, an initial value of the Portfolio of \$60,000,000, and a value of the Portfolio at the end of the performance calculation period 10% higher than at the beginning of \$66,000,000:

- (a) If the S&P/ASX 300 Industrials Accumulation Index return is 5% per annum for the performance calculation period, there would be an aggregate outperformance of \$3,000,000; and
- (b) In this instance, there would be a performance fee payable at 20% of this amount equating to \$600,000 (plus GST) for the Performance Calculation period as the portfolio has outperformed the Benchmark Index.

As a worked example, assuming a performance calculation period of 1 July 2019 to 30 June 2020, an initial value of the Portfolio of \$66,000,000, and a value of the Portfolio at the end of the performance calculation period that is 5% higher than at the beginning of \$69,300,000:

- (a) If the S&P/ASX 300 Industrials Accumulation Index return is 10% per annum for the performance calculation period, there would be an aggregate underperformance of \$3,300,000
- (b) No performance fee would be payable for the performance calculation period as the portfolio has underperformed the Benchmark Index; and
- (c) The aggregate underperformance of \$3,300,000 is to be carried forward to the following performance calculation period until it has been recouped in full against future portfolio outperformance.

Continuing the same example, and assuming a performance calculation period of 1 July 2020 to 30 June 2021, an initial value of the Portfolio of \$69,300,000, and a value of the Portfolio at the end of the performance calculation period that is 15% higher than at the beginning of \$79,695,000:

- (a) If the S&P/ASX 300 Industrials Accumulation Index return is 5% per annum for the performance calculation period, there would be an aggregate outperformance of \$6,930,000
- (b) The aggregate underperformance of \$3,300,000 from the prior performance calculation period(s) is to be recouped in full against the outperformance of the current period, resulting in an aggregate outperformance of \$3,630,000 for the current performance period
- (c) In this instance there would be a performance fee payable at 20% of this amount equating to \$726,000 (plus GST) as the Portfolio has outperformed the Benchmark Index, and prior underperformance has been fully recouped.

As a worked example, assuming a performance calculation period of 1 July 2018 to 30 June 2019, an initial value of the Portfolio of \$60,000,000, and a value of the Portfolio at the end of the performance calculation period that is 5% lower being \$57,000,000:

- (a) If the S&P/ASX 300 Industrials Accumulation Index return is negative 10% per annum for the performance calculation period, there would be an aggregate outperformance of \$3,000,000;
- (b) In this instance, there would be a performance fee payable at 20% of this amount equating to \$600,000 (plus GST) for the performance calculation period as the Portfolio has outperformed the Benchmark Index.

The Chair of the Meeting intends to vote undirected proxies in favour of the resolution.

All Correspondence to:

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

☎ **By Fax:** +61 2 9290 9655

💻 **Online:** www.boardroomlimited.com.au

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

YOUR VOTE IS IMPORTANT

For your vote to be effective it must be recorded **before 10:00am (Sydney Time) on Wednesday 4 July 2018.**

TO VOTE ONLINE

- STEP 1:** VISIT <https://www.votingonline.com.au/nacgm2018>
- STEP 2:** Enter your Postcode OR Country of Residence (if outside Australia)
- STEP 3:** Enter your Voting Access Code (VAC):

BY SMARTPHONE



Scan QR Code using smartphone
QR Reader App

TO VOTE BY COMPLETING THE PROXY FORM

STEP 1 APPOINTMENT OF PROXY

Indicate who you want to appoint as your Proxy.

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

Appointment of a Second Proxy

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

To appoint a second proxy you must:

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

STEP 2 VOTING DIRECTIONS TO YOUR PROXY

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

Proxy which is a Body Corporate

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

STEP 3 SIGN THE FORM

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

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

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

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

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

STEP 4 LODGEMENT

Proxy forms (and any Power of Attorney under which it is signed) must be received no later than 48 hours before the commencement of the meeting, therefore by **10:00am (Sydney Time) on Wednesday 4 July 2018**. Any Proxy Form received after that time will not be valid for the scheduled meeting.

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

- 💻 **Online** <https://www.votingonline.com.au/nacgm2018>
- ☎ **By Fax** + 61 2 9290 9655
- ✉ **By Mail** Boardroom Pty Limited
GPO Box 3993,
Sydney NSW 2001 Australia
- 👤 **In Person** Boardroom Pty Limited
Level 12, 225 George Street,
Sydney NSW 2000 Australia

Attending the Meeting

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

☐

Your Address

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

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

PROXY FORM

STEP 1 APPOINT A PROXY

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

☐

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

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

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chair of the Meeting as my/our proxy at the General Meeting of the Company to be held at **Level 34, MLC Centre, 19 Martin Place, Sydney NSW 2000 on Friday, 6 July 2018 at 10:00am (Sydney Time)** and at any adjournment of that meeting, to act on my/our behalf and to vote in accordance with the following directions or if no directions have been given, as the proxy sees fit.

The Chair of the Meeting intends to vote undirected proxies in favour of each of the items of business.

STEP 2 VOTING DIRECTIONS

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

		For	Against	Abstain*
Item 1	Change of Company name and Constitution	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 2	Approve the amendment to the Management Agreement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

STEP 3 SIGNATURE OF SECURITYHOLDERS

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

Individual or Securityholder 1

Sole Director and Sole Company
Secretary

Securityholder 2

Director

Securityholder 3

Director / Company Secretary

Contact Name.....
Date / / 2018

Contact Daytime Telephone.....