

6 January 2015

Dear Fellow Investor/Optionholder,

**Re: Important Information Regarding the Expiry of your NAOS EMERGING OPPORTUNITIES COMPANY OPTIONS (ASX: NCCO) on 1 February 2015**

We are writing to you as the holder of NAOS Emerging Opportunities Company Options (ASX: NCCO).

The options you hold are due to expire on 1 February 2015 and will cease trading on the ASX 5 business days prior to this date (22 January 2015).

As a holder of NCCO options, you have a choice to make. The alternative choices and associated information is outlined for your reference below. As always, if you need further information or would like to discuss the alternatives outlined below please do contact one of the team at NAOS, we would be pleased to assist.

**Option Alternatives**

**1. Exercising your Options**

For every option you exercise you will receive a share in the NAOS Emerging Opportunities Company (ASX: NCC).

The share price of NCC as at 31 December 2014 was \$1.04 and the cost to exercise each option is \$1.00, resulting in a purchase of shares at a **discount to trading price of \$0.04 per share**.

By exercising options at the strike price of \$1.00 you will also be purchasing NCC shares at (approximately) a **discount to the Net Tangible Asset value of \$0.143 per share** (fully diluted for the exercise of all NCCO options, as at 31 December 2014 on a *pre-tax basis*).

If you exercise your options and purchase NCC shares you will be entitled to receive all future dividend streams that NCC declares. NAOS Emerging Opportunities Company (ASX: NCC) intends to pay a fully franked, interim FY15 dividend (March 2015) of 3.25 cents per share, an 8.89% increase on the previous corresponding period.

The dividend represents an annualised fully franked dividend yield of 6.22% (8.89% gross).

If you wish to exercise your options please read and complete the form attached and follow the instructions on how to send it back to the specified mailing address.

Payment for the exercise of your options to shares can be finalised via cheque or EFT. If electing to pay via EFT please direct all funds to the following bank account and please send confirmation of the remittance of funds via email to [enquiries@naos.com.au](mailto:enquiries@naos.com.au).

Bank: NAB  
BSB: 082 057  
Account Name: NAOS Emerging Opportunities Company Ltd  
Account Number: 15 385 6491

**2. Selling your Options**

NCCO are listed securities and therefore can be bought and sold on the Australian Stock Exchange (ASX) in the same way as any other listed security. As at 31 December 2014, NCCO traded at **\$0.032** per option.

If you would like any assistance to sell your options on the ASX please contact a member of the NAOS team we would be more than pleased to assist you in this process.

### **3. Part Exercise and Part Sell your Options**

You may choose to exercise only part of your option holding and sell the remaining amount.

### **4. Do nothing**

Options will cease trading on the ASX on 22 January 2015. If you choose to neither exercise nor sell your options, they will expire and have no value. While we cannot provide personal investment advice and you must consider your own investment profile, I would encourage you to consider realising some value from your option holding using one of the alternatives explained above rather than just letting the options expire.

If you require any assistance with the above or if you would like further information about your option holding please contact a member of the NAOS team; [enquiries@naos.com.au](mailto:enquiries@naos.com.au) or telephone: +612 9947 2566.

Yours Sincerely,

NAOS Asset Management

## TERMS OF OPTIONS

### Register

The Company will maintain a register of holders of Options in accordance with Section 168(1)(b) of the Corporations Act.

### Transfer/Transmission

An Option may be transferred or transmitted in any manner approved by the ASX.

### Exercise

An Option may be exercised by delivery to the Company of a duly completed Notice of Exercise of Options, signed by the registered holder of the Option, together with payment to the Company of \$1.00 per Option being exercised and the relevant option certificate.

An Option may be exercised on any Business Day from the date of grant to 1 February 2015, (inclusive) but not thereafter.

A Notice of Exercise of Options is only effective when the Company has received the full amount of the exercise price in cash or cleared funds.

### Dividend entitlement

Options do not carry any dividend entitlement until they are exercised. Shares issued on exercise of Options rank equally with other issued Shares of the Company 7 Business Days after their date of issue and are entitled to dividends paid on and from this date.

### Participating rights

For determining entitlements to the issue, an Option holder may only participate in new issues of securities to holders of Shares in the Company if the Option has been exercised and Shares allotted in respect of the Option before the record date. The Company must give at least 6 Business Days' notice to Option holders of any new issue before the record date for determining entitlements to the issue in accordance with the Listing Rules of the ASX.

If between the date of issue and the date of exercise of an Option the Company makes 1 or more rights issues (being a pro rata issue of Shares in the capital of the Company that is not a bonus issue), the exercise price of Options on issue will be reduced in respect of each rights issue according to the following formula:

$$NP = OP - \frac{EP - (S+D)}{N+1}$$

where:

**NE** is the new exercise price of the Option;

**OE** is the old exercise price of the Option;

**E** is the number of underlying Shares into which one Option is exercisable;

**P** is the average closing sale price per Share (weighted by reference to volume) during the 5 trading days ending on the day before the ex rights date or ex entitlements date (excluding special crossings and overnight sales);

**S** is the subscription price for a Share under the rights issue;

**D** is the dividend due but not yet paid on each Share at the relevant time; and

**N** is the number of Shares that must be held to entitle holders to receive a new Share in the rights issue.

If there is a bonus issue to the holders of Shares in the capital of the Company, the number of Shares over which the Option is exercisable will be increased by the number of Shares which the holder of the Option would have received if the Option had been exercised before the record date for the bonus issue.

### Reconstructions and alteration of capital

Any adjustment to the number of outstanding Options and the exercise price under a reorganisation of the Company's share capital must be made in accordance with the Listing Rules.

### ASX Listing

The Company must make application for quotation of Shares issued on exercise of the Options on the ASX in accordance with the Listing Rules. Shares so issued will rank equally with other issued Shares of the Company.

## NOTICE OF EXERCISE OF OPTION

To: NAOS Emerging Opportunities Company Limited C/- Boardroom Pty Limited, GPO Box 3993, Sydney NSW 2001

I/We.....  
Name of Option holder/s (Please use block letters)

.....  
Registered address of Option holder/s (Please use block letters)

hereby exercise my options to apply for .....  
(number in words) (in figures)

fully paid ordinary shares in the capital of NAOS Emerging Opportunities Company Limited and I/we enclose my/our cheque for \$.....  
in payment of such shares at \$1.00 per option subscription. I/we request that you allot me/us on the share register the number of shares to which I  
am/we are entitled and I/we agree to accept such shares subject to the Company's Constitution.

### PLEASE SIGN HERE:

Shareholder 1 (Individual)	Joint Shareholder 2 (Individual)	Joint Shareholder 3 (Individual)
[Signature Box]	[Signature Box]	[Signature Box]
Sole Director & Sole Company Secretary	Director	Director / Company Secretary
Business Telephone No. ( )	Date	