



NAOS

NAOS EX-50 OPPORTUNITIES
COMPANY LIMITED
ACN 169 448 837

PROSPECTUS

One-for-two bonus issue of Options to acquire
fully paid ordinary shares exercisable at \$1.03
per Option on or before 31 March 2023

IMPORTANT NOTICES

ABOUT THIS PROSPECTUS

This Prospectus is issued in relation to a pro-rata bonus issue of Options to Eligible Shareholders.

This Prospectus is a transaction-specific prospectus for an issue of Options to acquire continuously quoted securities (as defined in the Corporations Act) and has been prepared in accordance with section 713 of the Corporations Act.

It does not contain the same level of disclosure as an initial public offering prospectus and may not contain, by itself, all information relevant to a decision to invest in the Company. In preparing this Prospectus regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and that certain matters may reasonably be expected to be known to investors and professional advisers whom investors may consult.

LODGEMENT

This Prospectus is dated 13 March 2020 and a copy of this Prospectus was lodged with ASIC on that date.

EXPIRY DATE

No securities (other than Shares to be issued on exercise of the Options) will be allotted or issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

ASX AND ASIC

Neither ASX, ASIC or any of their respective officers take any responsibility for the contents of this Prospectus or the merits of an investment to which this Prospectus relates.

PROSPECTUS DOES NOT PROVIDE ADVICE

The information in this Prospectus is not financial product advice and does not take into account your investment objectives, financial situation or particular needs. This Prospectus should not be construed as financial, taxation, legal or other advice. The Company is not licensed to provide financial product advice in respect of its securities or any other financial products.

This Prospectus is important and should be read in its entirety. There are risks associated with dealing in and exercising Options and investing in Shares which must be regarded as a speculative investment. Some of the risks that should be considered are set out in Section 5.

You should carefully consider these risks in light of your personal circumstances (including financial and tax issues). There may also be risks in addition to those set out in Section 5 that should be considered in light of your personal circumstances.

If you do not fully understand this Prospectus or are in doubt as to how to deal with it, you should seek professional guidance from your stockbroker, lawyer, accountant or other professional adviser before deciding whether to invest in the Company.

No person named in this Prospectus warrants or guarantees the Company's performance or any return on investment made pursuant to this Prospectus.

NO ISSUE OR OFFER WHERE ISSUE OR OFFER WOULD BE ILLEGAL

This Prospectus does not constitute an offer or invitation or issue in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation or issue. No action has been taken to register or qualify the Options in any jurisdiction outside Australia and New Zealand. The distribution of this Prospectus outside Australia and New Zealand may be restricted by law and persons who come into possession of this Prospectus outside Australia and New Zealand should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

For further detail please see Section 2.8.

FINANCIAL INFORMATION AND AMOUNTS

The pro-forma financial information in this Prospectus is presented in Australian dollars.

STATEMENTS OF PAST PERFORMANCE

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 the Company cannot be relied upon as an indicator of (and provides no guidance as to) the Company'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.

DISCLAIMER

No person is authorised by the Company to give any information or make any representation in connection with the Issue that is not contained in the Prospectus. Any information or representation not contained in this Prospectus may not be relied on as having been authorised by the Company, its Directors or any other person in connection with the Issue. The Company's business, financial condition, results of operations and prospects may have changed since the date of this Prospectus.

FORWARD-LOOKING STATEMENTS

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 the Company's business and the industry in which the Company 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. Factors that may cause such differences or make such statements inaccurate include, but are not limited to, the risk factors described in Section 5.

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

None of the Company, the Investment Manager, their respective directors, officers and advisers, 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, the Company 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.

ELECTRONIC PROSPECTUS

This Prospectus will be made available in electronic form on the following website: www.naos.com.au/nac-naos-ex50-opportunities-company-limited. Any other information on www.naos.com.au/nac-naos-ex50-opportunities-company-limited does not form part of this Prospectus.

The Issue constituted by this Prospectus in electronic form is available only to persons receiving this Prospectus in electronic form within Australia and New Zealand. Persons who access the electronic version of this Prospectus should ensure

that they download and read the entire Prospectus. If you are unsure about the completeness of this Prospectus received electronically, or a print out of it, you should contact the Company. A paper copy of this Prospectus will be available free of charge by contacting the Company by telephone on (02) 9002 1576 or by email at enquiries@naos.com.au.

INTERMEDIARY AUTHORISATION

The Company does not hold an Australian Financial Services Licence (AFSL) under the Corporations Act. The Company has appointed Taylor Collison Limited ACN 008 172 450 (AFSL No. 247083) as its agent for the purposes of arranging for the offer to issue Options pursuant to section 911A(2)(b) of the Corporations Act (**Arranger**). The Company may only issue such Options in accordance with the Arranger's offers, provided they are accepted. The Arranger is providing these services at no cost to the Company.

PRIVACY

The Company will collect, hold, use, and disclose personal information provided by investors to allow it to process your Option Exercise Form, service your needs as a holder of Securities in the Company, provide facilities and services that you request, and carry out appropriate administration of your investment. This means that the Company 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 the Company's registers, which will be accessible by the public.

The Company 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, the Company and its Registry may not be able to process your Option Exercise Form.

The Company may also share your personal information with service providers of the Company or others who provide services on the Company's behalf, some of which may be located outside of Australia.

For more details on how the Company collects, stores, uses and discloses your information, please read the Company's Privacy Policy located at www.naos.com.au/nac-naos-ex50-opportunities-company-limited.

www.naos.com.au/nac-naos-ex50-opportunities-company-limited. Alternatively, you can contact the Company by telephone on (02) 9002 1576 or by email at enquiries@naos.com.au and the Company will send you a copy of its Privacy Policy free of charge. It is recommended that you obtain a copy of this Privacy Policy and read it carefully before making an investment decision.

By completing an Option Exercise Form, or by providing the Company with your personal information, you agree to this information being collected, held, used and disclosed as set out in this Prospectus and the Company's Privacy Policy.

The Company's Privacy Policy also contains information about how you can access and seek correction of your personal information, complain about a breach by the Company of the Australian privacy laws, and how the Company will deal with your complaint.

DEFINITIONS AND ABBREVIATIONS

Defined terms and abbreviations used in this Prospectus are explained in Section 7.

TIME

All references to time in this Prospectus refer to the time in Sydney, Australia, unless stated otherwise.

DATA

All data contained in charts, graphs and tables is based on information available as at the date of this Prospectus unless otherwise stated.

CONTENTS

KEY DETAILS & IMPORTANT DATES	5
CHAIRMAN'S LETTER	6
1. OVERVIEW OF THE ISSUE	7
2. DETAILS OF THE ISSUE AND HOW TO EXERCISE OPTIONS	11
3. ABOUT THE COMPANY AND THE INVESTMENT MANAGER	13
4. EFFECT OF THE ISSUE ON THE COMPANY	18
5. RISK FACTORS	21
6. ADDITIONAL INFORMATION	24
7. GLOSSARY	31
8. CORPORATE DIRECTORY	32

KEY DETAILS & IMPORTANT DATES

Company	NAOS Ex-50 Opportunities Company Limited
ASX code of Shares	NAC
Securities to be issued	Options
Expected ASX code for Options	NACOA
Issue price per Option	Nil. No monies are payable for the issue of the Options.
Exercise price per Option	\$1.03
Number of Options offered under the Prospectus	23,803,454
Shares on issue at the date of this Prospectus	47,606,909
Shares on issue on completion of the Issue on a fully diluted basis*	71,410,363

* Based on the number of Shares on issue on the date of this Prospectus and assuming 100% of such Shares are held by Eligible Shareholders on the Record Date and assuming all Options issued under this Prospectus are exercised to Shares.

Lodgement of the Prospectus with ASIC and ASX	Friday, 13 March 2020
Shares trade ex-bonus Option entitlements	Wednesday, 18 March 2020
Record Date	Thursday, 19 March 2020
Prospectus sent to Eligible Shareholders	Monday, 23 March 2020
Intended date for issue and entry of Options on the option register	Wednesday, 25 March 2020
Dispatch of new holding statements	Thursday, 26 March 2020
Normal trading in Options commences on ASX	Thursday, 26 March 2020
Options expire	Thursday, 31 March 2023

The above timetable is indicative only. The Company reserves the right to vary the dates and times set out above subject to the Corporations Act and other applicable law.

CHAIRMAN'S LETTER

13 March 2020

Dear Fellow Shareholders,

On behalf of the Board of NAOS Ex-50 Opportunities Company Limited (**Company**), I am pleased to provide you this Prospectus for the one-for-two Options issue to Eligible Shareholders (**Issue**).



The Company listed on the ASX in 2014 and aims 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). The Company aims to provide investors with genuine, concentrated exposure generally to Australian listed small & mid-cap companies (market capitalisation generally between \$400 million and \$1 billion+) with an industrial focus which the Investment Manager considers are undervalued. The Company's investment philosophy is centred on the pillars of long-term, concentrated and high-conviction investing. Since inception, the Company has paid an aggregate 24.95 cents per Share of fully franked dividends (as at the date of this Prospectus and noting this includes the dividend declared on 20 February 2020 which will be paid on 18 March 2020).

ABOUT THE ISSUE

Many of our shareholders have been long term supporters of the Company from its beginning, and over time, have continued to grow their ownership in the Company. The Board is pleased to issue Options to Eligible Shareholders, which we consider presents several benefits, including:

- Eligible Shareholders will receive Options at no cost;
- Options will be tradeable on the ASX and may be bought or sold on-market at the prevailing market price;
- Eligible Shareholders are able to increase their shareholding in the Company by exercising the Options without paying any brokerage or commission;
- The exercise price of the Options (being, \$1.03) is equivalent to the most recent pre-tax Net Tangible Asset (NTA) per share of the Company, as at 29 February 2020; and
- Where Options are exercised, this increases the size of the Company, which in turn, unlocks the benefits of scale, meaning lower fixed costs on a per share basis as the Company grows.

GROWING AND LIMITING THE SIZE OF THE COMPANY TO A STRATEGICALLY OPTIMAL LEVEL

The Board believes that the Issue is a measured way to allow the Company to grow over the next 36 months. In our view, it would allow NAOS Asset Management Limited (the Investment Manager) to take advantage of a number of investment opportunities that have arisen within the small & mid-cap end of the Australian stock market which the Investment Manager thinks are undervalued; whilst not placing undue pressure on the short-term performance and dividend reserves of the Company.

The Board remains committed to managing the capital base of the Company in a manner that provides the most suitable framework for maximising potential shareholder return. We believe that growing the size of the Company to between \$200 million and \$300 million is optimal as it not only allows the Investment Manager to maximise performance by still being able to access meaningful positions in quality companies; but also scales the Company to an appropriate size that lowers the total expenses and costs for all shareholders.

This Prospectus contains detailed information about the Issue and the Company and a description of the key risks associated with an investment in the Company. I encourage you to read this Prospectus carefully and in its entirety before dealing in or exercising your Options. In addition, you should also consult with your stockbroker, solicitor, accountant or other independent professional adviser.

On behalf of the Board of Directors, I thank you for your continued support.

Yours faithfully

A handwritten signature in black ink, appearing to read 'David E. Smith', written in a cursive style.

1. OVERVIEW OF THE ISSUE

The information set out in this Section is intended to be a summary only and should be read in conjunction with the more detailed information appearing elsewhere in this Prospectus. In deciding whether to deal in or exercise any Options that are issued to you, you should read this Prospectus carefully and in its entirety. If you are in doubt as to the course you should follow, please consult your professional advisers.

ABOUT THE COMPANY

Question	Answer	More information
Who is the Issuer?	<p>NAOS Ex-50 Opportunities Company Limited ABN 49 169 448 837 is the issuer of the Options.</p> <p>The Company is a listed investment company that was established in 2014 and its Shares are listed on the Australian Securities Exchange (ASX: NAC).</p>	Section 3.1
What is the Company's investment approach?	<p>The Company aims to provide investors with genuine, concentrated exposure generally to Australian listed small and mid-cap companies (market capitalisation generally between \$400 million and \$1 billion+) with an industrial focus, which the Investment Manager considers are undervalued.</p> <p>The Company's Investment Portfolio is managed on behalf of the Company by its Investment Manager, NAOS Asset Management Limited.</p> <p>Since its inception in November 2014, as at 29 February 2020, the Investment Portfolio has returned 10.82% per annum or 72.37% on a total return basis, outperforming the S&P/ASX 300 Industrials Accumulation Index (XKIAI) which has increased by 7.98% per annum or 50.21% over the same period. NAOS is a specialist fund manager and manages approximately \$270 million across three listed investment companies for close to 7,500 shareholders (as at 29 February 2020).*</p> <p>* Performance returns of the Company will differ to the Investment Portfolio performance due to fees payable to the Investment Manager and tax payable by the Company.</p>	Section 3.2
What is the Company's net tangible asset position?	The pre-tax net tangible assets of the Company at 29 February 2020 were \$48,836,950, which equates to \$1.03 per Share.	Section 3.4
What is the Company's dividend policy?	The Company aims to provide a growing stream of quarterly dividends, franked to the maximum extent possible, provided it is within prudent business practices. Whilst past performance is not indicative of future performance, since inception of the Investment Portfolio, the Company has paid aggregate fully franked dividends of 24.95 cents per Share (noting this includes the dividend declared on 20 February 2020 which will be paid on 18 March 2020).	Sections 3.2 and 3.3
Who are the Directors?	<p>The Directors of the Company are:</p> <ul style="list-style-type: none">• David Rickards, Independent Chairman• Sebastian Evans, Director (and director of the Investment Manager)• Warwick Evans, Director (and director of the Investment Manager)• Sarah Williams, Independent Director <p>Please refer to section 3.6 for further information about the Directors.</p>	Section 3.6

KEY FEATURES OF THE ISSUE

Question	Answer	More information
What is the Issue?	<p>Eligible Shareholders in the Company will receive at no cost, 1 bonus Option for every 2 Shares in the Company that they hold at 5:00pm (Sydney time) on the Record Date, being 19 March 2020.</p> <p>The Options entitle holders to purchase additional Shares in the Company at the exercise price of \$1.03 at any time from their date of issue until 5:00pm (Sydney time) on the Expiry Date, being 31 March 2023.</p>	Section 2.1
What is the exercise price per Option?	The Option exercise price is \$1.03, which reflects the pre-tax net tangible assets of the Company per Share at 29 February 2020.	Section 2.1
What do Eligible Shareholders need to do to receive their Options?	<p>Eligible Shareholders do not need to take any action to receive the Options.</p> <p>The number of Options issued to each Eligible Shareholder will be shown on the Option Holding Statement which will be posted to Eligible Shareholders shortly after the date of this Prospectus.</p>	Section 2.1
Do Eligible Shareholders need to pay anything to receive their Options?	No, Eligible Shareholders do not need to pay anything to receive their Options.	Section 2.1
Who is an Eligible Shareholder?	Eligible Shareholders are registered holders of Shares as at 5:00pm (Sydney time) on the Record Date with a registered address in Australia or New Zealand.	Section 2.8
Why is the Issue being conducted?	The Issue is being conducted to raise further funds to facilitate the Company's aim of growing the Investment Portfolio to between \$200 million to \$300 million; a size that is considered to allow the Investment Manager to most effectively execute the Company's investment strategy and therefore maximise the potential performance of the Company.	Section 2.2
How will the proceeds be used?	<p>The proceeds raised by the Company from Option holders exercising their Options will be used to make further investments generally in Australian listed small and mid-cap companies (market capitalisation generally between \$400 million and \$1 billion+) with an industrial focus, which the Investment Manager considers are undervalued.</p> <p>It should also be noted that the Company is currently undertaking a Buy Back and that proceeds raised by the Company from Option holders exercising their Options may also be used by the Company to fund the buy-back of Shares under the Buy Back in circumstances where the Board believes it is an efficient use of the Company's available funds and, the buyback is accretive to NTA per Share, so this benefits all shareholders.</p>	Section 2.2
What is the maximum amount of money that may be raised if all Options are exercised?	<p>A maximum of \$24,517,558* would be raised if all Options are exercised.</p> <p>* Based on the number of Shares on issue on the date of this Prospectus and assuming 100% of such Shares are held by Eligible Shareholders on the Record Date and assuming all Options issued under this Prospectus are exercised to Shares.</p>	Section 4.1
How do Eligible Shareholders exercise their Options?	Options may be exercised wholly or in part by delivery to the Registry of a duly completed Option Exercise Form, signed by the registered holder of the Option, together with the applicable payment to the Registry of \$1.03 per Option being exercised.	Section 2.3
When must the Options be exercised by?	Options may be exercised at any time from their date of issue and before they expire on the Expiry Date, on 31 March 2023.	Section 2.3

Will the Options be listed on the ASX?	An application will be made to the ASX for the Options to be quoted on the ASX. The Options are expected to be listed on the ASX under the code "NACOA". Options may be transferred or transmitted in any manner approved by the ASX. There is no guarantee the Options will trade on the ASX or that there will be a liquid market for the Options. If Options are exercised, there is no guarantee that Shares issued on exercise of those Options will trade above the exercise price paid for those Shares.	Section 2.6												
Effect of the Issue on the Company's financial position	<p>No cash is raised by the Company on issue of the Options. Proceeds will be raised by the Company as and when Options are exercised. If all Options issued pursuant to the Issue are subsequently exercised by the Expiry Date, the effect on the Company would be as follows (based on the number of Shares on issue as at the date of this Prospectus):</p> <ol style="list-style-type: none"> 1) The number of Shares on issue would increase by 23,803,454 Shares to approximately 71,410,363 Shares; and 2) The cash reserves of the Company would increase by approximately \$24,517,558. 	Section 4.1												
Effect of the Issue on the Company's capital structure	<p>The capital structure of the Company as at the date of this Prospectus, and assuming completion of the Issue is set out below:</p> <table> <tr> <th></th><th>As at date of this Prospectus</th><th>On completion of the Issue</th></tr> <tr> <td>Shares on issue</td><td>47,606,909</td><td>47,606,909</td></tr> <tr> <td>Options on issue</td><td>Nil</td><td>23,803,454</td></tr> <tr> <td>Fully diluted capital*</td><td>47,606,909</td><td>71,410,363</td></tr> </table> <p>*Based on the number of Shares on issue on the date of this Prospectus and assuming 100% of such Shares are held by Eligible Shareholders on the Record Date and assuming all Options issued under this Prospectus are exercised to Shares.</p> <p>For further information, please refer to section 4 of the Prospectus.</p>		As at date of this Prospectus	On completion of the Issue	Shares on issue	47,606,909	47,606,909	Options on issue	Nil	23,803,454	Fully diluted capital*	47,606,909	71,410,363	Section 4.1
	As at date of this Prospectus	On completion of the Issue												
Shares on issue	47,606,909	47,606,909												
Options on issue	Nil	23,803,454												
Fully diluted capital*	47,606,909	71,410,363												
Will the Company continue to buy back Shares under the Buy Back and why is the Company buying back Shares?	<p>The Company is currently in the process of undertaking an on-market buy-back to buy-back up to 10% of the Company's issued Shares in accordance with the Corporations Act. The Buy Back commenced on 5 June 2019 and is expected to complete no later than 4 June 2020. As at the date of this Prospectus, the Company has bought back 4,929,980 Shares out of a maximum number of 5,253,688 Shares that the Company may buy-back under the Buy Back.</p> <p>The Company may continue buying back Shares under the Buy Back up to the maximum number of Shares permitted under the Buy Back. The Company will generally only buyback shares if the Board believes it is an efficient use of shareholders funds and accretive to NTA per Share, which benefits all shareholders.</p> <p>The Company is buying back Shares as the board believes this is an efficient use of the Company's available funds and as the Shares are being bought back at a discount to NTA, the buyback is accretive to NTA per Share, so this benefits all Shareholders.</p>	Section 4.2												
What is the impact of the Buy Back on the Company's capital structure?	<p>As at the date of this Prospectus, the Company had on issue 47,606,909 Shares.</p> <p>As at the date of this Prospectus, 4,929,980 Shares have been bought back by the Company under the Buy Back with 323,708 Shares remaining that may be bought back by the Company.</p> <p>All Shares bought back by the Company will be cancelled. Assuming the Company buys back the maximum number of Shares under the Buy Back, this will result in the total issued Shares of the Company decreasing by a further 323,708 Shares.</p>	Sections 4.2 and 4.3												

KEY RISKS

Please note that the risks highlighted below are not intended to be exhaustive. A summary of the key risks associated with dealing in and exercising the Options and an investment in the Company are described in section 5.

Market risk and impact of COVID-19	The value of the Company's Investment Portfolio and the underlying market prices of its Shares and Options may fall due to movements in the broader equity market. In particular, the events relating to COVID-19 have recently resulted in significant market falls including in the prices of securities trading on the Australian Securities Exchange and there is continued uncertainty as to the further impact of COVID-19 on the Australian economy and share markets. Any such events may adversely impact the value or liquidity of Shares and Options and may also adversely affect the value of shares held by the Company in any of its portfolio companies which may adversely impact NTA per Share.
Mid-cap and small cap company risk	The Company 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 may in turn materially adversely affect the performance of the Company and the trading price of its Shares and Options.
Liquidity risk for shares in portfolio companies	Positions in small and mid-cap stocks, such as those held generally by the Company, may be difficult to sell and convert into cash, as the market for these types of investments may be smaller and less liquid. The risks associated with a lack of liquidity of shares in portfolio companies are further increased due the Company's concentrated investment style having current investments in 12 companies. This can result in a loss if the Company needs to sell, but is unable to sell, such investments within a particular time frame.
Liquidity risk for Options and Shares in the Company	There is no guarantee that an active trading market for the Company's Options or Shares that are quoted on the ASX will arise or that the Shares issued on exercise of the Options will trade above the exercise price paid for the Shares on exercise of the Options. There may be relatively few prospective buyers or sellers of the Options or the Shares on the ASX at any given time.
Concentration risk	The Company's investment strategy is concentrated in nature and as a result this may increase its exposure to abnormal falls in the market price of any single investment, which could adversely impact the value of the Shares and Options.
Exercise price of Options	There is no guarantee the Options will trade on the ASX or that there will be a liquid market for the Options. If Options are exercised, there is no guarantee that Shares issued on exercise of those Options will trade above the exercise price paid for those Shares.
Dilution risk	If you do not exercise the Options that you receive and other investors exercise their Options, your shareholding in the Company will be diluted.
Dividends risk	There is no guarantee that dividends will be paid in the future, or that, dividends will remain at current levels or increase over time or that they will be franked. The payment of a dividend is contingent upon various factors, including but not limited to, the financial performance and profitability of the Company, the level of profit reserves, underlying performance of the Investment Portfolio and changes in regulations.

FURTHER INFORMATION

How can further information be obtained?	<p>For further information, or if you have any questions relating to the Issue, you can contact the Company by telephone on (02) 9002 1576 or by email at enquiries@naos.com.au.</p> <p>If you are uncertain as to whether an investment in the Company is suitable for you, please contact your stockbroker, financial adviser, accountant, lawyer or other professional adviser.</p>
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2. DETAILS OF THE ISSUE AND HOW TO EXERCISE OPTIONS

2.1 TERMS OF THE ISSUE

Eligible Shareholders in the Company will receive 1 bonus Option for every 2 Shares in the Company that they hold at 5:00pm (Sydney time) on the Record Date, at no cost.

The Option exercise price is \$1.03, which reflects the pre-tax net tangible assets per Share of the Company at 29 February 2020. The Expiry Date is 31 March 2023.

The Options are exercisable at any time from their date of issue until 5:00pm (Sydney time) on 31 March 2023.

Each Option entitles the holder to purchase one additional Share in the Company at the exercise price of \$1.03 at any time before the Options expire on the Expiry Date on 31 March 2023.

The number of Options issued to you will be shown on the Option Holding Statement which will be sent to Eligible Shareholders separately. In the calculation of any entitlement, fractions will be rounded down to the nearest whole number. You do not need to take any action to receive the Options which will be issued to Eligible Shareholders shortly after the date of this Prospectus.

2.2 USE OF ADDITIONAL CAPITAL RECEIVED ON EXERCISE OF THE OPTIONS

The money raised by Option holders exercising their Options will be used by the Investment Manager to make further investments consistent with the Company's investment strategy of generally investing in Australian listed small and mid-cap companies (market capitalisation generally between \$400 million and \$1 billion+) with an industrial focus. This will facilitate the Company's aim of growing the Investment Portfolio to between generally \$200 million to \$300 million; a size that is considered to allow the Investment Manager to most effectively execute the Company's investment strategy and therefore maximise the performance of the Company. The Company's investment strategy is described in further detail in section 3.2. No cash is raised by the Company on issue of the Options.

It should also be noted that the Company is currently undertaking a Buy Back and that proceeds raised by the Company from Option holders exercising their Options may also be used by the Company to fund the buy-back of Shares under the Buy Back in circumstances where the Board believes it is an efficient use of the Company's available funds and accretive to NTA per Share and thus benefits all shareholders.

2.3 EXERCISING OPTIONS

Eligible Shareholders may exercise Options wholly or in part at any time before 5:00pm (Sydney time) on the Expiry Date, by paying \$1.03 per Option and duly completing an Option Exercise Form.

Eligible Shareholders will be sent a personalised Option Exercise Form together with a holding statement shortly after the date of this Prospectus.

An Option Exercise Form is only valid and effective when the Registry has received the full amount of the exercise price in cleared funds, any time before 5:00pm (Sydney time) on the Expiry Date. Payment can be made by enclosing your cheque with the form or it can be made by BPAY. The BPAY details are contained in your personalised Option Exercise Form.

If you need a new Option Exercise Form, please contact the Registry via the details set out in section 8.

2.4 RIGHTS ATTACHING TO OPTIONS AND SHARES

On exercise of an Option, Eligible Shareholders will be issued with one Share. The terms of the Options are set out in section 6.5 of this Prospectus. Detailed provisions relating to the rights attaching to Shares are set out in the Company's Constitution and the Corporations Act. A copy of the Constitution can be inspected during office hours at the registered office of the Company or provided free of charge by contacting the Company by telephone on (02) 9002 1576 or by email at enquiries@naos.com.au.

Please refer to section 6.5 for the terms of the Options and section 6.6 for a summary of the rights attaching to the Shares.

2.5 TAXATION IMPLICATIONS

The taxation consequences of being granted Options will depend on an Eligible Shareholder's particular circumstances. It is each Eligible Shareholder's responsibility to make their own enquiries concerning the taxation consequences of dealing in or exercising any Options, or dealing in any Shares issued on exercise of Options.

The Directors do not consider that it is appropriate to give Eligible Shareholders advice regarding the taxation consequences of being granted Options under this Prospectus or exercising these Options as it is not possible to provide a comprehensive summary of the possible taxation positions of all Eligible Shareholders. The Company, its advisers and officers do not accept any responsibility or liability for any taxation consequences to Eligible Shareholders in respect of the Issue or any subsequent dealing or exercise of the Options or Shares issued on exercise of Options.

Before deciding to exercise your Options, you should consider whether the Shares to be issued and allotted on exercise of the Options are a suitable investment for you. Please refer to the risks set out in Section 5.

If you are in doubt as to the course you should follow, you should seek advice on the matters contained in this Prospectus from a stockbroker, financial adviser, accountant, solicitor or other professional adviser immediately.

2.6 QUOTATION OF OPTIONS

Within 7 days after the date of this Prospectus, an application will be made to ASX for the Options to be quoted on the ASX. If ASX does not give permission for quotation of the Options within 3 months after the date of this Prospectus (or a later date permitted by ASIC), none of the Options will be issued. Options may be transferred or transmitted in any manner approved by the ASX. There is no guarantee the Options will trade on the ASX or that there will be a liquid market for the Options. If Options are exercised, there is no guarantee that Shares issued on exercise of those Options will trade above the exercise price paid for those Shares.

2.7 MARKET PRICES OF SHARES ON ASX

The highest and lowest closing market sale prices of the Company's Shares on ASX during the three (3) months immediately preceding the date of this Prospectus and the respective dates of those highest and lowest sales were \$1.025 (17 January 2020) and \$0.80 (9 March 2020).

The latest available sale price of the Company's Shares on ASX at the close of trading on 12 March 2020 (the date prior to the date of this Prospectus) was \$0.87.

The Options are not in an existing class of quoted securities and therefore there is no sale price history for the Options.

2.8 OVERSEAS DISTRIBUTION

No action has been taken to register or qualify the issue of Options under this Prospectus, or to otherwise permit a public issuance of Options, in any jurisdiction outside Australia and New Zealand.

The Company has formed the view that it is unreasonable to make the Issue to overseas Shareholders in jurisdictions outside Australia and New Zealand (**Excluded Holders**) having regard to:

- the number of Excluded Holders within the relevant jurisdictions;
- the number and value of Shares held by those Excluded Holders; and
- the cost of complying with overseas legal requirements within the relevant jurisdictions.

The Issue is not being extended and the Options are not being issued to Shareholders with registered addresses outside Australia and New Zealand.

The distribution of this Prospectus in jurisdictions outside Australia and New Zealand may be restricted by law. This Prospectus may not be released or distributed in the United States or to US Persons (as that term is defined in the US Securities Act). Neither this Prospectus or the Issue constitutes an offer of securities in any place in which, or to whom, it would not be lawful to make such an offer. Persons into whose possession this document comes should inform themselves about and observe any restrictions on acquisition or distribution of the Prospectus. Any failure to comply with these restrictions may constitute a violation of securities laws.

New Zealand Shareholders: The Issue is being made in New Zealand in reliance on the Financial Markets Conduct (Incidental Offers) Exception Notice 2016. This Prospectus is not a Product Disclosure Statement for the purpose of New Zealand law.

Overseas ownership and resale representation

It is your responsibility to ensure compliance with all laws of any country relevant to the Options and Shares issued on exercise of the Options. The return of a duly completed Option Exercise Form will be taken by the Company to constitute a representation and warranty made by you to the Company that there has been no breach of such laws and that all necessary consents and approvals have been obtained.

3. ABOUT THE COMPANY AND THE INVESTMENT MANAGER

3.1 ABOUT THE COMPANY

The Company is a listed investment company that was established in 2014 and its Shares are listed on the Australian Securities Exchange (ASX: NAC).

The Company aims to provide investors with genuine, concentrated exposure generally to Australian listed small and mid-cap companies (market capitalisation generally between \$400 million and \$1 billion+) with an industrial focus which the Investment Manager considers are undervalued.

3.2 INVESTMENT STRATEGY & PERFORMANCE

The Company 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).

Since its inception on 11 November 2014, as at 29 February 2020 the Investment Portfolio has returned 10.82% per annum or 72.37% on a total return basis, outperforming the S&P/ASX 300 Industrials Accumulation Index (XKIAI), which has increased by 7.98% per annum or 50.21% over the same period.

The table below sets out the Investment Portfolio's performance for various periods ending 29 February 2020:

Investment Portfolio Performance

	1 Month	1 Year	3 Years (P.A.)	5 Years (P.A.)	Inception (P.A.)	Inception (Total Return)
NAC Investment Portfolio Performance*	-13.80%	+7.06%	+4.07%	+10.95%	+10.82%	+72.37%
S&P/ASX 300 Industrials Accumulation Index (XKIAI) (Benchmark)	-6.43%	+12.57%	+8.00%	+6.10%	+7.98%	+50.21%
Performance Relative to Benchmark	-7.37%	-5.51%	-3.93%	+4.85%	+2.84%	+22.16%

*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. References to P.A. and Total Return include part performance for the month of inception of the Investment Portfolio (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 the Company will differ to the Investment Portfolio performance due to fees payable to the Investment Manager and tax payable by the Company.

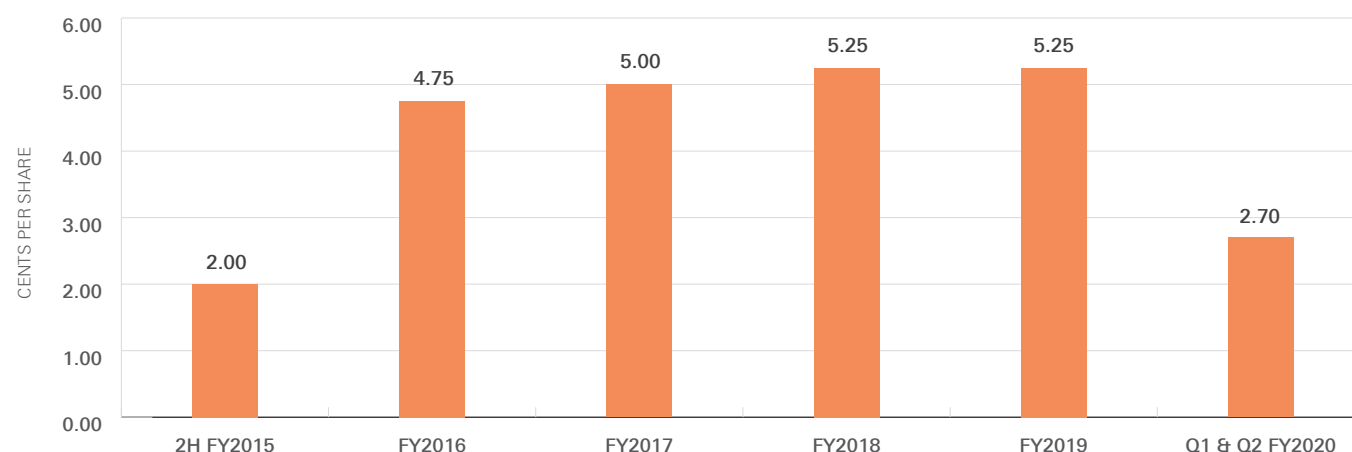
3.3 DIVIDEND PROFILE

The Company aims to pay a growing stream of quarterly dividends, franked to the maximum extent possible, provided the Company has sufficient profit reserves and franking credits and it is within prudent business practices to do so.

On 20 February 2020, the Board declared a fully franked quarterly interim dividend of 1.35 cents per Share for the three-month period ending 31 December 2019. As shown in the table below, since inception of the Investment Portfolio, the Company has paid an aggregate 24.95 cents per share in fully franked dividends (noting this includes the dividend declared on 20 February 2020 which will be paid on 18 March 2020).

There is no guarantee that the Company's aim to pay dividends will be met. 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.

NAC Fully Franked Dividend History



3.4 INVESTMENT PORTFOLIO AS AT 29 FEBRUARY 2020

The pre-tax NTA of the Company at 29 February 2020 were \$48,836,950, which equates to \$1.03 per Share. These values are determined on the basis of the last sale price on ASX at close of trading on 28 February 2020 for ASX quoted Securities held by the Company.

As at 29 February 2020, the Company held 12 investments, each listed on the ASX, and the 5 largest holdings by weighting* within the Investment Portfolio were: MNF Group Limited (ASX:MNF), People Infrastructure Limited (ASX:PPE), Over The Wire Holdings Limited (ASX:OTW), Moelis Australia Limited (ASX:MOE), and Objective Corporation Limited (ASX:OCL). The Company's holdings as at 29 February 2020 in each of the companies within the Investment Portfolio (as a percentage of the total issued share capital of each portfolio company) is less than 5%.

*Weightings are based on the value of the holdings using the last sale price on ASX at close of trading on 28 February 2020.

3.5 ABOUT THE INVESTMENT MANAGER: NAOS ASSET MANAGEMENT LIMITED

The Company's Investment Portfolio is managed on behalf of the Company by the Investment Manager, NAOS Asset Management Limited. NAOS is a specialist fund manager that manages approximately \$270 million, and across its three listed investment companies (**LICs**) has close to 7,500 shareholders (as at 29 February 2020). NAOS is an unlisted public company, and is majority owned by its directors and employees. Warwick Evans and Sebastian Evans who are directors of the Company are also directors and substantial shareholders of NAOS. NAOS directors and most NAOS employees hold shareholdings in the LICs, which demonstrates that NAOS is well aligned with the interests of the LIC shareholders.

The table below sets out the key investment beliefs of NAOS.



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 cutting, 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.



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 many 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 self-managed super fund 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 supports the UN Principles for Responsible Investment and is guided by these principles in incorporating ESG into our investment practices.

3.6 THE DIRECTORS

INTERESTS OF DIRECTORS IN THE COMPANY:

The Company's Directors and their Associates hold the following Relevant Interests in the Company as at the date of the Prospectus:

Directors	Shares ¹	Percentage of Shares
David Rickards	732,306	1.538%
Sebastian Evans	5,542,232 ²	11.642%
Warwick Evans	1,635,322	3.435%
Sarah Williams	15,463	0.003%

¹ The number of Shares does not include any Shares that may be issued on exercise of Options that are received under the Issue by Directors and their Associates who are Eligible Shareholders.

² Includes 5,387,615 Shares held by the Investment Manager. Sebastian Evans is a major shareholder of the Investment Manager.

BACKGROUND OF THE DIRECTORS:

David Rickards, Independent Chairman

David Rickards has been the Independent Chairman and a Director of the Company since its inception.

David is also the Independent Chairman of NAOS Emerging Opportunities Company Limited (ASX: NCC) and an Independent Director of NAOS Small Cap Opportunities Company Limited (ASX: NSC). David is also Co-Founder of Social Enterprise Finance Australia and until recently 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).

Sebastian Evans, Director

Sebastian Evans has been a Director of the Company since its inception.

Sebastian is the Managing Director and Chief Investment Officer of the Investment Manager. He is a major shareholder of the Investment Manager and has been with the firm for over 12 years. Sebastian is also a Director of NAOS Emerging Opportunities Company Limited (ASX: NCC) and NAOS Small Cap Opportunities Company Limited (ASX: NSC).

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 from Bond University, a Graduate Diploma in Management from the Australian Graduate School of Management, University of New South Wales and a Diploma in Financial Services.

Warwick Evans, Director

Warwick Evans has been a Director of the Company since its inception.

Warwick is also a Director of NAOS Emerging Opportunities Company Limited (ASX: NCC), NAOS Small Cap Opportunities Company Limited (ASX: NSC) and 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 CEO of the Newcastle Stock Exchange 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.

Sarah Williams, Director

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

Sarah is also an Independent Director of NAOS Emerging Opportunities Company Limited (ASX: NCC).

Sarah has over 25 years of 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 JP 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.

3.7 INTERESTS OF DIRECTORS

Other than as set out below or elsewhere in the Prospectus, no Director or proposed director:

- has or had at any time during the two years preceding the date of this Prospectus an interest in the formation or promotion of the Company, in any property acquired or proposed to be acquired by the Company in connection with the formation or promotion of the Company or the Issue, or in the Issue itself; and
- has been paid or agreed to be paid any amount or has been given or agreed to be given any other benefit, either to induce him to become, or to qualify him as, a Director or otherwise for services rendered by him in connection with the formation or promotion of the Company or the Issue.

3.8 DIRECTORS' REMUNERATION

Details of the remuneration paid to Directors for the two-year period to 30 June 2019 are set out in the annual reports of the Company for the financial years ended 30 June 2018 and 30 June 2019. The below table summarises the Directors' remuneration which will be paid for the current financial year ended 30 June 2020:

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

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 Company's Constitution.

3.9 RELATED PARTY DISCLOSURES

Sebastian Evans is a director and major shareholder of the Investment Manager. Warwick Evans is also a director and substantial 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 Company.

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. In the 6 months to 31 December 2019, the management fee amounted to \$507,487 and for the financial year ended 30 June 2019, this management fee amounted to \$971,489.

Performance Fees: The Investment Manager is entitled to be paid, annually in arrears, a performance fee being 20% (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. There were no performance fees payable to the Investment Manager for the financial year ended 30 June 2019.

As the gross value of the Portfolio will increase if Eligible Shareholders exercise their Options, the Investment Manager (and therefore indirectly Sebastian Evans and Warwick Evans) will benefit from the increased management fee.

The Investment Manager also holds 5,387,615 Shares in the Company and will receive Options under the Issue and may also acquire additional Options on-market following the Issue.

4. EFFECT OF THE ISSUE ON THE COMPANY

4.1 EFFECT OF THE ISSUE ON THE COMPANY'S CAPITAL STRUCTURE

No cash is raised by the Company until Option holders exercise their Options. If all Options issued pursuant to the Issue are subsequently exercised by the Expiry Date, the effect on the Company would be as follows (based on the number of Shares on issue as at the date of this Prospectus):

- 1) The number of Shares on issue would increase by 23,803,454 Shares to approximately 71,410,363 Shares; and
- 2) The cash reserves of the Company would increase by approximately \$24,517,558.

The Directors and the Investment Manager do not guarantee that any Options will be exercised or that any or all of those funds will be raised. If the Options are exercised and the funds are raised, then the Company will have further capital to invest.

The capital structure of the Company as at the date of this Prospectus, and assuming completion of the Issue is set out below:

	As at date of this Prospectus	On completion of the Issue
Shares on issue	47,606,909	47,606,909
Options on issue ¹	Nil	23,803,454
Fully diluted capital ²	47,606,909	71,410,363

¹ Based on the number of Shares on issue on the date of this Prospectus and assuming 100% of Shares are held by Eligible Shareholders on the Record Date.

² Based on the number of Shares on issue on the date of this Prospectus and assuming 100% of shares are held by Eligible Shareholders on the Record Date and assuming all Options issued under this Prospectus are exercised to Shares.

There will be no change to the Board or the Company's corporate governance processes or any change to the identity of the Investment Manager of the Company as a result of the Issue.

4.2 USE OF ADDITIONAL CAPITAL RAISED ON EXERCISE OF OPTIONS

The Company is currently in the process of undertaking an on-market buy-back to buy-back up to 10% of the Company's issued Shares in accordance with the Corporations Act. The Buy Back commenced on 5 June 2019 and is expected to complete no later than 4 June 2020. As at the date of this Prospectus, the Company has bought back 4,929,980 Shares out of a maximum number of 5,253,688 Shares that the Company may buy-back under the Buy Back with 323,708 Shares remaining that may be bought back by the Company.

All Shares bought back by the Company will be cancelled. Assuming the maximum number of Shares are bought back by the Company under the Buy Back, this will result in the total issued Shares of the Company decreasing by a further 323,708 Shares.

The buyback is currently being completed as the Board believes it is an efficient use of the Company's available funds and as the Shares are being bought back at a discount to NTA, the buyback is accretive to NTA per Share and thus benefits all shareholders whilst the share price trades at a discount to the underlying asset value of the Company.

4.3 USE OF ADDITIONAL CAPITAL RAISED ON EXERCISE OF OPTIONS

There will be no proceeds raised from the issue of the Options. The proceeds raised by the Company from Option holders exercising their Options will be used to enable the Investment Manager to make further investments consistent with the Company's investment strategy of investing in generally Australian listed small and mid-cap companies (market capitalisation generally between \$400 million and \$1 billion+) with an industrial focus, which the Investment Manager considers are undervalued. Further information about the Company's investment strategy and approach is set out in section 3 of this Prospectus.

In addition, proceeds raised by the Company from Option holders exercising their Options may also be used by the Company to fund the buy-back of Shares under the Buy Back in circumstances where the board believes it is an efficient use of the Company's available funds and is accretive to NTA per Share which will benefit all Shareholders.

4.4 UNAUDITED PRO-FORMA STATEMENT OF FINANCIAL POSITION

The unaudited pro-forma statement of financial position of the Company as at 31 December 2019 set out below is based on the auditor reviewed Half-year Financial Report for the Company released to ASX on 20 February 2020, adjusted for completion of the Issue and exercise of all Options.

The unaudited pro-forma statement of financial position is intended to be illustrative only and it neither reflects the actual position of the Company as at the date of this Prospectus nor at the conclusion of the Issue. In particular, it does not reflect actual expenditure of funds since 31 December 2019.

References to "pro-forma" information are non-IFRS financial information prepared in accordance with ASIC Regulatory Guide 230 (Disclosing non-IFRS financial information). Non-IFRS financial information has not been subject to audit or review.

	As at 31 December 2019(i) \$	Effect of Option issue & exercise \$	Pro Forma Post Issue(ii) \$
Assets			
Cash and cash equivalents	2,559,496	24,448,558	27,008,054
Trade and other receivables	208,797	-	208,797
Financial assets at fair value through profit or loss	55,393,822	-	55,393,822
Deferred tax assets	825,936	20,700	846,636
Total assets	58,988,051	24,469,258	83,457,309
Liabilities			
Trade and other payables	400,618	-	400,618
Financial liabilities at fair value through profit or loss	5,693	-	5,693
Deferred tax liabilities	2,697,278	-	2,697,278
Total liabilities	3,103,589	-	3,103,589
Net assets	55,884,462	24,469,258	80,353,720
Equity			
Issued capital	50,413,324	24,469,258	74,882,082
Profits reserve	8,271,752	-	8,271,752
Accumulated losses	(2,800,614)	-	(2,800,614)
Total equity	55,884,462	24,469,258	80,353,720

- (i) The column headed "As at 31 December 2019" is a summary statement of financial position of the Company as at 31 December 2019 based on the auditor reviewed statement of financial position of the Company taken from the Financial Report for the half year ended 31 December 2019.
- (ii) The column headed "Pro Forma Post Issue" is a statement of financial position of the Company as at 31 December 2019 (noting this is not audited or reviewed by the Company's auditor) adjusted as if completion of the Issue had taken place on 31 December 2019 based on the following assumptions:
- 23,803,454 Options are issued and all of these Options are exercised at \$1.03 per Option, and 23,803,454 Shares were issued on 31 December 2019;
 - Issue expenses of \$69,000 were paid on 31 December 2019 (including ASX listing fees of approximately \$34,000); and
 - The Company will derive income of a sufficient nature and amount to enable recognition of a deferred tax asset (30% of the expenses of the Issue, or \$20,700) for the costs incurred by the Company in respect of the Issue.
- (iii) All amounts are in Australian Dollars unless otherwise noted.

4.5 STATEMENT OF COMPREHENSIVE INCOME

There will be no immediate effect on the Company's statement of comprehensive income as a result of the issue of Options pursuant to this Prospectus, other than the costs of the Issue. The investment of any funds raised from the exercise of Options will ultimately impact the Company's statement of comprehensive income as a result of the performance of the investment. Any such impact is not presently able to be quantified by the Directors or the Investment Manager.

4.6 SUBSTANTIAL SHAREHOLDERS

The table below sets out the substantial shareholders of the Company as at the date of this Prospectus, being those Shareholders who, together with their associates, have a relevant interest in 5% or more of the Company's voting securities currently and also sets out the number of Options that each substantial shareholder will receive under the Issue.

Shareholder	Ordinary Shares held	% of issued Shares	Number of bonus Options issued
NAOS Asset Management Limited	5,387,615	11.32%	2,693,807
Sebastian Evans ¹	5,542,232	11.64%	77,308

¹ As Sebastian Evans holds over 20% of the voting power in the Investment Manager, although he does not control the Investment Manager, he is deemed under the Corporations Act to hold the same relevant interest that the Investment Manager has in any Shares. Sebastian Evans directly holds only 154,617 Shares and the remaining 5,387,615 are held by the Investment Manager.

4.7 NET TANGIBLE ASSETS PER SHARE

The month end net tangible assets per share for the 3 months to 29 February 2020 as reported by the Company to the ASX in accordance with Listing Rule 4.12 is set out below:

	31 Dec 2019	31 Jan 2020	29 Feb 2020
Pre-Tax NTA	\$1.18	\$1.21	\$1.03
Post Tax & Pre Unrealised Gains Tax NTA	\$1.19	\$1.21	\$1.03
Post Tax NTA	\$1.14	\$1.16	\$1.03
Share Price	\$0.965	\$1.00	\$0.88

4.8 OVERVIEW OF OPERATIONS AND RESULTS

For the half-year ended 31 December 2019, the Company reported total revenue of \$10.62 million (prior period: \$-4.51 million and an after-tax profit of \$7.36 million (prior period: \$3.13 million after-tax loss). Revenue for the half-year ended 31 December 2019 consisted of dividend and interest income of \$1.49 million, and changes in the market value of investments of \$9.13 million.

The pre-tax net tangible assets of the Company as at 29 February 2020 was \$48,836,950 which equates to \$1.03 per Share.

As at 29 February 2020, the Company has no debt and a cash balance of approximately \$2.17 million.

As highlighted in the Company's February Investment Report dated 9 March 2020, the Company's investment portfolio has been impacted by market events which results in uncertainty as to the performance of the Company's investment portfolio and there is a possibility that the Company may incur a loss for the second half of FY 20.

5. RISK FACTORS

5.1 INTRODUCTION

This section describes some of the risks associated with dealing in and exercising the Options. The selection of risks set out below has been based on an assessment of a combination of the probability of the risk occurring and impact of the risk if it did. There is no guarantee or assurance that the importance of different risks will not change or other risks will not emerge.

You should carefully consider the risks described below and all of the other information set out in this Prospectus before deciding to deal in or exercise any Options. If any of the events or developments described below occurs, the Company's business, financial condition or performance could be negatively affected. In that case, the market price of the Options and the Shares could decline, and you could lose all or part of your investment.

5.2 RISKS SPECIFIC TO THE ISSUE

Exercise price of Options

There is no guarantee the Options will trade on the ASX or that there will be a liquid market for the Options. If Options are exercised, there is no guarantee that Shares issued on exercise of those Options will trade above the exercise price paid for those Shares.

Dilution

If you do not exercise the Options, because either you sell those Options on market, because you allow those Options to expire without being exercised, or you do not receive Options because you are an Excluded Holder, and other investors exercise their Options, your shareholding will be diluted.

5.3 RISKS SPECIFIC TO THE COMPANY

It is not possible to describe or foresee all the risks that may adversely impact the Company. However, some of the specific risk factors which may significantly impact the future performance of the Company include the following:

Market risk and impact of COVID-19

There is a risk that investments that form part of the Company's Investment Portfolio may fall in value over short or extended periods of time due to movements in the broader equity market. Shareholders in the Company are exposed to this risk both through their holdings in Shares and Options as well as through the Company's Investment Portfolio.

In particular, the events relating to COVID-19 have recently resulted in significant market falls including in the prices of securities trading on the Australian Securities Exchange and there is continued uncertainty as to the further impact of COVID-19 including in relation to governmental action, work stoppages, lockdowns, quarantines, travel restrictions and the impact on the Australian economy and share markets. Any such events may adversely impact the value and liquidity of Shares and Options and may also adversely affect the value of shares held by the Company in any of its portfolio companies which may adversely impact NTA per Share.

Small and mid-cap companies risk

The Company invests generally in small and mid-cap companies in terms of market capitalisation. Some small and mid-cap companies may have limited customers, product lines, markets or financial resources, may be heavily dependent on key personnel and can be more susceptible to losses and risks of insolvency. Small and mid-cap companies may be recently established entities with limited public information or operating history and may be engaged in new-to-market concepts which may be speculative in nature. Shares in small and mid-cap companies may be susceptible to wider price fluctuations, may trade less frequently and in smaller volumes and therefore may be affected by liquidity risk to a greater degree than shares in larger companies. Any of these factors may in turn materially adversely impact the performance of the Company and the trading price of its Shares and Options.

Liquidity risk for shares in portfolio companies

Positions in small and mid-cap stocks such as those held by the Company, may be difficult to sell and convert into cash, as the market for these types of investments may be smaller and less liquid. The risks associated with a lack of liquidity of shares in the portfolio companies are further increased due the Company's concentrated investment style having 12 companies in its Investment Portfolio. 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 the Company needs to sell such investments within a particular time frame.

Liquidity risk for Options and Shares in the Company

Once the Options are quoted on the ASX and the Shares issued on exercise of the Options are quoted on the ASX, there is no guarantee that an active trading market for the Options or Shares will arise or that the Shares will trade above the exercise price paid for the Shares on exercise of the Options. There may be relatively few prospective buyers or sellers of the Options or the Shares on the ASX at any given time.

Concentration risk

The Company's investment portfolio is concentrated in nature having 12 companies in its Investment Portfolio. 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 the Company has to abnormal falls in the market price of any single investment and in turn could negatively impact the value of Shares.

Dividend risk

Although the Company aims to provide a growing stream of quarterly dividends, franked to the maximum extent possible, provided it is within prudent business practices, there is no guarantee that dividends will be paid in the future, or that, dividends will remain at current levels or increase over time or that they will be franked. The payment of a dividend is contingent upon various factors, including but not limited to, the financial performance and profitability of the Company, the level of profit reserves, underlying performance of the Investment Portfolio and changes in regulations which are outside the control of the Company. The extent to which dividends are franked depends on available franking credits. The Company's ability to generate franking credits is dependent upon the receipt of franked dividends from the Investment Portfolio and the payment of tax.

Equity Investment risks

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

- the performance of the companies in which the Company invests;
- the level of dividend payments made by the companies in which the Company invests;
- the market prices of the securities in which the Company invests;
- the market liquidity of the securities in which the Company invests;
- the size of the Company'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.

Discount to NTA

Shares in the Company may trade on the ASX at a discount to the net asset value of the Investment Portfolio on a per share basis and the performance of the Shares and the Options may not be correlated with the performance of the Investment Portfolio.

Economic risk

The investment returns of the Company'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, war, epidemics and pandemics and in particular the Coronavirus) could add to wider equity market volatility.

Regulatory risk

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

Investment strategy risk

The success and profitability of the Company significantly depends on the ability of the Investment Manager to successfully and profitably manage the Company's Investment Portfolio and invest in securities that have the ability to generate a return for the Company. There is a risk that the Investment Manager may fail to make investments that generate a return and may make investments that lose money.

Reputational risk

There is a risk of impairment of the Company'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.

Industry risk

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

Reliance on the Investment Manager and its investment team

The Company is exposed to the risk that the Investment Manager may cease to manage the Company'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 Australian Financial Service Licence, 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 the Company.

5.4 GENERAL RISKS

The Company is also subject to general risks factors outside the control of the Company which may have a significant impact on the future performance of the Company. This includes but is not limited to the following:

- economic conditions in Australia and internationally which may have a negative impact on capital markets;
- many developed economies face major structural issues, particularly high sovereign debt levels;
- markets are likely to remain volatile for some time given international financial and trade conditions;
- earnings of companies in Australia which in the medium term may be negatively impacted by the general weakness in economic conditions;
- a slowdown in emerging markets, including China, which may impact economic growth in Australia;
- changes in investor sentiment and perceptions in local and international stock markets;
- changes in interest rates, exchange rates and the rate of inflation;
- changes in domestic or international fiscal, monetary, regulatory and other government policies; and
- geo-political conditions such as acts or threats of terrorism, military conflicts, international hostilities and threats of contagions.

In addition, investors should be aware that there are risks associated with any investment in securities. Prospective investors should recognise that the trading price of the Company's Shares and Options may fall as well as rise with movements in the equity capital markets in Australia and internationally.

6. ADDITIONAL INFORMATION

6.1 CONTINUOUS DISCLOSURE OBLIGATIONS

The Company 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 Listing Rules. Specifically, as a listed company the Company is subject to the Listing Rules which require continuous disclosure to the market of any information possessed by the Company which a reasonable person would expect to have a material effect on the price or value of its Shares.

The Board has adopted a Continuous Disclosure Policy which sets out the obligations of the Directors, officers and employees of the Company to ensure that the Company satisfies the continuous disclosure obligations imposed on it under the Listing Rules and the Corporations Act. The Continuous Disclosure Policy provides information as to what a person should do when they become aware of information which could have a material effect on the Company’s securities and the consequences of non-compliance.

The Continuous Disclosure Policy is available on the Company’s website at <https://www.naos.com.au/nac-naos-ex50-opportunities-company-limited>.

Copies of announcements made by the Company to the ASX are available on the ASX website at www.asx.com.au and also on the Company’s website at <https://www.naos.com.au/nac-naos-ex50-opportunities-company-limited>. Further announcements concerning developments relating to the Company will continue to be made available on ASX’s website after the date of this Prospectus pursuant to the Company’s continuous disclosure obligations. Certain disclosure documents, reports and other documents lodged with ASIC in relation to the Company can be obtained from, or inspected at, an ASIC office.

In addition, copies of the Company’s most recent annual financial report for the year ended 30 June 2019, half year report for the period ended 31 December 2019 and continuous disclosure documents lodged with ASX or ASIC after the lodgement of the annual financial report but before lodgement of this Prospectus with ASIC are available to any securityholder of the Company on ASX’s website (www.asx.com.au), the Company’s website (<https://www.naos.com.au/nac-naos-ex50-opportunities-company-limited>) or free of charge by contacting the Company by telephone on (02) 9002 1576 or by email at enquiries@naos.com.au.

6.2 LEGAL FRAMEWORK FOR THIS PROSPECTUS

As a disclosing entity, the Company has issued this Prospectus in accordance with section 713 of the Corporations Act applicable to prospectuses for an offer of continuously quoted securities (or options to acquire continuously quoted securities) that were continuously quoted securities at all times in the three months before the issue of this Prospectus.

This Prospectus is a transaction-specific prospectus. In general terms, a transaction specific prospectus is only required to contain information in relation to the effect of the issue of securities on a company and the rights attaching to the securities. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a securities exchange. Investors should therefore have regard to the other publicly available information of the Company before deciding whether to invest.

Having taken such precautions and having made such enquiries as are reasonable, the Company believes that it has complied with the requirements of ASX as applicable to disclosing entities from time to time, and which require the Company to notify ASIC of information available to the securities market conducted by ASX, throughout the three months before the issue of this Prospectus.

Information that is already in the public domain has not been included in this Prospectus other than that which is considered necessary to make this Prospectus complete.

As at the date of this Prospectus, there is no information that has been excluded from continuous disclosure in accordance with the Listing Rules and which is required to be set out in this Prospectus.

6.3 INFORMATION AVAILABLE TO ELIGIBLE SHAREHOLDERS

The Company will provide a copy of each of the following documents, free of charge, to any Eligible Shareholder who so requests in relation to this Prospectus:

- the annual financial report for the Company for the year ended 30 June 2019, being the most recent annual report lodged with ASIC before lodgement of this Prospectus;
- the half-year financial report of the Company for the period ending 31 December 2019, being the most recent half-year report lodged with ASIC by the Company after the lodgement of the 2019 annual report of the Company and before the lodgement of the copy of this Prospectus with ASIC; and
- any other document or financial statement lodged by the Company with ASIC or the ASX under the continuous disclosure reporting requirements in the period after lodgement of the 2019 annual financial report referred to above and to the date of lodgement of this Prospectus with ASIC.

The following announcements have been made by the Company on its ASX announcement platform since lodgement of its annual financial report for the year ended 30 June 2019:

Date	Headline
01/07/2019	Daily share buy-back notice - Appendix 3E
01/07/2019	Invitation to NAOS Investor Roadshow
02/07/2019	Daily share buy-back notice - Appendix 3E
03/07/2019	Daily share buy-back notice - Appendix 3E
05/07/2019	Daily share buy-back notice - Appendix 3E
08/07/2019	Daily share buy-back notice - Appendix 3E
09/07/2019	Daily share buy-back notice - Appendix 3E
10/07/2019	Company Secretary Appointment/Resignation
11/07/2019	Investment Report & NTA Update - June 2019
15/07/2019	Daily share buy-back notice - Appendix 3E
22/07/2019	Daily share buy-back notice - Appendix 3E
23/07/2019	Daily share buy-back notice - Appendix 3E
24/07/2019	Daily share buy-back notice - Appendix 3E
24/07/2019	Notification of Cancellation of Shares
25/07/2019	Investor Presentation - Q4 FY19 Investor Briefing
29/07/2019	Change in substantial holding
08/08/2019	Investment Report & NTA Update - July 2019
09/08/2019	Daily share buy-back notice - Appendix 3E
14/08/2019	Daily share buy-back notice - Appendix 3E
16/08/2019	Daily share buy-back notice - Appendix 3E
21/08/2019	Daily share buy-back notice - Appendix 3E
22/08/2019	Appendix 4E & Annual Report 30 June 2019
22/08/2019	Media Release - FY19 Results & Dividend Declaration
22/08/2019	Dividend/Distribution - NAC
22/08/2019	Appendix 4G & Corporate Governance Statement
30/08/2019	Daily share buy-back notice - Appendix 3E
30/08/2019	Notification of Cancellation of Shares
03/09/2019	Daily share buy-back notice - Appendix 3E
09/09/2019	Investment Report & NTA Update - August 2019
09/09/2019	Daily share buy-back notice - Appendix 3E
10/09/2019	National Investor Roadshow - Presentation
12/09/2019	Daily share buy-back notice - Appendix 3E
12/09/2019	Update - Dividend/Distribution - NAC
13/09/2019	Daily share buy-back notice - Appendix 3E
18/09/2019	Change of Director's Interest Notice - D Rickards
18/09/2019	Change of Director's Interest Notice - S Evans
18/09/2019	Change of Director's Interest Notice - W Evans
20/09/2019	Daily share buy-back notice - Appendix 3E

23/09/2019	Daily share buy-back notice - Appendix 3E
24/09/2019	Daily share buy-back notice - Appendix 3E
25/09/2019	Daily share buy-back notice - Appendix 3E
27/09/2019	Daily share buy-back notice - Appendix 3E
30/09/2019	Notification of Cancellation of Shares
01/10/2019	Daily share buy-back notice - Appendix 3E
02/10/2019	Daily share buy-back notice - Appendix 3E
03/10/2019	Daily share buy-back notice - Appendix 3E
04/10/2019	Daily share buy-back notice - Appendix 3E
07/10/2019	Daily share buy-back notice - Appendix 3E
09/10/2019	Daily share buy-back notice - Appendix 3E
10/10/2019	Investment Report & NTA Update - September 2019
10/10/2019	Daily share buy-back notice - Appendix 3E
11/10/2019	Daily share buy-back notice - Appendix 3E
11/10/2019	Notice of Annual General Meeting/Proxy Form
11/10/2019	Change in substantial holding
14/10/2019	Daily share buy-back notice - Appendix 3E
15/10/2019	Daily share buy-back notice - Appendix 3E
16/10/2019	Daily share buy-back notice - Appendix 3E
17/10/2019	Dividend/Distribution - NAC
17/10/2019	Daily share buy-back notice - Appendix 3E
17/10/2019	Media Release - Q1 FY20 Quarterly Dividend Declaration
21/10/2019	Daily share buy-back notice - Appendix 3E
21/10/2019	Ceasing to be a substantial holder
22/10/2019	Daily share buy-back notice - Appendix 3E
23/10/2019	Change of Director's Interest Notice - D Rickards
23/10/2019	Change of Director's Interest Notice - W Evans
24/10/2019	Notification of Cancellation of Shares
24/10/2019	Change in substantial holding
28/10/2019	Daily share buy-back notice - Appendix 3E
31/10/2019	Notification of Cancellation of Shares
01/11/2019	Daily share buy-back notice - Appendix 3E
05/11/2019	Daily share buy-back notice - Appendix 3E
11/11/2019	Investment Report & NTA Update - October 2019
13/11/2019	Daily share buy-back notice - Appendix 3E
13/11/2019	Update - Dividend/Distribution - NAC
14/11/2019	Daily share buy-back notice - Appendix 3E
14/11/2019	Annual General Meeting 2019 - Chairman's Statement
14/11/2019	Presentation Material for AGM 2019
14/11/2019	Results of Annual General Meeting 2019
15/11/2019	Daily share buy-back notice - Appendix 3E

19/11/2019	Daily share buy-back notice - Appendix 3E
20/11/2019	Daily share buy-back notice - Appendix 3E
21/11/2019	Change of Director's Interest Notice - D Rickards
21/11/2019	Change of Director's Interest Notice - S Evans
21/11/2019	Change of Director's Interest Notice - W Evans
22/11/2019	Daily share buy-back notice - Appendix 3E
26/11/2019	Daily share buy-back notice - Appendix 3E
27/11/2019	Daily share buy-back notice - Appendix 3E
28/11/2019	Daily share buy-back notice - Appendix 3E
28/11/2019	Notification of Cancellation of Shares
29/11/2019	Daily share buy-back notice - Appendix 3E
02/12/2019	Daily share buy-back notice - Appendix 3E
03/12/2019	Daily share buy-back notice - Appendix 3E
04/12/2019	Daily share buy-back notice - Appendix 3E
05/12/2019	Daily share buy-back notice - Appendix 3E
09/12/2019	Daily share buy-back notice - Appendix 3E
09/12/2019	Investment Report & NTA Update - November 2019
10/12/2019	Daily share buy-back notice - Appendix 3E
11/12/2019	Daily share buy-back notice - Appendix 3E
12/12/2019	Daily share buy-back notice - Appendix 3E
16/12/2019	Daily share buy-back notice - Appendix 3E
18/12/2019	Daily share buy-back notice - Appendix 3E
20/12/2019	Daily share buy-back notice - Appendix 3E
20/12/2019	Notification of Cancellation of Shares
23/12/2019	Daily share buy-back notice - Appendix 3E
24/12/2019	Change of Director's Interest Notice - S Williams
14/02/2020	Daily share buy-back notice - Appendix 3E
17/02/2020	Daily share buy-back notice - Appendix 3E
20/02/2020	Half Yearly Report and Accounts - 31 December 2019
20/02/2020	Dividend/Distribution - NAC
20/02/2020	Media Release - Half-Year Results and Dividend Declaration
20/02/2020	Daily share buy-back notice - Appendix 3E
21/02/2020	Daily share buy-back notice - Appendix 3E
24/02/2020	Daily share buy-back notice - Appendix 3E
25/02/2020	Daily share buy-back notice - Appendix 3E
28/02/2020	Notification of Cancellation of Shares
02/03/2020	Daily share buy-back notice - Appendix 3E
09/03/2020	Investment Report & NTA Update - February 2020
09/03/2020	Update – Dividend/Distribution – NAC

6.4 CORPORATE GOVERNANCE

The Company has adopted comprehensive systems of control and accountability as the basis for the administration of corporate governance. The Board is committed to administering the policies and procedures with openness and integrity, pursuing the true spirit of corporate governance commensurate with the Company's needs.

To the extent that they are applicable to the Company, the Board has adopted the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations.

A summary of the Company's corporate governance policies and procedures is available in the Company's Corporate Governance Statement on the Company's website at <https://www.naos.com.au/nac-naos-ex50-opportunities-company-limited>.

6.5 TERMS OF THE OPTIONS

The terms of the Options are set out below.

- **Exercise Price:**
Each Option has an exercise price of A\$1.03.
- **Exercise Period:**
An Option may be exercised on any Business Day from the date of grant to 31 March 2023 (inclusive) but not thereafter. An Option Exercise Form is only effective when the Company has received the full amount of the exercise price in cash or cleared funds.
- **Expiry Date:**
The expiry date for the Options is 31 March 2023.
- **Quotation of Options:**
The Company will apply for quotation of the Options on the ASX.
- **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:**
On valid exercise, the Company will issue one Share for each Option exercised. Options may be exercised wholly or in part by delivery to the Registry of the Option Exercise Form together with payment of the aggregate exercise price in the manner prescribed in section 2.3 of this Prospectus and any further instructions on the Option Exercise Form.
- **Quotation of Shares:**
The Company must make an application for quotation of Shares issued on exercise of the Options on ASX in accordance with the Listing Rules.
- **Dividend entitlement:**
Options do not carry any dividend entitlements. Shares issued on exercise of Options rank equally with other issued Shares on and from issue. Shares issued upon the exercise of Options will only participate in a future dividend or other shareholder action if such Shares have been issued on or prior to the applicable record date for determining entitlements.
- **Voting Rights**
The Options do not confer upon the holder a right to receive notices of general meetings (except as may be required by law), nor any right to attend, speak at or vote at general meetings of the Company.
- **Reorganisations:**
If there is any reorganisation of the issued share capital of the Company, the rights of the Option holders will be varied to the extent necessary to comply with the ASX Listing Rules which apply to the reorganisation at the time of reorganisation.
- **Participating rights**
For determining entitlements, Option holders 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 of the proposed new issue. The Company must give at least six 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.
- **Adjustments**
If between the date of issue and the date of exercise of an Option the Company makes one or more rights issues (being a pro-rata issue of Shares that is not a bonus issue) in accordance with the Listing Rules, the exercise price of Options on issue will be reduced in respect of each rights issue according to the following formula:

$$NE = OP - E [P - (S + D)] / (N + 1)$$

Where:

NE is the new exercise price of the Option;

OP is the old exercise price of the Option;

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

P is the volume weighted average market price per Share recorded on ASX 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 Shares to be issued under the pro rata issue;

D is the amount of any dividend due but not yet paid on the existing Shares (except those to be issued under the pro rata issue);

N is the number of existing Shares with rights or entitlements that must be held to receive a right to one new Share under the pro rata issue.

If there is a bonus issue to the holders of Shares, 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.

- **ASX listing:**

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

6.6 RIGHTS ATTACHING TO THE COMPANY'S SHARES

A summary of the rights attaching to the Company's Shares as contained in the Company's Constitution is set out below. This summary is not intended to be exhaustive. Each Share confers on its holder:

- the right to receive notice of and to attend general meetings of the Company and to receive all financial statements, notices and documents required to be sent to them under the Constitution and the Corporations Act;
- the right to vote at a general meeting of Shareholders (whether present in person or by any representative, proxy or attorney) on a show of hands (one vote per Shareholder) and on a poll (one vote per Share) subject to the restrictions on voting that may affect the Shares;
- the right to receive dividends;
- the right to receive, in kind, the whole or any part of the Company's property in a winding up, subject to the rights of a liquidator of the Company (with consent of members by special resolution); and
- subject to the Corporations Act and the Listing Rules, Shares are fully transferrable.

The rights attaching to Shares may be varied with the approval of shareholders at a general meeting by special resolution.

6.7 INTERESTS OF EXPERTS AND ADVISORS

Other than as set out below, or as otherwise disclosed in this Prospectus, no person named in this Prospectus as providing professional or advisory services in connection with the preparation of this Prospectus or any firm in which any such person is a partner:

- has or had at any time during the two years preceding the date of the Prospectus, any interest in the formation or promotion of the Company, in any property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Issue or in the Issue itself; or
- has been paid or agreed to be paid any amount or given or agreed to be given any other benefit for services rendered by them in connection with the formation or promotion of the Company or in connection with the Issue.

Maddocks has acted as the Australian legal adviser to the Company in relation to the Issue. The Company has paid or agreed to pay an amount of approximately \$25,000 (plus disbursements and GST) up to the date of this Prospectus in respect of these services.

Further amounts may be paid to Maddocks in accordance with its normal time-based charges.

6.8 ISSUE EXPENSES

If the Issue proceeds, the total estimated expenses in connection with the Issue (including legal, printing, registry, ASIC and ASX fees) are estimated to be approximately \$69,000 excluding GST. A summary of these Issue costs is set out below.

Issue Costs	A\$'000
Legal fees including foreign adviser legal fees	25,000
Registry and printing fees	7,000
ASIC and ASX fees	37,000

The Company will pay all the costs associated with the Issue.

6.9 ASIC INSTRUMENTS

The Issue is made pursuant to ASIC Corporations (Exposure Period) Instrument 2016/74 which exempts the Company from complying with section 727(3) of the Corporations Act to the extent that section prohibits the Company from issuing Options in the seven-day period after the date of lodgement of the Prospectus with ASIC.

The Issue is also made pursuant to ASIC Corporations (Application Form Requirements) Instrument 2017/241 which exempts the Company from complying with section 723(1) of the Corporations Act to the extent that section only permits an issue of Options in response to an application form included in or accompanied by a disclosure document.

6.10 CONSENTS

Each of the following parties has given and has not, before the issue of this Prospectus, withdrawn its written consent to being named in the Prospectus and to the inclusion, in the form and context in which it is included, of any information described below as being included with its consent.

- Maddocks Lawyers has consented to being named in the Corporate Directory of this Prospectus as the Australian legal adviser to the Company, but it does not make any statement in this Prospectus, nor is any statement in this Prospectus based on any statement by Maddocks Lawyers;
- Boardroom Pty Limited has consented to being named in the Corporate Directory and other sections of this Prospectus as the Registry to the Company, but it does not make any statement in this Prospectus, nor is any statement in this Prospectus based on any statement by Boardroom Pty Limited;
- Taylor Collison Limited has consented to being named in the Corporate Directory and other sections of this Prospectus as Arranger to the Issue, but it does not make any statement in this Prospectus, nor is any statement in this Prospectus based on any statement by Taylor Collison Limited; and
- the Investment Manager has consented to being named in this Prospectus as the Investment Manager of the Company, but it does not make any statement in this Prospectus, nor is any statement in this Prospectus based on any statement by the Investment Manager.

Chapter 6D of the Corporations Act imposes a liability regime on the Company (as the issuer of the Options), the Directors of the Company, persons named in the Prospectus with their consent as having made a statement in the Prospectus and persons involved in a contravention in relation to the Prospectus, with regard to misleading or deceptive statements made in the Prospectus. Although the Company bears primary responsibility for the Prospectus, other parties involved in the preparation of the Prospectus can also be responsible for certain statements made in it.

In light of the above, each of the parties referred to above, 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 any statement or report included in this Prospectus with the consent of that party as described above.

6.11 LEGAL PROCEEDINGS

To the knowledge of the Directors, there is no current, pending or threatened litigation with which the Company is directly or indirectly involved.

6.12 GOVERNING LAW

This Prospectus, the issue of Options and the contracts that arise from the exercise of Options in accordance with the terms of the Issue are governed by the law applicable in New South Wales, Australia and each Eligible Shareholder and their transferees submit to the non-exclusive jurisdiction of the courts of New South Wales, Australia.

6.13 LODGEMENT OF THIS PROSPECTUS

This Prospectus was given to ASIC on 13 March 2020.

6.14 CONSENT TO LODGEMENT

Each Director of the Company has given, and not withdrawn, his or her consent to the lodgement of this Prospectus with ASIC.

7. GLOSSARY

Arranger means Taylor Collison Limited ACN 008 172 450.

ASIC means Australian Securities and Investments Commission.

Associate has the same meaning as in the Corporations Act.

Australian Accounting Standards means the Australian Accounting Standards and other authoritative pronouncements issued by the Australian Accounting Standards Board and Urgent Issues Group Interpretations.

ASX or **Australian Securities Exchange** means ASX Limited or the securities exchange operated by ASX Limited, as the context requires.

Board means board of directors of the Company from time to time.

Business Day has the meaning given to it under the Listing Rules.

Buy Back means the on-market buy-back whereby the Company to buy-back up to 10% of its issued Shares in accordance with the Corporations Act.

Company means NAOS Ex-50 Opportunities Company Limited ACN 169 448 837.

Constitution means the constitution of the Company.

Corporations Act means the Corporations Act 2001 (Cth).

Directors or **Board** means the directors or board of directors of the Company.

Eligible Shareholders means registered holders of Shares as at 5:00pm (Sydney time) on the Record Date with a registered address in Australia and New Zealand.

Excluded Holders means registered holders of Shares as at 5:00pm (Sydney time) on the Record Date who are in jurisdictions outside Australia and New Zealand and which the Company has formed the view that it is unreasonable to make the Issue to having regard to;

- the number of Excluded Holders within the relevant jurisdiction;
- the number and value of Shares held by those Excluded Holders; and
- the cost of complying with overseas legal requirements within the relevant jurisdiction.

Expiry Date means 31 March 2023.

IFRS means the International Financial Reporting Standards.

Investment Manager or **NAOS** means NAOS Asset Management Limited ACN 107 624 126.

Investment Portfolio means the portfolio of investments of the Company from time to time.

Issue means the issue of Options offered to Eligible Shareholders under this Prospectus.

Listing Rules means the listing rules of the ASX.

NTA means net tangible assets.

Option means an option to acquire a Share with an exercise price of \$1.03 to be granted pursuant to this Prospectus.

Option Exercise Form means the personalised Option Exercise Form that will be sent to Eligible Shareholders to complete and return to the Registry in order to exercise an Option.

Option Holding Statement means the personalised Option Holding Statement that will be sent to Eligible Shareholders shortly after the date of this Prospectus showing the number of Options issued to each Eligible Shareholder under this Prospectus.

Prospectus means this prospectus as modified or varied by any supplementary or replacement document issued by the Company and lodged with ASIC from time to time.

Record Date means 19 March 2020.

Registry means the Company's share registry, Boardroom Pty Limited ACN 003 209 836

Relevant Interest has the meaning set out under the Corporations Act.

Securities means securities as defined in section 92 of the Corporations Act.

Shares means a fully paid ordinary share in the Company.

Shareholder means a registered holder of a Share.

8. CORPORATE DIRECTORY

Company

NAOS Ex-50 Opportunities Company Limited
Level 34, MLC Centre
19 Martin Place
Sydney, NSW, 2000, Australia
Phone: + 61 2 9002 1576
Website: www.naos.com.au

Directors

David Rickards – Independent Chairman
Sebastian Evans – Non-independent Director
Warwick Evans – Non-Independent Director
Sarah Williams – Independent Director

Investment Manager

NAOS Asset Management Limited
Level 34, MLC Centre
19 Martin Place
Sydney, NSW, 2000, Australia
Phone: + 61 2 9002 1576
Email: enquiries@naos.com.au
Website: www.naos.com.au

Registry

Boardroom Pty Limited
Level 12
225 George Street
Sydney, NSW, 2000, Australia
Phone: 1300 737 760

Legal Advisor

Maddocks Lawyers
Angel Place
Level 27
123 Pitt Street
Sydney, NSW, 2000, Australia

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NAOS.COM.AU