

**NAOS Absolute Opportunities Company Ltd
(A.B.N. 49 169 448 837)**

Dividend Re-Investment Plan

Rules

Adopted on 23 January 2017

The following Rules, from the date of their adoption, contain the terms, provisions and conditions, which apply in relation to the NAOS Absolute Opportunities Company Ltd Dividend Re-Investment Plan (**Plan**) and supersede all previous versions of the Rules.

1. Interpretation

(a) In these Rules:

ASX means ASX Limited (A.B.N. 98 008 624 691).

Company means NAOS Absolute Opportunities Company Ltd (A.B.N. 49 169 448 837).

Discount means such percentage discount from 0% to 10%, as determined by the Directors from time to time to be applied in calculating the Subscription Price.

Directors means the directors of the Company.

Dividend means a cash dividend or cash component of a dividend.

Eligible Member means a person registered as the holder of a Share:

(i) whose address as it appears in the register of members of the Company, is situated (and, in the case of a Share held jointly by 2 or more persons, all of whose addresses appearing in such register are situated) in Australia or New Zealand; or

(ii) whose address as it appears in the register of members of the Company, is situated (and, in the case of a Share held jointly by 2 or more persons, 1 of whose addresses appearing in such register is situated) outside Australia or New Zealand and who has produced to the Company such evidence as the Company may require to satisfy the Company that any necessary approvals of any governmental authority in relation to participation in the Plan have been obtained and that participation is not contrary to any applicable laws of Australia or New Zealand or any other relevant jurisdiction.

Participant means an Eligible Member who has applied to participate in the Plan and whose application has been accepted by the Company pursuant to Clause 3(a).

Plan Share means a Share, which is designated a Plan Share pursuant to Clause 3(a).

Record Date means as defined in the ASX Listing Rules.

Register means the register established and maintained pursuant to Clause 4(a).

Share means an ordinary share fully paid from time to time in the capital of the Company.

Subscription Price means the subscription price determined in accordance with Clause 5(a).

- (b) Subject to any express or implied contrary intention:
 - (i) words importing the singular include the plural and vice versa;
 - (ii) a gender includes all genders;
 - (iii) words importing natural persons include corporations and vice versa; and
 - (iv) references to Clauses are references to Clauses of these Rules.
- (c) Despite anything else in these Rules, the Listing Rules and the Corporations Act, 2001 (Cth) prevail to the extent of any inconsistency with these Rules.

2. Applications

- (a) No person other than an Eligible Member may apply to participate in the Plan.
- (b) Every Eligible Member who wishes to participate in the Plan must complete and lodge with the Company an application form in such form as the Directors may approve from time to time (**Dividend Election Notice**). A copy of the current Director approved Dividend Election Notice is contained in Schedule A to these Rules.
- (c) Eligible Members may elect in their Dividend Election Notice to participate in the Plan in respect of:
 - (i) part only of the Shares of which they are registered holders as at each Record Date for a dividend including any Shares allotted to them pursuant to the Plan in respect of those Shares (**First Alternative**); or
 - (ii) all Shares of which they are from time to time the registered holder as at each Record Date for a dividend including any Shares allotted to them pursuant to the Plan or otherwise and any Shares acquired by them other than by allotment (**Second Alternative**),

and must nominate in their Dividend Election Notice which of the First or Second Alternatives they wish to apply in respect of their application. If Eligible Members nominate the First Alternative, they must specify the number of Shares in respect of which they seek to participate in the Plan. If they fail to nominate an Alternative or, where they nominate the First Alternative, fail to specify the number of Shares in respect of which they wish to participate, a cash Dividend will be paid to them.
- (d) No Eligible Member may transfer their right to any allotment of Shares pursuant to this Plan.

3. Acceptance of Applications

- (a) The Directors may in their absolute discretion accept or refuse any application made by and Eligible Member pursuant to Clause 2. The Directors' acceptance of such an application must be denoted by the entry in the Register of the name of the Eligible Member applying and the other particulars required to be recorded in the Register pursuant to Clause 4(a). The Shares which are the subject of such an application become designated Plan Shares from that date.
- (b) Each application accepted by the Directors is effective in respect of the first Dividend payable after receipt of the applicable Dividend Election Notice and subsequent Dividends provided that any application form received by the Company after the close of the Company's share register for determination of entitlements to payment of a Dividend is not effective in respect of that Dividend.

4. Register

- (a) The Company must establish and maintain a register in which it will record, in respect of each Participant, particulars of:
- (i) each Participant's name and address;
 - (ii) the number of each Participant's Plan Shares; and
 - (iii) any variation approved by the Directors pursuant to Clause 7(a).
- (b) The Register is conclusive evidence of the matters recorded in it.

5. Investment of Dividends

- (a) Shares allotted pursuant to Clause 5(b)(vii) will be allotted by the Directors using any one of the following:
- (i) at the volume weighted average market price of Shares sold on ASX on the books closing date for the relevant Dividend and the 3 trading days following that date, multiplied by one minus the Discount (if any) (**Subscription Price**); or
 - (ii) in accordance with clause 6 of these rules (**Subscription Price or Total DRP Shares VWAP**).
- (b) In respect of each Dividend from time to time due and payable to Participants in respect of their Plan Shares, the Directors must:
- (i) determine the amount of Dividend payable in respect of the Plan Shares of that Participant;
 - (ii) aggregate the amount so determined;
 - (iii) determine the Discount (if any);
 - (iv) determine whether the Company will issue new Shares or arrange for the purchase and transfer of existing Shares to a Participant (or a combination of both) to satisfy the Company's obligations under the Plan. The Company may arrange for the purchase and transfer of Shares to any one or more Participants pursuant to an on-market acquisition through a broker in accordance with clause 6;
 - (v) determine the maximum number of Shares which could be acquired by subscription by the application of that aggregate to the subscription Shares at the Subscription Price;
 - (vi) on behalf of and in the name of the Participant subscribe for or purchase and transfer that number of additional Shares;
 - (vii) allot that number of additional Shares to the Participant; and
 - (viii) where the number of Shares ascertained in accordance with the provisions of Clause 5(b)(iii) results in a fraction, round the number of Shares so ascertained up or down to the nearest whole number.

- (c) Dividends payable pursuant to Clause 5 (b) will be credited to a Plan Share account and then applied in acquiring or subscribing for a maximum whole number of Plan Shares that may be transferred or allotted at price determined in accordance with Clause 5(a). Any balance remaining in a participant's Plan Share account after Plan Shares have been transferred or allotted will be carried forward and added to the next dividend entitlement. No interest will accrue in respect of any balance in a Plan Share account.
- (d) All Shares allotted and issued under the Plan rank equally in all respects with existing Shares from the date of allotment.
- (e) Shares to be allotted under the Plan must be allotted within the time required by the Listing Rules of the ASX.
- (f) Shares allotted under the Plan must be registered on a register where the Participant in respect of whom the Shares are allotted already holds Shares.
- (g) In administering the Plan, the Directors have the power to:
 - (i) determine procedures for administration of the Plan consistent with Rules;
 - (ii) settle in such manner as they see fit any difficulties, anomalies or disputes which may arise in connection with, or by reason of, the operation of the Plan, whether generally or in relation to any Participant or any Plan Share, and the determination of the Directors will be conclusive and binding on all Participants and all other person to whom the determination relates; and
 - (iii) delegate to any one or more persons, for such period and on such conditions as they may determine, the exercise of any of their powers or discretions arising under the Plan.
- (h) The Company and the Directors are not liable to any Shareholder (including any Participant), to the maximum extent permitted by law, for any loss, damage or claim in respect of the exercise or manner of exercise by the Company or the Directors of any discretion under these Rules.

6. On-Market purchase of Shares

- (a) An on-market purchase of Shares to be transferred to a Participant to satisfy the Company's obligations under the Plan must proceed in accordance with this clause 6.
- (b) On the date (**Ex-Date**) of an announcement by the Company of:
 - (i) a Dividend; and
 - (ii) the Record Date in respect of that Dividend,
 the Shares will commence trading on a 'cum dividend' basis.
- (c) The Record Date to identify Shareholders entitled to the Dividend must be as required by the date required by Item 1 of Appendix 6A of the Listing Rules (as amended or replaced).
- (d) Once all Participants who are entitled to participate in the Dividend as at the relevant Record Date are identified, the Company must establish the total number of Participating Shares held by Participants (**Relevant Shares**).

- (e) The total value of the Shares to be issued or transferred to all Participants (**DRP Shares Value**) will be calculated by multiplying the value of the Dividend per Share (**D**) by the Relevant Shares as follows:

$$\text{DRP Shares Value} = \text{Relevant Shares} \times \text{D}$$

- (f) To satisfy the Company's obligations under this Plan, the Directors will instruct a nominated broker being a reputable Market Participant of the ASX) (the **Broker**) as follows:
- (i) The Broker will acquire Shares on market (On-Market Shares) during the 14 day period commencing on the first business day after the Ex-Date (On-Market Period) at the lowest price per Share the Broker can reasonably achieve, but which price per Share must in any event not exceed the Net Tangible Asset Backing per Share of the Company's Shares after taking into account tax (that is after all applicable taxes) (NTA) (as disclosed to the ASX in the Company's most recent announcement under ASX Listing Rule 4.12).
 - (ii) The total consideration to be paid by the broker for all On-Market Shares in accordance with (i) above (On-Market Shares Consideration) must not exceed the DRP Shares Value. The Company will place funds equivalent to the DRP Shares Value in a trust account nominated by the Broker (Trust Account), for the purposes of the Broker acquiring On-Market Shares.
 - (iii) At the end of the On-Market Period, the Broker will advise the Directors:
 - (A) the number of On-Market Shares acquired and the price per On-Market Share paid by the Broker;
 - (B) the On-Market Shares Consideration;
 - (C) the volume weighted average price paid for the On-Market Shares acquired; and
 - (D) the funds remaining in the Trust Account (**Unused Funds**).
 - (iv) The Broker will hold all On-Market Shares on trust for the benefit of the Participants of the Plan, and will, in connection with the Company's share registry, distribute the On-Market Shares to Participants as directed by the Company and its share registry in accordance with clause 6(i)(2)(c).
 - (v) At the end of the On-Market Period, the Broker will return all Unused Funds (less commission and other costs) to the Company.
- (g) Where the On-Market Shares Consideration is less than the DRP Shares Value, the Directors will resolve to issue new Shares to Participants to the value of the shortfall (**New Shares**), in accordance with the following formula:

$$\text{New Shares} = \frac{(\text{DRP Shares Value} - \text{On Market Shares Consideration})}{(1 - \text{Discount}) \times \text{NTA}}$$

- (h) The price of each Share issued and transferred to a Participant under this Plan (DRP Share Price) will be deemed to be the amount determined in accordance with the following formula:

$$\text{DRP Share Price} = \text{Total DRP Shares VWAP}$$

Where:

Total DRP Shares means the number of Shares calculated by adding the total number of all On-Market Shares to the total number of all New Shares; and

Total DRP Shares VWAP means the volume weighted average purchase price (in the case of On-Market Shares) and issue price (in the case of New Shares) of the Total DRP Shares.

- (i) Once the Total DRP Shares is established, the Company must issue New Shares and procure the transfer of On-Market Shares (as appropriate) to Participants in satisfaction of the Dividend entitlement of that Participant's Participating Shares. To this end:
 - (i) a separate Plan Account must be maintained by the Company for each Participant;
 - (ii) in respect of each Dividend the Company must, in respect of each Participant:
 - (A) calculate the value of the Dividend on that Participant's Participating Shares by multiplying the number of Participating Shares by an amount equal to the rate of Dividend applying to those Participating Shares;
 - (B) determine, having regard to the DRP Share Price, the number of Shares from the Total DRP Shares which most nearly equal (but do not exceed) the value of the Dividend that Participant is entitled to (less any withholding tax where applicable) (plus any residue from the previous Dividend in the Participant's Plan Account);
 - (C) allot that number of Shares (which may include procuring the transfer of On-Market Shares or issue of New Shares or a combination of both) to the Participant; and
 - (D) retain in the Participant's Plan Account any amount of residue of Dividend less than the value of one Share. No interest accrues on the residue so retained.
- (j) At the time of announcing a Dividend to which the Plan applies in accordance with Item 1 of Appendix 6A of the Listing Rules (as amended or replaced), the Company must give notice of the discount (if any) applicable to the Dividend as determined by the Directors in accordance with this clause 6.

7. Variation or Termination of Participation

- (a) Participants may at any time apply to increase or decrease the number of their Plan Shares by completing and lodging with the Company a form from time to time approved for that purpose by the Directors and the Company may, in its absolute discretion, approve or refuse such an application (**Variation Notice**).
- (b) The Company's approval of a Variation Notice must be denoted by entry of the variation requested in the Register and the variation is effective on that entry being made.
- (c) Participants may at any time give to the Company notice of termination of their Participation in the Plan in such form as the Directors may from time to time approve for that purpose (Termination Notice) and on the date the Company receives that notice, the Participant ceases to be a Participant and all Plan Shares held by that Participant cease to be Plan Shares on that date.
- (d) If a Participant dies, participation by him/her and any other Participants with whom the deceased was a joint Participant is terminated on the date the Company receives notice of death of the deceased Participant.

- (e) If Participants dispose of all of their Shares without giving the Company a Termination Notice and are not registered as the holders of any Shares when the Company's share register is next closed for determination of entitlements to a payment of a Dividend, the Participants are deemed to have terminated their participation on the last date when the Company registered a transfer or instrument of disposal of their Shares.
- (f) Where Participants dispose of less than the number of all Shares held by them, then unless they advise the Company otherwise prior to the registration of a transfer or instrument of disposal of such Shares:
 - (i) if the Shares disposed of are in number less than or equal to the number of their Shares which are not Plan Shares, the Shares so disposed of are deemed to be Shares which are not Plan Shares;
 - (ii) if the Shares disposed of are more in number than the number of their Shares which are not Plan Shares, the Shares so disposed of are deemed to include all of their Shares which are not Plan Shares together with that additional number of their Plan Shares which is equal to the number calculated by subtracting from the number of Shares disposed of, the number of all their Shares which are not Plan Shares.

8. ASX Listing

The Company must make application promptly after each allotment of Plan Shares for quotation of such Plan Shares on the official list of the ASX.

9. Limitation of Subscription

The Directors may at any time by notice in writing to Participants limit the amount of Dividends, which may be invested in subscriptions for Plan Shares.

10. Underwriting

The Directors may, in its absolute discretion, choose to partially or fully underwrite the Plan Shares in respect of any Dividend with one or more underwriters.

11. Modification, Suspension and Termination of the Plan

- (a) These Rules may be modified or varied by the Directors at any time or from time to time by giving to Participants not less than 1 month's notice in writing of the Directors' intention to do so and complying with any requirements of the Listing Rules of ASX.
- (b) The Directors may settle any difficulties, anomalies or disputes which may arise in connection with, or by reason of, the operation of the Plan, whether generally or in relation to any Participant or any Shares in such manner as they think expedient and the determination of the Directors is conclusive and binding on all Participants and other persons to whom the determination relates.
- (c) The Directors may suspend the Plan after giving to Participants not less than 14 days notice in writing of their intention to do so.
- (d) The Plan may be terminated by the Directors by giving to the Participants not less than 2 months notice of the Directors' intention to do so.

12. Costs to Participants

No brokerage, commissions or other transaction costs are payable by the Participants in respect of the application for an allotment of Shares under the Plan.

13. Taxation

- (a) Neither the Company nor its Directors, officers, employees, representatives or agents take any responsibility or assume any liability for the taxation liabilities of Participants.
- (b) As individual circumstances and laws vary considerably, specific taxation advice from professional advisers should be obtained by the Participant.

14. Statements

As soon as practicable after each allotment of Shares pursuant to Clause 5(b)(vii) and as required by the Listing Rules of ASX, the Company must send to each Participant to whom Shares have been allotted a statement setting out, in respect of each Participant:

- (a) the number of the Participant's Plan Shares as at the date of closure of the Company's share register for determination of entitlements to payment of the relevant Dividend prior to such allotment;
- (b) the amount of Dividend due and payable to that Participant in respect of the Participant's Plan Shares which have been applied towards subscription for additional Shares;
- (c) the number of additional Shares allotted to the Participant pursuant to Clause 5(b)(vii); and
- (d) the number of Shares (including Plan Shares) in respect of which the Participant is the registered holder after such allotment.

15. Participants to be Bound

Participants are bound by these Rules in respect of the Plan as modified or varied from time to time pursuant to Clause 11.

16. Governing law and jurisdiction

- (a) The law of the state of New South Wales, Australia governs the Plan and the Rules.
- (b) The Company and each Participant submits to the jurisdiction of the courts of the state of New South Wales, Australia and the Federal Court of Australia.

Schedule A – Dividend Election Notice



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 Fax: + 61 2 9279 0664
www.boardroomlimited.com.au
enquiries@boardroomlimited.com.au

Company or Trust in which Investment is Held

**Full Name(s)
 of Registered
 Holding**

**Registered
 Address**

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**Unitholder Number (UHN)
 Securityholder Reference Number (SRN) or
 Holder Identification Number (HIN)**

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**DIVIDEND OR DISTRIBUTION REINVESTMENT PLAN (DRP)
 APPLICATION / NOTICE OF VARIATION**

Please complete one choice only

- (a) **Full Participation is required in the DRP.**
 All securities held will participate in DRP. No cash payment will be issued.
 Please tick Box A. **Box A**

- (b) **Partial Participation is required in the DRP.**
 Please write in Box B the number of securities or the percentage of your total securities held you would like to participate in the DRP. The distribution on the balance of your securities (if any) will be issued in Cash. Securities issued as a result of your partial participation in the plan will automatically participate in the plan. **Box B**

- (c) **Termination of Participation in the DRP**
 Only tick Box C if you are already in the DRP and wish to **cancel your participation**.
 (Please complete Direct Credit Authority Form to ensure that future payments may be made to your bank account) **Box C**

SIGNING INSTRUCTIONS:

This form is not valid unless signed by the security holder/s.

- Individual:** This form is to be signed by the securityholder.
- Joint Holding:** Where the holding is in more than one name, all of the securityholders must sign.
- Power of Attorney:** To sign as Power of Attorney, you must have already lodged it with the registry. Alternatively, attach a certified photocopy of the Power of Attorney to this form.
- Companies:** Two Directors, Director & Company Secretary, or Sole Director and Sole Company Secretary can sign.
Please indicate the office held by signing in the appropriate space.

I/We authorise you to act in accordance with my/our instructions set out above in relation to participation in the DRP. I/We acknowledge I/we are aware of the terms applying to participation in the DRP and that these instructions supersede and have priority over all previous instructions.

Securityholder 1 (Individual)	Joint Securityholder 2 (Individual)	Joint Securityholder 3 (Individual)
<input style="width: 90%; height: 20px;" type="text"/>	<input style="width: 90%; height: 20px;" type="text"/>	<input style="width: 90%; height: 20px;" type="text"/>
Sole Director & Sole Company Secretary	Director	Director / Company Secretary

f this form is returned signed, but with no option indicated, it will be treated as an application for full participation.

Telephone contact regarding this form

Contact Name	Business Hours
<input style="width: 95%; height: 100%;" type="text"/>	<input style="width: 95%; height: 100%;" type="text"/>

Privacy Statement

The personal information in this form is collected by Boardroom Pty Limited ("Boardroom"), as registrar for the issuer of the securities you hold. Boardrooms' privacy policy can be viewed on our website (www.boardroomlimited.com.au).

Your personal information is required for administration of the register of securityholdings. Should some or all of the requested information not be provided correct administration of your securityholding may not be possible. Your personal information may be disclosed to the issuer of the securities you hold, its or our related bodies corporate, external service companies such as print or mail service providers or otherwise as permitted by law. If, in accordance with the provisions of the Corporations Act the issuer of the securities you hold approves, you may be sent marketing material in addition to general corporate communications. You may elect not to receive marketing material by contacting Boardroom Pty Limited.

You can obtain access to you personal information and (if required) advise of any incorrect, inaccurate or out of date data information held, by contacting Boardroom Pty Limited on 1300 737 760