contango INCOME GENERATOR LIMITED

# REPLACEMENT PROSPECTUS

## CONTANGO INCOME GENERATOR LIMITED

ACN 160 959 991

An offer of Shares together with an entitlement to one Loyalty Option for every two Shares issued under the Offer to raise a minimum of $30 million and up to an aggregate of $100 million (before the acceptance of any Oversubscriptions).

**THIS PROSPECTUS IS AN IMPORTANT DOCUMENT AND SHOULD BE READ IN ITS ENTIRETY**

If you do not understand its contents or if you have any questions about the Shares or Loyalty Options being offered under this Prospectus, or any other matter relating to an investment in the Company, you should consult your professional adviser without delay.

JOINT LEAD MANAGERS

EVANS & PARTNERS

TAYLOR COLLISON
Sharebrokers and Investment Advisers
www.taylorcollison.com.au

Wilson HTM
INVESTMENT GROUP

Morgans IN ALLIANCE WITH CIMB

CO-MANAGER

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# KEY DATES

| | |
|---|---|
| LODGEMENT OF THIS REPLACEMENT PROSPECTUS WITH ASIC | Friday, 3 July 2015 |
| OPENING DATE FOR OFFER | Tuesday, 7 July 2015 |
| CLOSING DATE FOR GENERAL OFFER | 5.00pm (Melbourne time) on Friday, 31 July 2015 |
| CLOSING DATE FOR BROKER FIRM OFFER | 5.00pm (Melbourne time) on Friday, 31 July 2015 |
| BROKER FIRM OFFER SETTLEMENT DATE | Thursday, 6 August 2015 |
| EXPECTED FINAL DATE FOR ISSUE OF SHARES | Monday, 10 August 2015 |
| HOLDING STATEMENTS AND ALLOTMENT NOTICES DESPATCHED FOR SHARES AND LOYALTY OPTIONS | Wednesday, 12 August 2015 |
| TRADING OF SHARES EXPECTED TO COMMENCE ON ASX | Friday, 14 August 2015 |
| VESTING DATE FOR LOYALTY OPTIONS (REFER TO SECTION 10.4) | 7.00pm (Melbourne time) on Friday, 29 January 2016 |
| HOLDING STATEMENTS DESPATCHED FOR VESTED LOYALTY OPTIONS | Friday, 5 February 2016 |
| EXPIRY DATE OF VESTED LOYALTY OPTIONS | 5.00pm (Melbourne time) on Friday, 30 March 2018 |

## DATES MAY CHANGE

The key dates for the Offer (which comprises the General Offer and the Broker Firm Offer) are indicative only and may change without notice.

The Company, in consultation with the Joint Lead Managers, may agree (without notice to any investor or other person) to accept late Applications (either generally or in particular cases), to extend the Closing Date, to close the Offer early or to withdraw the Offer at any time before the Shares are issued. If the Offer is withdrawn before the issue of the Shares, all Application Moneys received by the Company will be refunded (without interest) to Applicants as soon as practicable after the withdrawal. In addition, ASIC may extend the Exposure Period by an additional 7 calendar days in which case the Opening Date for the Offer and other dates may be varied accordingly without notice.

You are encouraged to apply for Shares as soon as possible after the Opening Date.

# PROSPECTUS
# CONTANGO INCOME GENERATOR LIMITED


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# IMPORTANT NOTICES

**This is an important document which should be read in its entirety before making any investment decision. You should obtain independent advice if you have any questions about any of the matters contained in this Prospectus.**

**Contango Income Generator Limited ACN 160 959 991 ('Company') is a public company incorporated in Australia.**

## LODGEMENT AND LISTING

The Prospectus is dated 3 July 2015 and has been lodged with the Australian Securities and Investments Commission (ASIC). This is a replacement prospectus which replaced the prospectus dated 29 June 2015 and lodged with ASIC on that date (**Original Prospectus**). This Prospectus expires on 28 July 2016 (**Prospectus Expiry Date**). No Offer Securities will be allotted, issued, transferred or sold on the basis of this Prospectus after the Prospectus Expiry Date.

A summary of the material differences between the Original Prospectus and this Replacement Prospectus is as follows:

- additional disclosure in Section 1.1, Section 1.2, Section 2.2 and Section 10.5 regarding:
    - the Company's intention to close the Offer, issue and allot Offer Securities and seek to have the Company admitted to the Official List even if the only Applications other than from CTN are the minimum required to satisfy ASX's 'shareholder spread' requirements (that is, 400 Shareholders each holding 2,000 Shares, pursuant to Condition 7 of ASX Listing Rule 1.1); and
    - the possibility of CTN holding a substantial majority of Shares (possibly as high as 97.4%) on the Company's admission to the Official List;
- additional disclosure in Section 1.1 and Section 6 regarding pro forma financial information to reflect gross Offer proceeds of $30,800,000 – comprising CTN's commitment to make an Application for $30 million and the minimum amount required to satisfy ASX's 'shareholder spread' requirements (that is, 400 Shareholders each holding 2,000 Shares, pursuant to Condition 7 of ASX Listing Rule 1.1);
- additional disclosure in Section 1.3 and Section 5.2 regarding the added liquidity risk that may arise from CTN holding a substantial majority (possibly as high as 97.4%) of the total number of Shares on the Company's admission to the Official List;
- additional disclosure in Section 1.1, Section 1.2, Section 2.5, Section 6.2 and Section 10.5 regarding the costs incurred by the Company in respect of its proposed public offer of Shares and Options in November / December 2014 (pursuant to the prospectus lodged by the Company on 28 November 2014 that was subsequently withdrawn) having been borne by the Company's sole Shareholder, CTN;
- additional disclosure in Section 1.1, Section 2.6, Section 9.4 and Section 10.5 regarding the Company's agreement to accept CTN's Application for 30 million Shares in full, meaning that if total Applications are greater than the Maximum Subscription and full Oversubscriptions, CTN's Application for 30 million Shares will not be scaled back; and
- additional disclosure in Section 1.2 and Section 2.2 regarding the Company's intentions if, upon the Company's admission to the Official List, there is a 'free float' of less than 10% of the Shares.

The Company has applied to ASX Limited (**ASX**) for admission to the Official List and for Official Quotation of the Shares on issue as at the date of this Prospectus and the Shares issued under the Offer. Vested Loyalty Options are expected to be quoted on ASX within one month after the Vesting Date.

Neither ASIC nor ASX takes any responsibility for the content of this Prospectus. Admission to the Official List is in no way an indication of the merits of the Offer or the Company.

## OFFER

This Prospectus contains an invitation to apply for Shares together with one Loyalty Option for every two Shares issued to each Applicant under the Offer.

Based on a Closing Date of the Offer of 31 July 2015, Loyalty Options issued to an Applicant will either Vest or lapse on 29 January 2016. The number of Loyalty Options held by an Applicant that Vest at the Vesting Date will depend on the number of Shares held by the Applicant at the Vesting Date.

If, at the Vesting Date, the Applicant holds the same or a greater number of Shares as the number of Shares issued to the Applicant under this Prospectus, all of the Loyalty Options held by the Applicant will Vest on the Vesting Date.

If, on the Vesting Date, the Applicant holds a lesser number of Shares than the number of Shares issued to the Applicant under this Prospectus, then the number of Loyalty Options held by the Applicant that Vest will be equal to half of the number of Shares held by the Applicant on the Vesting Date (rounded down to the

nearest whole number). For example, if an Applicant is issued 10,000 Shares under this Prospectus, that Applicant will also be issued 5,000 Loyalty Options under this Prospectus. If the Applicant holds 7,000 Shares on the Vesting Date then 3,500 Loyalty Options held by that Applicant will Vest on the Vesting Date (being half the number of Shares held by the Applicant on the Vesting Date). The Applicant's remaining 1,500 Loyalty Options will not Vest on the Vesting Date.

If the Applicant holds no Shares on the Vesting Date then none of the Loyalty Options held by the Applicant will Vest on the Vesting Date.

Loyalty Options that do not Vest on the Vesting Date lapse with immediate effect on the Vesting Date and are of no further force or effect. Each Vested Loyalty Option is exercisable at $1.00 until 5.00pm (Melbourne time) on Friday, 30 March 2018.

The Minimum Subscription is $30 million and the Maximum Subscription is $100 million. However, the Company reserves the right to accept Oversubscriptions under the Offer to raise up to an additional $20 million (before the exercise of any Vested Loyalty Options). No Offer Securities will be issued until the Minimum Subscription has been received. The Offer is not underwritten.

No person is authorised to provide any information, or to make any representation, about the Company or the Offer that is not contained in this Prospectus. Potential investors should only rely on the information contained in this Prospectus. Any information or representation not contained in the Prospectus may not be relied on as having been authorised by the Company in connection with the Offer. Except as required by law and only to the extent required by such law, neither the Company nor any other person associated with the Company or the Offer guarantees or warrants the future performance of the Company, the return on an investment made under the Prospectus, the repayment of capital or the payment of dividends on the Shares.

Before deciding to invest in the Company, investors should read the entire Prospectus. The information contained in individual sections is not intended to and does not provide a comprehensive review of the business or the financial affairs of the Company or the Shares or Loyalty Options offered under the Prospectus. The Offer does not take into account the investment objectives, financial situation or particular needs of individual investors. An investment in the Company should be considered speculative. You should carefully consider the risks (including those set out in Section 5) that impact on the Company in the context of your personal requirements (including your financial and taxation position) and, if required, seek professional guidance from your stockbroker, solicitor, accountant or other professional adviser prior to deciding to invest in the Company. No cooling-off regime (whether provided for by law or otherwise) applies in respect of the acquisition of Offer Securities under this Prospectus.

## FORWARD-LOOKING STATEMENTS

This Prospectus contains forward-looking statements, statements identified by use of the words 'believes', 'estimates', 'anticipates', 'expects', 'predicts', 'intends', 'targets', 'plans', 'goals', 'outlook', 'aims', 'guidance', 'forecasts', 'may', 'will', 'would', 'could' or 'should' and other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions and contingencies that are subject to change without notice and involve known and unknown risks and uncertainties and other factors which are beyond the control of the Company, its Directors and its management. They are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance.

As set out above, the Company does not make any representation, express or implied, in relation to forward-looking statements and you are cautioned not to place undue reliance on these statements. The Company does not intend to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law.

These statements are subject to various risk factors that could cause the Company's actual results to differ materially from the results expressed or anticipated in these statements. Key risk factors are set out in Section 5. These and other factors could cause actual results to differ materially from those expressed in any statement contained in this Prospectus.

## IMPORTANT INFORMATION FOR NEW ZEALAND INVESTORS

This Offer to New Zealand investors is a regulated offer made under Australian and New Zealand law. In Australia, this is Chapter 8 of the Corporations Act and the *Corporations Regulations 2001* (Cth) (**Regulations**). In New Zealand, this is subpart 6 of Part 9 of the *Financial Markets Conduct Act 2013* and Part 9 of the *Financial Markets Conduct Regulations 2014*.

This Offer and the contents of this Prospectus are principally governed by Australian rather than New Zealand law. In the main, the Corporations Act and Regulations set out how the Offer must be made.

There are differences in how financial products are regulated under Australian law. For example, the disclosure of fees for managed investment schemes is different under the Australian regime. The rights, remedies and compensation arrangements available to New Zealand investors in Australian financial products may differ from the rights, remedies and compensation arrangements for New Zealand financial products.

Both the Australian and New Zealand financial markets regulators have enforcement responsibilities in relation to this Offer. If you need to make a complaint about this Offer, please contact the Financial Markets Authority, New Zealand (http://www.fma.govt.nz). The Australian and New Zealand regulators will work together to settle your complaint.

The taxation treatment of Australian financial products is not the same as for New Zealand financial products.

If you are uncertain about whether this investment is appropriate for you, you should seek the advice of an appropriately qualified taxation or financial adviser.

The Offer may involve a currency exchange risk. The currency for the Offer Securities is not New Zealand dollars. The value of the Offer Securities will go up or down according to changes in the exchange rate between that currency and New Zealand dollars. These changes may be significant.

If you expect the Offer Securities to pay any amounts in a currency that is not New Zealand dollars, you may incur significant fees in having the funds credited to a bank account in New Zealand, in New Zealand dollars.

If the Offer Securities are able to be traded on a financial products market and you wish to trade the Offer Securities through that market, you will have to make arrangements for a participant in that market to sell the Offer Securities on your behalf. If the Offer Securities market does not operate in New Zealand, the way in which that market operates, the regulation of participants in that market, and the information available to you about the Offer Securities and trading may differ from financial products markets that operate in New Zealand.

A copy of this Prospectus and other documents relating to the Offer have been, or will be, lodged on the New Zealand Disclose Register (http://www.business.govt.nz/disclose) under the mutual recognition regime.

While the Offer is being extended to New Zealand investors under the mutual recognition regime, no application for listing and quotation is being made to NZX Limited.

## EXPOSURE PERIOD

Pursuant to the Corporations Act, this Prospectus is subject to an exposure period of 7 days after the date of lodgement of the Original Prospectus with ASIC, which period may be extended by ASIC by a further period of 7 days.

The Exposure Period enables this Prospectus to be examined by market participants prior to the raising of funds. The examination may result in the identification of deficiencies in this Prospectus. If deficiencies are detected, the Company will:

- return any Application Moneys that the Company has received;
- provide each Applicant with a supplementary or replacement Prospectus that corrects the deficiency, and give each Applicant the option to withdraw the Application within 1 month and be repaid the Subscription Amount; or
- issue to each Applicant the Shares and Loyalty Options applied for in the Application, provide each Applicant with a supplementary or replacement prospectus that corrects the deficiency and give each Applicant the option to withdraw the Application within 1 month and be repaid the Application Moneys.

Application Forms received prior to the expiration of the Exposure Period will not be processed until after the Exposure Period. No preference will be conferred on Application Forms received during the Exposure Period and all Application Forms received during the Exposure Period will be treated as if they were simultaneously received on the Opening Date.

## ELECTRONIC PROSPECTUS

The Prospectus may be viewed online at www.cigl.com.au.

The Offer pursuant to this Prospectus is available to persons receiving an electronic version of this Prospectus within Australia and New Zealand. The Company is entitled to refuse an application for Offer Securities under this Prospectus if it believes the Applicant received the Offer outside Australia in non compliance with the laws of the relevant foreign jurisdictions.

Any person accessing the electronic version of this Prospectus, for the purpose of making an investment in the Company, must only access the Prospectus from within Australia, or any jurisdiction outside Australia where the distribution of the electronic version of this Prospectus is not restricted by law.

Offer Securities to which this Prospectus relates will only be issued on receipt of an Application Form issued together with the Prospectus.

Applications must be made by completing the Application Form that forms part of, is attached to, or accompanies this Prospectus or applying online at www.cigl.com.au. Application Forms must be completed in accordance with the accompanying instructions.

Applicants may apply online for the Offer Securities. Any Applicants applying online must personally complete the online Application Form and pay the Application Moneys. Application Forms completed online must not be completed by third parties, including authorised third parties (e.g. the Applicant's Broker).

The Corporations Act prohibits any person from passing on to another person the Application Form unless it is included in or is accompanied by a hard copy of this Prospectus or accompanies the complete and unaltered electronic version of this Prospectus.

During the Offer period, any person may obtain a paper copy of this Prospectus by contacting the Share Registry's offer information line on 1300 722 743 (within Australia) or +61 3 9415 4331 (outside Australia). Questions relating to the Offer may also be directed to the Share Registry's offer information line.

## FOREIGN INVESTORS

Please refer to Section 2.10 in relation to the ability of foreign investors to participate as Applicants in the Offer.

## INFORMATION ABOUT THE INVESTMENT MANAGER

This Prospectus contains certain information about the Investment Manager, its directors, senior executives and business. It also contains details of its investment approach, strategy and philosophy. To the extent that the Prospectus includes statements by the Investment Manager or includes statements based on any statement

of, or information provided by, the Investment Manager, the Investment Manager consents to each such statement being included in the Prospectus in the form and context in which it is included and has not withdrawn that consent at any time prior to the lodgement of this Prospectus.

## AUTHORISED INTERMEDIARY

The issuer of the Prospectus is the Company. Offers of Offer Securities under this Prospectus will be made under an arrangement between the Company and Evans and Partners Pty Ltd (**Authorised Intermediary**), as a holder of an Australian Financial Services Licence, under section 911A(2)(b) of the Corporations Act. The Company has authorised the Authorised Intermediary to make offers to arrange for the issue of the Offer Securities under the Prospectus and the Company will only issue the Offer Securities in accordance with those offers and no others.

## PRIVACY

By completing an Application Form, you are providing personal information to the Company and Computershare Investor Services Pty Limited as the Share Registry, which is contracted by the Company to manage Applications, and you consent to the collection and use of that personal information in accordance with these terms. That personal information will be collected, held and used both in and outside of Australia by the Company, and the Share Registry on its behalf, to process your Application, service your needs as a holder of Shares or Loyalty Options, provide facilities and services that you request and carry out appropriate administration of your investment. If you do not wish to provide this information, the Company may not be able to process your Application.

Once you become a holder of Shares or Loyalty Options, the Corporations Act requires information about you (including your name, address and details of the Shares and any Loyalty Options you hold) to be included in the Company's public Share and Option registers. This information must continue to be included in the Company's public Share and Option registers even if you cease to be a holder of Shares or Loyalty Options.

The Company and the Share Registry on its behalf, may disclose your personal information for purposes related to your investment to their agents and service providers (which may be located outside of Australia) including those listed below or as otherwise authorised under the *Privacy Act 1988* (Cth):

- the Share Registry for ongoing administration of the Company's public Share and Option registers;
- printers and other companies for the purposes of preparation and distribution of documents and for handling mail;
- the Joint Lead Managers in order to assess your Application;
- market research companies for the purpose of analysing the Company's Shareholder base and for product development and planning; and
- legal and accounting firms, auditors, management consultants and other advisers for the purpose of administering and advising on the Offer Securities and for associated actions.

Under the *Privacy Act 1988* (Cth), you may request access to your personal information that is held by, or on behalf of, the Company. You can request access to your personal information or obtain further information about the Company's privacy practices by contacting the Company or its Share Registry, details of which are set out elsewhere in this Prospectus. The Company aims to ensure that the personal information it retains about you is accurate, complete and up-to-date. To assist with this, please contact the Company or the Share Registry if any of the details you have provided change.

Information on the Share and Option registers will be accessible by the public as required by the Corporations Act.

## CURRENCY

References in this Prospectus to currency are to Australian dollars unless otherwise indicated.

## TIME

All references in this Prospectus to time are to the legal time in Melbourne, Australia.

## GLOSSARY

Certain terms and abbreviations in this Prospectus have defined meanings that are explained in the Glossary to this Prospectus (refer Section 12). Defined terms are generally identifiable by the use of an upper case first letter.

## DIAGRAMS

Diagrams used in this Prospectus are illustrative only.

## APPLICATIONS

By lodging an Application Form, you declare that you were given access to the entire Prospectus, together with an Application Form. The Company will not accept a completed Application Form if it has reason to believe that an Application Form lodged by an Applicant was not accompanied by, or attached to, the Prospectus or if it has reason to believe that the Application Form has been altered or tampered with in any way.

Detailed instructions on completing the Application Form can be found on the back of the Application Form. The acceptance of an Application Form and the allocation of Shares and Loyalty Options are at the discretion of the Company.

## COMPANY WEBSITE

Any references to documents included on the Company or Investment Manager's website are provided for convenience only, and none of the documents or other information on either website is incorporated by reference into this Prospectus.

# KEY OFFER INFORMATION

| | |
|---|---|
| Lodgement of this Replacement Prospectus with ASIC | 3 July 2015 |
| Company name | Contango Income Generator Limited ACN 160 959 991 |
| Proposed ASX Code | **CIE** (Shares)<br>**CIEO** (Loyalty Options) |
| Securities offered | Shares and one Loyalty Option for every two Shares issued |
| Loyalty Options | The Loyalty Options are expected to be listed for quotation on ASX within one month after the Vesting Date. |
| Issue Price of Shares | $1.00 per Share<br>No additional amount is payable for Loyalty Options. |
| Minimum number of Offer Securities available under the Offer | 30,000,000 Shares<br>15,000,000 Loyalty Options |
| Gross proceeds from the Offer based on the Minimum Subscription being raised (before the exercise of any Vested Loyalty Options) | $30,000,000 |
| Number of Offer Securities available under the Offer based on the Maximum Subscription being raised and before the acceptance of any Oversubscriptions[1] | 100,000,000 Shares<br>50,000,000 Loyalty Options |
| Gross proceeds from the Offer based on the Maximum Subscription being raised and before the acceptance of any Oversubscriptions (and also before the exercise of any Vested Loyalty Options) | $100,000,000 |
| Maximum number of Offer Securities available under the Offer based on the Maximum Subscription being raised and all Oversubscriptions being accepted | 120,000,000 Shares<br>60,000,000 Loyalty Options |
| Gross proceeds from the Offer based on the Maximum Subscription being raised and all Oversubscriptions being accepted (before the exercise of any Vested Loyalty Options) | $120,000,000 |
| Exercise price of each Vested Loyalty Option | $1.00 |
| Pro forma net tangible asset value backing per Share based on the Minimum Subscription being raised and ASX's minimum 'shareholder spread' requirements being satisfied (based on the unaudited statements of financial position set out in Section 6.1) | $0.9877 per Share[2] |
| Pro forma net tangible asset value backing per Share based on the Maximum Subscription being raised and before the acceptance of any Oversubscriptions (based on the unaudited statements of financial position set out in Section 6.1) | $0.9780 per Share[3] |
| Pro forma net tangible asset value backing per Share based on the Maximum Subscription being raised and all Oversubscriptions being accepted (based on the unaudited statements of financial position set out in Section 6.1) | $0.9773 per Share[4] |

[1] The Company reserves the right to accept Oversubscriptions under the Offer to raise up to an additional $20 million.

[2] Calculated on the assumption that the Minimum Subscription is raised through CTN's subscription commitment under the Subscription Agreement (refer Section 9.4) and $800,000 is raised under the Broker Firm Offer so as to satisfy ASX's minimum 'shareholder spread' requirements (that is, 400 Shareholders each holding 2,000 Shares, pursuant to Condition 7 of ASX Listing Rule 1.1).

[3] Calculated on the assumption that $30 million is raised through CTN's subscription commitment under the Subscription Agreement, $5 million is raised from CTN Shareholders and $65 million is raised under the Broker Firm Offer.

[4] Calculated on the assumption that $30 million is raised through CTN's subscription commitment under the Subscription Agreement, $10 million is raised from CTN Shareholders and $80 million is raised under the Broker Firm Offer.

# CHAIRMAN'S LETTER

3 July 2015

Dear Investor

**Contango Income Generator Limited**

On behalf of the Board of Directors, it is my pleasure to present this Prospectus and to offer you the opportunity to become a Shareholder and Loyalty Option holder in the Contango Income Generator Limited Listed Investment Company.

The Company's objective is to provide Shareholders with a sustainable income stream of dividends with some capital growth over time. In addition, the Company seeks to provide investors with diversification from the top 30 securities of the S&P/ASX 300 Index by market capitalisation (**ASX Top 30**).

In this regard, to deliver on its objective, the Company will seek to invest in high quality stocks that sit outside of the ASX Top 30 that have low volatility compared to market averages, sound balance sheets, consistent and franked dividends, and sustainable earnings growth.

The Company is seeking to raise a minimum of $30 million and a maximum of $100 million through the Offer and to obtain a listing on the Australian Securities Exchange (**ASX**). The Company also reserves the right to accept Oversubscriptions under the Offer to raise up to an additional $20 million.

The Company's sole shareholder at the date of this Prospectus, Contango MicroCap Limited (**CTN**), has agreed to subscribe for 30 million Shares (and 15 million Loyalty Options) under this Prospectus for a total Subscription Amount of $30 million.

CTN has no present intention to sell these Shares in the medium term. Similarly, CTN has no present intention to sell a material proportion of the Loyalty Options once they Vest.

In addition, the Directors will give priority to an Application received from a CTN shareholder who is a resident of Australia or New Zealand and registered in CTN's register of members as at 7.00pm (Melbourne time) on Wednesday, 1 July 2015 (**CTN Shareholder**).

The Company's Investment Portfolio will be managed by Contango Asset Management Limited (**Investment Manager**) under the terms of the Investment Management Agreement. The Investment Manager is a specialist funds manager, founded in 1998, and is also a wholly-owned subsidiary of CTN. The Investment Manager and CTN have approximately $833 million in funds under management (as at 31 May 2015).

The Investment Manager is a 'top down business cycle' manager. It aims to buy and hold individual stocks for the longer term. Further, it intends to manage the Investment Portfolio with sensitivity to economic and market factors as well as stock specific considerations.

The Investment Manager will also provide the necessary administrative and accounting services as required by the Company under the Investment Management Agreement. Consequently, the Company will have no employees on completion of the Offer.

The Company's dividend policy (which is explained further in Section 3.10) is to pay annual dividends of not less than 6.5% of the Company's net tangible asset (**NTA**) value per Share. For the purposes of applying the Company's dividend policy:

- for the financial year commencing 1 July 2015, the Company's NTA value per Share will be based on the Company's NTA value per Share as at the date of the issue of the Offer Securities pursuant to this Prospectus (**Issue Date**); and
- for each subsequent financial year, the Company's NTA value per Share will be based on the Company's NTA value per Share as at 1 July of each financial year.

The Directors believe this dividend policy is achievable, based on:

- the medium-term sector returns in relation to the midcap sector of the market – the return over the last 5 years for the S&P/ASX Mid-Cap 50 Index has been 10.0% per annum (and has been over 7.2% per annum over the last 10 years);
- the prospect of the Company achieving capital growth on its investment portfolio, which the Company may utilise to pay dividends; and
- a substantial proportion of the Company's investments being cash or in liquid stocks, which will assist the Company in having the required liquidity to achieve its dividend policy, assuming sufficient portfolio yield and capital growth.

Further, since its inception in December 2012, the average actual portfolio yield of the identical strategy adopted in respect of the Income Generator (Ex-30) Strategy Fund has been 6.0% per annum. Whilst this yield is less than the amount of dividends proposed to be paid by the Company under its dividend policy, the Directors believe an annual dividend of 6.5% is achievable, based on the above. By way of comparison, CTN's average actual portfolio yield in the last 5 years has been approximately 3.4% per annum and it has paid an annual dividend to its shareholders of over 7% in each of those years.

It is the current intention of the Company to pay dividends to Shareholders on a semi-annual basis (that is, following the end of the first half of the relevant financial year and also after the end of that financial year).

Despite the Company's dividend policy, no assurances can be given by any person, including the Directors, about the payment of any dividend or the level of franking on any such dividend. Therefore, there can be no guarantee that the Company will achieve its stated dividend objective. Actual dividends may be lower than expected, and there may be periods in respect of which dividends are not paid at all.

We believe the Company will be attractive to any investor seeking a consistent flow of dividends, with some capital appreciation over the medium term and diversification through exposure to a portfolio of companies outside of the ASX Top 30. The Directors believe this should also be an attractive investment for self managed superannuation funds.

This Prospectus contains further details of the Offer including information about the Company, its investment strategy and details of key risks of investing in the Company (see Section 5). I encourage you to read this Prospectus in full and carefully consider it before making your investment decision.

On behalf of the Board of Directors, I invite you to consider participating in this investment opportunity, and look forward to welcoming you as a Shareholder.

Yours faithfully



**Ian Ferres AM, FIAA, FAICD**
**Chairman**
**Contango Income Generator Limited**

# 1 | INVESTMENT OVERVIEW

## 1.1 INTRODUCTION AND OVERVIEW OF THE COMPANY'S BUSINESS

| TOPIC | SUMMARY | FOR MORE INFORMATION |
|---|---|---|
| WHAT IS THE BUSINESS OF THE COMPANY? | Upon completion of the Offer and the Company's admission to the Official List, the Company will be a listed investment company (**LIC**) that will primarily invest in a diversified range of listed investments in Australia.<br><br>The Company's objective is to provide investors with a sustainable income stream of dividends, with some capital growth over time, and a practical and transparent opportunity to benefit from appreciation in the value of an investment portfolio that comprises income orientated shares and other securities listed on ASX.<br><br>The Company will focus on the securities of those entities within the S&P/ASX 300 Index, excluding the securities of the 30 largest entities (by market capitalisation) included in the S&P/ASX 300 Index – as many prospective shareholders already hold securities directly or indirectly in the 30 largest entities (by market capitalisation) listed on ASX – and, accordingly, the Company will offer Shareholders the prospect of returns and income for Shareholders from a different opportunity set. | Section 3 |
| WHAT IS THE COMPANY'S INVESTMENT STRATEGY AND MANDATE? | The Company's investment strategy is to construct a diversified portfolio of listed investments in Australia, using a disciplined investment process implemented by, and using the experience of, the Investment Manager.<br><br>In this respect, the Company, through its Investment Portfolio, will provide investors with access to the returns of a portfolio of listed entities predominately within the S&P/ASX 300 Index, excluding the securities of the 30 largest entities (by market capitalisation) included in the S&P/ASX 300 Index. The Investment Portfolio will have a particular focus on those entities which the Investment Manager expects will pay higher levels of dividends (and/or distribute higher levels of franking credits) over time.<br><br>The Investment Manager is a 'top down business cycle' manager. It believes that a detailed understanding of global and domestic economic conditions and how those considerations impact on financial markets is important in determining which sectors and stocks will outperform the market.<br><br>The top-down approach of the Investment Manager is complemented by a disciplined 'bottom up' stock selection process, which involves rigorous quantitative and qualitative fundamental analysis in respect of each of the stocks identified for potential investment. This includes detailed stock modelling, in depth company research notes and reports complimented with management meetings. When constructing a diversified portfolio, the Investment Manager also considers the portfolio's overall risk positions including stock, sector and thematic risks.<br><br>The Investment Portfolio will typically be comprised of securities in 30-40 companies which demonstrate:<br>• higher than market yield;<br>• sustainable dividend growth and payout ratios;<br>• lower than market 'beta' / risk profile;<br>• low earnings volatility; and<br>• balance sheet strength. | Section 3 |

| TOPIC | SUMMARY | FOR MORE INFORMATION |
|---|---|---|
| | The Investment Manager has been given the following investment guidelines by the Company: | |

| INVESTMENT TYPE | MINIMUM % | TARGET % | MAXIMUM % |
|---|---|---|---|
| Cash | 0 | 5 | 50 |
| Securities of entities listed on ASX and included in the S&P/ASX 300 Index, but excluding those entities ranked in the top 30 on ASX (by market capitalisation) (**ASX Top 30**) | 50 | 90 | 100 |
| Securities of other ASX listed entities (which may include ASX Top 30 entities and entities outside the S&P/ASX 300 Index) | 0 | 5 | 20 |

The key dependencies underpinning the Investment Manager's investment strategy for the Company are the research, analysis, skill and experience of the Investment Manager as well as market conditions.

While, at a maximum, 50% of the Investment Portfolio may be held in cash and cash-like investments, the Directors currently expect that the Company's holdings of cash and cash-like investments will not normally reach this threshold. Rather, it is the current expectation of the Directors that the Company's holding of cash and cash-like investments will materially exceed the 'Target' allocation (i.e. 5%) generally only in circumstances where the Investment Manager believes that the risks, including market or systemic risks, to the overall value of the Investment Portfolio justify an increase in the cash and cash-like investments in order to appropriately protect the Investment Portfolio.

**WHAT ARE THE KEY HIGHLIGHTS OF THE OFFER?**

Sections 3 and 4

Taking up this Offer will allow investors to:

- access a specialist investment manager with significant experience and expertise in Australian equities and the management of listed investment companies;
- invest in a portfolio of sound, higher yielding ASX-listed Australian shares, with an emphasis on companies that will grow their dividends and franking accounts over time;
- invest in a company with a dividend policy to pay a minimum of 6.5% per annum of the Company's NTA value per Share. For the purposes of applying the Company's dividend policy:
  - for the financial year commencing 1 July 2015, the Company's NTA value per Share will be based on the Company's NTA value per Share as at the Issue Date; and
  - for each subsequent financial year, the Company's NTA value per Share will be based on the Company's NTA value per Share as at 1 July of each financial year.

The Directors believe this dividend policy is achievable, based on:

- the medium-term sector returns in relation to the midcap sector of the market – the return over the last 5 years for the S&P/ASX MidCap 50 Index has been 10.0% per annum (and has been over 7.2% per annum over the last 10 years);

| TOPIC | SUMMARY | FOR MORE INFORMATION |
|---|---|---|
| | • the prospect of the Company achieving capital growth on its investment portfolio, which the Company may utilise to pay dividends; and<br>• a substantial proportion of the Company's investments being cash or in liquid stocks, which will assist the Company in having the required liquidity to achieve its dividend policy, assuming sufficient portfolio yield and capital growth.<br>Despite the Company's policy, no assurances can be given by any person, including the Directors, about the payment of any dividend or the level of franking on any such dividend. Therefore, there can be no guarantee that the Company will achieve its stated dividend objective. Actual dividends may be lower than expected, and there may be periods in respect of which dividends are not paid at all.<br>Taking up this Offer will also allow investors to:<br>• receive the benefits which come through investing in an ASX listed investment company structure, including being a cost effective way to maintain a high degree of investment control through regular communications and operational transparency;<br>• invest in a company with a clear investment strategy, which has been successfully employed by the Investment Manager since 2012;<br>• benefit from the research driven investment process and portfolio management techniques of the Investment Manager. **While noting that past performance should not be relied upon as an indication of future performance**, using the strategy that it proposes to use in respect of the Company's Investment Portfolio, the Investment Manager has, from the inception of the Income Generator (ex-30) Strategy Fund in December 2012 through until 31 May 2015, generated a return (net of fees and expenses) of 20.7% per annum, which compares favourably to the ASX All Ordinaries Accumulation Index return of 14.2% per annum in the corresponding period;<br>• benefit from oversight by a Board with strong experience in capital markets, corporate governance and investment, with a focus on cost control and efficiency;<br>• invest at a time where income focused investment products are strongly demanded, especially by self managed super funds; and<br>• enjoy flexibility and control by investing in an investment that can be bought and sold on ASX. | |
| WHAT IS THE FINANCIAL POSITION OF THE COMPANY? | While the Company is yet to commence trading, an audited statement of its financial position as at 31 March 2015 is set out in Section 6.1.<br>It should be noted that the costs incurred by the Company in respect of its proposed public offer of Shares and Options in November / December 2014 (pursuant to the prospectus lodged by the Company on 28 November 2014 that was subsequently withdrawn) have been borne by the Company's sole Shareholder, CTN.<br>If, following the close of the Offer, the Company is admitted to the Official List:<br>• all expenses incurred by the Company with respect to this Offer (and which are outlined in Section 6.4) will be paid by the Company using the proceeds of the Offer; and<br>• none of the expenses relating to the Company's proposed public offer in November / December 2014 are repayable by the Company to CTN.<br>If this Offer is subsequently withdrawn then all costs incurred by the Company relating to this Offer will be borne by CTN. | Section 6 |

| TOPIC | SUMMARY | FOR MORE INFORMATION |
|---|---|---|
| WILL ANY RELATED PARTY HAVE A SIGNIFICANT INTEREST IN THE COMPANY OR THE OFFER? | As at the date of this Prospectus, CTN is the sole shareholder of the Company and the sole shareholder of the Investment Manager.<br><br>The Company and CTN have entered into a Subscription Agreement (dated 25 June 2015) pursuant to which CTN has agreed to subscribe for 30 million Shares (and 15 million Loyalty Options), by way of an Application under this Prospectus, for a total Subscription Amount from CTN of $30 million.<br><br>If the aggregate Subscription Amount received from all successful Applicants (including CTN) is $60 million or less, then it is expected that CTN, through its commitment to subscribe for 30 million Shares for a total Subscription Amount of $30 million, will remain the majority shareholder in the Company on completion of the Offer.<br><br>Further, it is possible that the Company could be admitted to the Official List with:<br>• CTN as the holder of 30,000,002 Shares (including the 30 million Shares it has committed to apply for pursuant to the Subscription Agreement); and<br>• only ASX's minimum 'shareholder spread' requirements satisfied (that is, 400 Shareholders each holding 2,000 Shares, pursuant to Condition 7 of ASX Listing Rule 1.1).<br><br>In these circumstances, the Company intends to proceed with closing the Offer on the Closing Date, issuing and allotting Shares to Applicants and listing on ASX. In this event, CTN's shareholding in the Company would amount to approximately 97.4%.<br><br>If the Maximum Subscription is raised without any Oversubscriptions being accepted, CTN will hold 30% of the total number of Shares.<br><br>If the Maximum Subscription is raised and full Oversubscriptions are accepted, CTN will hold 25% of the total number of Shares.<br><br>The Company has agreed to accept CTN's Application for 30 million Shares in full. Therefore, if total Applications are greater than the Maximum Subscription and full Oversubscriptions, CTN's Application for 30 million Shares will not be scaled back.<br><br>The following table outlines the percentage holding of CTN in the Company based on examples of the total amount raised under the Offer and the total number of Shares issued pursuant to the Offer. | Section 9.1 in relation to the Investment Management Agreement<br><br>Section 9.4 in relation to the Subscription Agreement<br><br>Section 10.5 |

| | MINIMUM SUBSCRIPTION AND MINIMUM 'SHAREHOLDER SPREAD' | TOTAL SUBSCRIPTION AMOUNT OF $60 MILLION | MAXIMUM SUBSCRIPTION (BEFORE ACCEPTING ANY OVERSUBSCRIPTIONS) | MAXIMUM SUBSCRIPTION (AFTER ACCEPTING ALL OVERSUBSCRIPTIONS) |
|---|---|---|---|---|
| Total number of Shares | 30,800,002 | 60,000,002 | 100,000,002 | 120,000,002 |
| Number of Shares held by CTN | 30,000,002 | 30,000,002 | 30,000,002 | 30,000,002 |
| CTN's percentage shareholding | 97.4% | 50% + 1 | 30% | 25% |

The Investment Manager is a related party of the Company. The Company and the Investment Manager have entered into the Investment Management Agreement pursuant to which the Investment Manager is entitled to be paid certain fees by the Company. Further details of the Investment Management Agreement are set out on pages 16-18 and in Section 9.1.

Certain shareholders, directors and employees of the Contango Group have indicated an intention to apply for Offer Securities under the Offer.

The Application of a CTN Shareholder for Offer Securities will be given priority over Applications from other Applicants.

Other than as set out above or as referred to in Section 10.5, there are no existing agreements or arrangements nor any currently proposed transactions in which the Company was, or is to be, a participant and in which any related party of the Company has or will have a direct or indirect interest in the Company or the Offer.

| TOPIC | SUMMARY | FOR MORE INFORMATION |
|---|---|---|
| WHO MANAGES THE INVESTMENT PORTFOLIO? | Contango Asset Management Limited is the Investment Manager. The Investment Manager holds an Australian Financial Services Licence (No. 237119) and has been appointed to manage the Investment Portfolio for and on behalf of the Company.<br><br>The Investment Manager is a specialist funds manager that was founded in 1998 and has a track record of managing equity based investment strategies across all industries.<br><br>CTN and the Investment Manager have approximately $833 million in funds under management (as at 31 May 2015) across a range of funds and strategies.<br><br>George Boubouras, as Chief Investment Officer of the Contango Group, has overall responsibility for investment decisions. The Investment Manager's team comprises of 12 investment professionals each of whom has significant skill and experience in different geographies, sectors and industries.<br><br>The Company believes that its Directors and the Investment Manager bring together significant experience and expertise in funds management, listed and unlisted equities.<br><br>The Investment Manager has a track record of successfully managing equities. Refer to the table below for historical performance figures (as at 31 May 2015) for the investment fund that the Investment Manager currently manages (the Income Generator (Ex-30) Strategy Fund) using precisely the same investment strategy that it proposes to use in respect of the Company's Investment Portfolio.<br><br>The historical performance figures reflected in the table below in relation to the Income Generator (Ex-30) Strategy Fund are for the respective periods ended 31 May 2015 and have been calculated based on daily portfolio values and net of fees and expenses. The historical performance information below has been calculated using the performance of the Income Generator (Ex-30) Strategy Fund less a 0.95% per annum management fee (where the management fee is inclusive of GST net of reduced input tax credits). The index returns have been prepared by the Investment Manager from data obtained from relevant index providers. These index providers have not consented to the use of the data in the Prospectus.<br><br>INCOME GENERATOR (EX-30) STRATEGY FUND (TO 31 MAY 2015) | Sections 3, 4 and 9 |

| | 1 YEAR (% P.A.) RETURN | 2 YEARS (% P.A.) RETURN | SINCE INCEPTION (21.12.2012) (% P.A.) RETURN |
|---|---|---|---|
| **Income Generator (Ex-30) Strategy Fund** | **18.1%** | **18.8%** | **20.7%** |
| All Ordinaries Accumulation Index | 10.1% | 13.1% | 14.2% |
| S&P/ASX MidCap 50 Accumulation Index | 19.6% | 18.4% | 18.2% |

**The information on the past performance of funds managed by the Investment Manager should not be relied upon as an indication of the future performance of the Company or of the Investment Portfolio.**

Details of the Board and the experience and credentials of the Investment Manager are set out in Sections 3.2 and 4 respectively.

A summary of the material provisions of the Investment Management Agreement is set out in Section 9.1.

| TOPIC | SUMMARY | FOR MORE INFORMATION |
|---|---|---|
| WHAT ARE THE KEY TERMS OF THE INVESTMENT MANAGEMENT AGREEMENT? | The Investment Manager will be responsible for managing the Investment Portfolio in accordance with the investment objectives, strategy, guidelines and permitted investments set out in Section 3. | Sections 3 and 9.1 |

MANAGEMENT FEE

The Management Fee (before GST) is equal to the aggregate of:

- 0.95% per annum of the Portfolio Market Value up to and including $150 million; plus
- 0.90% per annum of the Portfolio Market Value above $150 million and up to and including $500 million; plus
- 0.85% per annum of the Portfolio Market Value above $500 million.

The Management Fee is accrued daily and payable quarterly in arrears (i.e. after each calendar quarter).

***Worked examples of the Management Fee (based on the Minimum Subscription and the Maximum Subscription before and after accepting Oversubscriptions)***

The table below sets out worked examples of the potential Management Fee payable to the Investment Manager based on each of the Minimum Subscription (plus the minimum amount to satisfy ASX's 'shareholder spread' requirements) and the Maximum Subscription (before accepting any Oversubscriptions and after accepting all Oversubscriptions) being achieved. These worked examples are not based on any forecasts or predictions and are provided for illustrative purposes only.

| | MINIMUM SUBSCRIPTION AND MINIMUM 'SHAREHOLDER SPREAD' | MAXIMUM SUBSCRIPTION (BEFORE ACCEPTING ANY OVERSUBSCRIPTIONS) | MAXIMUM SUBSCRIPTION (AFTER ACCEPTING ALL OVERSUBSCRIPTIONS) |
|---|---|---|---|
| **Portfolio Market Value**[1] | $30,534,086 | $98,546,944 | $118,092,062 |
| **Estimated first quarter Management Fee**[2] | $72,518 | $234,048 | $280,469 |
| **Estimated annualised Management Fee**[3] | $290,072 | $936,193 | $1,121,875 |

[1]Based on the Portfolio Market Value after the relevant subscription amount is achieved, as detailed in Section 6.1.

[2]The Management Fee is payable quarterly in arrears. The above examples assume the Portfolio Market Value does not change during the first quarter. Refer to Section 9.1 for further information in relation to the calculation of the Management Fee.

[3]Based on 4 times the estimated first quarter Management Fee. The actual annualised Management Fee will change with changes during the year in the Portfolio Market Value.

***Worked examples of the Management Fee (based on Portfolio Market Values of $200 million and $600 million)***

The table below sets out worked examples of the potential Management Fee payable to the Investment Manager based on hypothetical situations of the Portfolio Market Value being $200 million and $600 million respectively. It is important to note that these worked examples are not based on any forecasts or predictions and are provided for illustrative purposes only, having regard to the 'tiered' Management Fee structure.

| | PORTFOLIO MARKET VALUE OF $200 MILLION | PORTFOLIO MARKET VALUE OF $600 MILLION |
|---|---|---|
| **Method of calculation** | (0.95% x $150 million) + (0.90% x $50 million) | (0.95% x $150 million) + (0.90% x $350 million) + (0.85% x $100 million) |
| **Estimated annualised Management Fee[1]** | $1,875,000 | $5,425,000 |

[1]The Management Fee is payable quarterly in arrears. The above examples assume the Portfolio Market Value does not change during the relevant year. Refer to Section 9.1 for further information in relation to the calculation of the Management Fee. As demonstrated in the above examples, the estimated annualised Management Fee will change with the Portfolio Market Value.

### NO PERFORMANCE FEE

The Investment Management Agreement does not contemplate the payment of any performance fee from the Company to the Investment Manager.

### TERMINATION OF THE INVESTMENT MANAGER & TERMINATION FEE

The Investment Management Agreement provides for the appointment of the Investment Manager until such time as the Investment Management Agreement is terminated in accordance with its terms.

The Company may immediately terminate the Investment Management Agreement without cause by written notice to the Investment Manager at any time after the second anniversary of its commencement. If the Company does exercise the right to terminate the Investment Management Agreement without cause, it must pay a Termination Fee to the Investment Manager (refer Section 9.1 for details).

The Investment Manager may terminate the Investment Management Agreement (without cause) at any time on not less than 3 months notice. If the Investment Manager does exercise the right to terminate the Investment Management Agreement without cause, no Termination Fee is payable to the Investment Manager.

Both the Company and the Investment Manager may terminate the Investment Management Agreement for cause. If the Investment Manager terminates for cause (for breach by, or insolvency of, the Company), it will be entitled to a Termination Fee. If the Company terminates for cause (for breach by, or insolvency or incapacity of the Investment Manager), the Investment Manager will not be entitled to a Termination Fee. The Company may terminate for cause at any time after the commencement date of the Investment Management Agreement.

The Company may also terminate the Investment Management Agreement at any time after the commencement date of the Investment Management Agreement if:

- the Investment Manager sells or transfers or makes any agreement for the sale or transfer of the main business and undertaking of the Investment Manager or of a beneficial interest in that main business or undertaking; or
- a person (alone or together with the person's associates) acquires a relevant interest in voting shares in CTN where because of the acquisition that person's or someone else's voting power in CTN exceeds 50% or a person (alone or together with the person's associates) otherwise obtains control of CTN.

| TOPIC | SUMMARY | FOR MORE INFORMATION |
|---|---|---|
| | If the Company terminates the Investment Management Agreement on these grounds, the Investment Manager will not be entitled to a Termination Fee.<br><br>If, at any time after the Investment Management Agreement has been in place for 10 years or more (without being renewed or its term extended by affirmative vote of the Shareholders), and the Shareholders in general meeting vote to approve termination of the Investment Management Agreement, the Company must serve notice terminating the Investment Management Agreement (with effect from the date three months after the date of approval of the termination resolution).<br><br>The table below sets out worked examples of the potential Termination Fee payable to the Investment Manager based on an assumed commencement date for the Investment Management Agreement of 1 August 2015 and an assumed termination date of 31 March 2019 and 28 February 2023, respectively. The worked examples assume that the aggregate sum of Management Fees paid to the Investment Manager in the year prior to the assumed termination dates is $600,000 in each example. These worked examples are not based on any forecasts or predictions and are provided for illustrative purposes only.<br><br>Worked examples of the Termination Fee: | |

| | | |
|---|---|---|
| **Assumed commencement date of Investment Management Agreement** | 1 August 2015 | 1 August 2015 |
| **Termination date** | 31 March 2019 | 28 February 2023 |
| **Duration of Investment Management Agreement** | 3.7 years | 7.6 years |
| **Termination fee multiple** | 4 times | 2 times |
| **Aggregate sum of the Management Fees paid to the Investment Manager in year prior to the termination date** | $600,000 | $600,000 |
| **Termination Fee** | **$2,400,000** | **$1,200,000** |

| | | |
|---|---|---|
| DOES THE BOARD APPROVE INVESTMENTS? | Board approval is not required for investments undertaken by the Investment Manager that are in accordance with the Company's investment objectives, strategies, guidelines and permitted investments. Any investments that the Investment Manager proposes outside of these parameters must be approved by the Board. | Sections 3 and 9.1 |
| WHAT IS THE COMPANY'S DIVIDEND POLICY? | The Company's dividend policy (which is explained further in Section 3.10) is to pay annual dividends of not less than 6.5% of the Company's NTA value per Share. For the purposes of applying the Company's dividend policy:<br><br>• for the financial year commencing 1 July 2015, the Company's NTA value per Share will be based on the Company's NTA value per Share as at the Issue Date; and<br><br>• for each subsequent financial year, the Company's NTA value per Share will be based on the Company's NTA value per Share as at 1 July of each financial year.<br><br>The Directors believe this dividend policy is achievable, based on:<br><br>• the medium-term sector returns in relation to the midcap sector of the market – the return over the last 5 years for the S&P/ASX Mid-Cap 50 Index has been 10.0% per annum (and has been over 7.2% per annum over the last 10 years); | Section 3.10 |

| TOPIC | SUMMARY | FOR MORE INFORMATION |
|---|---|---|
| | • the prospect of the Company achieving capital growth on its investment portfolio, which the Company may utilise to pay dividends; and<br>• a substantial proportion of the Company's investments being cash or in liquid stocks, which will assist the Company in having the required liquidity to achieve its dividend policy, assuming sufficient portfolio yield and capital growth.<br>Further, since its inception in December 2012, the average actual portfolio yield of the identical strategy adopted in respect of the Income Generator (Ex-30) Strategy Fund has been 6.0% per annum. Whilst this yield is less than the amount of dividends proposed to be paid by the Company under its dividend policy, the Directors believe an annual dividend of 6.5% is achievable, based on the above. By way of comparison, CTN's average actual portfolio yield in the last 5 years has been approximately 3.4% per annum and it has paid an annual dividend to its shareholders of over 7% in each of those years.<br>Despite the Company's policy, no assurances can be given by any person, including the Directors, about the payment of any dividend or the level of franking on any such dividend. Therefore, there can be no guarantee that the Company will achieve its stated dividend objective. Actual dividends may be lower than expected, and there may be periods in respect of which dividends are not paid at all.<br>It is the current Board policy that all dividends paid to Shareholders will be franked to the maximum extent legally permissible without exposing the Company to liability to pay any franking deficits or other tax or impost.<br>Please note that the Company's dividend policy (and ability to pay dividends) may be impacted by various factors outside the control of the Company and are subject to the risks set out in Section 5. | |
| WHEN WILL THE FIRST DIVIDEND BE PAID? | It is the current intention of the Company to pay dividends to Shareholders on a semi-annual basis (that is, after the end of the first half of the relevant financial year and also after the end of that financial year). On this basis, it is expected that the first dividend to Shareholders will become payable in or around March 2016.<br>However, despite the Company's policy and current intention, no assurances can be given by any person, including the Directors, about the payment of any dividend or the level of franking on any such dividend. | Section 3.10 |
| ADMINISTRATION OF THE COMPANY | It is not intended that the Company will have any employees and that the day to day administration of the Company, including its compliance with its financial and reporting obligations, will be undertaken by the Investment Manager or a related entity of the Investment Manager in accordance with the terms of the Investment Management Agreement. | Section 9.1 |
| DOES THE COMPANY HAVE ANY OTHER MATERIAL CONTRACTS? | In addition to the Investment Management Agreement and Subscription Agreement, the Company has entered into an Offer Management Agreement with the Joint Lead Managers with respect to the Offer.<br>The Offer Management Agreement includes provisions governing Evans and Partners Pty Ltd's role as the Authorised Intermediary. Refer to Section 9.2 for further details. | Section 9.2 |

## 1.2 OVERVIEW OF THE OFFER

| TOPIC | SUMMARY | FOR MORE INFORMATION |
|---|---|---|
| WHAT IS THE OFFER? | The Company is offering Shares (together with one Loyalty Option for every two Shares issued under the Offer) to raise a minimum of $30 million and a maximum of $100 million through the Offer (in each case, excluding any proceeds from the exercise of Vested Loyalty Options). However, the Company reserves the right to accept Oversubscriptions under the Offer to raise up to an additional $20 million.<br><br>Loyalty Options issued to an Applicant will lapse or Vest on the Vesting Date (i.e. the date that is 6 months after the Closing Date or where this date does not fall on a Business Day, the immediately preceding Business Day). Based on a Closing Date of 31 July 2015, the Vesting Date for the Loyalty Options is Friday, 29 January 2016.<br><br>All Loyalty Options held by an Applicant will Vest at the Vesting Date if the Applicant holds at the Vesting Date the same or a greater number of Shares as the number of Shares issued to the Applicant under this Prospectus.<br><br>If, on the Vesting Date, the Applicant holds a lesser number of Shares than the number of Shares issued to the Applicant under this Prospectus, then the number of Loyalty Options held by the Applicant that Vest will be equal to half of the number of Shares held by the Applicant on the Vesting Date (rounded down to the nearest whole number). For example, if an Applicant is issued 10,000 Shares under this Prospectus, that Applicant will also be issued 5,000 Loyalty Options under this Prospectus. If the Applicant holds 7,000 Shares on the Vesting Date then 3,500 Loyalty Options held by that Applicant will Vest on the Vesting Date (being half the number of Shares held by the Applicant on the Vesting Date). The Applicant's remaining 1,500 Loyalty Options will not Vest on the Vesting Date.<br><br>If the Applicant holds no Shares on the Vesting Date then none of the Loyalty Options held by the Applicant will Vest on the Vesting Date. | Sections 10.3 and 10.4 and the Appendix |
| | Loyalty Options that do not Vest on the Vesting Date immediately lapse with effect on and from the Vesting Date, and are of no further force or effect.<br><br>The expiry date for the exercise of Vested Loyalty Options is 5.00pm (Melbourne time) on Friday, 30 March 2018.<br><br>For details relating to the rights and liabilities of the Shares, refer to Section 10.3. For the terms and conditions of the Loyalty Options, refer to the Appendix and Section 10.4. | |
| WHO IS THE ISSUER? | Contango Income Generator Limited (ACN 160 959 991), a public company limited by shares, which is registered in Victoria. | Section 3 |
| WHY IS THE OFFER BEING CONDUCTED? | The Company is offering the Offer Securities to raise funds to undertake investments consistent with the investment objectives and guidelines outlined in this Prospectus, to pay the costs of the Offer and to obtain a listing on ASX. | Section 2.1 |
| HOW IS THE OFFER STRUCTURED? | The Offer comprises:<br>• the Broker Firm Offer; and<br>• the General Offer.<br>The Application of a CTN Shareholder for Offer Securities will be given priority over Applications from other Applicants. | Section 2.1 |
| WHAT IS THE MINIMUM APPLICATION SIZE? | You may apply for a minimum of 2,000 Shares with incremental multiples of 1,000 Shares (i.e. in incremental multiples of at least $1,000). | Section 2 |
| HOW CAN I APPLY? | Applicants under the General Offer should complete the General Offer Application Form accompanying or included in this Prospectus or online at www.cigl.com.au.<br><br>Applicants under the Broker Firm Offer should contact their Broker for instructions on how to complete the Broker Firm Offer Application Form accompanying or included in this Prospectus.<br><br>Any Applicants applying online must personally complete the online Application Form. Application Forms completed online must not be completed by third parties, including authorised third parties (e.g. the Applicant's Broker).<br><br>All Application Forms must be completed in accordance with the instructions set out on the reverse of the Application Form. | Section 2.5 |

<table>
<tr><th>TOPIC</th><th>SUMMARY</th><th>FOR MORE INFORMATION</th></tr>
<tr><td>WHAT IS THE CAPITAL STRUCTURE OF THE COMPANY FOLLOWING COMPLETION OF THE OFFER?</td><td>On completion of the Offer, the capital structure of the Company will be as set out below:<table><tr><th></th><th>MINIMUM SUBSCRIPTION AND MINIMUM ‘SHAREHOLDER SPREAD’</th><th>MAXIMUM SUBSCRIPTION (BEFORE ACCEPTING ANY OVERSUBSCRIPTIONS)</th><th>MAXIMUM SUBSCRIPTION (AFTER ACCEPTING ALL OVERSUBSCRIPTIONS)</th></tr><tr><td>Shares</td><td>30,800,002</td><td>100,000,002</td><td>120,000,002</td></tr><tr><td>Loyalty Options</td><td>15,400,000</td><td>50,000,000</td><td>60,000,000</td></tr></table></td><td>Section 6.3</td></tr>
<tr><td>WHO CAN PARTICIPATE IN THE OFFER?</td><td>The Broker Firm Offer is open to persons who have received a firm allocation from their Broker and who are Applicants who have a registered address in Australia or New Zealand.<br><br>The General Offer is open to all other investors that have a registered address in Australia or New Zealand.<br><br>Applications received from registered holders of CTN Shares as at 7.00pm (Melbourne time) on Wednesday, 1 July 2015 with an address in Australia or New Zealand will be given priority over other Applications.</td><td>Section 2.1</td></tr>
<tr><td>WHO ARE THE JOINT LEAD MANAGERS TO THE OFFER?</td><td>The Joint Lead Managers to the Offer are Evans and Partners Pty Ltd, Taylor Collison Limited, Wilson HTM Corporate Finance Ltd and Morgans Financial Limited.<br><br>Third Party Platform Pty Ltd trading as ‘Bell Direct’ is a Co-Manager to the Offer.</td><td>Section 9.2</td></tr>
<tr><td>IS THE OFFER UNDERWRITTEN?</td><td>No, the Offer is not underwritten.<br><br>Pursuant to the terms of the Subscription Agreement, CTN has agreed to subscribe for 30 million Shares (and 15 million Loyalty Options), by way of an Application under this Prospectus, for a total Subscription Amount from CTN of $30 million (refer Section 9.4 for further details). CTN’s subscription commitment, whilst not in the form of an underwriting, is equivalent to the Minimum Subscription.<br><br>It is possible that the Company could be admitted to the Official List with:<ul><li>CTN as the holder of 30,000,002 Shares (including the 30 million Shares it has committed to apply for pursuant to the Subscription Agreement); and</li><li>only ASX’s minimum ‘shareholder spread’ requirements satisfied (that is, 400 Shareholders each holding 2,000 Shares, pursuant to Condition 7 of ASX Listing Rule 1.1).</li></ul>In these circumstances, the Company intends to proceed with closing the Offer on the Closing Date, issuing and allotting Shares to Applicants and listing on ASX. In this event, CTN’s shareholding in the Company would amount to approximately 97.4%.<br><br>If CTN’s shareholding is greater than 90% on the Company’s admission to the Official List, such that there is a ‘free float’ of less than 10% of the Shares, the Company will seek to undertake further placements of Shares within 12 to 18 months after admission to the Official List, with the intention that the ‘free float’ of Shares is more than 10% by the end of this period.<br><br>CTN’s subscription for Shares will be funded by the CTN Notes Offer Proceeds, raised pursuant to the CTN Notes Offer undertaken in November / December 2014, and additional cash reserves currently available to CTN.<br><br>If the aggregate Subscription Amount received from all successful Applicants (including CTN) is $60 million or less, then it is expected that CTN, through its commitment to subscribe for 30 million Shares for a total Subscription Amount of $30 million, will remain the majority shareholder in the Company on completion of the Offer.</td><td>Sections 2.4 and 9.4</td></tr>
</table>

| TOPIC | SUMMARY | FOR MORE INFORMATION |
|---|---|---|
| WHAT DO APPLICANTS PAY WHEN APPLYING UNDER THE OFFER? | All Applicants under both the General Offer and the Broker Firm Offer will pay $1.00 for each Share offered under this Prospectus. The attaching Loyalty Options will be issued for nil consideration. | Section 2.1 |
| WHAT IS THE ALLOCATION POLICY? | Applications received from registered holders of CTN Shares as at 7.00pm (Melbourne time) on Wednesday, 1 July 2015 with an address in Australia or New Zealand will be given priority over other Applications.<br><br>Aside from this priority allocation to be given to eligible CTN Shareholders under the Offer, and CTN's commitment to subscribe for 30 million Shares under the Subscription Agreement, it is the intention of the Board, in allocating the Shares, to ensure that the Company has an adequate spread of Shareholders. The allocation of the Shares is at the absolute discretion of the Joint Lead Managers (in consultation with the Company).<br><br>It is currently anticipated that certain shareholders, directors and employees of the Contango Group will also participate in the Offer. | Section 2.6 |
| WHAT FEES AND COSTS ARE PAYABLE TO THE JOINT LEAD MANAGERS, THE CO-MANAGER AND BROKERS? | The Company will pay to the Joint Lead Managers a management fee of 1.0% (exclusive of GST) of the gross proceeds of the Offer (other than in respect of the subscription for Shares by CTN).<br><br>The Company will also pay to each of the Joint Lead Managers a broker firm selling fee of 1.5% (exclusive of GST) of the total amount raised from the Offer Securities subscribed for and settled (or settled subscriptions that are procured) by the relevant Joint Lead Manager and their Brokers and affiliates under the Broker Firm Offer.<br><br>Where Application Forms of Applicants who receive Offer Securities are made through the Co-Manager, the Joint Lead Managers will pay to the Co-Manager a corporate fee of an amount equal to 2.5% (in aggregate and exclusive of GST) of the first $3 million of gross proceeds paid by those Applicants for the Offer Securities received under their Applications.<br><br>Where total Application Moneys made through the Co-Manager exceed $3 million, the corporate fee payable to the Co-Manager by the Joint Lead Managers is, in addition to the fee referred to above in respect of the first $3 million of gross proceeds, 1.7% (in aggregate and exclusive of GST) on the gross proceeds above $3 million.<br><br>Payment to the Co-Manager of this corporate fee will be made out of the fees the Joint Lead Managers receive from the Company for managing the Offer.<br><br>The Offer Management Agreement also includes provisions governing Evans and Partners Pty Ltd's role as the Authorised Intermediary. A fee of $1 (excluding GST) is payable by the Company to Evans and Partners Pty Ltd in respect of its services as the Authorised Intermediary. | Sections 2.5, 9.2 and 10.6 |
| WILL THE SHARES AND LOYALTY OPTIONS BE LISTED? | The Company has applied to be admitted to the Official List and will seek quotation of the Shares and Loyalty Options on ASX (as well as existing Shares in the Company).<br><br>Vested Loyalty Options are expected to be quoted on ASX within one month after the Vesting Date. | Section 2.8 |
| WHAT ARE THE TAX IMPLICATIONS OF INVESTING IN SHARES? | The tax consequences for an investor of any investment in Shares (and Loyalty Options) will depend upon the investor's particular circumstances. Applicants should obtain their own tax advice before deciding whether to invest. | Sections 2.9 and 8 |
| WHAT TAXATION STATUS WILL THE COMPANY HAVE? | The Company will be listed on ASX as a listed investment company (**LIC**). Whilst it is anticipated that it will be a LIC for Australian income tax purposes, due to the Company's proposed investment strategy, it is unlikely that investors will access concessional capital gains tax treatment specifically applying to LICs. | Sections 3.11 and 8 |

| TOPIC | SUMMARY | FOR MORE INFORMATION |
|---|---|---|
| CAN THE COMPANY ISSUE ADDITIONAL SHARES AND LOYALTY OPTIONS OR OTHER SECURITIES? | The Company reserves the right to accept Oversubscriptions under the Offer to raise up to an additional $20 million (before the exercise of any Vested Loyalty Options). In addition to the right to accept Oversubscriptions under the Offer, subject to the restriction under the Offer Management Agreement (refer Section 9.2 for further details), the Company may issue additional Shares and Loyalty Options or other securities. | Section 9.2 |
| WHEN WILL I RECEIVE CONFIRMATION THAT MY APPLICATION HAS BEEN SUCCESSFUL? | The Company expects that holding statements will be sent by standard post on or around 11 August 2015. If you receive an allocation through your Broker, please contact your Broker to confirm your allocation. | Not applicable |
| CAN THE OFFER BE WITHDRAWN? | The Company reserves the right not to proceed with the Offer at any time before the issue of Shares and Loyalty Options to Applicants.<br>If the Offer does not proceed, Application Moneys will be refunded.<br>No interest will be paid on any refunded Application Moneys. | Section 2.1 |
| IS THERE A COOLING-OFF PERIOD? | No. | Important Notices |
| WHERE CAN I FIND KEY FINANCIAL INFORMATION RELATING TO THE COMPANY? | To date, the Company has undertaken no business activity, other than in respect of:<br>• the preparation of a prospectus in 2012;<br>• the preparation of, and retainer of various service providers in connection with, a prospectus (and associated documentation) in November 2014; and<br>• the preparation of this Prospectus and the preparation and execution of the Offer Management Agreement, Subscription Agreement and Investment Management Agreement and the retainer of various service providers in connection with this Offer.<br>The costs incurred by the Company in respect of its proposed public offer of Shares and Options in November / December 2014 (pursuant to the prospectus lodged by the Company on 28 November 2014 that was subsequently withdrawn) have been borne by the Company's sole Shareholder, CTN.<br>If, following the close of the Offer, the Company is admitted to the Official List:<br>• all expenses incurred by the Company with respect to this Offer (and which are outlined in Section 6.4) will be paid by the Company using the proceeds of the Offer; and<br>• none of the expenses relating to the Company's proposed public offer in November / December 2014 are repayable by the Company to CTN.<br>If the Minimum Subscription is not raised and/or the Offer does not proceed, the costs incurred in these activities will be borne by CTN.<br>For information on the effect of the Offer on the financial position of the Company, please refer to Section 6.1 for unaudited pro forma statements of financial position in respect of the Company. | Section 6 |
| HOW CAN I OBTAIN FURTHER INFORMATION? | If you would like more information or have any questions relating to the Offer, please call the Share Registry's offer information line on 1300 722 743 (within Australia) or +61 3 9415 4331 (outside Australia), between 8.30am and 5.30pm (Melbourne time).<br>If you are uncertain as to whether an investment in the Company is suitable for you, please contact your professional adviser. | Important Notices |

## 1.3 INVESTMENT RISKS

| TOPIC | SUMMARY | FOR MORE INFORMATION |
|---|---|---|
| WHAT ARE THE KEY RISKS OF INVESTING IN THE SHARES? | An investment in the Company should be considered to contain an element of risk. You should give full consideration to this Section 1.3 and the detailed discussion of risks that is set out in Section 5 of the Prospectus.<br><br>The key risks associated with an investment in the Company include:<br><br>• the success and profitability of the Investment Portfolio (and therefore the Company) will depend in large part on the ability of the Investment Manager to make investments – poor investment strategy and investment selection or an inability to construct a portfolio in accordance with the Company's proposed investment objectives, strategy, guidelines and permitted investments may materially and adversely affect the value of the Investment Portfolio and the Shares;<br>• changing market conditions such as negative changes in market sentiment;<br>• loss of the Investment Manager as manager of the Investment Portfolio;<br>• loss of key personnel of the Investment Manager (including members of the investment team of the Investment Manager);<br>• market and systemic risk – investment returns are influenced by general market factors both in Australia and internationally and by factors specific to each security. In particular, the market prices of the shares of many listed entities have in recent times experienced wide fluctuations which in many cases reflect a diverse range of non-entity specific influences including:<br>  • general economic conditions, including changes in inflation rates, short-term or long-term interest rates, exchange rates and commodity prices;<br>  • variations in the local and global markets for listed securities;<br>  • domestic and international economic conditions;<br>  • changes in investor confidence generally and in relation to specific sectors of the market;<br>  • movements in the value of the Australian dollar against other major currencies;<br>  • changes in the regulatory environment;<br>  • natural disasters, global hostilities and acts of terrorism;<br>  • changes to government policy, legislation or regulation including in relation to taxation and other policy changes; and<br>  • the inclusion or removal of stocks from major market indices;<br>• the ability of a Shareholder (and Loyalty Option holder) to sell the Offer Securities on ASX will be a function of the turnover or liquidity of the Offer Securities at the time of sale. Given the nature of the Company, it is likely that there will be a low level of liquidity in trading of the Offer Securities. As a result, Shareholders (and Loyalty Option holders) may not be able to sell their Offer Securities at the time and in the volumes or at a price they desire;<br>• the Investment Manager may hedge the exposure of investments of the Company against investment loss, but is not obliged to do so. There is no guarantee that any hedging will be successful. The cost of implementing hedging may be significant. See Section 5 for risks associated with hedging;<br>• the Offer Securities and/or the Company's investments may decline in value. Investors in the Company are exposed to this risk through both their holding in the Offer Securities and through the Company's investments. In addition, the Shares may trade on ASX at a discount to the net tangible asset value of the Investment Portfolio on a per Share basis and the performance of the Shares may not be correlated with the performance of the Investment Portfolio;<br>• the past performance of investment portfolios and funds managed by the Investment Manager, and persons associated with the Investment Manager, may not be a guide to the future performance of the Company; and<br>• the potential difficulty in acquiring or disposing of large volumes of additional Shares due to the possibility that CTN will hold a substantial majority (possibly as high as 97.4%) of the total number of Shares on the Company's admission to the Official List. Therefore, there is a risk that there will be a limited 'free float' of the Shares and relatively low market liquidity. As noted in Section 2.2, if on the Company's admission to the Official List there is a 'free float' of less than 10% of the Shares, the Company will seek to undertake further placements of Shares within 12 to 18 months after admission to the Official List, with the intention that the 'free float' of Shares is more than 10% by the end of this period. | Section 5 |

| TOPIC | SUMMARY | FOR MORE INFORMATION |
|---|---|---|
| WHAT ARE THE ADDITIONAL RISKS OF INVESTING IN THE SHARES? | In addition to those key risks detailed above, there are further risks associated with the Company and an investment in the Shares, including in the following areas:<br>• potential conflicts of interest;<br>• counterparty, credit and service provider risk;<br>• risks in relation to the use of Derivatives;<br>• valuation risks in relation to the Company's investments;<br>• interest rate risk;<br>• no guarantee of dividends or return of capital;<br>• operational costs;<br>• change in accounting policies;<br>• size of Investment Portfolio;<br>• the time it takes for the Company to have its Investment Portfolio fully invested;<br>• future capital requirements of the Company;<br>• absence of operating performance history of the Company; and<br>• changes in taxation laws and policies.<br>Investors should bear the above risks in mind when considering whether to participate in the Offer.<br>In addition, investors are strongly advised to regard any investment in the Company as a long term proposition and be aware that substantial fluctuations in the value of their investment may occur during that period. More detail about these and other risks associated with the Company can be found in Section 5. | Section 5 |

## 1.4 KEY INFORMATION ON THE EXPERIENCE AND BACKGROUND OF THE DIRECTORS AND THE INVESTMENT MANAGER

| TOPIC | SUMMARY | FOR MORE INFORMATION |
|---|---|---|
| WHO ARE THE DIRECTORS AND WHAT IS THEIR EXPERIENCE? | The Directors of the Company are:<br>• Ian Ferres – Chairman and non-executive Director (Not Independent)<br>• Mark Kerr – Non-executive Director (Not Independent)<br>• Don Clarke – Independent, non-executive Director<br>• George Boubouras – Director of the Company and Chief Investment Officer of the Investment Manager (Not Independent)<br>See Section 3.2 for further details regarding the background of the Directors. | Section 3.2 |
| WHAT ARE THE DIRECTORS TO BE PAID? | Following their appointment, it is proposed that the Directors will receive the following amounts (inclusive of superannuation) for the first year:<br>• Ian Ferres – $45,000<br>• Mark Kerr – $40,000<br>• Don Clarke – $40,000<br>• George Boubouras – nil | Section 3.2 |
| WHO IS THE INVESTMENT MANAGER AND WHAT IS ITS TRACK RECORD? | The Investment Manager, Contango Asset Management Limited, is a specialist investment manager. The Investment Manager is a wholly-owned subsidiary of CTN, which is also the sole shareholder of the Company at the date of this Prospectus. CTN and the Investment Manager have approximately $833 million in funds under management (as at 31 May 2015) across a range of funds and investment strategies. | Section 4 |

# 2 | DETAILS OF OFFER

## 2.1 WHAT IS THE OFFER?

The Company is offering Shares and Loyalty Options to raise a minimum of $30 million and up to a maximum of $100 million. However, the Company reserves the right to accept Oversubscriptions under the Offer to raise up to an additional $20 million (before the exercise of any Vested Loyalty Options).

For every two Shares issued to an Applicant under the Offer, the Applicant will be issued one Loyalty Option.

Loyalty Options issued to an Applicant will either lapse or Vest on the date that is 6 months after the Closing Date or where this date does not fall on a Business Day, the immediately preceding Business Day (**Vesting Date**). Based on a Closing Date of 31 July 2015, the Vesting Date for the Loyalty Options is Friday, 29 January 2016. The number of Loyalty Options held by an Applicant that will Vest at the Vesting Date will depend on the number of Shares held by the Applicant at the Vesting Date.

If the Applicant holds at the Vesting Date the same or a greater number of Shares as the number of Shares issued to the Applicant under this Prospectus, then all of the Loyalty Options held by the Applicant will Vest at the Vesting Date.

If, on the Vesting Date, the Applicant holds a lesser number of Shares than the number of Shares issued to the Applicant under this Prospectus, then the number of Loyalty Options held by the Applicant that Vest at the Vesting Date will be equal to half of the number of Shares held by the Applicant on the Vesting Date (rounded down to the nearest whole number). For example, if an Applicant is issued 10,000 Shares under this Prospectus, that Applicant will also be issued 5,000 Loyalty Options under this Prospectus. If the Applicant holds 7,000 Shares on the Vesting Date then 3,500 Loyalty Options held by that Applicant will Vest at the Vesting Date (being half the number of Shares held by the Applicant on the Vesting Date). The Applicant's remaining 1,500 Loyalty Options will not Vest at the Vesting Date.

If the Applicant holds no Shares on the Vesting Date then none of the Loyalty Options held by the Applicant will Vest at the Vesting Date.

Loyalty Options that do not Vest on the Vesting Date will lapse with immediate effect on the Vesting Date and will be of no further force or effect.

Each Vested Loyalty Option will be exercisable at $1.00, and may be exercised at any time after the Vesting Date until 5.00 pm (Melbourne time) on Friday, 30 March 2018.

Vested Loyalty Options are expected to be listed for quotation on ASX within one month after the Vesting Date.

The rights attaching to the Shares and Loyalty Options are set out in Sections 10.3 and 10.4 respectively and the terms and conditions of the Loyalty Options are set out in the Appendix.

The Offer comprises of:

(a) **Broker Firm Offer**, which is open to persons who have received a firm allocation from their Broker and who have a registered address in Australia or New Zealand. Investors who have been offered a firm allocation by a Broker, will be treated as an Applicant under the Broker Firm Offer in respect of that allocation. Investors should contact their Broker to determine whether they may be allocated Offer Securities under the Broker Firm Offer; and

(b) **General Offer**, open to investors who have a registered address in Australia or New Zealand.

Applications received from registered holders of CTN Shares as at 7.00pm (Melbourne time) on Wednesday, 1 July 2015 with an address in Australia or New Zealand will be given priority over other Applications.

Applicants under the General Offer and the Broker Firm Offer will be required to pay a Subscription Amount of $1.00 per Share for each Share they apply for. No amount is payable in respect of each Loyalty Option.

### DISCRETION UNDER THE OFFER

The Company reserves the right not to proceed with the Offer at any time before the allotment of Offer Securities under the Offer. If the Offer does not proceed, Application Moneys received by the Company will be refunded in full (without interest). The Company takes no responsibility for Application Moneys paid to the Joint Lead Managers or Brokers until these are received by the Company.

Other than in respect of CTN's Application for 30 million Shares pursuant to the Subscription Agreement, the Company reserves the right to decline any Applications in whole or in part without giving any reason. An Application may be accepted by the Company in respect of the full number of Shares specified in the Application or any of them without further notice to the Applicant. Acceptance of an Application will give rise to a binding contract.

The Company reserves the right to close the Offer early, to accept late Applications or extend the Offer without notifying any recipient of this Prospectus or any Applicant.

## 2.2 MINIMUM SUBSCRIPTION

The Minimum Subscription required for the Offer to proceed is $30 million. If the Minimum Subscription is not obtained within four months after the date of this Prospectus, the Company will repay all Application Moneys in full without interest as soon as practicable or issue a supplementary or replacement prospectus and allow Applicants one month in which to withdraw their Applications and be repaid their Application Moneys in full without interest.

The Company and CTN have entered into a Subscription Agreement pursuant to which CTN has agreed to

subscribe for 30 million Shares (and 15 million Loyalty Options), by way of an Application under this Prospectus, for a total Subscription Amount from CTN of $30 million, which is equal to the Minimum Subscription.

It is therefore possible that the Company could be admitted to the Official List with:

- CTN as the holder of 30,000,002 Shares (including the 30 million Shares it has committed to apply for pursuant to the Subscription Agreement); and
- only ASX's minimum 'shareholder spread' requirements satisfied (that is, 400 Shareholders each holding 2,000 Shares, pursuant to Condition 7 of ASX Listing Rule 1.1).

In these circumstances, the Company intends to proceed with closing the Offer on the Closing Date, issuing and allotting Shares to Applicants and listing on ASX. In this event, CTN's shareholding in the Company would amount to approximately 97.4%.

If CTN's shareholding is greater than 90% on the Company's admission to the Official List, such that there is a 'free float' of less than 10% of the Shares, the Company will seek to undertake further placements of Shares within 12 to 18 months after admission to the Official List, with the intention that the 'free float' of Shares is more than 10% by the end of this period.

## 2.3 LICENSED DEALERS

Offers under this Prospectus will be made pursuant to an arrangement between the Company and Evans and Partners Pty Ltd under section 911A(2)(b) of the Corporations Act. The Company will only authorise Evans and Partners Pty Ltd to make offers to people to arrange for the issue of the Offer Securities by the Company under the Prospectus and the Company will only issue the Offer Securities in accordance with Applications made pursuant to such offers if they are accepted. To effect this arrangement, the Company has entered into such an agreement with the Joint Lead Managers.

All Application Forms and Application Moneys received will be forwarded to the Share Registry for processing in accordance with the terms set out in this Prospectus.

The participation of Evans and Partners Pty Ltd (as the Authorised Intermediary) in the Offer should not be considered as an endorsement of the Offer or a recommendation of the suitability of the Offer for any investor. Evans and Partners Pty Ltd does not guarantee the success or performance of the Company or the returns (if any) to be received by investors. Neither Evans and Partners Pty Ltd nor any other dealer is responsible for or has caused the issue of this Prospectus. The Company reserves the right to enter into similar arrangements to those with Evans and Partners Pty Ltd with other licensed entities.

Further, Evans and Partners Pty Ltd is not the issuer of the Prospectus or the Offer Securities which may be issued under it and is not responsible for any failure to arrange the issue of the Offer Securities.

## 2.4 IS THE OFFER UNDERWRITTEN?

No, the Offer is not underwritten.

Evans and Partners Pty Ltd, Taylor Collison Limited, Wilson HTM Corporate Finance Limited and Morgans Financial Limited are acting as Joint Lead Managers to the Offer. The Company and the Joint Lead Managers have entered into an Offer Management Agreement with respect to the Offer, details of which are set out in Section 9.2.

The Company and CTN have entered into a Subscription Agreement pursuant to which CTN has agreed to subscribe for 30 million Shares (and 15 million Loyalty Options), by way of an Application under this Prospectus, for a total Subscription Amount of $30 million (refer Section 9.4 for further details). CTN's subscription commitment, whilst not in the form of an underwriting, is equivalent to the Minimum Subscription (refer Section 2.2).

CTN's proposed subscription for Shares will be funded by the CTN Notes Offer Proceeds, which were raised under the CTN Notes Offer undertaken by CTN in November / December 2014, and additional cash reserves currently available to CTN. The CTN Notes Offer Proceeds amounted to $26.5 million in total.

CTN has no present intention to sell these Shares in the medium term. Similarly, CTN has no present intention to sell a material proportion of the Loyalty Options once they Vest.

## 2.5 HOW DO I APPLY UNDER THE OFFER?

### ELIGIBILITY TO PARTICIPATE IN THE OFFER

**Who can apply for Shares under the General Offer?**

The General Offer (which does not include the Broker Firm Offer) is open to Retail Applicants and Wholesale Applicants resident in Australia or New Zealand. The Company reserves the right in its absolute discretion to issue no Offer Securities to Applicants under the General Offer. All Applicants under the General Offer must have an eligible residential address in Australia or New Zealand.

The Company will give priority to Applications received from registered holders of CTN Shares as at 7.00pm (Melbourne time) on Wednesday, 1 July 2015 with an address in Australia or New Zealand.

**Who can apply under the Broker Firm Offer?**

The Broker Firm Offer is open to Retail Applicants resident in Australia or New Zealand and to Wholesale Applicants in Australia or New Zealand who have received a firm allocation from their Broker.

### COMPLETING AND RETURNING YOUR APPLICATION

**What is the minimum and maximum application under the Offer?**

Applications must be for a minimum of 2,000 Shares and 1,000 Loyalty Options. Applications in excess of the minimum number of Shares must be in multiples of 1,000 Shares and 500 Loyalty Options.

There is no maximum amount that may be applied for under the Offer. The Company reserves the right to aggregate any Applications under the Offer which it believes may be multiple Applications from the same person.

Other than in respect of CTN's Application for 30 million Shares pursuant to the Subscription Agreement, the Company reserves the right to reject any Application or to allocate a lesser number of Offer Securities than that which is applied for.

**How do I apply under the General Offer?**

In order to apply for Offer Securities under the General Offer, please complete the General Offer Application Form that is included in or accompanies this Prospectus (or a printed copy of the General Offer Application Form attached to the electronic version of the Prospectus) or apply online at www.cigl.com.au. General Offer Application Forms must be completed in accordance with the accompanying instructions.

Any Applicants applying online must personally complete the online Application Form and pay the Application Moneys via BPAY® (registered to BPAY Pty Ltd ABN 69 079 137 518) only. Application Forms completed online must not be completed by third parties, including authorised third parties (e.g. the Applicant's Broker).

For printed Applications, once completed, please lodge your General Offer Application Form and Application Moneys so that it is received at the address set out below by the Closing Date.

By mail to:

Contango Income Generator Limited Share Offer
C/- Computershare Investor Services Pty Limited
GPO Box 52
Melbourne Victoria 3001
Australia

**How do I apply if I am a CTN Shareholder?**

If you are a CTN Shareholder and are applying for Offer Securities under the General Offer, you should complete and lodge the General Offer Application Form, and provide payment of your Application Moneys, in the manner referred to above and indicate in the designated area that you are a CTN Shareholder. In receiving your Application, the Company and Share Registry will seek to verify that you are in fact a CTN Shareholder.

**How do I apply under the Broker Firm Offer?**

If you are applying for Offer Securities under the Broker Firm Offer, you should complete and lodge your Broker Firm Offer Application Form with the Broker from whom you received your firm allocation. Broker Firm Offer Application Forms must be completed in accordance with the instructions given to you by your Broker and the instructions set out on the reverse of the Application Form.

Applicants under the Broker Firm Offer must lodge their Broker Firm Offer Application Form and Application Moneys with their Broker in accordance with the relevant Broker's directions in order to receive their firm allocation. Applicants under the Broker Firm Offer must not send their Broker Firm Offer Application Forms to the Share Registry.

The allocation of Offer Securities to Brokers will be determined by the Company in consultation with the Joint Lead Managers.

Offer Securities that have been allocated to Brokers for allocation to their clients will be issued to the Applicants who have received a valid allocation of Offer Securities from those Brokers.

It will be a matter for the Brokers how they allocate Offer Securities among their clients, and they (and not the Company nor the Joint Lead Managers) will be responsible for ensuring that clients who have received an allocation from them, receive the relevant Offer Securities.

The Company, Share Registry and the Joint Lead Managers take no responsibility for any acts or omissions by your Broker in connection with your Application, Broker Firm Offer Application Form and Application Moneys (including, without limitation, failure to submit Application Forms by the close of the Broker Firm Offer).

Please contact your Broker if you have any questions.

## HOW TO PAY THE APPLICATION MONEYS

**General**

Application Moneys may be paid by BPAY® (see below), cheque(s) or bank draft(s). Cheque(s) or bank draft(s) must be:

- in Australian currency;
- drawn on an Australian branch of a financial institution;
- crossed 'Not Negotiable' and made payable:
    - for Applicants in the General Offer: to 'Contango Income Generator Limited – Offer Account'; or
    - for Applicants in the Broker Firm Offer: in accordance with the directions of the Broker from whom you have received a firm allocation.

Applicants should ensure that sufficient funds are held in the relevant account(s) to cover their cheque(s). If the amount of your cheque(s) or bank draft(s) for Application Moneys (or the amount for which those cheques clear in time for the allocation) is insufficient to pay for the number of Offer Securities you have applied for in your Application Form, you may be taken to have applied for such lower amount as your cleared Application Moneys will pay for (and to have specified that amount in your Application Form) or your Application may be rejected.

**Paying your Application Moneys by BPAY®**

Australian investors may apply for Offer Securities online and pay their Application Moneys by BPAY®. Australian investors wishing to pay by BPAY® should complete the online Application Form accompanying the electronic version of this Prospectus which is available at www.cigl.com.au and follow the instructions on the online Application Form (which includes the Biller Code and your unique Customer Reference Number (**CRN**)).

All Applicants applying online must personally complete the online Application Form and pay the Application Moneys. Application Forms completed online must not be completed by third parties, including authorised third parties (e.g. the Applicant's Broker).

You should be aware that you will only be able to make a payment via BPAY® if you are the holder of an account with an Australian financial institution which supports BPAY® transactions.

When completing your BPAY® payment, please make sure you use the specific Biller Code and your unique CRN provided on the online Application Form. If you do not use the correct CRN, your Application will not be recognised as valid.

It is your responsibility to ensure that payments are received by 5.00pm (Melbourne time) on the Closing

Date. Your bank, credit union or building society may impose a limit on the amount which you can transact on BPAY®, and policies with respect to processing BPAY® transactions may vary between banks, credit unions or building societies.

The Company accepts no responsibility for any failure to receive Application Moneys or payments by BPAY® before the Closing Date arising as a result of, among other things, processing of payments by financial institutions.

## FEES, COSTS AND TIMING FOR APPLICATIONS

**When does the Offer open?**

The Offer is expected to open for Applications on 7 July 2015 (**Opening Date**). However, this may be delayed if ASIC extends the Exposure Period for the Prospectus.

**What is the deadline to submit an Application under the Offer?**

It is your responsibility to ensure that your Application Form and Application Moneys are received by the Share Registry before 5.00pm (Melbourne time) on the Closing Date for the Offer which is 31 July 2015. Broker Firm Offer Applicants should return their applications in accordance with the deadline set out to them by their Broker.

The Company and the Share Registry take no responsibility in respect of an Application Form or Application Moneys which are delivered to your Broker in connection with your Application until such time as your Application Form and Application Moneys are received by the Share Registry.

**Is there any brokerage, commission or stamp duty payable by Applicants?**

No stamp duty is payable by Applicants on the acquisition of Offer Securities under the Offer.

**What are the costs of the Offer and who is paying them?**

The costs of the Offer include the legal, accounting, advisory and other costs associated with the production of the offering documentation. At the time of production of this Prospectus, the costs payable by the Company are estimated to be:

- $379,880, assuming the Minimum Subscription is raised (through CTN's subscription commitment under the Subscription Agreement) and $800,000 is raised under the Broker Firm Offer so as to satisfy ASX's minimum 'shareholder spread' requirements (that is, 400 Shareholders each holding 2,000 Shares, pursuant to Condition 7 of ASX Listing Rule 1.1);
- $2,204,368, assuming the Maximum Subscription is raised (before the acceptance of any Oversubscriptions and assuming $30 million is raised through CTN's subscription commitment under the Subscription Agreement, $5 million is raised from CTN Shareholders and $65 million is raised under the Broker Firm Offer); and
- $2,725,628, assuming the Maximum Subscription is raised (and all Oversubscriptions are accepted and assuming $30 million is raised through CTN's subscription commitment under the Subscription Agreement, $10 million is raised from CTN Shareholders and $80 million is raised under the Broker Firm Offer).

Provided the Minimum Subscription is raised and the Offer is closed and the Company is admitted to the Official List, the Company will pay the costs of the Offer from the proceeds of the Offer (see Section 6).

The costs incurred by the Company in respect of its proposed public offer of Shares and Options in November / December 2014 (pursuant to the prospectus lodged by the Company on 28 November 2014 that was subsequently withdrawn) have been borne by the Company's sole Shareholder, CTN. None of these expenses are repayable by the Company to CTN, even if the Company is admitted to the Official List following the close of this Offer.

If this Offer is subsequently withdrawn then all costs incurred by the Company relating to this Offer will be borne by CTN.

## CONFIRMATION OF YOUR APPLICATION AND TRADING ON ASX

**When will I receive confirmation that my Application has been successful?**

Applicants under the General Offer will be able to call the offer information line on 1300 722 743 (within Australia) or +61 3 9415 4331 (outside Australia), between 8.30am and 5.30pm Melbourne time, from 10 August 2015 to confirm their allocation.

Holding statements and allotment notices confirming Applicants allocations under the Offer are expected to be sent to successful Applicants on or around 12 August 2015.

**Is DvP settlement available?**

Delivery versus payment (DvP) settlement is available for Applicants under the Broker Firm Offer. Please contact your Broker for further details.

**When will I receive my Offer Securities and when can I trade my Offer Securities?**

Subject to ASX granting approval for the Company to be admitted to the Official List, the Company will issue the Offer Securities to successful Applicants as soon as practicable after the Closing Date. Allotment is expected to occur on 10 August 2015.

Trading of the Shares on ASX is expected to commence on 14 August 2015 on a normal T+3 settlement basis. Vested Loyalty Options are expected to be quoted on ASX within 1 month after the Vesting Date.

If you sell your Offer Securities before receiving an initial holding statement or allotment notice, you do so at your own risk, even if you have obtained details of your holding from your Broker or the Share Registry's offer information line.

**Who do I contact if I have further queries?**

If you have queries about investing under the Offer, you should contact your stockbroker, financial adviser, accountant or other professional adviser.

If you have queries about how to apply under the Offer or would like additional copies of this Prospectus, please call the Share Registry on 1300 722 743 (within Australia) or +61 3 9415 4331 (outside Australia) between 8.30am and 5.30pm Melbourne time.

## 2.6 ALLOCATION POLICY

The Company will give priority to Applications received from registered holders of CTN Shares as at 7.00pm (Melbourne time) on Wednesday, 1 July 2015 with an address in Australia or New Zealand.

Aside from this priority allocation to be given to CTN Shareholders, and CTN's commitment to subscribe for 30 million Shares under the Subscription Agreement, the basis of allocation of Offer Securities under the Offer will be determined by the Joint Lead Managers in consultation with the Company, subject to any firm allocations under the Broker Firm Offer. Certain Applicants nominated by the Company may be given preference in the allotment of Offer Securities.

The Company has agreed to accept CTN's Application for 30 million Shares in full. Therefore, if total Applications are greater than the Maximum Subscription and full Oversubscriptions, CTN's Application for 30 million Shares will not be scaled back.

It is currently expected that certain shareholders, directors and employees of the Contango Group may also submit Applications.

Other than in respect of CTN's Application for 30 million Shares, the Company reserves the right in its absolute discretion to not issue Offer Securities to Applicants under the General Offer and may reject any Application or allocate a lesser number of Offer Securities than those applied for at its absolute discretion.

## 2.7 APPLICATION MONEYS

All Application Moneys will be held by the Company on trust in a separate account until the Offer Securities are issued to successful Applicants.

Application Moneys will be refunded in Australian dollars to the extent that an Application is rejected or scaled back, or the Offer is withdrawn. No interest will be paid on refunded amounts. The Company will retain any interest earned on all Application Moneys.

## 2.8 ASX LISTING

The Company has applied to ASX for admission to the Official List and for its Shares and the Loyalty Options to be granted Official Quotation by ASX. The Company is not currently seeking a listing of its Offer Securities on any financial market other than ASX. Vested Loyalty Options are expected to be listed for quotation on ASX within one month after the Vesting Date.

The fact that ASX may admit the Company to the Official List and grant Official Quotation of the Shares and, after the Vesting Date, the Vested Loyalty Options, is not to be taken in any way as an indication of the merits of the Company or the Offer Securities offered for issue under the Offer. ASX takes no responsibility for the contents of this Prospectus. Normal settlement trading in the Shares, if Official Quotation is granted, will commence as soon as practicable after the issue of holding statements to successful Applicants.

It is the responsibility of Applicants to determine their allocation of Offer Securities prior to trading in them. Applicants who sell Offer Securities before they receive confirmation of their allotment will do so at their own risk.

If ASX does not grant permission for the Shares to be quoted within 3 months after the date of this Prospectus, the Shares and Loyalty Options will not be issued and all Application Moneys will be refunded (without interest) as soon as practicable. ASIC has granted relief to the Company from the requirements of sections 723(3)(b) and 724(1)(b)(ii) of the *Corporations Act 2001* (Cth) to enable Vested Loyalty Options to be quoted on ASX within 7 months after the Closing Date of the Offer.

## 2.9 TAX IMPLICATIONS OF INVESTING IN THE COMPANY

The taxation consequences of an investment in the Offer Securities will depend on your particular circumstances. It is your responsibility to make your own enquiries concerning the taxation consequences of an investment in the Company.

A summary of the Australian taxation implications of investing in the Company is set out in Section 8 and is based on current tax law and Australian Taxation Office rulings. The information in Section 8 is not intended as a substitute for investors obtaining independent tax advice in relation to their personal circumstances.

## 2.10 OVERSEAS DISTRIBUTION

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

**Offer only made where lawful to do so**

The distribution of this Prospectus in jurisdictions outside Australia and New Zealand may be restricted by law. This Prospectus does not constitute an offer in any place in which, or to whom, it would not be lawful to make such an offer. Persons who come into possession of this document 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.

**United States residents**

The Offer Securities being offered pursuant to this Prospectus have not been registered under the US Securities Act and may not be offered or sold in the United States absent registration or an applicable exemption from registration under the US Securities Act and applicable state securities laws. This Prospectus does not constitute an offer to sell, or the solicitation of an offer to buy, nor shall there be any sale of these securities in any state or other jurisdiction in which such offer, solicitation or sale would be unlawful. In addition, any hedging transactions involving these securities may not be conducted unless in compliance with the US Securities Act.

**Overseas ownership and resale representation**

It is your responsibility to ensure compliance with all laws of any country relevant to your Application. The return of a duly completed Application 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 | COMPANY OVERVIEW

## 3.1 OVERVIEW

The Company is an Australian public company, incorporated in Victoria on 26 October 2012.

The Company has been established to provide investors with an opportunity to invest in a company that intends to acquire a diversified range of listed investments in Australia. The Company's investment focus will be on those entities within the S&P/ASX 300 Index, excluding the securities of the 30 largest entities by market capitalisation in the S&P/ASX 300 Index.

Apart from:

- issuing a prospectus in November 2012 (which offer was subsequently discontinued);
- preparing, and retaining various service providers in connection with the preparation of, a prospectus (and associated documentation) in November 2014 (which offer was subsequently discontinued); and
- the preparation of this Prospectus and the preparation and execution of the Offer Management Agreement, the Subscription Agreement and the Investment Management Agreement and retaining various service providers in connection with this Offer,

the Company has not undertaken any business or other activities.

As referred to above, on 28 November 2014, the Company lodged a prospectus with ASIC in connection with an initial public offering of Shares and Loyalty Options. On 5 December 2014, ASIC gave notice of an extension to the 7 day exposure period in connection with that prospectus for an additional period of 7 days. The Company withdrew that prospectus and any offer proposed to be made pursuant to that prospectus before the end of the extended exposure period, having regard to offer timing constraints due to the earliest possible date on which that offer could have opened, after the exposure period had been extended, being 15 December 2014.

## 3.2 DIRECTORS

The management of the Company and supervision of the Investment Manager, in its role as investment manager of the Investment Portfolio, will be overseen by the Company's Board of Directors who, collectively, have a broad range of experience in investment management combined with financial and commercial experience.

The following table provides summary information in relation to the Directors, including their years of experience and position:

| NAME | YEARS BUSINESS EXPERIENCE | POSITION | INDEPENDENCE |
|---|---|---|---|
| Ian Ferres | 58 | Chairman | No |
| Mark Kerr | 25 | Non-executive Director | No |
| Don Clarke | 30 | Non-executive Director | Yes |
| George Boubouras | 25 | Director and Chief Investment Officer of the Investment Manager | No |

The following paragraphs provide information on the Directors, including their background, expertise and experience.

**Ian N Ferres** AM, FIAA, FAICD (Chairman and non-executive Director) (Not Independent)

Ian has had a distinguished career in the funds management industry. He was employed by National Mutual Limited from 1956 to 1990. His executive positions within National Mutual Limited have included roles as Executive Director from 1983 to 1990, with responsibility for all worldwide equity, property, fixed interest investments and financial/banking ventures from 1975 to 1988, and as Managing Director of Meridian Funds Management 1988 to 1990. Ian was Group Managing Director of Australian Unity from 2002 to 2004.

Ian has been chairman of some 15 entities, and a director of a further 15, since he began a non-executive career in 1990. They have included both Federal and State Government corporations, private companies, both listed and unlisted public companies, and community and charitable organizations.

Ian is currently a director of Contango MicroCap Limited, which at the date of this Prospectus is the sole shareholder in the Company. He also holds a number of other non-executive positions including: Consultant, TressCox Lawyers since 2005 and Chairman of Technology Development Investment Limited (and a director of its investee companies).

**Mark Kerr** LL.B. (Non-executive Director) (Not Independent)

Mark is an experienced director whose other current roles include Non-Executive Chairman of three other ASX listed companies, Contango MicroCap Limited (December 2009 to present); Hawthorn Resources Limited (27 November 2007 to present) and Think Childcare and Education Limited (21 July 2014 to present).

Mark is a director of Berkeley Consultants Pty Ltd which specialises in public relations and reputation management consultancy. He is also a director and adviser to various other private companies. Mark's community involvement currently extends to being a member of the Victorian Committee of the Juvenile Diabetes Research Foundation and a member of the St Vincent's Institute Charity Golf Day Committee.

Mark was formerly the Non-Executive Chairman of one-time ASX listed company Process Wastewater Technologies Limited from December 2007 to June 2013.

**Don Clarke** LL.B. (Hons) (Independent, non-executive Director)

Until very recently, Don had been a corporate partner of the law firm, Minter Ellison, for over 25 years. He has extensive commercial law and business experience from over 30 years advising ASX listed and large private companies across a broad range of industries on corporate law, governance and investment issues. Don retired from his role as a partner of Minter Ellison on 30 June 2015.

Don is currently the Deputy Chairman of Webjet Limited (one of Australia's leading on-line travel companies) and a former director of ASX listed companies, Circadian Technologies Limited, Phosphagenics Limited and Calzada Limited.

**George Boubouras** B Ec (Director and Chief Investment Officer of the Investment Manager) (Not Independent)

George has over 25 years experience in financial services and has held senior leadership positions, as the chief investment officer, at various global and domestic firms. George holds a Bachelor of Economics (Honours) and has undertaken further study at Harvard, MIT Sloan School of Management, the University of New South Wales and holds the Stockbrokers Association of Australia RG 146 accreditation.

George has experience managing investments across various asset classes and investment teams and has worked at various firms including: Equity Trustees Ltd, as Chief Investment Officer; UBS Wealth Management, as Chief Investment Officer; Macquarie Group, as an Investment Strategist; and HSBC Asset Management, as Head of Asset Allocation, Fixed Income and Equity Research.

## 3.3 THE COMPANY'S BUSINESS

**Investment objectives**

The Company's primary objective is to maximise total returns to its Shareholders (via regular income and capital returns) through the investment and management of its Investment Portfolio (which tasks will be undertaken by the Investment Manager in accordance with the investment parameters set out in the Investment Management Agreement). The Company aims to provide Shareholders with:

- ownership of a diversified investment portfolio of approximately 30 to 40 securities predominantly comprising higher dividend yielding entities from within the S&P/ASX 300 Index, excluding the securities of the 30 largest entities by market capitalisation in the S&P/ASX 300 Index;
- attractive total returns on their investment (comprising both regular income and some capital growth) which (in percentage terms) exceed the increase in the ASX All Ordinaries Accumulation Index over the medium term;
- capital preservation; and
- active capital management and a framework for the Company to operate within risk parameters considered appropriate by the Directors.

## 3.4 INVESTMENT STRATEGY

The Company's investment strategy is to construct a diversified portfolio of investments in Australian listed entities, using a disciplined investment process implemented by the Investment Manager.

In this respect, the Company, through its Investment Portfolio, will provide investors with access to a portfolio of listed entities within the S&P/ASX 300 Index, excluding the securities of the 30 largest entities by market capitalisation in the S&P/ASX 300 Index. The specific focus will be on those entities which the Investment Manager expects will pay higher levels of dividends (and/or distribute high levels of franking credits) over time.

The investment strategy will be implemented by the Investment Manager's highly experienced and successful investment team, which is overseen by the Investment Manager's Chief Investment Officer and made up of equity specialists with expertise across Australian and international markets. The Company will have a broad investment universe and will seek to invest capital where the Investment Manager believes the most compelling risk/reward opportunities exist.

Refer to Section 5 for a general summary of the risks associated with the Company's business and its Investment Portfolio.

## 3.5 ASSET CLASSES

The Company may invest in the following assets:

(a) listed and unlisted securities (includes ordinary shares, preference shares, convertible notes, units and other securities listed on a recognised securities exchange);

(b) underwriting / sub underwriting of new issues of securities in which investment would be otherwise permitted under the investment mandate;

(c) cash and cash-like investments (includes bills of exchange, promissory notes, floating rate notes, securities or guaranteed by Federal or State Governments); and

(d) Derivatives (for example, futures contracts or options traded on ASX and/or options traded on the Australian Options Market in respect of shares that are listed on ASX) with respect to the asset types listed in sub-paragraphs (a) and (b) above.

As noted in Section 4.5, the proposed investment strategy of the Company is the same investment strategy as adopted by the Investment Manager for its Income Generator (Ex-30) Strategy Fund. Consistent with this investment strategy, as at 31 May 2015, the investment portfolio of the Income Generator (Ex-30) Strategy Fund, by asset class, is set out below.

The Directors envisage that once the total net tangible assets available for investment after completion of the Offer have been fully invested, which the Directors expect to occur within approximately 3 months after the trading of Shares commences on ASX, the initial composition of the Investment Portfolio, by asset class, will be materially similar to that which is outlined below.

| ASSET CLASS | % ALLOCATION (AS AT 31 MAY 2015) |
|---|---|
| Property | 15.0% |
| Infrastructure/Utilities | 12.6% |
| Financials | 33.2% |
| Consumer Disc | 27.2% |
| Industrial | 4.4% |
| Materials | 1.9% |
| Health | 1.4% |
| IT | 1.0% |
| Cash | 3.3% |
| **Total** | **100%** |

## 3.6 ASSET TYPES

The table below sets out the asset types in which the Company may invest and the expected overall allocation ranges.

| INVESTMENT TYPE | MINIMUM % | TARGET % | MAXIMUM % |
|---|---|---|---|
| Cash | 0 | 5 | 50 |
| Securities of entities listed on ASX and included in the S&P/ASX 300 Index, but excluding those entities ranked in the top 30 on ASX (by market capitalisation) (**ASX Top 30**) | 50 | 90 | 100 |
| Securities of other ASX listed entities (which may include ASX Top 30 entities and entities outside the S&P/ASX 300 Index)** | 0 | 5 | 20 |

As at 31 May 2015, the investment portfolio of the Income Generator (Ex-30) Strategy Fund, by asset type, is set out below. The Directors envisage that once the total net tangible assets available for investment after completion of the Offer have been fully invested, which the Directors expect to occur within approximately 3 months after the trading of Shares commences on ASX, the initial composition of the Investment Portfolio, by asset type, will be materially similar to that which is outlined below.

| INVESTMENT TYPE | % ALLOCATION (AS AT 31 MAY 2015) |
|---|---|
| Cash | 3.3% |
| Securities of entities listed on ASX and included in the S&P/ASX 300 Index, but excluding those entities in the ASX Top 30 | 86.4% (32 holdings) |
| Securities of other ASX listed entities (which may include the ASX Top 30 entities and entities outside the S&P/ASX 300 Index)** | 10.3% (5 holdings) |

**Under the terms of the Investment Management Agreement, the Investment Portfolio may include the securities of ASX Top 30 entities if, at the time of acquisition:

- the relevant entity was not an ASX Top 30 entity; or
- in the opinion of the Investment Manager (acting reasonably), it is appropriate to acquire the relevant securities for the purpose of meeting the investment objectives of the Investment Portfolio.

## 3.7 LEVERAGE

Leverage is a tool which magnifies exposures beyond the assets available to the Company by increasing the level of assets available for investment. It is not proposed that the Company's Investment Portfolio will be leveraged on a net basis.

## 3.8 DERIVATIVES AND FOREIGN CURRENCY

**Income Generator (Ex-30) Strategy Fund**

As at the date of this Prospectus, the Income Generator (Ex-30) Strategy Fund has not held any Derivative positions and the Investment Manager does not currently consider that there will be a need to do so in the short term.

Whilst there is no leveraged cap in relation to the Income Generator (Ex-30) Strategy Fund's investment in Derivatives, the investment strategy of the Income Generator (Ex-30) Strategy Fund regarding the use of Derivatives is that this is most likely to occur in the form of selling SPI futures contracts short to protect against a decline in the value of the portfolio in what the Investment Manager perceives to be difficult market conditions.

**Derivatives**

The Company's investment strategy for Derivatives is the same as that adopted by the Investment Manager for the Income Generator (Ex-30) Strategy Fund. This includes there being no leveraged cap in relation to the Company's investment in Derivatives.

The Company may use Derivatives as part of its overall investment strategy, including but not limited to:

(a) hedging (portfolio and/or individual security risk);

(b) increasing/decreasing overall portfolio exposures;

(c) investing indirectly where the Investment Manager determines that investing indirectly would, for example, be commercially advantageous, tax efficient or provide a more practicable means of access to the relevant investment; and

(d) short term portfolio management, for example obtaining economic exposure to the market while physical exposures are being acquired.

The Company may use any type of Derivative (including exchange traded derivatives such as futures and options) and over-the-counter Derivatives (such as swaps, options and forward contracts). Derivatives may have similar effects to leverage as they increase the level of investible assets.

**Counterparties**

The Investment Manager engages reputable and regulated investment banks and brokerage firms as Derivative counterparties after conducting due diligence. See Section 5.1 for risks associated with Derivatives.

**Investment Hedging**

The Investment Manager may also hedge the exposure of other investments of the Company against investment loss, but is not obliged to do so. There is no guarantee that any hedging will be successful. The cost of implementing hedging may be significant. See Section 5.1 for the risks associated with hedging.

## 3.9 CHANGES TO INVESTMENT STRATEGY

The investment objectives, strategies, guidelines and permitted investments outlined in this Section 3 are expected to be implemented by the Investment Manager upon the listing of the Company on ASX. It is not expected that the Company will change any of these investment objectives, strategies, guidelines and permitted investments. If there are changes, these changes will only be made with the approval of the Board, after consultation with the Investment Manager and, if required by law or by the ASX Listing Rules, the approval of the Shareholders. The Company will notify Shareholders via the Company's website and ASX of any material changes to the Company's investment objectives, strategies, guidelines and permitted investments.

If the Company's Investment Portfolio ceases to comply with the investment objectives, strategies, guidelines or permitted investments outlined in this Section 3, the Investment Manager must use its best endeavours to remedy the non-compliance within a reasonable period of time of the Investment Manager becoming aware of the non-compliance or a longer period if permitted by the Company. If the Investment Manager fails to remedy a breach, the Company may terminate the Investment Management Agreement.

## 3.10 DIVIDEND POLICY

The Company's dividend policy is to pay annual dividends of not less than 6.5% of the Company's NTA value per Share. For the purposes of applying the Company's dividend policy:

(a) for the financial year commencing 1 July 2015, the Company's NTA value per Share will be based on the Company's NTA value per Share as at the Issue Date; and

(b) for each subsequent financial year, the Company's NTA value per Share will be based on the Company's NTA value per Share as at 1 July of each financial year.

The Directors believe this dividend policy is achievable, based on:

(a) the medium-term sector returns in relation to the midcap sector of the market – the return over the last 5 years for the S&P/ASX Mid-Cap 50 Index has been 10.0% per annum (and has been over 7.2% per annum over the last 10 years);

(b) the prospect of the Company achieving capital growth on its investment portfolio, which the Company may utilise to pay dividends; and

(c) a substantial proportion of the Company's investments being cash or in liquid stocks, which will assist the Company in having the required liquidity to achieve its dividend policy, assuming sufficient portfolio yield and capital growth.

Further, since its inception in December 2012, the average actual portfolio yield of the identical strategy adopted in respect of the Income Generator (Ex-30) Strategy Fund has been 6.0% per annum. Whilst this yield is less than the amount of dividends proposed to be paid by the Company under its dividend policy, the Directors believe an annual dividend of 6.5% is achievable, based on the above. By way of comparison, CTN's average actual portfolio yield in the last 5 years has been approximately 3.4% per annum and it has paid an annual dividend to its shareholders of over 7% in each of those years.

It is the current intention of the Company to pay any dividends to Shareholders on a semi-annual basis (that is, after the end of the first half of the relevant financial year and also after the end of that financial year).

It is also the current policy of the Board that all dividends paid to Shareholders will be franked to the maximum extent legally permissible without exposing the Company to liability to pay any franking deficits or any other tax or impost.

Despite the Company's policy, no assurances can be given by any person, including the Directors, about the payment of any dividend or the level of franking on any such dividend. While the Company, and its Investment Manager, will work diligently to achieve the objectives of

the Company's dividend policy, there are many factors that will affect the ability of the Company to pay dividends and, if dividends are paid, the likely quantum of those dividends. Examples of the factors affecting dividend payments are the capital requirements and cash flows of the Company, the Company's expectations of future earnings and future prospects, changes in market and financial conditions, investment portfolio revaluations, changes in laws and accounting standards. Many of those factors are outside the control of the Company.

Therefore, there can be no guarantee that the Company will achieve its stated dividend objective. Actual dividends may be lower than expected, and there may be periods in respect of which dividends are not paid at all.

Please note that the payment of dividends (and all returns to investors under the Offer) is subject to the risks set out in Section 5.

### 3.11 STATUS AS A LISTED INVESTMENT COMPANY

The Company will be listed on ASX as a LIC. Whilst it is anticipated that it will be a LIC for Australian income tax purposes, due to the Company's proposed investment strategy, it is unlikely that investors will access concessional capital gains tax treatment specifically applying to LICs as it is anticipated that the Company will hold its investments on revenue account.

### 3.12 REPORTS TO SHAREHOLDERS

Within 14 days after the end of each month, the Company will release on ASX a statement of the NTA backing of its Shares as at the end of that month. The calculation of the NTA backing of Shares will be made in accordance with the ASX Listing Rules.

The Company will provide to security holders on request, free of charge, a copy of statements released to ASX of the NTA backing of Shares from time to time.

### 3.13 CORPORATE GOVERNANCE

The Board is concerned to ensure that the Company is properly managed to protect and enhance Shareholder interests, and that the Company, its Directors, officers and employees operate in an appropriate governance environment.

The Board recognises the need for the Company to operate with the highest standards of behaviour and accountability.

The Corporate Governance Principles and Recommendations of the ASX Corporate Governance Council (**ASX Recommendations**) articulate a number of core principles and associated recommendations that the ASX Corporate Governance Council believes underlie good corporate governance.

The Board endorses generally the ASX Recommendations and has considered the ASX Recommendations in determining an appropriate system of control and accountability, commensurate with these guidelines, to best fit its business and operations.

The Company will seek to follow the ASX Recommendations and, as required under the ASX Listing Rules, where the Company determines it would be inappropriate to follow the principles because of its circumstances (including as identified below), the Company will provide reasons for not doing so in its annual report. For further detail on this issue, please refer to the Section below headed 'ASX Recommendations'.

The Board intends to regularly review its corporate governance procedures and, in particular, their appropriateness in the future given the expected changes in the nature and scale of the Company's operations.

#### CORPORATE GOVERNANCE POLICIES

The Company intends that the following policies and procedures will be implemented by the Company. The policies and procedures will be available on the Company's website prior to the admission of the Company to the Official List of ASX.

#### BOARD CHARTER

The Board Charter formalises the functions and responsibilities of the Board. The Board is ultimately responsible for all matters relating to the running of the Company.

The responsibilities of the Board include:

(a) protection and enhancement of Shareholder value;

(b) formulation, review and approval of the objectives and strategic direction of the Company;

(c) review of all investment activities and results;

(d) monitoring the financial performance of the Company by reviewing and approving budgets and results;

(e) approving all significant business transactions including acquisitions, divestments and capital expenditure;

(f) ensuring that adequate internal control systems and procedures exist and that compliance with these systems and procedures is maintained;

(g) review of performance and remuneration of Directors;

(h) review of performance and remuneration of the Investment Manager; and

(i) the establishment and maintenance of appropriate corporate governance and ethical standards.

#### CODE OF CONDUCT

The Code of Conduct for Directors addresses matters relevant to the Company's legal and ethical obligations to its stakeholders. The policy outlines its requirements with respect to:

(a) relationships;

(b) compliance with laws and ethics;

(c) conflicts of interest;

(d) confidentiality;

(e) use of Company assets; and

(f) competition.

### SECURITIES TRADING POLICY

The Securities Trading Policy sets out the Company's policy with regard to trading in Company securities. The policy applies to all Directors and key management personnel (if any) of the Company and their associates. The policy outlines the policy and procedure for all trading by such persons in the Company's securities, including the restrictions on trading (and the blanket prohibition on insider trading), the additional restrictions on short-term trading, the procedures and permissions required if a Director (or senior employee) wishes to trade and the required notifications to the Company and ASX of any trades in the Company's securities.

### AUDIT COMMITTEE CHARTER

The Audit Committee Charter outlines the composition of the Committee, its responsibilities (in respect of the financial management, reporting, audit and the risk management systems of the Company), authorities, meeting requirements and reporting procedures.

### CONTINUOUS DISCLOSURE POLICY

The Continuous Disclosure Policy has been adopted with a view to ensuring that the Company complies with the continuous disclosure requirements of the Corporations Act and the ASX Listing Rules. The policy highlights the requirements for immediate notification, the procedure for disclosing material information, the persons responsible for disclosing information and for ensuring compliance generally by the Company with its disclosure obligations.

### SECURITY HOLDER COMMUNICATION POLICY

The Board aims to ensure that Shareholders are informed of all major developments. The Security holder Communication Policy outlines the processes and responsibilities for reports issued to Shareholders, ASX announcements, annual general meetings, the maintenance of the Company website and the process for responding to requests for information. It also includes a process for review of shareholder communications.

### NOMINATION AND REMUNERATION COMMITTEE CHARTER

The Nomination and Remuneration Committee Charter outlines the composition of the Nomination and Remuneration Committee, its responsibilities (in respect of the structure and composition of the Board and the remuneration policies of the Company), authorities, meeting requirements and reporting procedures.

### ASX RECOMMENDATIONS

Condition 13 of ASX Listing Rule 1.1 provides that the Company must provide a statement disclosing the extent to which it will follow, as at the date of its admission to the Official List of ASX, the ASX Recommendations. If the Company does not intend to follow all the ASX Recommendations on its admission to the Official List of ASX, the Company must identify those recommendations that will not be followed and give reasons for not following them.

The Board is of the view that the Company complies with the ASX Recommendations, except in respect of:

- Recommendation 2.4 (which recommends that a majority of the Board should be independent directors);
- Recommendation 2.5 (which recommends that the chair of the Board should be an independent director);

and the Recommendations made under Principles 2, 4 and 8 relating to the structure and composition of the Board's Audit and Nomination and Remuneration Committees. In each case, the Principles recommend the committees be chaired by an independent director (who is not the Chairman of the Board) and comprise of at least three members, a majority of whom are independent directors.

The size and the current composition of the Company's Board preclude the Company from complying with Principles 2, 4 and 8 relating to the structure and composition of the Board's governance committees. In the immediate future, the Audit Committee is likely to comprise all Board members and the Nomination and Remuneration Committee is likely to comprise all Board members other than Mr George Boubouras, with the respective Committees being chaired by the sole independent Director, Mr Clarke.

On the issue of independence, having regard to the indicators of independence set out in Box 2.3 of the ASX Recommendations, Mr Ian Ferres (Chairman) and Mr Mark Kerr (Director) are not independent directors by virtue of their appointments as directors of CTN, which at the date of this Prospectus is the sole shareholder in the Company. Mr George Boubouras (Director) is not an independent director by virtue of his appointment as an executive of CTN.

Despite the fact that Don Clarke has until his retirement on 30 June 2015 been a long-standing partner of the law firm Minter Ellison and that Minter Ellison has acted as the Company's Australian legal adviser in relation to the Prospectus and the Offer, the Board considers that Don Clarke is an independent director, free from any business or other relationship that could materially interfere with, or reasonably be perceived to interfere with, the independent exercise of his judgement; and that he is able to fulfil the role of an independent director for the purposes of the ASX Recommendations.

The Board considers that, having regard to the wealth of experience and knowledge which Mr Ferres, Mr Clarke, Mr Kerr and Mr Boubouras possess, Mr Ferres is the most suitable person to occupy the position of Chairman of the Company and Mr Kerr and Mr Boubouras, along with Mr Clarke, are each eminently suitable to act as a Director of the Company.

The Board also considers that, having regard to the relationship between CTN and the Company upon the Company's admission to the Official List of ASX, it will be in the best interests of the Company to be guided by the leadership of Mr Ferres, Mr Clarke, Mr Kerr and Mr Boubouras as this will enable the Company to effectively develop and implement its strategic objectives, particularly in the critical short to medium term phase of the Company. The Board considers that the presence of Mr Ferres, Mr Clarke, Mr Kerr and Mr Boubouras on the Board will assist in facilitating these objectives.

Further, the Board considers that any perceived independence-related concerns regarding the position of Mr Ferres as Chairman and Mr Kerr and Mr Boubouras as Directors are countered by the presence of Mr Clarke as an experienced independent Director and the Company's adherence with all ASX Recommendations, other than those referred to above.

# 4 | INVESTMENT MANAGER OVERVIEW

## 4.1 ABOUT THE INVESTMENT MANAGER

The Company's investment strategy is to be implemented by the Investment Manager, Contango Asset Management Limited, which holds Australian Financial Services Licence 237119.

The Investment Manager was established in December 1998 to undertake the management of Australian equities for investment companies and funds. It offers investment management services to wholesale superannuation funds and wealth management institutions as well as financial planning groups and high net worth individuals and shareholders. The Investment Manager currently manages funds across all major sectors of the listed market – large caps (S&P/ASX100), small caps (S&P/ASX Small Ordinaries), and microcaps (those outside the S&P/ASX Small Ordinaries) as well as specialist sector funds such as its income and international fund of funds.

The Investment Manager is a wholly-owned subsidiary of CTN.

As at the date of this Prospectus, CTN is the sole shareholder in the Company and, on completion of the Offer, it is expected that CTN will have a substantial shareholding in the Company. If the aggregate Subscription Amount received from all successful Applicants (including CTN) is $60 million or less, then it is expected that CTN, through its commitment to subscribe for 30 million Shares for a total Subscription Amount of $30 million, will remain the majority shareholder in the Company on completion of the Offer.

The management team of the Investment Manager are experienced and successful funds management professionals. Details of each member of the Executive and Investment teams of the Investment Manager are set out in this Section 4.

## 4.2 FEATURES OF THE INVESTMENT MANAGER

The Investment Manager is a specialist equities manager that offers the following products to institutions and professional investors:

- Core Australian Equities
- Small Cap Australian Equities
- Microcap Australian Equities
- Income Focused Australian Equities
- International Fund of Funds

The Investment Manager manages a total of 9 separate investment portfolios, across the 5 different investment products referred to above, as set out in the following table.

| INVESTMENT PRODUCT | NUMBER OF INVESTMENT PORTFOLIOS |
|---|---|
| Core Australian Equities | 1 |
| Small Cap Australian Equities | 3 |
| Microcap Australian Equities | 3 |
| Income Focused Australian Equities | 1 |
| International Fund of Funds | 1 |

The products are available through unit trusts or as discrete mandates. The Investment Manager will also tailor investment mandates to meet the specific investment objectives of clients.

The investment portfolios managed by the Investment Manager are based on models that are implemented across various strategies. Each model is prepared by a portfolio manager using the Investment Manager's 'top down' macroeconomic analysis, integrated with its fundamental 'bottom up' stock research (which includes the Investment Manager's stock analysts coverage of various market sectors). In combination, this approach allows the Investment Manager to construct equity portfolios that are well suited to economic and market conditions across the business cycles.

The Investment Manager's allocation objective is to ensure that individual investment opportunities (and subsequent divestments from such opportunities) are allocated amongst clients with a similar investment strategy on a pro rata basis that reflects the funds under management of each individual client relative to the total funds under management of all clients with the same investment strategy.

The Investment Manager has in place a comprehensive conflicts policy which accords with its various obligations and duties as the holder of an AFSL.

## 4.3 INVESTMENT MANAGER'S STRATEGIES

The Investment Manager is a 'top down business cycle' manager. It believes that a detailed understanding of global economic conditions and how those considerations impact on financial markets is important in determining which sectors and stocks will outperform the market.

Accordingly, the Investment Manager's macroeconomic research effort focuses on forecasting future domestic and global economic conditions and assessing their impact on the performance of sectors and stocks.

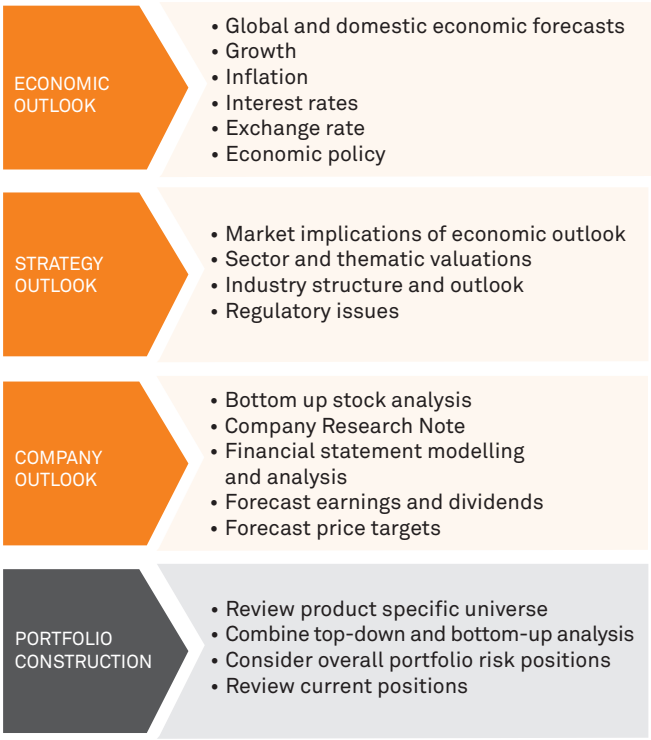
The Investment Manager intends to utilise these relationships to guide its decisions on the size, allocation

to cash and the sector biases within the Investment Portfolio. These allocations will vary over the course of the cycle to reflect the differing trade-offs between risk and return.

The top-down approach of the Investment Manager is complemented by a disciplined 'bottom up' stock selection process, which involves rigorous quantitative and qualitative fundamental analysis in respect of each of the stocks identified for potential investment. This includes detailed stock modelling, in depth company research notes and reports complemented with management meetings. When constructing a diversified portfolio, the Investment Manager also considers the portfolio's overall risk positions including stock, sector and thematic risks.

The effective and disciplined investment process the Investment Manager applies to its investment portfolios is summarised in the following chart:

### AN EFFECTIVE AND DISCIPLINED INVESTMENT PROCESS




## 4.4 INVESTMENT MANAGER'S ORGANISATIONAL EXPERTISE (INVESTMENT TEAM ONLY)

| ROLE | TEAM MEMBER | YEARS EXPERIENCE |
|---|---|---|
| Chief Investment Officer | George Boubouras | 25 |
| Investment Services Director | Carol Austin | 35 |
| Senior Investment Manager | Alistair Drummond | 30 |
| Portfolio Manager | Shawn Burns | 29 |
| Portfolio Manager | Bill Laister | 35 |
| Portfolio Manager | Justin Farley | 21 |
| Senior Investment Analyst | Stephen Scott | 20 |
| Senior Investment Analyst | Justin Puli | 12 |
| Investment Analyst | Paul Davoren | 20 |
| Investment Analyst | Craig Allen | 13 |
| Economist | Eamon Zelencich | 7 |
| Dealer/Analyst | Ross Edwards | 19 |

## 4.5 HISTORICAL PERFORMANCE OF FUNDS UNDER THE MANAGEMENT OF THE INVESTMENT MANAGER (TO 31 MAY 2015)

**The information on the past performance of the Income Generator (Ex-30) Strategy Fund (under the management of the Investment Manager), as outlined below, should not be relied upon as an indication of the future performance of the Company.**

The Company believes that the disclosure of the historical performance of the Income Generator (Ex-30) Strategy Fund (under the management of the Investment Manager) is helpful to investors to become aware of the knowledge, experience and track record of the Investment Manager in constructing and managing an investment portfolio that is similar to the Company's Investment Portfolio. The Company therefore believes that the disclosure should assist investors and their advisers in deciding whether or not to invest in the Company which has engaged the Investment Manager to undertake the same task in relation to the Company's Investment Portfolio.

The historical performance information below is based on results to and including 31 May 2015. As it relates to the Income Generator (Ex-30) Strategy Fund (managed by the Investment Manager), this information is calculated based on daily portfolio values and is calculated net of fees and expenses. The historical performance information below has been calculated using the performance of the Income Generator (Ex-30) Strategy Fund less a 0.95% per annum management fee (where the management fee is inclusive of GST net of reduced input tax credits).

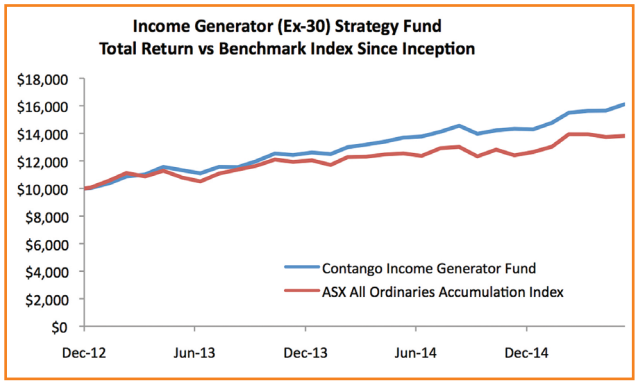
The Investment Manager currently manages the Income Generator (Ex-30) Strategy Fund using precisely the same investment strategy that it proposes to use in respect of the Company's Investment Portfolio.

The proposed investment strategy for the Company (as outlined in Section 3.4) is to construct a diversified portfolio of investments in Australian listed entities within the S&P/ASX 300 Index, excluding the securities of the 30 largest entities by market capitalisation in the S&P/ASX 300 Index.

The index returns have been prepared by the Investment Manager from data obtained from the relevant index providers. Those index providers have not consented to the use of the data in the Prospectus.

| INCOME STRATEGY | 1 YEAR (% P.A) RETURN | 2 YEAR (% P.A) RETURN | SINCE INCEPTION (21/12/2012) (% P.A) RETURN |
|---|---|---|---|
| **Income Generator (Ex-30) Strategy Fund** | **18.1%** | **18.8%** | **20.7%** |
| ASX All Ordinaries Accumulation Index | 10.1% | 13.1% | 14.2% |
| **Outperformance** | **8.0%** | **5.5%** | **6.5%** |
| S&P/ASX MidCap 50 Accumulation Index | 19.6% | 18.4% | 18.2% |
| **Outperformance*** | **(1.5)%** | **0.4%** | **2.5%** |

The graph below shows the total return for each financial year, net of fees and expenses, of $10,000 invested in the Income Generator (Ex-30) Strategy Fund since its inception compared to the ASX All Ordinaries Accumulation Index.




The actual performance of the Investment Portfolio will depend upon the success of the investment strategy adopted by the Investment Manager and any fees payable to the Investment Manager (refer to Section 9.1 for more details on the fees payable to the Investment Manager).

**The information on the past performance of the Income Generator (Ex-30) Strategy Fund (under the management of the Investment Manager) included in this Section 4.5 should not be relied upon as an indication of the future performance of the Company.**

**The proposed investment strategy of the Company is the same investment strategy as adopted by the Investment Manager for the Income Generator (Ex-30) Strategy Fund, but is not the same as all of the investment strategies pursued by the Investment Manager in respect of other funds under its management.**

The actual return of an investment in the Company will depend upon its value and any dividends payable and could differ materially from the historical returns of the above funds.

## 4.6 THE INVESTMENT TEAM

The Investment Manager's team comprises 12 experienced investment professionals, including equity specialists with expertise across Australian and global markets. There is also an additional 7 personnel in various functions including risk, compliance and support staff.

With an average industry experience of 19 years, the members of the investment team have each seen multiple market cycles.

The investment team members set out below have all had direct involvement in the execution of the strategies pursued by the Investment Manager. The Company will be able to draw upon and benefit from this depth and breadth of experience in the construction and maintenance of the Investment Portfolio.

*A negative figure for 'outperformance' reflects the underperformance of the Income Generator (Ex-30) Strategy Fund compared with the S&P/ASX MidCap 50 Accumulation Index.

Each of the investment team members set out below are experts in a particular industry sector or possess one or more specific product skills (e.g. listed market dealing, transaction structuring, quantitative analysis and legal). With experience across a broad range of industry sectors, as well as in the transactional requirements for undertaking equity investments, the Investment Manager believes that it is well placed to manage the Investment Portfolio.

Each member of the investment team will be available to devote the amount of time required for the Investment Manager to properly perform its functions in managing the Investment Portfolio in accordance with the Investment Management Agreement.

EXPERIENCED INVESTMENT PROFESSIONALS

**George Boubouras, Chief Investment Officer, B Ec (Hons)**

George has over 25 years experience in financial services and has held senior leadership positions, as the chief investment officer, at various global and domestic firms. George holds a Bachelor of Economics (Honours) and has undertaken further study at Harvard Kennedy School, MIT Sloan School of Management, the University of New South Wales and holds the Stockbrokers Association of Australia RG 146 accreditation.

George has experience managing investments across various asset classes and investment teams and has worked at various firms including: Equity Trustees Ltd, as Chief Investment Officer; UBS WM, as Chief Investment Officer; Macquarie Group, as an Investment Strategist; and HSBC AM, as Head of Asset Allocation, Fixed Income and Equity Research.

**Carol Austin, Investment Services Director, B Sc, B Ec**

Carol has worked in the investment industry for over 25 years. Her roles have included Research Economist, Chief Economist, Director – Corporate Affairs, General Manager and Director – Business Development.

Prior to joining the Investment Manager, Carol worked with Rothschild Australia Asset Management, Commonwealth Funds Management, BHP and the Reserve Bank of Australia.

Carol is actively involved in a number of industry bodies, is a guardian of the Future Fund, a board member of HSBC Bank Australia Ltd and a member of the Advisory Board of the Australian Office of Financial Management.

Carol has extensive experience in economic analysis and forecasting.

**Alistair Drummond, Senior Investment Manager, B Ec, LLB**

Alistair has over 30 years experience in the financial services industry. During this time he has had various roles in investment banking and corporate advisory, has been a senior portfolio manager at several organisations and was an executive director in a large stockbroker.

Prior to joining the Investment Manager, Alistair was Head of Melbourne Equity Sales at JP Morgan. Previously Alistair was a senior portfolio manager and an initial shareholder in Contango Asset Management, a senior portfolio manager at National Australia Asset Management and National Australia Fund management and had worked in a variety of investment banking roles for National Australia Corporate Advisory, Morgan Grenfell Australia and JP Morgan.

Alistair has been involved in stock analysis, portfolio construction and has managed domestic and Japanese portfolios. Additionally, he has serviced a variety of large and small fund managers and family offices in his role as an institutional stockbroker.

**Shawn Burns, Portfolio Manager, B Ec, CFA, CPA, F Fin**

Shawn has over 29 years investment experience. Over this time his roles have included stock analysis and portfolio management responsibilities for several large international investment managers. As an analyst Shawn has covered most sectors of the Australian market. As a portfolio manager Shawn has successfully managed portfolios varying in size from several million to a few billion dollars.

Fund Managers that Shawn has worked for have won a number of industry awards including twice being the Lonsec Australian Equities top broad cap manager and twice being a finalist in the Morningstar Australian Equities fund manager awards.

**Bill Laister, Portfolio Manager, B Ec**

Bill has worked in the investment industry for over 30 years. His roles have included Resources Analyst, Head of Trading, Investment Manager, Senior Investment Manager - Resources and Head of Australasian Equities.

Prior to joining the Investment Manager, Bill was Head of Australasian Equities for HSBC Asset Management Limited. Previously Bill worked with the stockbroking firms, Wilson and Co and Morgan Stockbroking, in Brisbane.

Bill has been involved in resources analysis, portfolio construction and management throughout his career. He travels regularly throughout Australia reviewing greenfield sites, mining operations and growth opportunities for companies, especially energy, base metal, gold and precious metals companies listed on the Australian stock market.

**Justin Farley, Portfolio Manager, B Com (Hons), CFA**

Justin has over 15 years experience as an investment analyst / portfolio manager both in Australia and the UK. He has covered a wide range of industry sectors and both large and small capitalisation stocks. Previous employers include Invesco, Concord Capital, Aberdeen Asset Management, Deutsche Asset Management, BP plc and Colonial Investments.

Justin completed a Bachelor of Commerce (Hons) at the University of Melbourne and is a CFA charterholder.

**Stephen Scott, Senior Investment Analyst, B.Ec, F Fin**

Stephen has worked in both funds management and stock broking and has over 19 years in finance. Previously, Stephen was Head of Research at Ord Minnett. Stephen worked for 11 years at Deutsche Asset Management in Sydney, New York and London in a variety of Senior

Equity Analyst and Portfolio Manager roles. In his role as a Senior Investment Analyst at the Investment Manager, Stephen covers retail, food/staples and diversified financial stocks.

**Justin Puli, Senior Investment Analyst, B.Com (Hons), CFA**

Justin has experience in fundamental investment research and portfolio strategy across asset classes. Previously, Justin was at Noah's Rule providing treasury solutions for clients with exposures to commodity, interest rate and foreign exchange markets. Whilst at Challenger, Justin covered REITs, Developers and Infrastructure companies across both domestic and global portfolios. Earlier, Justin worked at Glebe Asset Management as a fixed interest analyst and began his career as an equities analyst at HSBC Asset Management. Justin completed his Bachelor of Commerce Finance (Hons.) at Monash University and is a CFA Charterholder.

**Paul Davoren, Investment Analyst, B Sc (Hons), F Fin**

Paul has over 20 years experience in the finance and resource sectors. Paul started his career as an Exploration Geologist, principally engaged in diamond exploration before moving into a Business Analyst role with Ashton Mining evaluating and analysing diamond and gold projects. He also worked closely with the Project Finance team seeking funds for offshore projects.

Over the past 15 years Paul has worked in both stockbroking and funds management. He worked as an Equity Analyst with Merrill Lynch and Deutsche Bank before joining Contango Asset Management as an Investment Analyst in 2004.

Paul completed a Bachelor of Science degree with Honours at Monash University, majoring in Geological Sciences. He also has completed a Graduate Diploma in Applied Finance and Investment at the Securities Institute of Australia.

Paul is responsible for the following sectors: Energy, Capital Goods and Telecommunications. He has also covered the retail, food/staples and gold sectors.

**Craig Allen, Investment Analyst, B Com, B Sc**

Craig completed a double degree in Commerce and Science at the University of Melbourne specialising in Finance and Computer Science. Prior to joining the Investment Manager, Craig worked for ObjectMastery, a financial software firm, and Goldman Sachs J B Were.

Craig is responsible for the following sectors: Banks, Construction Materials and Utilities.

**Eamon Zelencich, Economist, B Ec (Hons)**

Eamon completed an economics degree with honours at LaTrobe University before joining the Victorian Government's graduate recruitment program in 2008. During his time in government, Eamon worked in the macroeconomics team at the Victorian Treasury and then on the 2011 Independent Review of State Finances. He has experience in macroeconomic analysis and forecasting, economic modelling and research. Eamon is responsible for economic and market research and data analysis.

**Ross Edwards, Dealer / Analyst**

Ross has over 18 years experience within the funds management industry and has been at the Investment Manager since 2000. During his time at the Investment Manager Ross has performed various roles from fund manager support, back and middle office functions and system implementation. Since 2010 Ross has been responsible for trade order placement and execution. Prior to joining the Investment Manager Ross was at HSBC Asset Management where his responsibilities included unit trust pricing and settlements.

# 5 | RISKS

## 5.1 INTRODUCTION

Investing in the Offer Securities involves a high degree of risk. You should carefully consider the risks involved in acquiring the Shares (as well as any Shares acquired as a result of the exercise of Vested Loyalty Options), including those risks described below and all of the other information set out in this Prospectus before deciding to invest in the Offer Securities.

If any of the events or developments described below occur, the Company's business, financial condition or results of operations could be negatively affected. In that case, the market price of the Offer Securities could decline, and you could lose part or all of your investment.

You should note that on quotation of the Shares on the Official List of ASX, the market price may differ significantly to the Issue Price paid for the Shares and/or may not reflect the fair value of the Investment Portfolio calculated by the Investment Manager and the Company.

While not exhaustive, this Section 5 identifies the risks that the Directors regard as the major risks associated with an investment in the Company. You should read the whole of this Prospectus (with particular emphasis on this Section 5) in order to fully appreciate the risks of an investment in the Offer Securities, and the manner in which the Company intends to operate, before any decision is made to subscribe for Offer Securities.

While prudent management and investment techniques may be effective in reducing the risks to Shareholders (and Loyalty Option holders), no assurances can be given by the Company as to the future success of the Company's investment strategies, any particular investment decisions or, importantly, the investment returns or the market price at which the Offer Securities may trade on ASX. To that extent, an investment in the Company ought to be regarded as speculative and, as with any equity investment, substantial fluctuations in the value of that investment may and often do occur.

If you are considering an investment in the Company, you are also strongly advised to consider whether the Offer Securities are a suitable investment having regard to your personal investment objectives and financial circumstances (and the risk factors set out in this Section 5). If you are in any doubt about the suitability of an investment in the Company, you should consult with your financial adviser, stockbroker, solicitor, accountant or other professional adviser before deciding whether to apply for the Offer Securities.

## 5.2 GENERAL AND INVESTMENT STRATEGY RISKS

The operating results and profitability of the Company are sensitive to a number of factors including those set out below. The matters identified below are not an exhaustive list and should be carefully considered in evaluating the Company and its prospects.

The Company should not be seen as a predictable, low risk investment. The Company's investments will primarily be in domestic equity securities and these can be considered as having a higher risk profile than cash, fixed interest or a diversified portfolio of larger capitalised equities. None of the Company, the Investment Manager nor the Joint Lead Managers guarantee the return of capital, any rate of return in terms of income or capital or the investment performance of the Company.

| TYPE OF RISK | DESCRIPTION OF RISK |
|---|---|
| LIQUIDITY RISK | The Company will be a LIC. The ability of a Shareholder (and Optionholder) to sell Offer Securities on ASX will be a function of the turnover or liquidity of the Offer Securities at the time of sale. Turnover is a function of a wide variety of factors including the size of a company and the cumulative investment intentions of all current and possible investors in the Company at any one point in time.<br><br>CTN has agreed to apply for 30 million Shares under this Prospectus. The Company has agreed to accept that Application once received. It is possible that on the Company's admission to the Official List, CTN will hold a substantial majority of the total number of Shares on the Company's admission to the Official List (possibly as high as 97.4% of the total Shares).<br><br>Given CTN's commitment to apply for 30 million Shares, the nature of the Company, and the traditionally lower trading volumes experienced by LICs, it is likely that there will be a low level of liquidity in trading of the Offer Securities. As a result, Shareholders (and Optionholders) may not be able to sell their Offer Securities at the time and in the volumes or at a price they desire. |
| RISKS APPLICABLE TO THE COMPANY | **General Investment Risk**<br><br>The investment returns of the Company may be subject to general economic risks (including interest rates, unemployment, inflation and economic growth), market condition risks and government policy risks.<br><br>The value of the Company's investments can fall due to operational and financial circumstances such as circumstances affecting an investment's underlying businesses (including their level and availability of debt and interest rates), their profits, earnings and cash flows.<br><br>**Counterparty and Service Provider Risk**<br><br>Default by any of the Company's counterparties or service providers (e.g. custodians) may cause losses to the Company. The Investment Manager will seek counterparties and service providers which have a low risk of defaulting, although these risks cannot be eliminated entirely.<br><br>**Derivatives**<br><br>The Company may trade in Derivatives (including futures, foreign exchange contracts and options) which are sophisticated financial products. The use of Derivatives also gives rise to counterparty risks as set out above.<br><br>**Past Performance and History**<br><br>There can be no assurance that the Company will achieve its investment objectives. The Company's and the Investment Manager's past performance information should not be relied upon as (and is not) an indicator of future performance. |
| INVESTMENT MANAGER RISK | The success and profitability of the Investment Portfolio in part will depend upon the ability of the Investment Manager to make investments that increase in value over time and the retention of the Investment Manager as manager of the Investment Portfolio (together with the retention of the Investment Manager's investment team).<br><br>The following factors may affect the Investment Manager's performance:<br>• poor investment strategy and securities selection in that the Investment Manager may be unable to construct a portfolio in accordance with the Company's proposed investment objectives, strategy, guidelines and permitted investments and/or, even if it does so, there can be no guarantee that the investment strategy will be successful or that the Investment Manager will not make investment decisions that result in unprofitable outcomes;<br>• changing market conditions such as negative changes in market sentiment;<br>• loss of key clients and/or personnel;<br>• market perception of the Investment Manager and its funds management business; and<br>• market and systemic risk.<br><br>While the Investment Manager will seek to mitigate the risks that may adversely affect its investment performance or its investment decisions, through implementation of internal risk management policies and procedures designed to monitor and address these risks, there can be no guarantee the Investment Manager will achieve any particular investment return within the Investment Portfolio or that its future performance will match or exceed its past performance. |

| TYPE OF RISK | DESCRIPTION OF RISK |
|---|---|
| | The Investment Manager is required to hold an AFSL to operate its business. The ability of the Investment Manager to continue managing the Investment Portfolio is dependent on the maintenance of its AFSL. To the extent that the Investment Manager should lose or have restrictions imposed on its AFSL to prevent it from continuing to manage the Company's investments, the Company will need to identify and engage a suitably qualified and experienced investment manager to implement the Company's investment strategy. Similarly, if the Investment Management Agreement is terminated for any other reason, the Company will need to identify and engage a suitably qualified and experienced investment manager.<br><br>There can be no guarantee that the Company will be able to identify an appropriately qualified replacement for the Investment Manager or, if such person or entity is appointed, that it will be able to perform its duties as investment manager under the Investment Management Agreement to the standard required by the Company or to a level that matches or exceeds the performance of the Investment Manager. The Investment Management Agreement is able to be terminated by the Investment Manager on 3 months' notice at any time during the term of the Investment Management Agreement. See Section 9.1 for further details of the terms of the Investment Management Agreement.<br><br>As a result the Company is exposed to the risk of having to source an alternative investment manager or changing its activities if the Investment Manager terminates the Investment Management Agreement. |
| INVESTMENT RISK | There is a risk that the Offer Securities and/or the Company's investments will fall in value over the short or long term. Individual security prices may fluctuate and under perform other asset classes over time. Investors in the Company are exposed to this risk through both their holding in the Offer Securities and through the Company's investments.<br><br>Also, the Shares of the Company may trade on ASX at a discount to the net tangible asset value of the Investment Portfolio on a per Share basis and the performance of the Shares may not be correlated with the performance of the Investment Portfolio.<br><br>During the period that the Investment Manager constructs the Investment Portfolio the risk exists that movements in the market may result in an Investment Portfolio with a cost base different to the cost base that would apply if the Company listed with a fully constructed Investment Portfolio. |
| CONCENTRATION RISK | There is potential for volatility due to a lack of diversity within the Company's Investment Portfolio. The lower the number of investments, the higher the concentration and, in turn, the higher potential volatility. |
| DERIVATIVES RISK | There is a risk that the use of Derivatives can have a negative impact due to an adverse movement in the underlying asset or where the position is difficult or costly to reverse or maintain.<br><br>Derivative instruments include futures, options on futures, over-the-counter options, exchange-traded options, swaps and forward contracts.<br><br>The value of all Derivatives is 'derived' from underlying physical assets, such as company shares, commodities and bonds.<br><br>Derivatives such as futures and options may be used by the Company:<br>• to offset the risk of price variations of securities;<br>• as an alternative to purchasing the physical security;<br>• to seek to take advantage of any opportunities for profit which may exist in the market from time to time; and<br>• in the management of currency and interest rate risk.<br><br>In all cases there will be cash and/or underlying assets available to meet the exposure positions of the derivative instruments.<br><br>The use of derivatives potentially exposes the Company to counterparty, legal and documentation risks. |

| TYPE OF RISK | DESCRIPTION OF RISK |
|---|---|
| REGULATORY RISK | The Company is subject to a range of regulatory controls imposed by government (federal and state) and regulatory authorities (for example, ASX and ASIC). The relevant regulatory regimes are complex and are subject to change over time depending on changes in the laws and the policies of the governments and regulatory authorities.<br><br>The Company is exposed to the risk of changes to the applicable laws and/or the interpretation of existing laws which may have a negative effect on the Company, its investments and/or returns to Shareholders or the risks associated with non-compliance with these laws (including reporting or other legal obligations). Non-compliance may result in financial penalties being levied against the Company. |
| PERSONNEL RISK | The Investment Manager's performance is largely dependent on the skills and efforts of its investment team. The Investment Manager's ability to perform effectively is dependent on its ability to retain and motivate its investment team. There can be no guarantee that the Investment Manager will be able to retain its investment team or that the Investment Manager will be able to attract and retain management personnel of sufficient experience and expertise to manage the Investment Portfolio. |
| POTENTIAL CONFLICTS OF INTEREST | The Investment Manager is, and may continue to be, the manager or adviser to other funds and investment vehicles. It is possible therefore that the Investment Manager may, in the course of its business, have potential conflicts of interest which may not be managed effectively and therefore may be detrimental to the Company and consequently Shareholders and Optionholders. |
| COUNTERPARTY AND CREDIT RISK | Counterparty risk is the risk that a counterparty, such as a clearing house prime broker or custodian, will not be able to meet its obligations under a contract.<br><br>The investment strategies of the Company and the Investment Manager rely on the successful performance of contracts with external parties, including securities brokers and service providers. There is a risk that these counterparties may not meet their responsibilities, including as a result of insolvency, financial distress or liquidation of the counterparty, which may expose the Company to the risk of loss. In the case of a default, the Company could also become subject to adverse market movements while replacement transactions are executed.<br><br>The ability of the Company to transact business with one or more counterparties, the lack of any independent evaluation of such counterparties' financial capabilities and the absence of a regulated market to facilitate settlement may increase the potential for losses by the Company. |
| INTEREST RATE RISK | Changes in short and long term interest rates can have a positive or negative impact on investment returns. |
| DIVIDEND RISK | The ability of the Company to pay a fully or partly franked dividend is contingent on it making taxable profits. The Company's taxable profits may be volatile, making the reliable forecasting and payment and franking of dividends difficult and unpredictable.<br><br>No guarantee can be given concerning the future earnings of the Company, the earnings and capital appreciation of the Company's Investment Portfolio or the return of the capital invested by Shareholders. Specifically, the Investment Manager may make poor investment decisions resulting in the returns being inadequate to pay an annual dividend to Shareholders of an amount equal to 6.5% of the Company's NTA value (per Share) as outlined in the Company's dividend policy, or at all. |
| OPERATIONAL COSTS | Operational costs for the Company as a proportion of total assets will be affected by the level of acceptance of the Offer. Operational costs representing a greater proportion of total assets will reduce the operating results of the Company and its ability to make dividend payments. |
| ACCOUNTING POLICY RISK | Changes to accounting policies may influence the approach in determining the fair value of investments held by the Company and may have a detrimental impact on the fair value of investments. |

| TYPE OF RISK | DESCRIPTION OF RISK |
|---|---|
| FUTURE CAPITAL REQUIREMENTS OF THE COMPANY | There can be no assurance that the Company will not need to raise additional capital to fully exploit business opportunities available to it. There can be no assurance that the Company will be able to raise such capital on favourable terms (or at all) or, if it is able to raise the capital, that it will be able to invest that capital efficiently.<br><br>If the Company is unable to obtain or invest such additional capital, the Company may be required to reduce the scope of its investment activities or forego an investment opportunity, which could adversely affect its business, financial condition and results of operation. |
| MARKET RISK | Investment returns are influenced by general market factors both in Australia and internationally and by factors specific to each security. In particular, the market prices of the shares of many listed entities have in recent times experienced wide fluctuations which in many cases reflect a diverse range of non-entity specific influences including:<br>• general economic conditions, including changes in inflation rates, short-term or long-term interest rates, exchange rates and commodity prices;<br>• variations in the local and global markets for listed securities;<br>• domestic and international economic conditions;<br>• changes in investor confidence generally and in relation to specific sectors of the market;<br>• natural disasters, global hostilities and acts of terrorism;<br>• changes to government policy, legislation or regulation including in relation to taxation and other policy changes; and<br>• the inclusion or removal of stocks from major market indices.<br><br>The Investment Manager proposes that the Investment Portfolio will be constructed so as to reduce market risks but those risks cannot be entirely eliminated. In a strong equity market, the Investment Portfolio may underperform the broader market, as the Investment Portfolio will have limited exposure to market risk.<br><br>As a result, no guarantee can be given in respect of the future earnings of the Company or the earnings and capital appreciation of the Company's investments. |
| NO OPERATING OR PERFORMANCE HISTORY OF THE COMPANY | The Company is a new entity with no financial, operating or performance history and no track record which can be used by investors to make any form of assessment of the ability of the Company or Investment Manager to achieve the objectives set out in the Prospectus.<br><br>The information in this Prospectus about the investment objectives of the Company are not forecasts, projections or the result of any simulation of future performance. There is a risk that the Company's investment objectives will not be achieved. |
| CHANGES IN TAXATION LAWS AND POLICIES | Tax laws are in a continual state of change and reform which may affect the Company and its Shareholders and Optionholders. Tax liabilities are the responsibility of each individual investor. There may be tax implications arising from ownership of the Offer Securities, the receipt of franked and unfranked dividends (if any) from the Company, receiving returns of capital and the disposal of the Offer Securities.<br><br>Changes to tax laws may adversely affect the Company's financial performance and/or the returns achieved by investors. Dividends paid by the Company to certain investors may not be recognised as frankable by the Australian Taxation Office.<br><br>The Company is not responsible for either taxation or penalties incurred by investors. You should carefully consider these tax implications and obtain advice from an accountant or other professional tax adviser in relation to the application of the tax legislation to your investment in the Company. |

## 5.3 TIMEFRAME FOR INVESTMENTS

Investors are strongly advised to regard any investment in the Company as a long term proposition and to be aware that, as with any equity investment, substantial fluctuations in the value of their investment may occur.

In addition, the above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Offer Securities. Therefore, there is no guarantee with respect to the payment of dividends, returns of capital or the market value of the Offer Securities.

You should consider that an investment in the Company is speculative and consult your professional advisers before deciding whether to apply for the Offer Securities.

# 6 FINANCIAL INFORMATION

## 6.1 PRO FORMA STATEMENT OF FINANCIAL POSITION

The financial information in this Section 6 is compiled from the audited financial statements of the Company as at 31 March 2015 immediately before the Offer and a historical pro forma statement of financial position prepared to illustrate the financial position of the Company on completion of the Offer. It has been prepared on the basis of the assumptions, accounting policies and notes set out below.

The financial information presented in the Prospectus is presented in an abbreviated form and does not contain all the disclosures that are usually provided in an annual report prepared in accordance with the Corporations Act.

| | HISTORICAL AUDITED ACCOUNTS AS AT 31 MARCH 2015 | PRO FORMA MINIMUM SUBSCRIPTION AND MINIMUM 'SHAREHOLDER SPREAD' | PRO FORMA MAXIMUM SUBSCRIPTION (BEFORE ACCEPTING ANY OVERSUBSCRIPTIONS) | PRO FORMA MAXIMUM SUBSCRIPTION (AFTER ACCEPTING ALL OVERSUBSCRIPTIONS) |
|---|---|---|---|---|
| | $ | $ | $ | $ |
| **ASSETS** | | | | |
| Cash | 2 | 30,800,002 | 100,000,002 | 120,000,002 |
| Receivables | - | 1,500 | 131,250 | 168,750 |
| Deferred tax asset | - | 113,964 | 661,310 | 817,688 |
| **Total assets** | **2** | **30,915,466** | **100,792,562** | **120,986,440** |
| **LIABILITIES** | | | | |
| Payables | - | 381,380 | 2,335,618 | 2,894,378 |
| **Total liabilities** | **-** | **381,380** | **2,335,618** | **2,894,378** |
| **NET ASSETS** | **2** | **30,534,086** | **98,456,944** | **118,092,062** |
| | | | | |
| Share Capital | 2 | 30,534,086 | 98,456,944 | 118,092,062 |
| **EQUITY** | **2** | **30,534,086** | **98,456,944** | **118,092,062** |
| | | | | |
| Net Asset Value per Share | 1.0000 | 0.9914 | 0.9846 | 0.9841 |
| Net Tangible Asset Value per Share (excluding deferred tax asset) | 1.0000 | 0.9877 | 0.9780 | 0.9773 |

## 6.2 CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

Estimates and judgements are based on past performance and management's expectations for the future, which, by definition, will seldom represent actual results. Estimates and assumptions based on future events have a significant inherent risk, and where future events are not anticipated there could be a material impact on the carrying amounts of the assets and liabilities discussed below:

- The pro forma statements of financial position have been prepared on the basis of the following assumptions:
  - the column headed 'Pro Forma Minimum Subscription and minimum shareholder spread' has been prepared on the basis of subscriptions of 30,800,000 Shares at an Issue Price of $1.00 and assuming the Minimum Subscription is raised through CTN's subscription commitment under the Subscription Agreement and $800,000 is raised under the Broker Firm Offer so as to satisfy ASX's minimum 'shareholder spread' requirements (that is, 400 Shareholders each holding 2,000 Shares, pursuant to Condition 7 of ASX Listing Rule 1.1);
  - the column headed 'Pro Forma Maximum Subscription (before accepting any Oversubscriptions)' has been prepared on the basis of subscriptions of 100,000,000 Shares at an Issue Price of $1.00 and assuming $30 million is raised through CTN's subscription commitment under the Subscription Agreement, $5 million is raised from CTN Shareholders and $65 million is raised under the Broker Firm Offer;
  - the column headed 'Pro Forma Maximum Subscription (after accepting all Oversubscriptions)' has been prepared on the basis of subscriptions of 120,000,000 Shares at an Issue Price of $1.00 and assuming $30 million is raised through CTN's subscription commitment under the Subscription Agreement, $10 million is raised from CTN Shareholders and $80 million is raised under the Broker Firm Offer.
- The expenses relating to the Offer (including the Joint Lead Managers' fees, professional adviser fees, and Share Registry fees) to be paid or reimbursed by the Company to the Investment Manager are recorded as a liability.
- The expenses incurred by the Company in respect of its proposed public offer of Shares and Options in November / December 2014 (pursuant to the prospectus lodged by the Company on 28 November 2014 that was subsequently withdrawn) have been borne by the Company's sole Shareholder, CTN, and are not repayable by the Company.
- Any interest earned by the Company during the Offer period has not been taken into account.
- Income tax benefits accruing from the deductibility of expenses incurred during the Offer have been taken to account assuming that future taxable income will be earned by the Company.
- All subscribers for Shares are Australian residents.
- The Company will be registered for GST in Australia and eligible to claim reduced input tax credits in accordance with the GST Act on eligible expenses incurred during the Offer.
- The tax benefit is applied to the expenses net of any GST refundable. The tax benefit is calculated at the prevailing company tax rate which is currently 30%. For example, a cash outlay of $110 dollars (GST inclusive) which the Company can claim a 75% reduced input tax credit on is presented in these statements as follows:

| | $ |
|---|---|
| Expenses (net of taxes) | 71.75 |
| GST receivable | 7.50 |
| Deferred tax asset (tax benefit) | 30.75 |
| | **110.00** |
| Calculated as follows: | |
| Cash Outlay (GST inclusive) | 110.00 |
| Less: Reduced Input Tax Credit | (7.50) |
| Net expense (pre DTA) | 102.50 |
| Less: Tax benefit applied (at 30%) | (30.75) |
| Expenses (net of taxes) | **71.75** |

## 6.3 CAPITAL STRUCTURE AND CASH POSITION

The capital structure of the Company on completion of the Offer is set out in the table below.

| | MINIMUM SUBSCRIPTION AND MINIMUM 'SHAREHOLDER SPREAD' | MAXIMUM SUBSCRIPTION (BEFORE ACCEPTING ANY OVERSUBSCRIPTIONS) | MAXIMUM SUBSCRIPTION (AFTER ACCEPTING ALL OVERSUBSCRIPTIONS) |
|---|---|---|---|
| Shares on issue on incorporation | 2 | 2 | 2 |
| Shares offered under the Offer | 30,800,000 | 100,000,000 | 120,000,000 |
| Total number of Shares on issue following the Offer | 30,800,002 | 100,000,002 | 120,000,002 |
| Loyalty Options on issue following the Offer | 15,400,000 | 50,000,000 | 60,000,000 |

The cash position balance of the Company on completion of the Offer is set out below:

| | MINIMUM SUBSCRIPTION AND MINIMUM 'SHAREHOLDER SPREAD' | MAXIMUM SUBSCRIPTION (BEFORE ACCEPTING ANY OVERSUBSCRIPTIONS) | MAXIMUM SUBSCRIPTION (AFTER ACCEPTING ALL OVERSUBSCRIPTIONS) |
|---|---|---|---|
| 2 shares on issue on incorporation (at $1 per share) | 2 | 2 | 2 |
| Investor subscriptions | 30,800,000 | 100,000,000 | 120,000,000 |
| Estimated cash position of Company (before expenses) | 30,800,002 | 100,000,002 | 120,000,002 |

## 6.4 EXPENSES OF THE OFFER

The expenses of the Offer (net of GST) are estimated in the table below (based on the assumptions in Section 6.2).

| | MINIMUM SUBSCRIPTION AND MINIMUM 'SHAREHOLDER SPREAD' | MAXIMUM SUBSCRIPTION (BEFORE ACCEPTING ANY OVERSUBSCRIPTIONS) | MAXIMUM SUBSCRIPTION (AFTER ACCEPTING ALL OVERSUBSCRIPTIONS) |
|---|---|---|---|
| Fees paid to Joint Lead Manager(s) | 20,500 | 1,793,750 | 2,306,250 |
| ASX listing fees | 89,880 | 141,118 | 149,878 |
| Other costs | 269,500 | 269,500 | 269,500 |
| **Total estimated expenses** | **379,880** | **2,204,368** | **2,725,628** |

To the extent that the Investment Manager pays some or all of the above expenses on behalf of the Company, the Company will be required to reimburse the Investment Manager for all expenses paid on its behalf if, and only if, the Shares (and Loyalty Options) have been issued pursuant to the Offer.

## 6.5 PROPOSED ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS

A summary of the significant accounting policies which have been adopted by the Company in the preparation of the pro forma statement of financial position set out above or which will be adopted and applied in preparation of the financial statements of the Company for the period ending 30 June 2015 and subsequent financial years is set out in this Section 6.5.

**(a) Basis of preparation**

The pro forma statement of financial position has been prepared in accordance with Australian Accounting Standards, Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act.

The pro forma statement of financial position has been prepared on the basis of assumptions outlined in Section 6.2. In addition, the pro forma statement of financial position has been prepared under the historical cost convention, as modified by revaluations to fair value for certain classes of assets described in the accounting policies.

The financial information presented in the Prospectus is presented in an abbreviated form and does not contain all the disclosures that are usually provided in an annual report prepared in accordance with the Corporations Act.

The pro forma statement of financial position has been prepared for the Company. The Company is a company limited by shares incorporated and domiciled in Australia.

**(b) Financial Instruments**

*Investments*

Investments in listed securities are carried at fair value through profit and loss. They are measured at their fair value at each reporting date and any increment or decrement in fair value from the prior period is recognised in the profit and loss of the current period. Fair value of listed investments are based on current bid prices at each reporting date.

Non-listed investments for which fair value cannot be reliably measured are carried at cost and tested for impairment.

*Financial liabilities*

Financial liabilities include trade payables, other creditors and loans from third parties.

Non-derivative financial liabilities are recognised at amortised cost, comprising the original debt less principal payments and amortisation.

Financial liabilities are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

**(c) Revenue recognition**

Revenue from the sale of investments is recognised when the significant risks and rewards of ownership of the investments have passed to the buyer and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Interest revenue is recognised when it becomes receivable on a proportional basis taking into account the interest rates applicable to the financial assets.

Dividend revenue is recognised when the right to receive a dividend has been established.

All revenue is stated net of the amount of goods and services tax (GST).

**(d) Cash and cash equivalents**

Cash and cash equivalents include cash on hand and at banks, short-term deposits with an original maturity of three months or less held at call with financial institutions and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the Statement of Financial Position.

**(e) Taxes**

Current income tax expense or revenue is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities.

The statement of financial position approach is adopted under which deferred tax assets and liabilities are recognised for temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax assets and liabilities are recognised for temporary differences at the applicable tax rates when the assets are expected to be recovered or liabilities are settled. No deferred tax asset or liability is recognised in relation to temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

**(f) Provisions**

Provisions are recognised when the Company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

**(g) Profit and loss appropriation**

Monthly profits (or losses) are transferred to profits reserve (or accumulated losses) at the completion of each month. At the end of the year, the Directors will consider the requirements of future dividend payments and transfer from the profits reserve to the dividend payment reserve an amount considered necessary to meet these future payments.

**(h) Critical estimate and assumptions**

Estimates and judgements are based on past performance and management's expectations for the future, which, by definition, will seldom represent actual results. Estimates and assumptions based on future events have a significant inherent risk, and where future events are not as anticipated there could be a material impact on the carrying amounts of the assets and liabilities discussed above.

## 6.6 PROCEEDS OF THE OFFER

The net proceeds of the Offer, after the payment or reimbursement of the expenses of the Offer, will be used for investment opportunities that meet the Company's investment objectives as set out in Section 3.3 and to meet the general operating expenses of the Company (including payment of the expenses of administering the Investment Portfolio such as the fees payable to the Investment Manager).

# 7 INDEPENDENT ASSURANCE REPORT ON CONTANGO INCOME GENERATOR LIMITED'S HISTORICAL AND PRO FORMA HISTORICAL FINANCIAL INFORMATION

PITCHER PARTNERS
CORPORATE PTY LTD

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Ref: BJB:cw

3 July 2015

PRIVATE AND CONFIDENTIAL

The Directors
Contango Income Generator Limited
Level 27
35 Collins Street
MELBOURNE VIC 3000

Dear Sirs

**INDEPENDENT ASSURANCE REPORT ON CONTANGO INCOME GENERATOR LIMITED'S HISTORICAL AND PRO FORMA HISTORICAL FINANCIAL INFORMATION**

We have been engaged to report on the historical financial information and pro forma historical financial information of Contango Income Generator Limited as at 31 March 2015 for inclusion in the Prospectus dated on or about 3 July 2015 and relating to the issue of a minimum of 30,800,000 shares (assuming the minimum subscription is raised through CTN's subscription commitment for 30,000,000 shares and 800,000 shares are raised under the Broker Firm Offer so as to satisfy ASX's minimum "shareholder spread" requirements, that is 400 Shareholders each holding 2,000 shares) to a maximum of 100,000,000 shares (before the acceptance of any oversubscriptions) and entitlement to one loyalty option for every two shares in Contango Income Generator Limited ("the Prospectus").

Expressions and terms defined in the Prospectus have the same meaning in this report.

**Scope**

The historical and pro forma historical information is presented in the Prospectus in an abbreviated form, insofar as it does not include all of the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the *Corporations Act 2001*.

Liability limited by a scheme approved under Professional Standards Legislation.*
*Other than for the acts or omissions of financial services licensees.

Pitcher Partners is an association of independent firms
Melbourne | Sydney | Perth | Adelaide | Brisbane | Newcastle

an independent member of
BAKER TILLY
INTERNATIONAL

*Historical Financial Information*

You have requested Pitcher Partners Corporate Pty Ltd to review the following historical financial information of Contango Income Generator Limited included in the Prospectus:

- The Statement of Financial Position as at 31 March 2015

The historical financial information has been prepared in accordance with the stated basis of preparation, being the recognition and measurement principles contained in Australian Accounting Standards and the company's adopted accounting policies. The historical financial information has been extracted from the financial report of Contango Income Generator Limited for the period ended 31 March 2015, which was audited by Pitcher Partners in accordance with the Australian Auditing Standards. Pitcher Partners issued an unmodified audit opinion on the financial report. The historical financial information is presented in the Prospectus in an abbreviated form, insofar as it does not include all of the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the *Corporations Act 2001*.

*Pro Forma historical financial information*

You have requested Pitcher Partners Corporate Pty Ltd to review the pro forma historical Statement of Financial Position as at 31 March 2015 referred to as "the pro forma historical financial information".

The pro forma historical financial information has been derived from the historical financial information of Contango Income Generator Limited, after adjusting for the effects of pro forma adjustments described in section 6.2 of the Prospectus. The stated basis of preparation is the recognition and measurement principles contained in Australian Accounting Standards applied to the historical financial information and the events or transactions to which the pro forma adjustments relate, as described in section 6.2 of the Prospectus, as if those events or transactions had occurred as at the date of the historical financial information. Due to its nature, the pro forma historical financial information does not represent the Company's actual or prospective financial position.

For the purposes of preparing this report we have performed limited assurance procedures in relation to pro forma historical financial information in order to state whether on the basis of the procedures described, anything comes to our attention that would cause us to believe that the pro forma historical financial information is not prepared in all material respects, by the directors in accordance with the stated basis of preparation. As stated in Section 6.1 of the Prospectus, the stated basis of preparation is the application of pro forma adjustments, determined in accordance with Australian Accounting Standards and the Company's accounting policies to illustrate the effects of the Offer on the Company as described in section 6.1 of the Prospectus.

We have conducted our engagement in accordance with the ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*, AGS1062 *Reporting in connection with a Proposed Fundraising* and Regulatory Guide 170 *Prospective Financial Information*.

The procedures we have performed were based on our professional judgement and included:

- Consideration of the pro forma adjustments described in the prospectus;
- Enquiry of directors, management, personnel and advisors;
- A review of the accounting policies for consistency of application.

The procedures performed in a limited assurance engagement vary in nature from, and are less in extent than for, an audit. As a result, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed an audit. Accordingly, we do not express an audit opinion about whether the pro forma historical financial information is prepared in all material respects, by the directors in accordance with the stated basis of preparation.

*Directors' responsibility*

The Directors of Contango Income Generator Limited are responsible for the preparation of the historical financial information and pro forma historical financial information, including the selection and determination of pro forma adjustments made to the historical financial information and included in the pro forma historical financial information. This includes responsibility for such internal control as the Directors determine are necessary to enable the preparation of the historical financial information and pro forma historical financial information that are free from material misstatement, whether due to fraud or error.

*Our responsibility*

Our responsibility is to express a limited assurance conclusion on the financial information based on the procedures performed and the evidence we have obtained. We have conducted our engagement in accordance with Australian Auditing Standards.

A review consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain reasonable assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Conclusions**

*Historical financial information*

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the historical financial information, as described in section 6.1 of the Prospectus, and comprising the Statement of Financial Position as at 31 March 2015 is not presented fairly, in all material respects, in accordance with the stated basis of preparation, being the recognition and measurement principles contained in Australian Accounting Standards and the company's adopted accounting policies.

*Pro forma historical financial information*

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the pro forma historical financial information, as disclosed in section 6.1 of the Prospectus, being the Pro Forma Statements of Financial Position as at 31 March 2015 is

not presented fairly, in all material respects, in accordance with the stated basis of preparation, being the recognition and measurement principles contained in Australian Accounting Standards and the Company's adopted accounting policies.

*Restriction on Use*

Without modifying our conclusions, we draw attention to section 6.1 of the Prospectus, which describes the purpose for which the financial information has been prepared, being for inclusion in the Prospectus. As a result, the financial information may not be suitable for another purpose. We disclaim any assumption of responsibility for any reliance on this report, or on the financial information to which it relates, for any purpose other than that for which it was prepared.

*General advice warning*

This report has been prepared, and included in the Prospectus, to provide investors with general information only and does not take into account the objections, financial situation or needs of any specific investor. It is not intended to take the place of professional advice and investors should not make specific investment decisions in reliance on the information contained in this report. Before acting or relying on any information, an investor should consider whether it is appropriate for their circumstances having regard to their objectives, financial situation or needs.

*Liability*

Contango Income Generator Limited has consented to the inclusion of this report in the Prospectus in the form and context in which it is included. The liability of Pitcher Partners Corporate Pty Ltd is limited to the inclusion of this report in the Prospectus. Pitcher Partners Corporate Pty Ltd makes no representation regarding, and has no liability for, any other statement or other material in, or any omissions from, the Prospectus.

*Declaration of Interest*

Pitcher Partners Corporate Pty Ltd does not have any interest in the outcome of this issue of Shares other than in the Independent Assurance Report, and the appointment of Pitcher Partners as auditors of the Company, for which normal professional fees will be received.

Yours faithfully
PITCHER PARTNERS CORPORATE PTY LTD



B J BRITTEN
Executive Director and Representative

Encl

Pitcher Partners Corporate Pty Ltd
ACN: 082 323 868
AFSL: 229841

Level 19
15 William Street
MELBOURNE VIC 3000
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# Financial Services Guide

**Version dated: 10 October 2014**

**What is a Financial Services Guide?**

This Financial Services Guide ("FSG") is an important document that is designed to assist you in deciding whether to use any of the general financial product advice provided by Pitcher Partners Corporate Pty Ltd. The use of "we", "us" or "our" is a reference to Pitcher Partners Corporate Pty Ltd as the holder of Australian Financial Services Licence ("AFSL") No. 229841. The contents of this FSG include:

- who we are and how we can be contacted
- what services we are authorised to provide under our AFSL
- how we (and any other relevant parties) are remunerated in relation to any general financial product advice we may provide.
- details of any potential conflicts of interest
- details of our internal and external dispute resolution procedures and how you can access them.

**Information about us**

Pitcher Partners Corporate Pty Ltd has been engaged by Contango Income Generator Limited to provide general financial product advice in the form of a report to be given to you in connection with a financial product to be issued by another party. You are not the party or parties who engaged us to prepare this report. We are not acting for any person other than the party or parties who engaged us. We are only responsible for the financial product advice provided in our report and for the contents of this FSG.

You may contact us by writing to GPO Box 5193, MELBOURNE VIC 3001, or by telephone on +613 8610 5000.

Pitcher Partners Corporate Pty Ltd is ultimately owned by the Victorian partnership of Pitcher Partners, a provider of audit and assurance, accounting, tax, corporate advisory, insolvency, superannuation, investment advisory and consulting services. Directors of Pitcher Partners Corporate Pty Ltd are partners of Pitcher Partners.

The Victorian partnership of Pitcher Partners is an independent partnership of Pitcher Partners. As such, neither it nor any of the other independent partnerships has any liability for each other's acts or omissions. Each of the member firms is a separate and independent legal entity operating under the name "Pitcher Partners", or other related names.

The financial product advice in our report is provided by Pitcher Partners Corporate Pty Ltd and not by the Victorian partnership of Pitcher Partners or its related entities.

We do not have any formal associations or relationships with any entities that are issuers of financial products. However, we and the Victorian partnership of Pitcher Partners (and its related bodies corporate) may from time to time provide professional services to financial product issuers in the ordinary course of business.

We hold professional indemnity insurance as required by the Corporations Act 2001 (Cth).

**What financial services are we licensed to provide?**

Our AFSL authorises us to provide general financial product advice and deal in the following classes of financial products to both retail and wholesale clients:

- Deposit products (including basic deposit products and deposit products other than basic deposit products)
- Derivatives
- Government debentures, stocks or bonds
- Interests in managed investment schemes including investor directed portfolio services
- Securities

**Information about the general financial product advice we provide**

The financial product advice provided in our report is known as "general advice" because it does not take into account your personal objectives, financial situation or needs. You should consider whether the general advice contained in our report is appropriate for you, having regard to your own personal objectives, financial situation or needs.

If our advice is being provided to you in connection with the acquisition or potential acquisition of a financial product issued by another party, we recommend you obtain and read carefully the relevant Product Disclosure Statement ("PDS") or offer document provided by the issuer of the financial product. The purpose of the PDS or offer document is to help you make an informed decision about the acquisition of a financial product. The contents of the PDS or offer document will include details such as the risks, benefits and costs of acquiring the particular financial product.

**How are we and our employees remunerated?**

The fees we charge for preparing reports are usually determined on an hourly basis; however they may be a fixed amount or derived using another basis. We may also seek reimbursement of any out-of pocket expenses incurred in providing the services.

Fee arrangements are agreed and confirmed in a letter of engagement with the party or parties who engage us.

Neither Pitcher Partners Corporate Pty Ltd nor its directors and officers, nor any related bodies corporate or associates and their directors and officers, receives any other fees, commissions or other benefits in connection with preparing and providing this report.

All of our employees receive a salary with partners also having an equity interest in the partnership. We do not receive any commissions or other benefits arising directly from services provided to you. The remuneration paid to our directors reflects their individual contribution to the company and covers all aspects of performance.
We do not pay commissions or provide other benefits to other parties for referring prospective clients to us.

**What should you do if you have a complaint?**

If you have any concerns regarding our report, you may wish to advise us. We are committed to responding to any complaints promptly, fairly and effectively. We have developed an internal complaint resolution policy and complaint handling procedures that are designed to respond to your concerns promptly and equitably. Please address your complaint in writing to:

Partner in Charge – Corporate Finance
Pitcher Partners
GPO Box 5193
MELBOURNE VIC 3001

If we are not able to resolve your complaint to your satisfaction within 45 days of the first notification of your complaint to us, you may contact the Financial Ombudsman Service ("FOS"). FOS provides free advice and assistance to consumers to help them resolve complaints relating to members of the financial services industry. Complaints may be submitted to FOS at:

Financial Ombudsman Service Limited
GPO Box 3
MELBOURNE VIC 3001
Telephone: 1300 780 808
Fax: +61 3 9613 6399
Internet: http://www.fos.org.au

The Australian Securities and Investments Commission ("ASIC") website contains information on lodging complaints about companies and individual persons and sets out the types of complaints handled by ASIC. You may contact ASIC as follows:

Info line: 1 300 300 630
Email: info@asic.gov.au
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P.2016.34

# 8 | TAXATION

The following is a general discussion on the key Australian taxation issues arising as a direct result of investment in the Company.

The information is provided in relation to Australian resident investors who are issued Shares under this Offer and hold Shares on capital account for income tax purposes. It does not apply to Australian resident investors who hold their Shares on revenue account or as trading stock and does not apply to foreign resident investors.

The discussion is based on Australian taxation laws, announcements and practices currently operative at the date of this Prospectus. The discussion is general in nature and is not intended to cover all of the potential taxation consequences that could arise for any particular investor.

Tax law is complicated and tax outcomes rely heavily on the facts and circumstances of each party involved. As such, this discussion should not be relied on and investors should obtain independent professional advice on their own situation concerning the taxation consequences of their investment.

**Tax implications – Contango Income Generator Limited**

The Company is an Australian resident company that will be listed on ASX. The Company will be taxed at the prevailing company tax rate which is currently 30%.

The Company will be required to maintain a franking account and intends to pay franked semi-annual dividends to shareholders. The Board intends to frank dividends at the maximum extent permissible under law without exposing the Company to liability to pay franking deficit tax or any other tax or impost.

In order for the Company to qualify for franking credits and the corresponding tax offset in respect of its share investments, it must satisfy the 'holding period' rule which requires that shares be held 'at risk' for a period of not less than 45 days (not counting the day of acquisition or disposal). It is the Company's intention to satisfy the holding period rule where it is able to do so.

**Tax implications – Australian resident investors holding their investment on capital account**

DIVIDENDS

Dividends should be included in the assessable income of the investor in the year in which the Company pays a dividend.

Generally, where the Company pays a franked dividend the investor is required to include an amount equal to the franking credits attached to the dividend in their assessable income and is generally entitled to a tax offset equal to the franking credits attached to the dividend. The tax offset can be applied to reduce the tax payable on the investor's taxable income. Individuals and complying superannuation funds are entitled to a refund of excess franking credits where the tax offset from the franking credit exceeds the investor's tax liability.

The comments above regarding the application of the holding period rule to the Company in respect of its share investments are also applicable to investors in the Company's Shares. The holding period rule does not apply to Shareholders who are individuals and are entitled to tax offsets that total no more than $5,000 for the relevant income year.

Investors should obtain their own tax advice to determine if these requirements have been satisfied.

STATUS AS A LISTED INVESTMENT COMPANY

The Company is an Australian resident and will be listed on ASX as a LIC.

It is anticipated that the Company will also qualify as a LIC for income tax purposes. Broadly, a LIC for income tax purposes is an Australian resident listed company where at least 90% of the market value of its capital gains tax assets consist of permitted investments. Permitted investments include shares, units, options, rights or similar interests as well as financial instruments. However, the Company cannot own more than 10% of another company (that is not itself a LIC) or trust.

Where a LIC derives a capital gain in respect of an asset which has been held for 12 months or more the LIC capital gain provisions allow the benefit of a capital gains tax discount to flow through to certain investors. The benefit is received in the form of a deduction and allows for shareholders of LICs to receive benefits similar to those received by the discount capital gains concession on that portion of any one dividend that can be reasonably attributable to capital gains that would be discount capital gains had they been made by an individual, trust or complying superannuation fund directly.

As discussed in Section 3.11, on the basis of the current investment strategy, it is anticipated that the Company will hold its investments on revenue account and thus will not derive assessable capital gains. Accordingly, Shareholders will not be able to obtain a deduction in relation to dividends to the extent that the gains to the Company are not assessable under the capital gains tax regime.

For this reason, it is recommended that investors do not make a decision to apply for Offer Securities under this Prospectus on the basis of potential taxation benefits that may result from the Company being treated as a LIC for tax purposes.

However, the Company may hold certain investments on capital account and therefore may be able to pass through LIC taxation benefits to investors that qualify for these concessions.

The Company will advise the amount of LIC capital gains, if any, included in each dividend.

## CAPITAL GAINS TAX (CGT) IMPLICATIONS

### Acquisition of Shares and Loyalty Options

The issue of Shares and Loyalty Options will constitute the acquisition of two separate CGT assets by an Investor. The Shares will be acquired for a tax cost amount of $1.00 per Share and the Loyalty Option will be acquired for a nil tax cost amount (excluding incidental costs).

At the time an investor acquires Shares in the Company, the investor will obtain a tax cost base for CGT purposes equal to the sum of the consideration paid for their investment in the Shares. An investor may include other amounts in the tax cost base of the Shares, which may include certain non-deductible incidental acquisition and disposal costs, as well as certain other non-deductible holding costs in relation to the Shares.

### Disposal of Shares

A disposal of shares will constitute a taxable event to an investor for CGT purposes. To the extent the disposal proceeds of the Shares exceed an investor's tax cost base of the Shares, the investor should realise a capital gain for income tax purposes.

Where the investor has held the Shares for longer than twelve months, the discount capital gains provisions may allow eligible investors to reduce their capital gain by a discount percentage. The CGT discount percentages are currently 50% for an individual or trust and 33 1/3% for a complying superannuation fund.

To the extent the disposal proceeds of the sale are less than the investors' reduced cost base in the Shares, the investor should realise a capital loss.

### Disposal of Loyalty Options

The issue of Loyalty Options should not give rise to an immediate taxing event for investors at the time the Loyalty Options are issued.

Where Loyalty Options held by an investor lapse, a CGT event will arise. Given no consideration will be received by an investor, a capital gain should not arise. However, a capital loss may arise on the date the Loyalty Options lapse, equal to tax cost base of the Loyalty Options (e.g. where incidental or holding costs have been included in the tax cost base of the Loyalty Options).

Where an investor sells their Loyalty Options on ASX, a taxable event will arise for CGT purposes on the date of sale. As the investors will not pay any consideration for the acquisition of the Loyalty Options, the investor's tax cost base should therefore be limited to those incidental costs and holding costs that can be included (discussed above). A capital gain will arise where the capital proceeds on the disposal of the Loyalty Options exceed the tax cost base. The CGT discount (discussed above) should be available to eligible investors where the Loyalty Options have been held for greater than twelve months. A capital loss will arise where the reduced cost base of the Loyalty Options exceeds the capital proceeds from disposal.

### Exercise of Loyalty Options

Where the Loyalty Options are exercised by an investor, no taxable event should arise for the investor for CGT purposes at that time. Where an investor is issued with new Shares in the Company due to the exercise of the Loyalty Options, the tax cost base for those Shares will be the amount paid to exercise those Loyalty Options (inclusive of any allowable incidental costs and holding costs incurred (as outlined above)). The Shares will be deemed to be acquired on the day the Loyalty Options are exercised for the purpose of the capital gains discount provisions.

## OTHER TAXES

### Stamp duty

Investors should not be liable for Australian stamp duty on the holding or transfer or their Shares in the Company.

### Goods and Services Tax (GST)

Investors should not be liable to GST in Australia on the purchase, disposal or transfer of their investment in the Company.

# 9 | MATERIAL CONTRACTS

The Directors consider that certain agreements are material to the Company or are of such a nature that an investor may wish to have particulars of them when making an assessment of whether to apply for the Offer Securities.

The provisions of the material contracts are summarised below. As this Section 9 only contains a summary, the provisions of each agreement are not fully described. To understand fully all rights and obligations pertaining to the material contracts, it would be necessary to read each agreement in full.

## 9.1 INVESTMENT MANAGEMENT AGREEMENT

The Company and the Investment Manager have entered into the Investment Management Agreement (**Investment Management Agreement**) whereby, subject to the provisions set out below, the Company has appointed the Investment Manager as agent of the Company to invest and manage the Investment Portfolio.

The Investment Management Agreement commences on the date that completion of the Offer under this Prospectus occurs, or such other later date as agreed by the Company and the Investment Manager in writing.

### DUTIES OF THE INVESTMENT MANAGER

Under the Investment Management Agreement, the Investment Manager must (amongst other things):

- invest and manage the Investment Portfolio for and on behalf of the Company in accordance with the Investment Management Agreement (using any agent or broker necessary or convenient to do so);
- keep the Investment Portfolio under review and confer at regular intervals with the Company regarding the investment and management of the Investment Portfolio;
- keep proper books of account in relation to the Investment Portfolio recording transactions by the Investment Manager and provide information in relation to the Investment Portfolio to assist the Company in the preparation of reports required under any applicable law;
- give proper instructions to any custodian in relation to transactions concerning the Investment Portfolio;
- exercise all due diligence and vigilance in carrying out its functions, powers and duties under the Investment Management Agreement; and
- provide reasonable assistance to any auditor appointed by the Company to conduct an audit of the Investment Portfolio.

Further, in accordance with the Investment Management Agreement, the Investment Manager or a related entity of the Investment Manager is responsible for the day to day administration of the Company and must provide secretarial, administrative, financial and other management services to the Company. No additional fee (i.e. in excess of any Management Fee) is payable by the Company to the Investment Manager or a related entity of the Investment Manager in connection with the provision of the administrative services.

### INVESTMENT GUIDELINES

The Investment Management Agreement sets out the investment rules that must be complied with by the Investment Manager in making any investment decision. If a proposed investment is outside of the investment rules from time to time of the Company, the Investment Manager must obtain the prior written approval of the Company before investing any part of the Investment Portfolio in acquiring that investment.

However, subject to compliance by the Investment Manager with the investment rules and the Company's right to give directions to the Investment Manager regarding the management of the Investment Portfolio where a majority of the Directors believe on reasonable grounds that this is necessary for the purposes of the Directors complying with their fiduciary duty to act in the best interests of Shareholders, the Investment Manager will be able to determine the manner in which the funds available within the Investment Portfolio may be invested and the manner and timing of acquisition and sale of each investment.

In summary, the investment rules require the Investment Manager to invest the investment portfolio in permitted investments. Permitted investments include:

(a) listed and unlisted securities (including ordinary shares, preference shares, convertible notes, units and other securities listed on a recognised stock exchange in Australia);

(b) underwriting / sub underwriting of new issues of securities in which investment would be otherwise permitted under the investment mandate;

(c) cash and cash-like investments (including bills of exchange, promissory notes, floating rate notes, and securities of, or guaranteed by, Australian Federal or State Governments); and

(d) Derivatives (for example: futures contracts or options traded on ASX and/or options traded on the Australian Options Market in respect of shares that are listed on ASX) with respect to the asset types listed in sub-paragraphs (a) and (b) above. As noted in Section 3.8, the Company's investment strategy regarding the use of Derivatives is that this is most likely to occur in the form of selling SPI futures contracts short to protect against a decline in the value of the portfolio in what the Investment Manager perceives to be difficult market conditions.

### POWERS OF THE INVESTMENT MANAGER

Subject to the investment rules of the Company and any express restrictions set out in the Investment Management Agreement (including the Company's right to give directions to the Investment Manager regarding the management of the Investment Portfolio where a majority of the Directors believe on reasonable grounds that this is necessary for the purposes of the Directors complying with their fiduciary duty to act in the best interests of Shareholders), the Investment Manager has the powers of a natural person to deal with the Investment Portfolio and to do all things and execute all documents necessary for the purpose of managing the Investment Portfolio. However, the Investment Manager must not knowingly do anything which the Investment Manager is prohibited from doing by law or the ASX Listing Rules and must not without the prior written consent of the Company:

(a) charge or encumber in any way (except where permitted by law) any asset in the Investment Portfolio;

(b) delegate any of its discretionary management powers under the Investment Management Agreement;

(c) perform any broking function in relation to the Investment Portfolio, but the Investment Manager may on behalf of the Company appoint any broker to act on behalf of the Company in relation to the Investment Portfolio; or

(d) hold derivative contracts without sufficient assets to support the underlying liability of the Company, or any custodian or other nominee in respect of that contract.

### NON-EXCLUSIVITY

Provided that the Investment Manager does not prejudice or otherwise derogate its responsibilities specified within the Investment Management Agreement, the Investment Manager is permitted to perform similar investment and management services to the services performed for the Company for other persons. The Investment Manager is not required to disclose to the Company any information regarding its investment activities which it undertakes for its other clients, notwithstanding that it may be of relevance to the Company.

### FEES

**Management Fee**

The Management Fee (before GST) is equal to the sum of:

- 0.95% per annum of the Portfolio Market Value up to and including $150 million;
- 0.90% per annum of the Portfolio Market Value above $150 million and up to and including $500 million; and
- 0.85% per annum of the Portfolio Market Value above $500 million.

Worked examples of the Management Fee are set out on pages 16 and 17 of this Prospectus.

The Management Fee is accrued daily and payable quarterly in arrears (i.e. after each calendar quarter). For the purposes of calculating the Management Fee for a relevant quarter, the Portfolio Market Value is equal to the average month-end market value of the Investment Portfolio for the 3 calendar months within the relevant calendar quarter, where the market value of the Investment Portfolio is reasonably determined by the Investment Manager applying valuation methodology specific to each investment and type of asset.

The Investment Manager is required to present a tax invoice and statement of fees (along with any supporting materials for the fee calculation that the Company may request) to the Company in writing within 30 days after the completion of the relevant fee period. Subject to the terms of the Investment Management Agreement, the Company has agreed to pay to the Investment Manager the Management Fee within 7 Business Days of the date of each invoice issued by the Investment Manager.

The Management Fee is not inclusive of Company, custody and other expenses and taxes payable in respect of the Investment Portfolio.

**No Performance Fee**

The Investment Management Agreement does not contemplate the payment of a performance fee from the Company to the Investment Manager.

### EXPENSES

The Company is required to pay all costs, charges and expenses properly incurred in connection with the investment and management of the Investment Portfolio or the acquisition, disposal or maintenance of any investment of the Investment Portfolio or in acting under the Investment Management Agreement.

### TERMINATION

The Company may terminate the Investment Management Agreement with immediate effect (without cause) at any time after the second anniversary of its commencement by written notice to the Investment Manager. If the Company does exercise the right to terminate the Investment Management Agreement without cause, it must pay a Termination Fee to the Investment Manager (as detailed below).

If, at any time after the Investment Management Agreement has been in force for more than 10 years (without being renewed or its term extended by affirmative vote of the Shareholders), the members of the Company in general meeting vote to approve an ordinary resolution terminating the Investment Management Agreement (**Termination Resolution**), the Company must serve notice terminating the Investment Management Agreement, with effect from the date that is 3 months after the date of the Termination Resolution. A Termination Fee is payable to the Investment Manager if this occurs.

The Investment Manager may terminate the Investment Management Agreement at any time during the term of the Investment Management Agreement by not less than 3 months' written notice to the Company. If the Investment Manager does exercise the right to terminate the Investment Management Agreement without cause, no Termination Fee is payable to the Investment Manager.

Both the Company and the Investment Manager may terminate the Investment Management Agreement for cause. If the Investment Manager terminates for cause (for breach by, or insolvency of, the Company), it will be entitled to a Termination Fee. If the Company terminates for cause (for breach by, or insolvency or incapacity of the Investment Manager), the Investment Manager will not be entitled to a Termination Fee. The Company may terminate for cause at any time after the commencement date of the Investment Management Agreement.

The Company may also terminate the Investment Management Agreement at any time after the commencement date of the Investment Management Agreement if:

- the Investment Manager sells or transfers or makes any agreement for the sale or transfer of the main business and undertaking of the Investment Manager or of a beneficial interest in that main business or undertaking; or
- a person (alone or together with the person's associates) acquires a relevant interest in voting shares in CTN where because of the acquisition that person's or someone else's voting power in CTN exceeds 50% or a person (alone or together with the person's associates) otherwise obtains control of CTN.

If the Company terminates the Investment Management Agreement on these grounds, the Investment Manager will not be entitled to a Termination Fee.

### WHEN A TERMINATION FEE IS NOT PAYABLE

Where the Investment Management Agreement is terminated:

(a) by the Company because the Investment Manager is unable or fails to meet its obligations under the Investment Management Agreement (whether by reason of legal impediment, insolvency or as a result of a material breach by it of the Investment Management Agreement);

(b) by the Company because the Investment Manager sells or transfers or makes any agreement for the sale or transfer of the main business and undertaking of the Investment Manager or of a beneficial interest in that main business or undertaking;

(c) by the Company because a person (alone or together with the person's associates) acquires a relevant interest in voting shares in CTN where because of the acquisition that person's or someone else's voting power in CTN exceeds 50% or a person (alone or together with the person's associates) otherwise obtains control of CTN; or

(d) by the Investment Manager for any reason other than the Company is unable or fails to meet its obligations under the Investment Management Agreement (whether by reason of insolvency or as a result of a material breach by it of the Investment Management Agreement),

no Termination Fee is payable.

### WHEN A TERMINATION FEE IS PAYABLE

Alternatively, if the Investment Management Agreement is terminated:

(a) by the Company for any reason other than those stated in sub-paragraphs (a), (b) or (c) above; or

(b) by the Investment Manager, by reason of insolvency of the Company or as a result of a material breach by the Company of the Investment Management Agreement; or

(c) by the Company because the members of the Company in general meeting have approved a Termination Resolution,

the Investment Manager is entitled to a Termination Fee (as detailed below).

### TERMINATION FEE

The Termination Fee (exclusive of GST) is a multiple of the Management Fees paid to the Investment Manager in the year prior to the date of termination of the Investment Management Agreement (**IMA**). Subject to the two exceptions below, the multiple is:

- if termination is in the third or fourth year after commencement of the IMA: 4;
- if termination is in the fifth or sixth year after commencement of the IMA: 3;
- if termination is in the seventh or eighth year after commencement of the IMA: 2;
- if the IMA is terminated at any time after the eighth anniversary of its commencement and, at the time of termination, the IMA has not been renewed or extended by affirmative vote of the Shareholders in general meeting: 1.

(*Exception 1*): If at any time after the eighth anniversary of its commencement the agreement has been renewed or extended (for 5 years or more) by affirmative vote of the Shareholders in general meeting, the multiple is 2 (if the termination date is in the first two years of the renewed or extended term) and 1 (if the termination date is after the first two years of the renewed or extended term).

(*Exception 2*): If the Company terminates the Investment Management Agreement because the members of the Company in general meeting have approved a Termination Resolution, the multiple is 0.5.

If the Company gives not less than 3 months notice of termination and requires the Investment Manager to provide services for at least 3 months of the notice period, part of the Management Fee paid to the Investment Manager in the notice period may be offset against the Company's liability to pay the Termination Fee.

### COMPANY INDEMNITY

The Company must indemnify the Investment Manager against any and all losses, liabilities, damages, outgoings, costs and expenses reasonably incurred by the Investment Manager that are due and payable by the Investment Manager to a third party other than the Company and arise out of, or in connection with the Investment Manager, its employees, officers or agents acting under the Investment

Management Agreement or on account of any bona fide investment decision made by the Investment Manager or its officers or supervised agents, except insofar as any loss, liability, damages, outgoings, cost or expense is caused by the negligence, default, fraud, dishonesty or conflict of interest of the Investment Manager or its officers, employees or agents. This obligation continues after the termination of the Investment Management Agreement.

#### INVESTMENT MANAGER INDEMNITY

The Investment Manager must indemnify the Company against any losses, liabilities, damages, outgoings, costs and expenses reasonably incurred by the Company arising out of, or in connection with any negligence, default, fraud, dishonesty or conflict of interest of the Investment Manager or its officers or employees or agents. This obligation continues after the termination of the Investment Management Agreement.

#### ASSIGNMENT

Neither the Company nor the Investment Manager may assign any of its rights and obligations under the Investment Management Agreement without the prior written consent of the other party except to a Related Body Corporate in the case of the Investment Manager or a replacement company in the case of the Company upon 5 Business Days' written notice to the other party or such other period as the parties may agree.

### 9.2 OFFER MANAGEMENT AGREEMENT

The Company, the Investment Manager and the Joint Lead Managers entered into an offer management agreement on 29 June 2015 (**Offer Management Agreement**). Under the Offer Management Agreement, the Company appointed:

- Evans and Partners Pty Ltd, Taylor Collison Limited, Wilson HTM Corporate Finance Limited and Morgans Financial Limited as the Joint Lead Managers to the Offer; and
- Evans and Partners Pty Ltd as the Authorised Intermediary (further details regarding the appointment of the Authorised Intermediary under the Offer Management Agreement are set out in Section 9.3).

The Joint Lead Managers have agreed, under the Offer Management Agreement, to arrange and lead manage, and act as bookrunners for the Offer.

#### FEES AND EXPENSES

Subject to the Minimum Subscription being achieved, the Company must pay the Joint Lead Managers (in equal proportions) a management fee of 1.0% (exclusive of GST) of the total gross amount raised under the Offer less the gross proceeds received by the Company from the subscription for Shares by CTN).

The Company will also:

- pay or reimburse the Joint Lead Managers for all reasonable expenses incurred by the Joint Lead Managers in connection with the Offer Management Agreement, this Prospectus and the Offer, including reasonable legal fees of the Joint Lead Managers (up to a maximum of $20,000) and marketing, travel, postage printing and accommodation expenses and other costs, fees, commissions, disbursements, charges, taxes or duties; and
- pay all costs and expenses payable in relation to completion of the Offer including any fees or charges payable by the Joint Lead Managers to the ASX or ASX Settlement,

as soon as reasonably practicable and in any case within 5 days after a request for payment or reimbursement by the Company is made by the Joint Lead Managers or on termination of the Offer Management Agreement.

Each Joint Lead Manager is solely responsible for paying all fees payable to co-managers or brokers appointed by it in relation to the Offer (including the Co-Manager). Where more than one Joint Lead Manager appoints a co-manager or broker, those Joint Lead Managers must pay any fees payable to the co-managers or brokers appointed in such proportions as those Joint Lead Managers may agree or failing agreement, equally. The Company is not responsible in any way or in any circumstances for the payment of any fees payable to any co-managers or brokers appointed by one or more of the Joint Lead Managers in relation to the Offer (including the Co-Manager).

#### REPRESENTATIONS, UNDERTAKINGS AND OTHER TERMS

Customary and usual representations and warranties are given by the parties in relation to matters such as the power to enter into the Offer Management Agreement, corporate authority and approvals and the Company's compliance with the Corporations Act and ASX Listing Rules in relation to making the Offer. The Company gives a number of further representations and warranties, including that the Prospectus will not contain any untrue, inaccurate, misleading or deceptive statements and will not omit information necessary in order to make the statements therein not misleading.

Except as disclosed in the Prospectus, the Company must not:

- without the prior written consent of the Joint Lead Managers at any time after the date of the Offer Management Agreement and before the expiration of 120 days after the Broker Firm Offer settlement date issue or agree to issue or indicate in any way that it may or will issue or agree to issue any Shares, Options (including Loyalty Options), or other interests or securities in the Company, other than pursuant to the Offer, the Offer Management Agreement, or as a result of the exercise of options currently on issue or as disclosed in the Prospectus; and
- in any way reduce, reorganise, or otherwise alter the Company's capital structure or agree or announce an intention to do any of those things, without the prior written consent of the Joint Lead Managers at any time after the date of the Offer Management Agreement and before the expiration of 120 days after the Shares and Loyalty Options are issued pursuant to the Offer, provided that this prohibition will not apply if the alteration of the Company's capital structure arises from a takeover bid or merger proposal which has been approved by the Directors acting in accordance with their fiduciary duties.

## TERMINATION EVENTS

Each Joint Lead Manager may terminate the Offer Management Agreement prior to the issue of the Shares and Loyalty Options under the Offer in accordance with the Prospectus, without cost or liability to that Joint Lead Manager other than in respect to an antecedent breach of the Offer Management Agreement by the Joint Lead Manager, by giving a written notice of termination to the Company and the Investment Manager if any of the following occurs:

- the Shares and Loyalty Options have not been issued in accordance with the Prospectus on or before 7 September 2015;
- the S&P/ASX 200 Index at any time falls to a level which is 90% or less than the level at the close of trading on the date of the Offer Management Agreement and remains below that level for a period of two consecutive Business Days;
- a material adverse change or effect, or any development involving a prospective material adverse change or effect in, or affecting:
    - the general affairs, business operations, assets, liabilities, financial position or performance, profits, losses, prospects, earning position, shareholders equity or results or operations of the Company and each Related Body Corporate of the Company or otherwise (taken as a whole); or
    - liability for the Joint Lead Managers under the Corporations Act or any other law or regulation;
- the Company withdraws the Prospectus, any supplementary prospectus or the Offer or indicates that it intends to do any of those things;
- the Company changes the material terms of the Offer as set out in the Prospectus (or any supplementary prospectus) except with the prior written consent of the Joint Lead Managers;
- the Company does not provide a 'Confirmation Certificate' (being a certificate to be given by the Company to the Joint Lead Managers confirming, among other things, the Company's compliance with the Offer Management Agreement and in respect of the Offer) in the manner required by the Offer Management Agreement or a statement in a 'Confirmation Certificate' is untrue in any material respect, incorrect or misleading or deceptive;
- the Minimum Subscription is not achieved by 5.00pm Melbourne time on the Closing Date;
- ASX makes an official statement to any person, or indicates to the Company or the Joint Lead Managers that:
    - the Company will not be admitted to the Official List;
    - the Shares will not be granted Official Quotation; or
    - approval for the admission of the Company to the Official List and Official Quotation of the Shares will be given but that the Company will not be admitted to the Official List or the Shares will not be quoted by ASX before 14 August 2015;
- approval for the admission of the Company to the Official List and Official Quotation of the Shares (subject only to customary quotation conditions imposed by ASX) has not been given before the date defined in the Offer Management Agreement as the quotation approval date (being the business day immediately preceding the date on which the Offer Securities are to be issued), or if such approval is granted by ASX, such approval is subsequently withdrawn, qualified or withheld before Completion;
- the Company or a Related Body Corporate of the Company:
    - disposes, or agrees to dispose of the whole, or a substantial part, of its business or property other than as contemplated in the Prospectus; or
    - ceases or threatens to cease to carry on business,

  in either case without the prior consent of the Joint Lead Managers;
- there is a material omission from the Prospectus or any other document issued or published by the Company, or on behalf of the Company with its written consent, in respect of the Offer, and any marketing presentation used by the Company to conduct the marketing of the Offer (**Disclosure Document**), of information required by the Corporations Act or any other applicable law or requirement;
- the Prospectus or any other Disclosure Document contains a misleading or deceptive statement;
- a statement in the Prospectus or any other Disclosure Document becomes misleading or deceptive in any material respect;
- a matter referred to in section 719 of the Corporations Act occurs in respect of the Prospectus;
- a Disclosure Document does not comply with, in any material respect, an applicable law;
- the due diligence report of the due diligence committee established by the Company in respect of the Offer (**Due Diligence Committee**) or any other information supplied by or on behalf of the Company to the Joint Lead Managers in relation to Shares, the Offer Securities, the Company, or the Offer, is untrue, incorrect, misleading or deceptive in a material respect;
- ASIC issues or threatens to issue proceedings in relation to the Offer or commences, or threatens to commence any inquiry or investigation in relation to the Offer or any subscription of shares in the Company;
- ASIC applies for an order under section 1324B of the Corporations Act in relation to the Prospectus and the application is not dismissed or withdrawn before the Closing Date;
- a person (other than a Joint Lead Manager) gives a notice under section 730 of the Corporations Act in relation to the Prospectus or any supplementary prospectus;
- ASIC gives notice of intention to hold a hearing in relation to the Prospectus, or makes an interim order, under section 739 of the Corporations Act;
- any person (other than a Joint Lead Manager) gives a notice under section 733(3) of the Corporations Act;

- any person (other than a Joint Lead Manager) who consented to the inclusion of a statement in, or to being named in, the Prospectus (or any supplementary prospectus) withdraws that consent;
- an application is made by ASIC for an order under Part 9.5 in relation to the Prospectus or ASIC commences any investigation or hearing under Part 3 of the *Australian Securities and Investments Commission Act 2001* (Cth) in relation to the Prospectus or any supplementary prospectus;
- the Joint Lead Managers reasonably form the view that a supplementary or replacement prospectus must be lodged with ASIC under section 719 of the Corporations Act and the Company does not lodge a supplementary or replacement prospectus in the form, with the content and within the time reasonably required by the Joint Lead Managers;
- the Authorised Intermediary terminates the Offer Management Agreement, and the Company is not able to appoint a duly qualified and authorised replacement entity to conduct the 'Activities' (as defined in Section 9.3) before that termination takes effect; or
- an 'Insolvency Event' (as defined in the Offer Management Agreement, and which includes (among other things) the appointment of an external administrator, being unable to pay debts as and when they are due and an application or order for a winding up) occurs with respect to the Company, the Investment Manager or a Related Body Corporate of the Company.

ADDITIONAL TERMINATION EVENTS SUBJECT TO MATERIALITY TEST

In addition, each Joint Lead Manager may terminate the Offer Management Agreement prior to the issue of the Shares and Loyalty Options under the Offer, without cost or liability to that Joint Lead Manager other than in respect of an antecedent breach of the Offer Management Agreement by the Joint Lead Manager, by giving a written notice of termination to the Company and the Investment Manager if any of the following occurs and the Joint Lead Manager determines that the event has or would have a material adverse effect on the Company and its Related Bodies Corporate (taken as a whole), the Offer or the liability of the Joint Lead Managers under the Corporations Act or any other law or regulation:

- there is a material breach by the Company or the Investment Manager of the Offer Management Agreement;
- there is introduced, or there is a public announcement of a proposal to introduce into any legislature of Australia, a law or regulation, or a new government policy is adopted by a government in any of those jurisdictions or there is a public announcement of a proposal to adopt a new government policy by such a government (other than a law or government policy announced before the date the Offer Management Agreement was entered into between the parties) any of which does or is likely to prohibit the Offer, capital issues or the taxation treatment of the Offer Securities or regulate or affect the Offer, capital issues or taxation treatment of the Offer Securities in a material adverse fashion;
- any adverse change or disruption occurs in the existing financial markets, political or economic conditions of Australia, New Zealand, the United Kingdom, the United States of America or Hong Kong;
- any information supplied by or on behalf of the Company to the Joint Lead Managers (including information provided during the due diligence investigations of the Due Diligence Committee in relation to the Company or the Offer is or becomes false, misleading or deceptive, including by way of omission;
- a general moratorium on commercial banking activities in Australia, New Zealand, the United Kingdom, the United States of America or Hong Kong, is declared by the relevant central banking authority in any of those countries, or there is a material disruption in commercial banking or security settlement or clearance services in any of those countries;
- trading in all securities quoted or listed on ASX, the London Stock Exchange, the New York Stock Exchange or the Hong Kong Stock Exchange is suspended or limited in a material respect for at least one trading day;
- any event specified in the timetable in the Offer Management Agreement is delayed for more than two Business Days without the prior written approval of the Joint Lead Managers (such approval not to be unreasonably withheld or delayed);
- a material contract or an agreement referred to in the Prospectus is, without the prior written consent of the Joint Lead Managers:
  - breached by the Company or a Related Body Corporate of the Company; or
  - terminated (whether by breach or otherwise);
- the Company is in default of any of the material terms or conditions of the Offer Management Agreement or breaches any warranty, undertaking or covenant given or made by it under the Offer Management Agreement and that default or breach is either incapable of remedy or is not remedied within 5 business days after it occurs;
- other than as disclosed in the Prospectus, the Company or a Related Body Corporate of the Company charges or agrees to charge, the whole or a substantial part of its business or property;
- a Director or member of the executive team of the Company (as listed in the Prospectus) is charged with an indictable offence;
- any governmental agency commences any public action against the Company or any of its Directors or senior managers in their capacity as a Director or senior manager of the Company;
- any Director or senior manager of the Company is disqualified from managing a corporation under any law of any jurisdiction;
- the Company or a Director or senior manager of the Company engages in any fraudulent conduct or activity;
- other than as contemplated in the Prospectus, a change in the Directors or senior management of the Company is announced or occurs without the written consent of the Joint Lead Managers;
- any representation or warranty contained in the Offer Management Agreement on the part of the Company is breached or becomes false, misleading or incorrect; or

- there is an outbreak of hostilities (whether or not war or a national emergency has been declared) not presently existing, or a major escalation in existing hostilities occurs, or a major act of terrorism occurs in or involving any one or more of Australia, New Zealand, the United Kingdom, the United States of America, or Hong Kong, or involving any diplomatic, military, commercial or political establishment of any of those countries elsewhere in the world.

#### INDEMNITY

Subject to certain exclusions relating to, among other things, fraud, wilful misconduct or negligence of the indemnified parties (as finally determined by a court of competent jurisdiction and to the extent not caused, induced or contributed to by the Company or its officers or employees or caused by a reliance on information in the Prospectus or information provided by or on behalf of the Company), the Company has agreed to indemnify the Joint Lead Managers and certain affiliated parties against certain liabilities and losses incurred or sustained directly or indirectly in relation to the Offer or the Offer Management Agreement.

#### GUARANTEE

The Investment Manager unconditionally and irrevocably guarantees the performance of particular specified payment obligations of the Company on the terms and conditions of the Offer Management Agreement.

### 9.3 AUTHORISED INTERMEDIARY

The Offer Management Agreement also includes provisions governing Evans and Partners Pty Ltd's role as the Authorised Intermediary.

The Company has appointed and authorised the Authorised Intermediary (for a consideration of $1.00) to undertake all or any of the following activities (collectively, the **Activities**):

- make offers in accordance with the Prospectus to arrange for the issue of the Offer Securities by the Company; and
- arrange the issue of the Offer Securities by the Company to Applicants who lodge valid Applications.

Under the terms of the Offer Management Agreement, the parties acknowledge and agree that:

- the Authorised Intermediary is the holder of an AFSL under which it is authorised to provide certain financial services, including dealing in a financial product by issuing securities and providing financial product advice in respect of securities to investors;
- the Company has not obtained an AFSL and will rely on the statutory exemption (under section 911A(2)(b) of the Corporations Act) from the licensing requirement in respect of the Activities;
- the Authorised Intermediary will ensure that the requirements of the Corporations Act are complied with so that the Company is entitled to rely on the exemption from licensing requirements under the Corporations Act in respect of the Activities; and
- the Authorised Intermediary may perform the Activities through any of its authorised representatives who are able to provide financial services on the Authorised Intermediary's behalf in accordance with requirements of all applicable laws (including financial services laws), provided doing so will not result in the Company requiring an AFSL, or cause the Company to breach the Corporations Act.

### 9.4 SUBSCRIPTION AGREEMENT

The Company has entered into a subscription agreement with CTN under which CTN has agreed to make an Application to subscribe for 30 million Shares and 15 million Loyalty Options under this Prospectus.

CTN must submit its Application Form and total Subscription Amount of $30 million to the Company in clear funds by no later than 5pm (Melbourne time) on 29 July 2015 and must promptly announce having done so on ASX.

The Company has agreed to accept CTN's Application for 30 million Shares in full. Therefore, if total Applications are greater than the Maximum Subscription and full Oversubscriptions, CTN's Application for 30 million Shares will not be scaled back.

### 9.5 EMPLOYEE & EXECUTIVE SHARE AND OPTION PLAN

The Company has adopted an Employee and Executive Share and Option Plan for the purpose of rewarding and incentivising its employees, executive managers (including Directors), contractors and consultants (as the Company grows). A general description of the Plan is set out below.

The Plan provides the Company with significant flexibility to make a range of offers of Shares and options to employees, executive managers (including directors), contractors and consultants and may be provided at no cost to participants. The Shares and Options provided under the Plan will be newly issued securities. Shares and Options issued may be subject to any performance hurdles or restrictions imposed by the Company including the need for participants to hold the securities for a prescribed period during which time the employees or directors cannot sell or otherwise deal in the securities (**Restriction**).

Shares issued may be quoted on ASX and may include vesting conditions. Whilst vesting conditions are imposed on Shares issued, the Company will apply to have a holding lock placed on those Shares. Recipients of Shares will receive dividends and can exercise voting rights while the Shares are subject to a Restriction.

Any Options issued cannot be transferred and will not quoted on ASX. The terms of any particular Option:

- can impose conditions on the ability of employees to exercise the Option (including time and performance hurdles);
- will specify the circumstances in which the Options will lapse (including on dismissal or removal of the participant from employment with the Company in certain circumstances); and
- provide for adjustments in the event of certain capital reconstructions in the Company (based on requirements in the ASX Listing Rules).

Participants will not, as holders of Options, have any right to attend or vote at general meetings of Shareholders and will not receive dividends.

To date, no Shares or Options have been issued under the Plan and there are no current plans to issue any such Shares or Options under the Plan. Further, consistent with the ASX Listing Rules, no Shares or Options will be issued under the Plan to the Directors without prior Shareholder approval.

# 10 | ADDITIONAL INFORMATION

## 10.1 INCORPORATION

The Company was incorporated on 26 October 2012 and is registered in Victoria.

## 10.2 FINANCIAL YEAR

The financial statements of the Company will be made up to 30 June annually.

## 10.3 RIGHTS AND LIABILITIES ATTACHING TO SHARES

The rights and liabilities attaching to the ownership of Shares arise from a combination of the Constitution, Corporations Act, other statutes, the ASX Listing Rules and general law.

A summary of the significant rights, liabilities and obligations attaching to the Shares and a description of other material provisions of the Constitution are set out below. This summary is not exhaustive nor does it constitute a definitive statement of the rights and liabilities of Shareholders. The summary assumes that the Company is admitted to the Official List.

### VOTING AT A GENERAL MEETING

At a general meeting of the Company, every Shareholder present in person or by proxy, representative or attorney has one vote on a show of hands and, on a poll, one vote for each Share held.

On a poll, every member (or his or her proxy, attorney or representative) is entitled to one vote for each Share held.

### MEETINGS OF MEMBERS

Each Shareholder is entitled to receive notice of, attend and vote at, general meetings of the Company and to receive all notices, accounts and other documents required to be sent to Shareholders under the Constitution, the Corporations Act and the ASX Listing Rules. The Company must give at least 28 days' written notice of a general meeting of the Company.

### DIVIDENDS

The Board may from time to time resolve to pay dividends to Shareholders and fix the amount of the dividend, the time for determining entitlements to the dividend and the timing and method of payment. For further information in respect of the Company's proposed dividend policy, see Section 3.10.

### TRANSFER OF SHARES

Subject to the Constitution, Shares may be transferred by a proper transfer effected in accordance with the ASX Listing Rules and the ASX Settlement Operating Rules, by a written instrument of transfer which complies with the Constitution or, subject to compliance with the ASX Listing Rules and the ASX Settlement Operating Rules, by any other form approved by the Directors.

The Board may refuse to register a transfer of Shares where permitted to do so under the Corporations Act, the ASX Listing Rules or the ASX Settlement Operating Rules. The Board must refuse to register a transfer of Shares when required to by the Corporations Act, the ASX Listing Rules or the ASX Settlement Operating Rules.

### ISSUE OF FURTHER SHARES

Subject to the Corporations Act, the ASX Listing Rules, and the Constitution, the Directors may issue and allot, or dispose, of Shares on terms determined from time to time by the Directors at an issue price that the Directors determine from time to time. The Directors' power under the Constitution includes the power to grant options over unissued Shares.

### WINDING UP

Without prejudice to the rights of the holders of Shares issued on special terms and conditions, if the Company is wound up, the liquidator may, with the sanction of a special resolution of the Company, divide among the Shareholders in kind all or any of the Company's assets; and for that purpose, determine how it will carry out the division between the different classes of Shareholders, but the liquidator may not require a Shareholder to accept any Shares or other securities in respect of which there is any liability.

### NON-MARKETABLE PARCELS

The Company may sell the Shares of a Shareholder who holds less than a marketable parcel of Shares.

### SHARE BUY-BACKS

Subject to the Corporations Act and the ASX Listing Rules, the Company may buy Shares on terms and at times determined by the Board.

### VARIATION OF CLASS RIGHTS

At present, the Company's only class of shares on issue is ordinary shares. The rights attached to any class of Shares may be varied in accordance with the Corporations Act.

### DIVIDEND REINVESTMENT PLAN

The Directors may establish a plan under which Shareholders may elect to reinvest cash dividends paid or payable by the Company by acquiring by way of issue or transfer (or both) Shares or other securities.

### AMENDMENT

The Constitution may be amended only by special resolution.

### ASX LISTING RULES

At all times while the Company is admitted to the Official List of ASX, then despite anything in the Constitution:

- if the ASX Listing Rules prohibit an act being done, the act must not be done;
- nothing in the Constitution prevents an act being done that the ASX Listing Rules require to be done. If the ASX Listing Rules require an act to be done or not to be done, authority is given for that act to be done or not to be done (as the case may be);
- if the ASX Listing Rules require the Constitution to contain a provision or not to contain a provision, the Constitution is deemed to contain that provision or not to contain that provision (as the case may be); and
- if a provision of the Constitution is or becomes inconsistent with the ASX Listing Rules, the Constitution is deemed not to contain that provision to the extent of the inconsistency.

## 10.4 TERMS OF THE LOYALTY OPTIONS

The rights and liabilities attaching to the Loyalty Options are summarised as follows:

### REGISTER

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

### TRANSFER/TRANSMISSION

Until the Vesting Date, Loyalty Options will not be transferable and will not be quoted on ASX.

Following the Vesting Date, Vested Loyalty Options will be transferable.

### ISSUE, VESTING AND LAPSE

Loyalty Options issued to an Applicant will either Vest or lapse on the date that is 6 months after the Closing Date or where this date does not fall on a Business Day, the immediately preceding Business Day (**Vesting Date**). Based on a Closing Date of 31 July 2015, the Vesting Date for the Loyalty Options is Friday, 29 January 2016. The number of Loyalty Options held by an Applicant that will Vest at the Vesting Date will depend on the number of Shares held by the Applicant at the Vesting Date.

If the Applicant holds at the Vesting Date the same or a greater number of Shares as the number of Shares issued to the Applicant under this Prospectus, then all of the Loyalty Options held by the Applicant will Vest at the Vesting Date.

If, on the Vesting Date, the Applicant holds a lesser number of Shares than the number of Shares issued to the Applicant under this Prospectus, then the number of Loyalty Options held by the Applicant that Vest at the Vesting Date will be equal to half of the number of Shares held by the Applicant on the Vesting Date (rounded down to the nearest whole number). For example, if an Applicant is issued 10,000 Shares under this Prospectus, that Applicant will also be issued 5,000 Loyalty Options under this Prospectus. If the Applicant holds 7,000 Shares on the Vesting Date then 3,500 Loyalty Options held by that Applicant will Vest at the Vesting Date (being half the number of Shares held by the Applicant on the Vesting Date). The Applicant's remaining 1,500 Loyalty Options will not Vest at the Vesting Date.

If the Applicant holds no Shares on the Vesting Date then none of the Loyalty Options held by the Applicant will Vest at the Vesting Date.

Loyalty Options that do not Vest on the Vesting Date lapse with immediate effect on the Vesting Date and are of no further force or effect.

### EXERCISE

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

A Vested Loyalty Option may be exercised at any time in the period commencing on the day after the Vesting Date and ending at 5.00pm (Melbourne time) on Friday, 30 March 2018.

Vested Loyalty Options which are validly exercised will be deemed to have been exercised on the date that an Exercise Notice in respect of those Vested Loyalty Options is lodged with the Company. A Notice of Exercise of Vested Loyalty Options is only effective when the Company has received the full amount of the exercise price in cash or cleared funds.

### DIVIDEND ENTITLEMENT

Loyalty Options, once issued, do not carry any dividend entitlement until they are exercised following Vesting. Shares issued on exercise of Vested Loyalty Options rank equally with other Shares then on issue from their date of issue and are entitled to dividends paid on and from this date where the record date for the dividends occurs after the date of issue of the Shares.

### PARTICIPATION RIGHTS

For determining entitlements to the issue, a Loyalty Optionholder may only participate in new issues of securities to holders of applicable Shares in the Company if the Loyalty Option has been exercised and Shares allotted in respect of the Loyalty Option before the relevant record date.

The Company must give at least 6 Business Days' notice to Loyalty Option holders of any new issue before the relevant record date for determining entitlements to the issue in accordance with the ASX Listing Rules.

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

$$NE = OE - \frac{E[P - (S+D)]}{N+1}$$

where:

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

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

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

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

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

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

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

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

#### RECONSTRUCTIONS AND ALTERATION OF CAPITAL

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

#### ASX LISTING

Loyalty Options that have not Vested will not be listed for quotation on ASX or any other financial market.

Vested Loyalty Options are expected to be quoted on ASX within one month after the Vesting Date.

Shares issued on the exercise of Vested Loyalty Options will rank equally with other Shares then on issue and the Company will apply to ASX to have those Shares quoted on ASX.

#### TERMS AND CONDITIONS

For the terms and conditions of the Loyalty Options, refer to the Appendix for full details.

### 10.5 DIRECTORS' INTERESTS, BENEFITS AND RELATED PARTY TRANSACTIONS

Except as disclosed in the Prospectus:

- no Director or proposed Director has, or has had within two years of lodgement of this Prospectus with ASIC, any interest in:
  - the formation or promotion of the Company;
  - any property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer; or
  - the Offer; and
- no person has paid or agreed to pay any amount, and no one has given or agreed to give any benefit, to any Director or any proposed Director or to any firm in which any Director or proposed Director is or was a partner:
  - to induce that person to become, or to qualify as, a Director of the Company; or
  - for services rendered by that person or by the firm in which that person is or was a partner in connection with the formation or promotion of the Company or the Offer.

The following is a summary of the interests and benefits payable to the Directors and other persons connected with the Company or the Offer, and any significant related party transactions.

Subject to the provisions of the Company's Constitution, the ASX Listing Rules and the Corporations Act, Directors and related parties of the Contango Group can participate in the Offer and will have equal rights with any other Shareholder or investor.

#### NO SHAREHOLDING QUALIFICATIONS

The Constitution of the Company does not require the Directors to hold any Shares in the Company as a prerequisite to appointment as a Director.

#### INTERESTS OF DIRECTORS – EXISTING SECURITY INTERESTS

At the date of this Prospectus, the Company has 2 Shares on issue. These Shares are held by CTN.

The Directors, their nominees and associates may subscribe for Offer Securities under the Offer.

Other than as set out in the above, no Directors have an interest in the securities of the Company immediately prior to the date of the Prospectus.

#### INTERESTS OF DIRECTORS – REMUNERATION

The Constitution provides that Directors are entitled to remuneration as determined by the Company in general meeting to be apportioned among them in such manner as the Directors agree and, in default of agreement, equally. Under the Constitution, the maximum aggregate amount that may be paid per annum to Directors by way of fees is $500,000. Any increase to that maximum aggregate sum needs to be approved by Shareholders.

It is the intention of the Company that the fees payable to its non-executive Directors will be $40,000 per annum (inclusive of any payments that the Company may be required to make under applicable superannuation legislation). In addition, the chairman of the Company will receive an additional fee of $5,000 per annum.

If a Director performs additional services which, in the opinion of the Directors, are outside the scope of the ordinary duties of a Director, the Company may remunerate that Director by payment of a fixed sum determined by the Directors in addition to or instead of the remuneration referred to above. However, no payment can be made if the payment would be in breach of any applicable laws or if the effect would be to exceed the maximum aggregate amount payable to Directors under the Constitution.

The Directors are also entitled to be paid travelling and other expenses properly incurred by them in attending Directors' or general meetings of the Company

or otherwise in connection with the business of the Company.

### DIRECTORS – APPOINTMENT AND ROTATION

Under the Constitution, the minimum number of Directors that may comprise the Board is three and the maximum is fixed by the Directors but may not be more than ten, unless the Shareholders pass a resolution varying that number. Directors are elected at annual general meetings of the Company. Retirement will occur on a rotational basis so that no Director (excluding the Managing Director (if there is one)) will hold office without re-election beyond the third annual general meeting following the meeting at which the Director was last elected. The Directors may also appoint a Director to fill a casual vacancy on the Board or in addition to the existing Directors. Any person appointed as a Director under this provision of the Constitution will hold office until the next annual general meeting of the Company (at which meeting, if he or she is eligible for election, he or she may seek election as a Director).

### DIRECTORS – VOTING

Questions arising at a meeting of the Board will be decided by a majority of votes of the Directors present at the meeting and entitled to vote on the matter. In the case of an equality of votes on a resolution, the chairperson of the meeting has a casting vote.

### INDEMNITIES

In accordance with the Constitution and to the extent permitted by the Corporations Act:

(a) the Company will indemnify the Directors and officers for any liability to persons other than the Company or its related bodies corporate that they may incur while acting in the capacity of an officer of the Company, except in circumstances prohibited by the Corporations Act; and

(b) the Company intends to pay insurance premiums in respect of a contract insuring the Directors and other officers of the Company against any liability incurred by those Directors or officers in their capacity as officers of the Company except in circumstances prohibited by the Corporations Act.

In addition to the above rights, the Company and each Director have entered into a deed (each, a **Deed of Access, Indemnity and Insurance**) that grants the Director a contractual right:

(c) to indemnity from the Company (to the extent permitted by the Corporations Act) for liabilities incurred as an officer of the Company (or a controlled entity of the Company) and any and all reasonable 'Legal Costs' (as that term is defined in the Deeds) incurred by the Director in defending an action for any such liability incurred by the Director as an officer of the Company (or a controlled entity of the Company). The Deeds stipulate that, subject to the Company's directors and officers insurance policy, the indemnities are unconditional, continuing and irrevocable;

(d) to directors' and officers' insurance cover (as permitted by the Corporations Act) against liability incurred by the person as a Director for the period that each Director is a director of the Company and for 7 years after that Director ceases to hold office; and

(e) to access documents and records of the Company both while the Director is a director of the Company and after that Director ceases to hold office for the purposes expressly permitted by the deed.

### RELATED PARTY TRANSACTIONS

**The Investment Management Agreement**

The Company appointed the Investment Manager as the manager of the Investment Portfolio under the Investment Management Agreement. The Investment Management Agreement delegates to the Investment Manager the responsibility to undertake the investment, operating, compliance and administrative requirements of the Company. Details of the Investment Management Agreement, including the termination provisions and the fees payable to the Investment Manager, are set out in Section 9.1.

As at the date of this Prospectus, the Investment Manager is a wholly-owned subsidiary of CTN, which is the sole Shareholder of the Company. Therefore, the Investment Manager is a related party of the Company.

**The Subscription Agreement with CTN**

The Company and CTN have entered into the Subscription Agreement pursuant to which CTN has agreed to subscribe for, by way of an Application under this Prospectus, 30 million Shares (and 15 million Loyalty Options), by way of an Application under this Prospectus, for a total Subscription Amount of $30 million (refer to Section 9.4 for a summary of the material terms of the Subscription Agreement). This amount is equal to the Minimum Subscription.

It is therefore possible that the Company could be admitted to the Official List with:

- CTN as the holder of 30,000,002 Shares (including the 30 million Shares it has committed to apply for pursuant to the Subscription Agreement); and
- only ASX's minimum 'shareholder spread' requirements satisfied (that is, 400 Shareholders each holding 2,000 Shares, pursuant to Condition 7 of ASX Listing Rule 1.1).

In these circumstances, the Company intends to proceed with closing the Offer on the Closing Date, issuing and allotting Shares to Applicants and listing on ASX. In this event, CTN's shareholding in the Company would amount to approximately 97.4%.

If the aggregate Subscription Amount received from all successful Applicants (including CTN) is $60 million or less, then it is expected that CTN, through its commitment to subscribe for 30 million Shares for a total Subscription Amount of $30 million, will remain the majority shareholder in the Company on completion of the Offer.

If the Maximum Subscription is raised and full Oversubscriptions are accepted, CTN will hold 25% of the total number of Shares. The Company has agreed to accept CTN's Application for 30 million Shares in full. Therefore, if total Applications are greater than the Maximum Subscription and full Oversubscriptions, CTN's Application for 30 million Shares will not be scaled back.

The following table outlines the percentage holding of CTN in the Company based on examples of the total amount raised under the Offer and the total number of Shares issued pursuant to the Offer.

| | MINIMUM SUBSCRIPTION AND MINIMUM 'SHAREHOLDER SPREAD' | TOTAL SUBSCRIPTION AMOUNT OF $60 MILLION | MAXIMUM SUBSCRIPTION (BEFORE ACCEPTING ANY OVERSUBSCRIPTIONS) | MAXIMUM SUBSCRIPTION (AFTER ACCEPTING ALL OVERSUBSCRIPTIONS) |
|---|---|---|---|---|
| Total number of Shares | 30,800,002 | 60,000,002 | 100,000,002 | 120,000,002 |
| Number of Shares held by CTN | 30,000,002 | 30,000,002 | 30,000,002 | 30,000,002 |
| CTN's percentage shareholding | 97.4% | 50% + 1 | 30% | 25% |

CTN has no present intention to sell the Shares to be issued to it under this Prospectus in the medium term. Similarly, CTN has no present intention to sell a material proportion of the Loyalty Options once they Vest.

**Costs in relation to the Company's proposed public offer in November / December 2014**

The costs incurred by the Company in respect of its proposed public offer of Shares and Options in November / December 2014 (pursuant to the prospectus lodged by the Company on 28 November 2014 that was subsequently withdrawn) have been borne by the Company's sole Shareholder, CTN. None of these expenses are repayable by the Company to CTN, even if the Company is admitted to the Official List following the close of this Offer.

**Directors and employees of CTN and the Investment Manager**

Certain directors and employees of CTN and the Investment Manager have indicated an intention to apply for Offer Securities under the Offer.

**CTN Shareholders**

Applications received from registered holders of CTN Shares as at 7.00pm (Melbourne time) on Wednesday, 1 July 2015 with an address in Australia or New Zealand will be given priority over other Applications.

**Australian Legal Adviser**

Until 30 June 2015, Don Clarke was a partner of the law firm, Minter Ellison. Don Clarke retired as a partner of Minter Ellison on 30 June 2015 but will remain with Minter Ellison from 1 July 2015 as a consultant. Minter Ellison has acted as the Company's Australian legal adviser and in that capacity has been involved in providing Australian legal advice to the Company in relation to the Prospectus and the Offer. Details of the fees paid to Minter Ellison are set out in Section 10.6. Those fees are payable on the basis of usual time based charge out rates only. As a partner of Minter Ellison during the period prior to the date of this Prospectus, Don Clarke may benefit from the fees paid by the Company to that firm.

Other than as set out above, there are no existing agreements or arrangements nor any currently proposed transactions in which the Company was, or is to be, a participant and in which any related party of the Company has or will have a direct or indirect interest in the Company or the Offer except as disclosed in this Prospectus.

## 10.6 INTERESTS AND BENEFITS OF EXPERTS AND ADVISERS

As at the date of this Prospectus, other than as set out below or elsewhere in this Prospectus:

(a) no person named in the Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of the Prospectus or as a promoter of the Company has, or during the last 2 years prior to the date of the Prospectus has had, an interest in:

  (i) the formation or promotion of the Company;

  (ii) any property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer under this Prospectus; or

  (iii) the Offer under this Prospectus; and

(b) no amounts, whether in cash or shares or otherwise, have been paid or agreed to be paid and no value or benefit has been given or agreed to be given to any person named in the Prospectus as performing a function in a professional advisory or other capacity for services rendered in connection with the formation or promotion of the Company or the Offer under this Prospectus.

### AUDITOR

Pitcher Partners is the auditor of the Company and audited the historical financial statements of the Company for the period ended 31 March 2015 from which the financial information included in Section 6 of the Prospectus has been extracted.

### INVESTIGATING ACCOUNTANT

Pitcher Partners Corporate Pty Ltd has acted as investigating accountant and adviser to the Company on the financial information contained in Section 6 of this Prospectus and performed work in relation to due diligence enquiries concerning the financial information included in the Prospectus. The Company has paid or agreed to pay estimated fees of approximately $10,000 (plus out of pocket expenses) in respect of services performed by Pitcher Partners Corporate Pty Ltd in relation to the Prospectus. Further amounts may be paid to Pitcher Partners Corporate Pty Ltd in accordance with its usual time based charge out rates.

### AUTHORISED INTERMEDIARY

Evans and Partners Pty Ltd has agreed to act as the Authorised Intermediary to the Offer. Details of the commission, fees and other amounts the Company has paid or agreed to pay to Evans and Partners Pty Ltd for its services as Authorised Intermediary are set out in Section 9.3.

### JOINT LEAD MANAGERS

Evans and Partners Pty Ltd, Taylor Collison Limited, Wilson HTM Corporate Finance Limited and Morgans Financial Limited have agreed to act as Joint Lead Managers. Details of the commission, fees and other amounts the Company has paid or agreed to pay to Evans and Partners Pty Ltd, Taylor Collison Limited, Wilson HTM Corporate Finance Limited and Morgans Financial Limited for their services as Joint Lead Managers are set out in Section 9.2.

### CO-MANAGER

Third Party Platform Pty Ltd trading as 'Bell Direct' has agreed to act as a Co-Manager to the Offer.

Where Application Forms of Applicants who receive Offer Securities are made through the Co-Manager, the Joint Lead Managers will pay to the Co-Manager a corporate fee of an amount equal to 2.5% (in aggregate and exclusive of GST) of the first $3 million of gross proceeds paid by those Applicants for the Offer Securities received under their Applications.

Where total Application Moneys made through the Co-Manager exceed $3 million, the corporate fee payable to the Co-Manager by the Joint Lead Managers is, in addition to the fee referred to above in respect of the first $3 million of gross proceeds, 1.7% (in aggregate and exclusive of GST) on the gross proceeds above $3 million.

Payment to the Co-Manager of this corporate fee will be made out of the fees the Joint Lead Managers receive from the Company for managing the Offer.

### INVESTMENT MANAGER

Contango Asset Management Limited (**Investment Manager**) has agreed to act as the investment manager of the Company's investment portfolio under the terms of the Investment Management Agreement. Details of the Investment Management Agreement (including fees and other amounts paid or payable to the Investment Manager, and the entitlement of the Investment Manager to be reimbursed costs associated with the establishment of the Company) are set out in Section 9.1.

### AUSTRALIAN LEGAL ADVISER

Minter Ellison has acted for the Company as its legal adviser in respect of the Offer. The Company has paid or agreed to pay Minter Ellison estimated fees of approximately $150,000 in respect of services performed in relation to the Prospectus. Further amounts may be paid to Minter Ellison for other legal services provided in accordance with its usual time based charge out rates.

### SHARE REGISTRY

Computershare Investor Services Pty Limited (**CIS**) has been engaged by the Company to maintain its Share register. The Company will pay the Share registry fees in accordance with CIS' standard commercial terms. CIS has had no involvement in the preparation of any part of the Prospectus other than being named as Share Registry of the Company and has not authorised or caused the issue of, and expressly disclaims and takes no responsibility for, any part of this Prospectus.

## 10.7 CONSENTS AND DISCLAIMERS

Each of the parties who are named below:

(a) has not made any statement that is included in this Prospectus, or any statement on which a statement is made in this Prospectus is based, other than as specified in this Section 10.7;

(b) has not authorised or caused the issue of any part of this Prospectus;

(c) makes no representations or warranty, express or implied, as to the fairness, accuracy or completeness of information contained in this Prospectus; and

(d) to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any statements made in, or omissions from, this Prospectus, other than as specified in this Section 10.7, and excludes and disclaims all liability for any damage, loss (including direct, indirect or consequential loss), cost or expense that may be incurred by an investor as a result of this Prospectus being inaccurate or incomplete in any way or for any reason.

### AUTHORISED INTERMEDIARY

Evans and Partners Pty Ltd has given, and as at the time of lodgement of this Prospectus, has not withdrawn its consent to be named in the Prospectus as the Authorised Intermediary, in the form and context in which it is named and to the inclusion of its Financial Services Guide in Section 11 in the form and context in which it is included.

### AUSTRALIAN LEGAL ADVISER

Minter Ellison has given, and as at the time of lodgement of this Prospectus, has not withdrawn its consent to be named in the Prospectus as the legal adviser to the Offer, in the form and context in which it is named.

### AUDITOR

Pitcher Partners has given, and as at the time of lodgement of this Prospectus, has not withdrawn its consent to be named in the Prospectus as the auditor to the Company, in the form and context in which it is named.

### INVESTIGATING ACCOUNTANT

Pitcher Partners Corporate Pty Ltd has given, and as at the time of lodgement of this Prospectus, has not withdrawn its consent to be named in the Prospectus as the Investigating Accountant in connection with the Offer and to the inclusion of the Investigating Accountant's independent limited assurance report on the historical and pro forma financial information in the form and context in which it appears in Section 7.

### JOINT LEAD MANAGERS

Evans and Partners Pty Ltd, Taylor Collison Limited, Wilson HTM Corporate Finance Limited and Morgans Financial Limited have each given, and as at the time of lodgement of this Prospectus, have not withdrawn their consent to be named in the Prospectus as Joint Lead Managers to the Offer, in the form and context in which they are named.

### CO-MANAGER

Third Party Platform Pty Ltd trading as 'Bell Direct' has given, and as at the time of lodgement of this Prospectus, has not withdrawn its consent to be named in the Prospectus as Co-Manager to the Offer, in the form and context in which it is named.

### SHARE REGISTRY

Computershare Investor Services Pty Limited has given, and as at the time of lodgement of this Prospectus, has not withdrawn its consent to be named in the Prospectus as the

Share Registry of the Company, in the form and context in which it is named.

Computershare Investor Services Pty Limited has had no involvement in the preparation of any part of the Prospectus other than being named as the Company's Share Registry. Computershare Investor Services Pty Limited has not authorised or caused the issue of, and expressly disclaims and takes no responsibility for, any part of the Prospectus.

#### CONTANGO ASSET MANAGEMENT LIMITED (INVESTMENT MANAGER)

Contango Asset Management Limited has given, and as at the time of lodgement of this Prospectus, has not withdrawn its consent to be named in the Prospectus as the Investment Manager and to the inclusion in this Prospectus of the statements by it, or the statements based on statements made by it, concerning its business, investment strategy and philosophy, its opinions, expectations and beliefs, its financial and investment results, in the form and context in which those statements appear in this Prospectus.

#### CONTANGO MICROCAP LIMITED (CTN)

Contango MicroCap Limited has given, and as at the time of lodgement of this Prospectus, has not withdrawn its consent to be named in the Prospectus as the sole shareholder of each of the Company and the Investment Manager and to the inclusion in this Prospectus of the statements by it, or the statements based on statements made by it, concerning its intentions regarding the 30,000,000 Shares and the 15,000,000 Loyalty Options to be issued to it pursuant to the Subscription Agreement and this Prospectus, in the form and context in which those statements appear in this Prospectus.

### 10.8 LEGAL PROCEEDINGS

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

### 10.9 ASX WAIVERS

ASX Listing Rule 15.16 sets out that management agreements for investment entities (except a pooled development fund) must provide that the investment manager may only end the management agreement if it has given at least 3 months' notice; if the term of the agreement is fixed, it must not be for more than 5 years; and if the agreement is extended past 5 years, it will end on three months' notice after an ordinary resolution is passed to end it.

The Company has applied for and been granted an in-principle waiver from ASX Listing Rule 15.16(b) to the extent necessary to permit the Investment Manager to continue to act as manager of the Investment Portfolio, in accordance with the terms of the Investment Management Agreement, for a period of up to 10 years from the date of issue of the Shares under this Prospectus before Shareholders have the opportunity to require the Investment Management Agreement to be terminated.

### 10.10 ASIC RELIEF

Section 723(3)(b) of the Corporations Act requires that if a disclosure document for an offer of securities states or implies that the securities are to be quoted on a financial market (whether in Australia or elsewhere), the securities must be admitted to quotation within 3 months of the date of the disclosure document, or else the issue or transfer of securities is void, and the person offering the securities must return the money received by the person from the applicants as soon as practicable.

The effect of section 724(1)(b)(ii) of the Corporations Act is that if a disclosure document states that the securities are to be quoted on a financial market (whether in Australia or elsewhere) and the securities are not admitted to quotation within 3 months after the date of the disclosure document, the person offering the securities must either:

- repay the money received by the person from the applicants; or
- give the applicants a supplementary or replacement disclosure document and one month to withdraw their application and be repaid; or
- issue the securities to the applicants and give them a supplementary or replacement disclosure document and one month to withdraw their application and be repaid.

The Company has applied to ASIC for and been granted relief from these requirements, to permit it to apply for quotation of Loyalty Options within 7 days after the date of the disclosure document, on the basis that Vested Loyalty Options will not be admitted to quotation until a date that is no later than one month after the Vesting Date in respect of Loyalty Options.

### 10.11 INVESTOR CONSIDERATIONS

Before deciding to participate in this Offer, you should consider whether the Offer Securities to be issued are a suitable investment for you. There are general risks associated with any investment in the stock market. The value of Offer Securities listed on ASX may rise or fall depending on a range of factors beyond the control of the Company.

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 professional adviser.

The potential tax effects relating to the Offer will vary between investors. Investors should consider the possible tax consequences of participating in the Offer by consulting a professional tax adviser.

### 10.12 WORKING CAPITAL STATEMENT

The Directors believe that, on completion of the Offer, the Company will have sufficient working capital to carry out its objectives as stated in this Prospectus.

### 10.13 DIRECTORS' STATEMENT AND APPROVAL

The Directors' report that, in their opinion, after having made relevant inquiries:

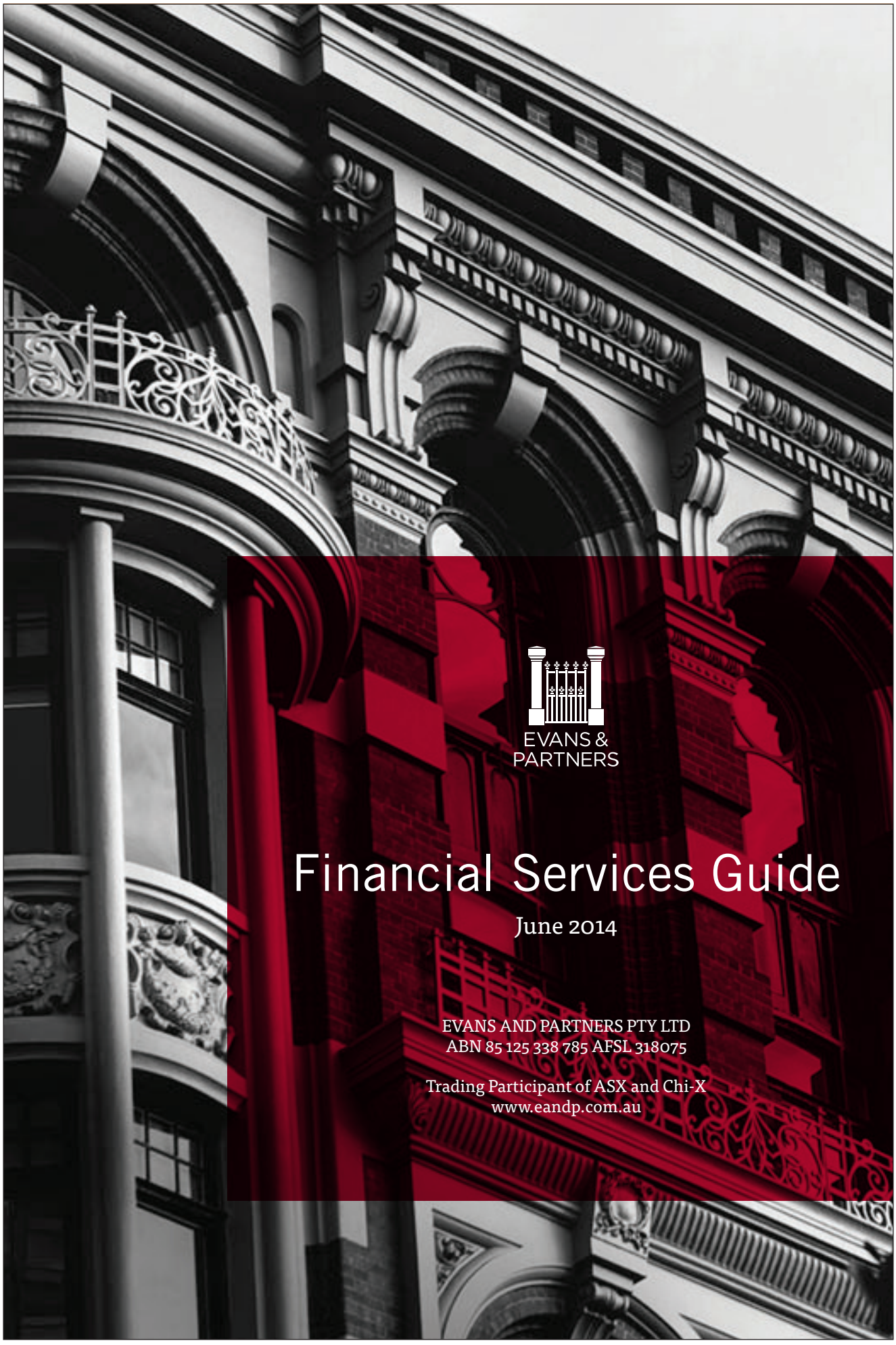
- except as disclosed in this Prospectus, they are not aware of any circumstances that have materially affected or will materially affect the assets and liabilities, the financial position, the profits and losses, or the prospects of the Company on completion of the Offer; and
- they have reasonable grounds to, and do, believe that this Prospectus contains no statements that are false or misleading and that there are no material omissions from this Prospectus.

This Prospectus has been approved by unanimous resolution of the Directors of the Company and the Directors of the Company have authorised the lodgement of this Prospectus with ASIC.

### 10.14 GOVERNING LAW

This Prospectus, the Offer and the contracts formed on acceptance of Applications under the Offer are governed by the laws in force in the State of Victoria and each Applicant submits to the non-exclusive jurisdiction of the courts of Victoria.

# 11 | AUTHORISED INTERMEDIARY – FINANCIAL SERVICES GUIDE



EVANS &
PARTNERS

# Financial Services Guide

June 2014

EVANS AND PARTNERS PTY LTD
ABN 85 125 338 785 AFSL 318075

Trading Participant of ASX and Chi-X
www.eandp.com.au

# Financial Services Guide

EVANS & PARTNERS

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# Financial Services Guide

## 1. Glossary of terms

**ASX Clear**

ASX Clear Pty Limited, ABN 48 001 314 503.

**Adviser**

your Evans and Partners financial adviser.

**Asset based fee**

A fee, excluding brokerage fees, for providing financial product advice to the extent that the calculation of the fee is dependent upon the amount of funds used or to be used to acquire financial products

**ASX**

ASX Limited ABN 98 008 624 691 or the financial market operated by it, as the context requires.

**Chi-X**

Chi-X Australia Pty Ltd ABN 47 129 584 667 or the financial market operated by it, as the context requires.

**Corporations Act**

The Corporations Act 2001 (Cth).

**Evans and Partners, EaP**

Evans and Partners Pty Ltd, ABN 85 125 338 785; AFSL No 318075.

**Linear**

Linear Asset Management Limited ABN 119 757 596
AFSL 305 542

**Managed Accounts, Evans and Partners Managed Accounts,MDA**

Evans and Partners Managed Accounts ARSN 128 111 857 a registered managed investment scheme of which Linear is the responsible entity and that is available to EaP client under arrangements between EaP and Linear.

**Ongoing Fee Arrangement**

An arrangement (where personal advice is given to you) that you make with EaP or your Adviser to pay fees for services that we provide to you on an ongoing basis for a period of more than 12 months.

**Opt in Code**

Opt In Code means a code of conduct as approved by ASIC for the purposes of section 962CA of the Corporations Act.

**PDS**

Product Disclosure Statement.

**Pershing**

Pershing Securities Australia Pty Ltd ABN 60 136 184 962
AFSL No. 338 264

**Quoted**

Refers to financial products that re, or will be, quoted on an exchange (such as ASX or ChiX).

**We, us or our**

Evans and Partners.

## 2. Purpose and content of this Financial Services Guide

This Financial Services Guide (FSG) is an important document. You should read it carefully and make sure you understand it.

This FSG:

(a) is provided by Evans and Partners;

(b) was prepared on and is dated [1 July 2012] and is made up of a number of equally important sections. Each of those sections is listed in the table of contents above;

(c) was prepared to inform you about:

  (i) who we are;
  (ii) the services we provide;
  (iii) the remuneration that may be paid to us and other persons in relation to the financial services we provide;
  (iv) the relationships and associations we have; and
  (v) how complaints against us are dealt with; and

(d) is intended to assist you in deciding whether or not to use the services which we provide as described in this FSG.

## 3. Who is Evans and Partners

Evans and Partners has been established as an Australian investment house that provides a broad range of investment, advisory and execution services to a diversified client base of private and institutional investors.

Evans and Partners is a Trading Participant of ASX and Chi-X and is the holder of an Australian Financial Services Licence authorising it to provide the financial services described below in section 4.

Our contact details are as follows:

**Evans and Partners Pty Ltd**
ABN 85 125 338 785 AFSL No 318075
Mayfair Building, 171 Collins Street
Melbourne Victoria 3000
**P** +61 3 9631 9888
**F** +61 3 8610 1608
**EMAIL** info@eandp.com.au
**WEB** eandp.com.au

# 4. The services and products we can provide

## 4.1 Financial product advice

Our Australian Financial Services Licence authorises our representatives to provide advice in the following financial services and financial products:

- basic deposit products;
- non-basic deposit products;
- derivatives;
- foreign exchange contracts;
- government debentures, stocks or bonds;
- interests in managed investment schemes including investor directed portfolio services and MDA services ;
- securities; and
- standard margin lending facilities
- superannuation, on behalf of both wholesale and retail clients.

## 4.2 Dealing in financial products

### Authorisation

Our Australian Financial Services Licence authorises our representatives to deal (including arranging to deal) in the following financial services and financial products:

- basic deposit products;
- non-basic deposit products;
- foreign exchange contracts
- derivatives;
- government debentures, stocks or bonds;
- interests in managed investment schemes including investor directed portfolio services and MDA services;
- securities;
- standard margin lending facilities; and
- superannuation, on behalf of both wholesale and retail clients

We are also authorised to issue interests in MDA Services.

Evans and Partners is a Trading Participant of ASX and Chi-X and provides services in relation to the execution of transactions in financial products quoted on both markets.

Clients are able to effect transactions in quoted financial products by communicating an order to Evans and Partners.

If your order relates to the purchase of a warrant or a partly paid security, you will be required to enter into a warrant client agreement and/or partly paid securities client agreement with Evans and Partners before we are able to execute the transaction for you.

If your order relates to an exchange traded option or other derivative, you will be required to enter into a derivatives client agreement with Pershing before we are able to arrange for Pershing to execute the transaction for you.

Before accepting an order from a retail client, we must disclose to clients how we handle and execute your orders as required under the ASIC Market Integrity (Competition in Exchange Markets) Rules, as amended from time to time. This disclosure is set out in our Best Execution Policy, a copy of which is available on our website (www.eandp.com.au/disclosures). We are also required to provide a copy of our Best Execution Policy to clients when requested, within a reasonable time of the request.

If we make a material change to our Best Execution Policy we will also provide a summary of any such changes as practicable after the change occurs.

### Best Execution

As a Participant of both ASX and Chi-X Australia, Evans and Partners has an obligation to obtain the best outcome for its clients when handling or executing client orders to buy and sell equity market products. This section sets out how Evans and Partners meets its best execution duty.

### Best Outcome – Retail Clients

For Retail Clients, we will take reasonable steps to obtain for you the best total consideration in respect of your order, where total consideration means:

(a) (Buy Order) the purchase price paid by the client (unit price multiplied by volume), plus transaction costs; and

(b) (Sell Order) the sale price received minus transaction costs.

Transaction costs include execution costs (including brokerage) as well as clearing and settlement costs.

### Best Outcome – Wholesale Clients

For a Wholesale Client, obtaining the best outcome for your order(s) includes considerations such as:

- the price of the equity market product;
- transaction costs (such as brokerage) or other costs including clearing and settlement costs;
- speed of execution;
- order size and likelihood or execution;
- available order books/ markets;
- market conditions; and
- any other factor which we consider relevant.

### Client Instructions

We will apply our Best Execution policy set out in this document in relation to orders that we receive from

you and execute on your behalf. However, you may provide us with different instructions in relation to an order, on an order by order basis (Specific Instructions) or on an ongoing basis (Standing Instructions - available to Wholesale Clients only) in relation to such matters as:

- speed of execution;
- obtaining execution certainty;
- choice of market (where available); and
- minimising market impact.

### Specific Instructions

Where you provide us with a Specific Instruction in relation to an Order, we will take reasonable steps to satisfy your instructions. To the extent that Specific Instructions do not deal with all aspects of execution, we will apply this Best Execution policy in handling your order. Where you wish to provide us with Specific Instructions, we require that instruction to be clear and unambiguous as well as in writing (whether that be printed or in electronic form, such as an email). To the extent that your Specific Instructions do not satisfy these requirements, we will execute your order(s) by applying this policy and taking reasonable steps to achieve the best total consideration or best price, as applicable.

### Standing Instructions

If you are a Wholesale Client you can provide us with a Standing Instruction regarding how we are to treat your orders, including instructions to opt-out of our Best Execution Policy. Such instructions must be provided to us in writing and will not take effect until they are

confirmed back to you by an Evans and Partners representative. Retail clients cannot provide us with Standing Instructions with respect to their orders (but may wish to provide with Specific Instructions per above). If you are a Wholesale client and provide us with Standing Instructions regarding how we are to manage your order(s), we will periodically review those instructions to ensure that they remain valid and appropriate for you. Note that where you provide us with instructions that are inconsistent with us obtaining the best outcome for you, Evans and Partners must take reasonable steps to handle and execute the Order(s) the subject of those instructions in a way that satisfies them and, as a result, may not achieve the best available outcome for you.

### Execution Venues/ Order Books

Evans and Partners is able to execute orders of ASX listed securities on the following order books:

- ASX TradeMatch (ASX Central Limit Order Book);
- ASX CentrePoint;
- ASX Purematch; and
- Chi-X Australia

### How we handle your order

Evans and Partners utilises a smart order router which directs orders to an available order book in accordance with the current routing policy, or in accordance with your directions where you have provided us with Specific or Standing Instructions. Generally we place the most emphasis on achieving the best available price for you at the time of order placement (subject to any Specific or Standing Instructions you have previously given us). In some circumstances, (for example, where your order may be advantageously consolidated or matched with another order with the same attributes), we may seek to fill orders through other matching mechanisms, such as:

- Block Trades;
- Large Portfolio Trades;
- Trades At or Within the Spread;
- Permitted Trades during the Post-Trading Hours Period;
- Permitted Trades during the Pre-Trading Hours Period; and
- Out of Hours Trades.

### Evidence of Best Execution; Review and updates

On receipt of a reasonable request, we will provide you with evidence that your order has been executed in accordance with our Best Execution Policy. On receipt of such a request we will advise you of the estimated time to provide the necessary information. Evans and Partners will periodically review and monitor its Best Execution procedures, practices and connections to other execution venues. Where appropriate, we will review and make changes to our Best Execution Policy, and related policies. Whenever a material change to this Policy occurs we will notify you by posting the updated Policy on our website at www.evansandpartners.com.au.

## 4.3 Evans and Partners Private Wealth Services

### Investment Reporting

Your Adviser will formally review your portfolio periodically in consultation with you as part of our ongoing commitment to providing you with advice specific to your own investment objectives, timeframe, tolerance for risk and other requirements.

### Investment Strategy Briefings

Our clients will be given the opportunity to attend investment strategy briefings from time to time with our Head of Research and other analysts where appropriate.

### Online Reporting

Evans and Partners clients have access to a selection of reports through the Evans and Partners website and dedicated smartphone and tablet apps.

## 4.4 Evans and Partners Portfolio Service

The Evans and Partners Portfolio Service gives you access to an administration and tax reporting service to complement the advice provided by your Adviser. This is an optional extra service that is available to you if you pay a fee based on a percentage of the value of assets under management. The annual tax report prepared as part of the Evans and Partners Portfolio Service provides a summary of income and distributions received from your portfolio as well as a summary of realised and unrealised capital gains. Our reports are designed to help you and your tax Adviser efficiently manage capital gains tax events.

The additional services available in the Evans and Partners Portfolio Service include:

### End of Financial Year Tax Reporting

Your reports will also provide useful tax information including capital gains tax information, income reporting and portfolio performance reporting. Our reports are designed to help you and your tax Adviser efficiently manage year end tax compliance.

### Enhanced Online Reporting

Our Portfolio Services clients will receive additional features on their online reporting platforms:

- enhanced portfolio valuation
- access to capital gains tax information, including realised and \ unrealised reports
- income transactions
- cash transactions for linked cash accounts

### Mailbox service

The Evans and Partners Portfolio Service is not a custodial service - all assets are retained the name of the investing entity. However it does provide a mailbox service where all mail relevant to your portfolio will be collected on your behalf with retained copies of all correspondence relating to your Investments. Corporate actions will be actioned in accordance with your instructions and lodged with the relevant security registries. Banking instructions for dividends will be provided to security registries as will Tax File Numbers. This will result in a reduction in the time you spend on administering your portfolio, allowing you and your adviser to focus instead on investment strategy and execution.

Further information on the Evans and Partners Portfolio Service can be found in Schedule 1 of the Evans and Partners Terms and Conditions.

### 4.5 Evans and Partners Managed Accounts

Evans and Partners Managed Accounts is a registered managed investment scheme ARSN 128 111 857 that enables investors to select and invest in model portfolios constructed by Evans and Partners. Linear is the responsible entity of the scheme and issuer of interests in the scheme. Linear has appointed Evans and Partners as a distributor.

If you invest in one or more model portfolios through Managed Accounts, you will have the benefit of an administration and reporting platform provided by Linear together with a beneficial interest in assets that are held custodially on your behalf and managed on a discretionary basis in accordance with the investment strategy of the relevant model portfolio(s) and in accordance with advice given to Linear by Evans and Partners.

Offers to invest in Evans and Partners Managed Accounts are made in the current PDS for Evans and Partners Managed Accounts. The PDS can be obtained from Evans and Partners and should be considered before in deciding whether to acquire or hold an interest in Evans and Partners Managed Accounts.

## 5. Who is your Adviser?

Your Adviser is a representative of and acts on behalf of Evans and Partners.

Your Adviser has met the educational requirements and continuous professional development requirements to be a financial Adviser.

## 6. When we give advice will you receive a written record?

When we give retail clients personal advice, a Statement of Advice may be issued to record the basis and rationale for our advice.

If we issue a Statement of Advice it should reflect our understanding of your personal circumstances, your investment goals and our views on specific investment products. The Statement of Advice will also include disclosure of potential conflicts of interest we may have in dispensing our advice.

Where you maintain your advisory relationship with Evans and Partners, a Statement of Advice is generally not provided for further advice situations provided that your personal circumstances and the basis for our advice are not significantly different from the relevant personal circumstances and basis for our advice prevailing at the time of our earlier advice. In this case, if we don't provide a Statement of Advice, you may still request a record of further advice, where we have not already given you one. To request a record of further advice, contact your Evans and Partners Adviser (see contact details above). You have 7 years to request a record of further advice.

In general we must provide you with the Statement of Advice the first time we provide you with personal advice about each type of financial product or when there has been a significant change in your circumstances.

If you want us to provide personal advice to you, it is imperative you provide us with all information regarding your financial situation, investment objectives and particular needs in response to our enquiries. Providing us this information will help us comply with our obligations to act in your best interests and to provide you with advice that is appropriate for you having regard to the scope of the personal advice you require. We also encourage you to notify Evans and Partners of any relevant new information or material changes in your circumstances so we can assess the appropriateness (or otherwise) of your prevailing investment strategy.

You have the right not to divulge information to your Evans and Partners Adviser; however, this may affect the ability of your Evans and Partners Adviser to give you appropriate advice. If you receive advice based on incomplete or inaccurate information regarding your personal circumstances, you should consider the suitability of the advice before acting on it.

## 7. Product Disclosure Statements (PDS)

If we give you advice in relation to investing in certain financial products such as managed funds, exchange traded options or superannuation products and you are a retail client, we must provide you with a PDS. The PDS contains information about the particular product including the features benefits, fees and risks associated with the product to enable you to make an informed decision regarding the investment. In some instances a prospectus may be issued rather than a PDS.

## 8. Transaction instructions

You may instruct us to transact on your behalf by telephone, email, letter, facsimile, subject to the terms of any agreement with you relating to the nature of your instructions.

Evans and Partners will provide execution services for transactions in financial products executed through ASX or Chi-X for our clients.

We have appointed Pershing to provide the following services to our clients:

- clearing services for transactions in securities and managed investment products executed through ASX or Chi-X for our clients;
- execution and clearing services for transactions in all derivatives (such as Exchange Traded Options) executed through ASX for our clients;
- settlement services for transactions executed by, or on behalf of, our clients;
- sponsorship services; and
- nominee and other custody services for our clients.

If you require the above services to be provided, you will also need to become a client of Pershing. Evans and Partners will arrange for the provision of the Pershing FSG and any other disclosures which contain further information about the services provided by Pershing to you and the terms and conditions on which those services are provided.

In arranging for Pershing to provide these services to you, Evans and Partners will act as your agent, not as the agent of Pershing (although it may act as agent of Pershing in some limited respects (such as the execution on behalf of Pershing of any agreement between you and Pershing).

## 9. Fee Disclosure Statements and Renewal Notices

If we give you personal advice and you enter into an Ongoing Fee Arrangement with EaP and your Adviser with respect to services to be provided to you in circumstances where fees are payable to us on an ongoing basis for a period exceeding 12 months, if required by law we will give you:

- an annual fee disclosure statement that includes information required by law including an explanation of the services you are entitled to receive, the services that you have received and the fees paid under the Ongoing Fee Arrangement during the previous 12 month period; and
- a renewal notice that asks you if you wish to renew the Ongoing Fee Arrangement and includes other statements as required by law every two years or such other period that is permitted under an Opt In Code by which Evans and Partners and its Advisers may be bound.

### Trust Accounts

Where we are required to hold funds for you in our trust account we will retain any interest paid.

## 10. How we handle complaints

We encourage you to refer any complaints (including concerns about our complaints handling or any other matters that cause you dissatisfaction) to your Adviser in the first instance by any means that you usually use to contact your Adviser. Your Adviser will acknowledge your complaint promptly on receipt and seek to respond within 5 business days. If:

- you are dissatisfied with the response from your adviser, or,
- the adviser has not responded within 5 business days, or,
- you do not wish to raise your complaint with your adviser

Then please write to:

**Compliance Officer**
**Evans and Partners Pty Ltd**
**MAIL PO Box 24394**
**Melbourne Victoria 3001**

When the Compliance Officer receives a written complaint from you:

- we will initially respond with a written acknowledgement immediately or as soon as practicable after your complaint is received; and
- then, unless we resolve your complaint to your satisfaction within 5 business days, we will provide a final response in writing to all matters raised by the complaint within 45 days (although we generally aim to provide our response within 30 days).

If you are not satisfied with our response and wish to proceed further you may have the right to take your complaint to an independent complaints resolution body:

**Financial Ombudsman Service**
**MAIL GPO Box 3**
**Melbourne Vic 8007**
**Telephone 1300 780 808**
**Facsimile +61 3 9913 7345**
**Web www.fos.org.au**
**Email info@fos.org.au**

You can also lodge your complaint with the Australian Securities and Investments Commission (ASIC) by calling 1300 300 630.

If your complaint relates to a service provided to you by Pershing, we ask that you seek to have your complaint dealt with in the manner set out in the Pershing FSG.

## 11. Compensation arrangements/ Professional Indemnity Insurance

Evans and Partners has in place Professional Indemnity Insurance which Evans and Partners considers is adequate to meet the requirements of Section 912B of the Corporations Act (relating to Retail Client compensation arrangements) having regard to:

- the volume and types of business carried on by it, the number and types of its clients, the number of its representatives; and
- any particular or potential claims that may arise pursuant to our participation in external dispute resolution schemes, including the FOS scheme.

The Professional Indemnity Insurance will cover claims in relation to the conduct of representatives/employees who no longer work for us but who were representatives/employees of Evans and Partners at the time of the relevant conduct.

## 12. In what capacity do we act?

In providing the services described in this FSG, Evans and Partners and Pershing are acting as principal, except in the following circumstances:

- when Evans and Partners gives you personal advice, it acts for you in accordance with the duties it has to you;
- when Evans and Partners executes a transaction (or arranges for a transaction to be executed) for a client, it acts as agent for the client;
- when Pershing clears a transaction executed through ASX or Chi-X for a client, it acts as agent for the client, although it will owe the settlement obligations in respect of that transaction to ACH as principal; or
- when Linear arranges a dealing on the client's behalf it acts as the agent of the client.

# 13. Relationships and associations

Neither Evans and Partners, nor any of its related bodies corporate, nor any of its authorised representatives, have any ownership links with any financial product issuer that could be expected to influence us.

We may provide financial product advice and execution services in conjunction with external financial planners. These external financial planners may be paid part of the fees we charge for our services provided we have no reason to believe that the remuneration is conflicted remuneration. The amount they receive is negotiated with each respective financial planning organisation.

Fund managers or other financial organisations may pay us commission for referring investors to them. We will advise you of the fees we receive from these relationships if they are relevant to your situation.

We may also have relationships with corporate issuers of financial products. We will advise you of these relationships when providing financial product advice, if we are permitted by law to do so. This will allow you to assess whether you believe you are receiving appropriate advice which is impartial.

We do not act as an agent of Pershing other than in providing to you the Pershing FSG and other disclosures about the services provided by Pershing as described in this FSG. We do not act as a representative of Pershing.

We have agreements with Linear in relation to the provision by Linear of mailbox services and the badging and distribution of Evans and Partners Managed Accounts. We also have an agreement with Linear in relation to the investment management of model portfolios made available through Evans and Partners Managed Accounts.

# 14. Remuneration and other benefits

## 14.1 General

Our fees are set out in this part of this FSG. The fees quoted include GST (unless otherwise stated). We reserve the right to change these fees at any point in the future.

We recommend that you seek advice from a professional tax agent who can provide advice in relation to the tax deductibility of any fees that we charge.

If we provide you with a Statement of Advice in relation to personal advice, and our remuneration (including commission) and other benefits:

(a) are calculable at the time the personal advice is given, the remuneration (including commission) and other benefits we receive on specific financial products to which the personal advice relates; or

(b) are not calculable at that time, the manner in which that remuneration (including commission) and other benefits are to be calculated,

will be disclosed at the time the personal advice is given or as soon as practicable after that time.

Our services are provided to you on the terms and conditions that apply in relation to the provision of the relevant services.

## 14.2 How we are paid for our services

Generally, our remuneration takes the form of:

- brokerage which we charge investors when we buy or sell securities or other financial products for them;
- fees charged at a fixed rate for services provided;
- fees based on the value of an investor's funds under management; and/or
- initial and ongoing commission paid to us by product and service providers, for referring investors to them.

More detailed information about the services we provide and the fees we charge with respect to those services and how our Advisers are remunerated are set out below.

In relation to the information below, in the case of retail clients to whom Evans and Partners gives financial product advice, Evans and Partners will ensure that any such fees could not reasonably influence any financial product advice given or that they are only paid or received in circumstances where an exemption applies to the prohibition on the payment or receipt of conflicted remuneration. For example, exemptions apply in relation to certain brokerage and stamping fees and extend to amounts EaP passes on to your Adviser.

To the extent that we give you financial product advice and our fees are Asset based fees they will not be charged on borrowed amounts used to acquire assets in relation to which the fee is calculated (unless it is not reasonably apparent to us that an amount has been borrowed).

## 14.3 How our advisers are paid

Our financial Advisers are paid a salary and a variable component based on revenue. The variable component is determined by the level of fees received by Evans and Partners. As a general rule, our financial Advisers can receive between 0% and 60% of the fees Evans and Partners receives.

For some products and services, you may be requested to provide your consent for EaP to pass through to your adviser a portion of the fees you pay to EaP.

## 14.4 Evans and Partners Private Wealth Transactional Service

Our transactional service provides clients with financial product advice that considers the client's objectives, financial situation and needs. For transactional clients our standard brokerage rates for each purchase or sale of quoted financial products is a tiered percentage of the purchase or sale price, subject to minimum of $125 (excluding GST). Our transactional service is also subject to a $2000 (excluding GST) annual retainer, however it is negotiable at the family group level. The standard tiered percentage brokerage rates (excluding GST) per transaction are:

- 2.0% first $50,000
- 1.5% next $50,000
- 1.0% over $100,000

Your Adviser will receive between 0% and 60% of the brokerage received by EaP.

### 14.5 Evans and Partners Private Wealth Portfolio Service

The Evans and Partners portfolio service is charged on the basis of one or more of the following:

- an annual portfolio fee which is payable quarterly in arrears and calculated by references to the average daily value of your portfolio over the relevant quarter; or
- a fixed annual fee to be paid in equal quarterly instalments; and possibly
- an exit fee if you elect to cease to be a Full Service Client within 12 months of becoming a Portfolio Service Client. EaP will negotiate with you the applicable fees and rates at the time you elect to become a Full Service client.

These fees are automatically deducted from the cash account that relates to your account. These fees are received by EaP and your Adviser will receive between 0% and 60% of this fee.

Some portfolio services clients may also pay transaction costs if that forms part of the agreement with your Adviser. The applicable rates will be detailed in Schedule 6 of the Evans and Partners' Terms and Conditions.

### 14.6 General Advice Service

Our General Advice service provides advice that has not considered any of your personal circumstances. For General Advice clients our standard brokerage rates for each purchase or sale of listed securities is a flat 1.0% (excluding GST), subject to minimum of $125 (excluding GST). Your Adviser will receive between 0% and 60% of the brokerage received by EaP.

### 14.7 Off Market Share Transfer

A fee may be applicable for each off market share transfer (for quoted products).

### 14.8 Evans and Partners Managed Accounts

Investments in the Evans and Partners Managed Accounts are made in accordance with the current PDS for Evans and Partners Managed Accounts. The PDS can be obtained from Evans and Partners and sets out the various fees that EaP and your adviser may receive.

## 15. Exchange Traded Options (ETOs)

The following fees and brokerage applies in respect of Traditional Service, Full Service and General Advice clients.

ASX Clear charges a contract registration fee of $1.12 per ETO contract.

Our standard brokerage rate (inclusive of GST ) for each purchase or sale ETO order is a minimum of $110 or 1.10%. Your Adviser will receive between 0% and 60% of the brokerage received by EaP.

## 16. Primary Market issues of Securities

When we lodge applications for investments in new issues of securities or other financial product which result in the securities or other products being issued, we may receive fees from the issuer. These fees will be disclosed in the offer document, prospectus or PDS issued by the issuer.

Your adviser will receive between 0% and 60% of any fees received by EaP.

## 17. Managed Funds

If you invest in managed funds we may receive fees or commissions from particular issuers. These fees or commissions are different for each product and will be disclosed in the relevant PDS. They will also be disclosed to you if we have provided you with advice in relation to a particular managed fund.

## 18. Fixed Interest products

Fixed Interest products include bank bills, debentures, term deposits, bonds and listed hybrid securities. We may transact in these products as agent or as principal.

We may receive fees or commissions from particular issuers, which are different for each product and will be disclosed in the relevant product disclosure statement or prospectus. They will also be disclosed to you if we have provided you with advice in relation to a particular fixed interest product. These fees are received by EaP and your Adviser may receive between 0% and 60% of the fees or commission received by EaP.

For listed hybrid securities we may receive brokerage on transactions in the secondary market. Your Adviser will receive between 0% and 60% of the brokerage received by EaP.

## 19. International share costs

Our brokerage rates are the same as our Traditional Service rates if you transact in international shares. However, we may incur additional costs through third parties who provide custody, execution and clearing and settlement services to us in respect of your transactions which we may pass on to you. We will disclose any differences in the details of charges to you. Your Adviser will receive between 0% and 60% of the brokerage received by EaP.

## 20. Foreign exchange

With respect to international securities transactions, the foreign currency will be converted into Australian dollars or vice versa (or any other currency) to enable settlement. Such foreign exchange transaction may result in EaP receiving a currency spread of 0.25% and 2.00%. Your Adviser will receive between 0% and 60% of the spread EaP receives.

## 21. Margin Lending

If you establish a margin loan, EaP will only receive a fee or commission if you provide the lender with clear consent to make a payment to EaP. If you provide that consent, your Adviser will receive between 0% and 60% of the commissions received by EaP.

## 22. Other financial products

There may be other products that we may receive fees or commission on from other parties. However, in these other instances, EaP will only receive a fee or commission if you provide the other party with clear consent to make a payment to EaP. In these instances, your Advisor does not receive any portion of any fees and commissions paid to EaP. These arrangements will vary from each product and will be disclosed in the relevant product disclosure statement. We will also disclose them to you if we provide you with advice.

## 23. For further information

If you would like to know more about the services we provide or become an Evans and Partners client, please contact us.

**Evans and Partners Pty Ltd**
Mayfair Building, 171 Collins Street
Melbourne Victoria 3000

**MAIL**
PO Box 24394
Melbourne Victoria 3001

**P:** +61 3 9631 9888
**F:** +61 3 8610 1608

**EMAIL:** info@eandp.com.au
**WEB:** www.eandp.com.au

## Privacy

It is a condition of using our services that you consent to us disclosing your personal information to Financial Services Protection Limited (FSPL) for the purposes of client due diligence, and also for the purpose of sharing information about you with other members of FSPL and also to our related bodies corporate, Pershing and Linear and their respective related bodies corporate and any agents or contractors engaged in connection with the provision of services to you.

We also collect personal information from you in order to comply with our legal obligations under the Anti-Money Laundering and Counter-Terrorism Financing Act 2006 and Chapter 7 of the Corporations Act

2001. If we provide you with personal advice, we also collect your personal information to ensure we are aware of your financial position and circumstances so we can provide you with financial advice that is appropriate to your needs and so that our services, and the services of Pershing and Linear, can be provided to you.

Your personal information will ordinarily be collected before we can open an account for you, or make available to you, any of our products or services. It may also be collected at other times after you have become a client, such as when your financial circumstances and needs change (for example, if you retire) or if change address or update your contact details. Generally we will collect personal information from you directly, or in instances where you deal with us through an Intermediary, it may be a representative of the Intermediary that provides your personal information to us. If you do not supply the personal information that we require then we may be unable to provide you with certain products or services, or deal with you as a client altogether.

EaP predominantly uses your personal information in order for us to provide you with financial advice, as well as stockbroking and ancillary services. We may also disclose your personal information to:

- Other entities to which we have outsourced certain functions to (such as Pershing and Linear).
- To our suppliers, including contract and service providers, as well as professional advisers;
- To government bodies or law enforcement agencies in accordance with their requests or under our own obligations to provide certain information (for example, ASIC and AUSTRAC).
- To other parties involved in the reporting and administration of your holdings and investments, including stock exchanges, share registries, mailing service providers and product issuers;
- Other organisations for the purpose of client due diligence (for example, Financial Services Protection Limited); and
- Where you have otherwise consented or where disclosure is otherwise required or authorised by law.

Depending on which products and services of EaP that you require or use, your personal information may be disclosed to other organisations and entities that exist outside of Australia (including, but not limited to, the United States of America and the United Kingdom).

For further details of how we use and disclose your personal information and how you can access and update it, or to lodge a complaint about how we may have handled your personal information, please refer to our Privacy Policy which is available to download from our website at www.eandp.com.au or ask your adviser for a copy.

# 12 | GLOSSARY

The following terms used in this Prospectus have the following meanings unless the context otherwise requires:

**$** or **A$** means Australian dollars.

**AEST** means Australian Eastern Standard Time.

**AFSL** means Australian Financial Services Licence.

**Allotment Date** means the date the Company anticipates the Shares and Loyalty Options will be allotted and issued to Applicants.

**Applicant** means a person who makes an Application for Shares and Loyalty Options under this Prospectus.

**Application** means an application for Shares and Loyalty Options under this Prospectus.

**Application Form** means either the General Offer Application Form or the Broker Firm Offer Application Form, as applicable.

**Application Moneys** means the moneys payable by an Applicant in connection with an Application.

**ASIC** means the Australian Securities and Investments Commission.

**ASX** or **Australian Securities Exchange** means ASX Limited ACN 008 624 691 or the financial market known as the Australian Securities Exchange which it operates, as the context requires.

**ASX Listing Rules** means the official listing rules of ASX.

**ASX Recommendations** means the ASX Corporate Governance Council's Corporate Governance Principles and Recommendation (third edition, March 2014).

**ASX Settlement** means ASX Settlement Pty Limited ACN 008 504 532.

**ASX Settlement Operating Rules** means the operating rules of ASX Settlement as amended from time to time, except to the extent of any express written waiver by ASX Settlement.

**ASX Top 30** means the 30 largest entities (by market capitalisation) included in the S&P/ASX 300 Index.

**Authorised Intermediary** means Evans and Partners Pty Ltd (AFSL 318075).

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

**Broker Firm Offer** means the offer of that name referred to in Section 2.1.

**Brokers** means the brokers who have introduced the Applicants to the Broker Firm Offer.

**Business Day** means a day, other than a Saturday, Sunday or public holiday on which Australian banks (as defined in the Corporations Act) are open for business in Melbourne and Sydney, Australia.

**CHESS** means Clearing House Electronic Sub-register System operated in accordance with the Corporations Act.

**Closing Date** means 5.00pm (Melbourne time) on 31 July 2015.

**Company** means Contango Income Generator Limited ACN 160 959 991.

**Co-Manager** means Third Party Platform Pty Ltd ACN 121 227 905 trading as 'Bell Direct'.

**Constitution** means the constitution of the Company, as amended from time to time.

**Contango Group** means CTN and each of its subsidiaries.

**Corporations Act** means Corporations Act 2001 (Cth), as amended from time to time.

**CTN** means Contango MicroCap Limited ACN 107 617 381.

**CTN Notes Offer** means an offer of redeemable unsecured convertible notes made by CTN pursuant to the CTN Notes Prospectus.

**CTN Notes Offer Proceeds** means the amount raised by CTN under the CTN Notes Offer, being $26.5 million.

**CTN Notes Prospectus** means a prospectus, dated 28 November 2014, issued by CTN, pursuant to which CTN made the CTN Notes Offer and raised the CTN Notes Offer Proceeds.

**CTN Share** means a fully paid ordinary share in the capital of CTN.

**CTN Shareholder** means a person registered on CTN's share register as a holder of one or more CTN Shares as at 7.00pm (Melbourne time) as at Wednesday, 1 July 2015 that is a resident of Australia or New Zealand.

**Derivative** means a financial instrument where the value depends on, or is derived from, the value of an underlying designated asset or market index.

**Directors** means the directors of the Company.

**Exercise Notice** means the notice specified in clause 16.1(a) of the Terms of Issue.

**Exercise Price** in relation to a Loyalty Option, the exercise price specified in clause 5 of the Terms of Issue, as adjusted from time to time in accordance with clause 12 of the Terms of Issue.

**Expiry Date** in respect of a Vested Loyalty Option means 5.00pm (Melbourne time) on Friday, 30 March 2018.

**Exposure Period** means the period of 7 days after the date of lodgement of this Prospectus with ASIC, which period may be extended by ASIC by 7 days pursuant to section 727(3) of the Corporations Act.

**General Offer** means the offer of that name referred to in Section 2.1.

**GST** means Australian Goods and Services Tax.

**GST Act** means the A New Tax System (Goods and Services Tax) Act 1999 (Cth).

**Investigating Accountant** means Pitcher Partners Corporate Pty Ltd.

**Investment Management Agreement** means the agreement between the Investment Manager and the Company dated 25 June 2015.

**Investment Manager** means Contango Asset Management Limited or a wholly-owned subsidiary.

**Investment Portfolio** means the portfolio of securities and other assets and liabilities (pre tax) of the Company to be managed in accordance with the Investment Management Agreement by the Investment Manager pursuant to the investment mandate and strategy set out in this Prospectus.

**Issue** means the proposed issue of Shares and Loyalty Options pursuant to this Prospectus.

**Issue Date** means the date of the issue of the Offer Securities pursuant to this Prospectus.

**Issue Price** means the price per Share.

**Joint Lead Managers** means Evans and Partners Pty Ltd, Taylor Collison Limited, Wilson HTM Corporate Finance Limited and Morgans Financial Limited.

**Legal Adviser** means Minter Ellison.

**LIC** means a listed investment company.

**Loyalty Option** means an option, subject to Vesting, to acquire one Option per two Shares at an exercise price of $1.00 per Option and on the other terms set out in the Terms of Issue.

**Loyalty Option holder** means a person registered from time to time on the Company's register of Loyalty Options as a holder of one or more Loyalty Options.

**Management Fee** means the management fee(s) payable to the Investment Manager by the Company pursuant to the terms of the Investment Management Agreement.

**Maximum Subscription** means the maximum subscription being sought by the Company under the Offer, before any Oversubscriptions, being $100 million.

**Minimum Subscription** means the minimum subscription being sought by the Company under the Offer, being $30 million.

**Offer** means the offer detailed in this Prospectus of Shares and Loyalty Options.

**Offer Management Agreement** means the agreement between the Company and the Joint Lead Managers dated 29 June 2015.

**Offer Securities** means the Shares and attaching Loyalty Options offered pursuant to the Prospectus.

**Official List** means the official list of the ASX.

**Official Quotation** means official quotation of securities by ASX.

**Opening Date** means 9.00am (Melbourne time) on 7 July 2015.

**Option** means an option to acquire by way of issue one Share.

**Optionholder** means a person registered from time to time on the Company's register of Options as a holder of one or more Options.

**Original Prospectus** means the prospectus dated 29 June 2015 and lodged with ASIC on that date (which is replaced by this Prospectus).

**Oversubscriptions** means the additional subscriptions under the Offer the Company reserves the right to accept, for up to an additional 20,000,000 Shares, together with an entitlement to one Loyalty Option for every two Shares issued, to raise up to $20,000,000 in excess of the Maximum Subscription.

**Portfolio Market Value** means the market value of the Investment Portfolio as reasonably determined by the Investment Manager applying valuation methodology specific to each investment and type of asset.

**Prospectus** or **Replacement Prospectus** means this document (including the electronic copy of this prospectus) dated 3 July 2015, and any supplementary or replacement prospectus in relation to this document.

**Related Body Corporate** has the meaning given in the Corporations Act.

**Retail Applicant** or **Retail Investor** means an Applicant or investor who is a retail investor under section 761G or section 761GA of the Corporations Act, and who is not a Wholesale Applicant or Wholesale Investor.

**Share** means a fully paid ordinary share in the capital of the Company.

**Share Registry** means Computershare Investor Services Pty Limited.

**Shareholder** means a person registered from time to time on the Company's register of Shares as a holder of one or more Shares.

**Subscription Amount** means the amount of money payable by an Applicant for new Shares, being the Issue Price multiplied by the number of Shares applied for by the Applicant.

**Subscription Agreement** means the subscription agreement between CTN and the Company dated 25 June 2015.

**Terms of Issue** means the terms of issue of the Loyalty Options set out in the Appendix.

**Termination Fee** means the termination fee payable to the Investment Manager by the Company pursuant to the terms of the Investment Management Agreement, on the termination of the Investment Management Agreement in certain circumstances.

**US Securities Act** means the U.S. Securities Act of 1933 as amended from time to time.

**Vesting** means the process under which a Loyalty Option first becomes exercisable by an Applicant in accordance with the Terms of Issue. The terms **Vest** and **Vested** used in this Prospectus have corresponding meanings.

**Vesting Date** means 7.00pm (Melbourne time) on the date that is 6 months after the closing date for the receipt of applications for Shares and Loyalty Options under the Prospectus or where this date does not fall on a Business Day, the immediately preceding Business Day. Based on a Closing Date of 31 July 2015, the Vesting Date is Friday, 29 January 2016.

**Wholesale Applicant** or **Wholesale Investor** means an Applicant or investor who is (in either and in each case) not a retail client under section 761G or section 761GA of the Corporations Act.

# APPENDIX

## LOYALTY OPTION TERMS OF ISSUE

### 1. DEFINED TERMS

Unless otherwise defined, capitalised terms used in this Appendix have the meanings given to them in the Glossary to the Prospectus.

### 2. VESTING

(a) Without limiting clause 2(b), Loyalty Options may Vest if and only if as at 7.00pm AEST on the Vesting Date:

  (i) the Loyalty Options are held by an Optionholder who is an Applicant who has been issued Shares under the Offer; and

  (ii) as at that time the Optionholder is the holder of one or more Shares.

(b) In respect of the number of Loyalty Options held by an Optionholder that Vest at the Vesting Date, if the Optionholder holds at the Vesting Date:

  (i) the same or a greater number of Shares as the number of Shares issued to the Optionholder under the Prospectus, then all of the Loyalty Options held by the Optionholder will Vest at the Vesting Date;

  (ii) a lesser number of Shares than the number of Shares issued to the Optionholder under the Prospectus, then the number of Loyalty Options held by the Optionholder that Vest at the Vesting Date will be equal to half of the number of Shares held by the Optionholder on the Vesting Date (rounded down to the nearest whole number); and

  (iii) no Shares, then none of the Loyalty Options held by the Applicant will Vest at the Vesting Date.

(c) A Loyalty Option that has not Vested as at 7.00pm AEST on the Vesting Date lapses with immediate effect and is not capable of exercise, and the Company will have no liability whatever in respect of the Loyalty Option.

### 3. ENTITLEMENT

Each Vested Loyalty Option entitles the Optionholder, on exercise of the Option, to apply for one fully paid ordinary share in the capital of the Company.

### 4. ISSUE PRICE

No amount is payable on issue of the Loyalty Options.

### 5. EXERCISE PRICE

Each Loyalty Option has an exercise price of A$1.00 (**Exercise Price**).

### 6. OPTION PERIOD

Each Vested Loyalty Option may be exercised at any time in the period commencing on the day after the Vesting Date and ending on the Expiry Date by delivery to the Company of a notice of exercise (in or to the effect of the form provided to the Optionholder by the Company at the time of the grant of the Loyalty Option or otherwise), accompanied by payment of the Exercise Price.

### 7. EXPIRY DATE

Unless exercised or lapsed earlier, each Loyalty Option expires at 5.00 p.m. (AEST) on Friday, 30 March 2018.

### 8. DIVIDENDS

The Loyalty Options do not confer any right to dividends.

### 9. NO VOTING RIGHTS

The Loyalty Options will confer the right to attend general meetings of the Company and to receive reports to Shareholders, but will not confer any right to vote or speak at any meeting.

### 10. TRANSFER

(a) A Loyalty Option that has not Vested is not transferable.

(b) A Vested Loyalty Option may be freely transferred at any time after the Vesting Date, in accordance with the Corporations Act and, if applicable, the ASX Settlement Operating Rules and the ASX Listing Rules.

### 11. HOLDING STATEMENT

The Company must give each Loyalty Optionholder a certificate which sets out:

(a) the number of Loyalty Options issued to the Optionholder;

(b) the Exercise Price of the Loyalty Options;

(c) the date of issue of the Loyalty Options; and

(d) the Vesting Date of the Loyalty Options.

### 12. PARTICIPATION RIGHTS, BONUS ISSUES, RIGHTS ISSUES AND REORGANISATIONS

**12.1 Participation**

An Optionholder is not entitled to participate in any new issue to existing shareholders of securities in the Company unless they have validly exercised in accordance with these terms their Vested Loyalty Options before the record date for determining entitlements to the new issue of securities and participate as a result of holding Shares.

**12.2 Notice of new issue**

The Company must give an Optionholder, in accordance with the ASX Listing Rules, notice of:

(a) the proposed terms of the issue or offer proposed under clause 12.1; and

(b) the right (if any) to exercise their Options under clause 12.1.

**12.3 Bonus issues**

If the Company makes a bonus issue of Shares or other securities to shareholders (except an issue in lieu of dividends or by way of dividend reinvestment) and no Share has been issued in respect of the Loyalty Option before the record date for determining entitlements to the issue, then the number of underlying Shares over which the Vested Loyalty Option is exercisable is increased by the number of Shares which the Optionholder would have received if the Optionholder had validly exercised in accordance with these terms the Vested Loyalty Option before the record date for determining entitlements to the issue.

**12.4 Pro rata issues**

If the Company makes a pro rata issue of Shares (except a bonus issue) to existing Shareholders (except an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment) and no Share has been issued in respect of the Loyalty Option before the record date for determining entitlements to the issue, the Exercise Price of each Option is reduced in accordance with the ASX Listing Rules.

13. REORGANISATION

If there is a reorganisation (including consolidation, sub-division, reduction or return) of the share capital of the Company, then the rights of the Optionholder (including the number of Loyalty Options to which each Optionholder is entitled and/or the Exercise Price) is changed to the extent necessary to comply with the ASX Listing Rules applying to a reorganisation of capital at the time of the reorganisation.

14. CALCULATIONS AND ADJUSTMENTS

Any calculations or adjustments which are required to be made under clause 12 will be made by the Board and will, in the absence of manifest error, be final and conclusive and binding on the Company and the Optionholder.

15. NOTICE OF CHANGE

The Company must within a reasonable period give to each Optionholder notice of any change under clause 12 to the Exercise Price of any Options held by an Optionholder or the number of Shares which the Optionholder is entitled to subscribe for on exercise of a Loyalty Option.

16. METHOD OF EXERCISE OF OPTIONS

**16.1 Method and payment**

To exercise Vested Loyalty Options, the Optionholder must give the Company or its Share Registry, at the same time:

(a) a written exercise notice (in the form approved by the Board of the Company from time to time) (Exercise Notice) specifying the number of Vested Loyalty Options being exercised and Shares to be issued; and

(b) payment of the Exercise Price for the Shares the subject of the exercise notice by way of bank cheque or by other means of payment approved by the Company.

**16.2 Exercise all or some Options**

(a) An Optionholder may only exercise Vested Loyalty Options in multiples of 500 unless the Optionholder exercises all Vested Loyalty Options held by the Optionholder.

(b) Vested Loyalty Options will be deemed to have been exercised on the date the application is lodged with the Company.

**16.3 Amended Option holding statement**

If an Optionholder exercises less than the total number of Vested Loyalty Options registered in the Optionholder's name, the Company must give the Optionholder an amended certificate stating the remaining Vested Loyalty Options held by the Optionholder.

17. ISSUE OF SHARES

After receiving an application for exercise of Vested Loyalty Options and payment by an Optionholder of the Exercise Price, the Company must within 15 Business Days after the deemed exercise date set out in clause 16.2(b), issue the Optionholder the number of fully paid ordinary shares in the capital of the Company specified in the application.

18. RANKING OF SHARES ISSUED ON EXERCISE OF OPTIONS

Subject to the Company's constitution, all Shares issued on the exercise of Vested Loyalty Options rank in all respects pari passu with the existing ordinary shares of the Company at the date of issue and only carry an entitlement to receive dividends that have a record date after the Shares were issued.

19. QUOTATION

Subject to the terms set out in the Prospectus and the ASX Listing Rules, the Company will apply to ASX Limited for official quotation of the Shares issued on exercise of the Options (unless at the time of exercise, it is not admitted to the official list of the ASX). Loyalty Options that have not Vested will not be quoted on ASX or any other financial market. The Company will apply to ASX Limited for official quotation of Vested Loyalty Options.

20. DUTIES AND TAXES

The Company is not responsible for any duties or taxes that may become payable in connection with the issue of Shares following exercise of, or in connection with any other dealing with, Vested Loyalty Options.

21. NOTICES

(a) All notices, requests and statements given or made under these terms must be in writing.

(b) The Company must send any notice, request or other document relating to the Options to be sent to an Optionholder under these terms to the Optionholder's registered address as recorded in the Company's register of Optionholders.

(c) An Optionholder must send any notice, request or other document relating to the Options to be sent to the Company under these terms to the Company's registered office or as the Company otherwise specifies by notice to the Optionholder.

(d) At any time, an Optionholder may request the Company to give the Optionholder a blank Exercise Notice. The Company must give the Optionholder a blank Exercise Notice promptly on receiving the request.

22. GOVERNING LAW

These terms and the rights and obligations of Optionholders are governed by the laws of Victoria. Each Optionholder irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of Victoria.

# CORPORATE DIRECTORY

## DIRECTORS

Ian Ferres (Non-executive Chairman)

Mark Kerr (Non-executive Director)

Don Clarke (Independent, non-executive Director)

George Boubouras (Director)

## SECRETARY

Glenn Fowles

## REGISTERED OFFICE

Level 27, 35 Collins Street
Melbourne, Victoria 3000

Telephone: (03) 9222 2333
Facsimile: (03) 9222 2345

Website: www.contango.com.au

## INVESTMENT MANAGER

Contango Asset Management Limited
Level 27
35 Collins Street
Melbourne, Victoria 3000

Website: www.contango.com.au

## LAWYERS TO THE COMPANY AND THE OFFER

Minter Ellison
Level 23
525 Collins Street,
Melbourne, Victoria 3000

Website: www.minterellison.com

## AUDITOR

Pitcher Partners
Level 19
15 William Street
Melbourne, Victoria 3000

Website: www.pitcher.com.au

## INVESTIGATING ACCOUNTANT

Pitcher Partners Corporate Pty Ltd
Level 19
15 William Street
Melbourne, Victoria 3000

Website: www.pitcher.com.au

## JOINT LEAD MANAGERS

Evans and Partners Pty Ltd
171 Collins Street
Melbourne, Victoria 3000

Website: www.evansandpartners.com.au

Morgans Financial Limited
Level 29, Riverside Centre
123 Eagle Street
Brisbane, Queensland 4000

Website: www.morgans.com.au

Taylor Collison Limited
Level 16, 211 Victoria Square
Adelaide, South Australia 5000

Website: www.taylorcollison.com.au

Wilson HTM Corporate Finance Limited
Level 16, 357 Collins Street
Melbourne, Victoria 3000

Website: www.wilsonhtm.com.au

## CO-MANAGER

Third Party Platform Pty Ltd trading as 'Bell Direct'
Level 30, Governor Phillip Tower
1 Farrer Place
Sydney, New South Wales 2000

Website: www.belldirect.com.au

## AUTHORISED INTERMEDIARY

Evans and Partners Pty Ltd
171 Collins Street
Melbourne, Victoria 3000

## SHARE REGISTRY

Computershare Investor Services Pty Limited
Yarra Falls
452 Johnston Street
Abbotsford VIC 3067

General enquiries: 1300 850 505
Overseas holders: +61 3 9415 4000

Website: www.computershare.com.au

## SHAREHOLDER ENQUIRIES

Telephone: +61 3 9222 2333
(from 9.00am-5.00pm (Melbourne time)

**Contango Income Generator Limited**
ACN 160 959 991

**For all enquiries:**

(within Australia) 1300 722 743
(outside Australia) +61 3 9415 4331

**Offer closes at 5.00pm (Melbourne time) on 31 July 2015**

# General Offer Application Form

This General Offer Application Form is important. If you are in doubt as to how to deal with it, please contact your stockbroker or professional advisor without delay.
You should read the Contango Income Generator Limited Replacement Prospectus dated 3 July 2015 and any relevant supplementary prospectus (if applicable) (**Replacement Prospectus**), carefully before completing this Application Form. The Corporations Act prohibits any person from passing on this Application Form (whether in paper or electronic form) unless it is attached to or accompanies a complete and unaltered copy of the Replacement Prospectus (whether in paper or electronic form).

## A I/we apply for

## B I/we lodge full Application Money

A$ . 

Number of Shares in Contango Income Generator Limited at A$1 per Share (with an entitlement to one Loyalty Option for every two Shares, issued for nil consideration). Applications must be for a minimum of 2,000 Shares (and 1,000 Loyalty Options). Applications in excess of the minimum number of Shares must be in multiples of 1,000 Shares (and 500 Loyalty Options).

## C Individual/Joint applications - refer to naming standards overleaf for correct forms of registrable title(s)

Title or Company Name  Given Name(s)  Surname

Joint Applicant 2 or Account Designation

Joint Applicant 3 or Account Designation

## D Enter the postal address - include State and Postcode

Unit  Street Number  Street Name or PO Box/Other information

City/Suburb/Town  State  Postcode

## E Enter your contact details

Contact Name  Telephone Number - Business Hours

( )

## F CHESS Participant

Holder Identification Number (HIN)

X

## G Contango MicroCap Limited (CTN) Shareholder

I/We confirm that I/we am/are registered holder(s) of CTN Shares as at 7.00pm (Melbourne time) on 1 July 2015 with an address in Australia or New Zealand

**Please note** that if you supply a CHESS HIN but the name and address details on your form do not correspond exactly with the registration details held at CHESS, your application will be deemed to be made without the CHESS HIN, and any Offer Securities issued as a result of the Offer will be held on the Issuer Sponsored subregister.

## H Payment details - Please note that funds are unable to be directly debited from your bank account

| Drawer | Cheque Number | BSB Number | Account Number | Amount of cheque |
|---|---|---|---|---|
| | | | | A$ |

**Make your cheque, bank draft or money order payable to 'Contango Income Generator Limited - Offer Account' and cross 'Not Negotiable'.**
**To make your Application Payment via BPAY®, you will need to log onto www.cigl.com.au and follow the instructions.**

**By submitting this Application Form**:

- I/we declare that this Application is complete and lodged according to the Replacement Prospectus, any relevant supplementary prospectus, and the declarations/statements on the reverse of this Application Form;
- I/we have read the Replacement Prospectus in full;
- I/we represent and warrant to the Company that I am/we are not in the United States and am/are not a US Person and am/are not acting for the account or benefit of a US Person;
- I/we declare that all details and statements made by me/us (including the declaration on the reverse of this Application Form) are complete and accurate; and
- I/we acknowledge that by applying for the Offer Securities I am/we are agreeing to become a member of the Company and I/we agree to be bound by the Constitution of Contango Income Generator Limited.

® Registered to **BPAY** Pty Limited ABN 69 079 137 518

**See overleaf for completion guidelines** ➔

Samples/000001/000001/i12

## How to complete this Application Form

**A** **Number of Shares (and Loyalty Options) applied for**
Enter the number of Shares you wish to apply for. Applications must be for a minimum of 2,000 Shares (and 1,000 Loyalty Options). The Loyalty Options are issued for nil consideration. Applications in excess of the minimum number of Shares must be in multiples of 1,000 Shares (and 500 Loyalty Options).

**B** **Application Monies**
Enter the amount of Application Monies. To calculate the amount, multiply the number of Shares applied for in Step A by the Issue Price of A$1.

**C** **Applicant Name(s)**
Enter the full name you wish to appear on the statement of Share and Loyalty Option holding. This must be either your own name or the name of a company. Up to 3 joint Applications may register. You should refer to the table below for the correct forms of registrable title. Applications using the wrong form of names may be rejected. Clearing House Electronic Subregister System (CHESS) participants should complete their name identically to that presently registered in the CHESS system.

**D** **Postal Address**
Enter your postal address for all correspondence. All communications to you from the Registry will be mailed to the person(s) and address as shown. For joint Applicants, only one address can be entered.

**E** **Contact Details**
Enter your contact details. These are not compulsory but will assist us if we need to contact you regarding this Application.

**F** **CHESS**
Contango Income Generator Limited has applied to the ASX to participate in CHESS, operated by ASX Settlement Pty Limited, a wholly owned subsidiary of ASX Limited. If you are a CHESS participant (or are sponsored by a CHESS participant) and you wish to hold Offer Securities issued to you under this Application on the CHESS Subregister, enter your CHESS HIN. Otherwise, leave this section blank and on issue, you will be sponsored bythe Company and allocated a Securityholder Reference Number (SRN).

**G** **Contango MicroCap Limited (CTN) Shareholder**
Please tick this box if you are a current CTN Shareholder for any priority allocation.

**H** **Payment**
Make your cheque, bank draft or money order payable in Australian dollars to '**Contango Income Generator Limited - Offer Account**' and cross it '**Not Negotiable**'. Cheques must be drawn from an Australian bank. Cash will not be accepted.
The total payment amount must agree with the amount shown in Step B. Complete the cheque details in the boxes provided.
Cheques will be processed on the day of receipt and as such, sufficient cleared funds must be held in your account as cheques received may not be re-presented and may result in your Application being rejected. Paperclip (do not staple) your cheque(s) to the Application Form. Receipts will not be forwarded. Funds cannot be directly debited from your bank account.

To make your Application Payment via BPAY you will need to log onto www.cigl.com.au.

Before completing this General Offer Application Form the Applicant(s) should read the Replacement Prospectus to which this Application relates. By lodging the Application Form, the Applicant agrees that this Application for Shares (and Loyalty Options) in Contango Income Generator Limited is upon and subject to the terms of the Replacement Prospectus and the Constitution of Contango Income Generator Limited, agrees to take any number of Shares (and Loyalty Options) that may be issued to the Applicant(s) pursuant to the Replacement Prospectus and declares that all details and statements made are complete and accurate. It is not necessary to sign the Application Form.

**Lodgement of Application**

Application Forms must be received by Computershare Investor Services Pty Limited (**CIS**) by no later than 5:00pm (Melbourne time) on 31 July 2015. You should allow sufficient time for this to occur. Return the Application Form with cheque, bank draft or money order attached to:

**Contango Income Generator Limited - Share Offer**
**C/- Computershare Investor Services Pty Limited**
**GPO Box 52**
**MELBOURNE VIC 3001**

Neither CIS nor Contango Income Generator Limited accepts any responsibility if you lodge the Application Form at any other address or by any other means.

**Privacy Notice**

The personal information you provide on this form is collected by CIS, as registrar for the securities issuers (the issuer), for the purpose of maintaining registers of securityholders, facilitating distribution payments and other corporate actions and communications. In addition, the issuer may authorise us on their behalf to send you marketing material or include such material in a corporate communication. You may elect not to receive marketing material by contacting CIS using the details provided overleaf or emailing privacy@computershare.com.au. We may be required to collect your personal information under the Corporations Act 2001 (Cth) and ASX Settlement Operating Rules. We may disclose your personal information to our related bodies corporate and to other individuals or companies who assist us in supplying our services or who perform functions on our behalf, to the issuer for whom we maintain securities registers or to third parties upon direction by the issuer where related to the issuer's administration of your securityholding, or as otherwise required or authorised by law. Some of these recipients may be located outside Australia, including in the following countries: Canada, India, New Zealand, the Philippines, the United Kingdom and the United States of America. For further details, including how to access and correct your personal information, and information on our privacy complaints handling procedure, please contact our Privacy Officer at privacy@computershare.com.au or see our Privacy Policy at http://www.computershare.com/au.

**Correct forms of registrable title(s)**

Note that ONLY legal entities are allowed to hold Offer Securities. Application Forms must be in the name(s) of a natural person(s), companies or other legal entities acceptable to Contango Income Generator Limited. At least one full given name and the surname is required for each natural person. Application Forms cannot be completed by persons less than 18 years of age. Examples of the correct form of registrable title are set out below.

| Type of Investor | Correct Form of Registration | Incorrect Form of Registration |
|---|---|---|
| Individual: use given names in full, not initials | Mr John Alfred Smith | JA Smith |
| Company: use the company's full title, not abbreviations | ABC Pty Ltd | ABC P/L or ABC Co |
| Joint Holdings: use full and complete names | Mr Peter Robert Williams &<br>Ms Louise Susan Williams | Peter Robert &<br>Louise S Williams |
| Trusts: use the trustee(s) personal name(s) | Mrs Susan Jane Smith<br><Sue Smith Family A/C> | Sue Smith Family Trust |
| Deceased Estates: use the executor(s) personal name(s) | Ms Jane Mary Smith &<br>Mr Frank William Smith<br><Est John Smith A/C> | Estate of late John Smith<br>or<br>John Smith Deceased |
| Minor (a person under the age of 18): use the name of a responsible adult with an appropriate designation | Mr John Alfred Smith<br><Peter Smith A/C> | Master Peter Smith |
| Partnerships: use the partners personal names | Mr John Robert Smith &<br>Mr Michael John Smith<br><John Smith and Son A/C> | John Smith and Son |
| Long Names | Mr John William Alexander<br>Robertson-Smith | Mr John W A Robertson-Smith |
| Clubs/Unincorporated Bodies/Business Names: use office bearer(s) personal name(s) | Mr Michael Peter Smith<br><ABC Tennis Association A/C> | ABC Tennis Association |
| Superannuation Funds: use the name of the trustee of the fund | Jane Smith Pty Ltd<br><Super Fund A/C> | Jane Smith Pty Ltd Superannuation Fund |

## Contango Income Generator Limited
ACN 160 959 991

Broker Code

Adviser Code

# Broker Firm Offer Application Form

Your application must be received by your Broker by 5.00pm (Melbourne time) on 31 July 2015, or such earlier time imposed by your Broker.
This Broker Firm Offer Application Form is important. If you are in doubt as to how to deal with it, please contact your stockbroker or professional advisor without delay.
You should read the Contango Income Generator Limited Replacement Prospectus dated 3 July 2015 and any relevant supplementary prospectus (**Replacement Prospectus**), carefully before completing this Application Form. The Corporations Act prohibits any person from passing on this Application Form (whether in paper or electronic form) unless it is attached to or accompanies a complete and unaltered copy of the Replacement Prospectus (whether in paper or electronic form).

**A** **I/we apply for**

**B** **I/we lodge full Application Money**

A$ .

Number of Shares (with an entitlement to one Loyalty Option for every two Shares, issued for nil consideration). The Issue Price of Shares in respect of Retail Applicants who do not provide consent to the Payment of the Service Fee is $1 per Share. Applications must be for a minimum of 2,000 Shares (and 1,000 Loyalty Options). Applications in excess of the minimum number of Shares must be in multiples of 1,000 Shares (and 500 Loyalty Options).

**C** **Individual/Joint applications - refer to naming standards overleaf for correct forms of registrable title(s)**

Title or Company Name Given Name(s) Surname

Joint Applicant 2 or Account Designation

Joint Applicant 3 or Account Designation

**D** **Enter the postal address - include State and Postcode**

Unit Street Number Street Name or PO Box/Other information

City/Suburb/Town State Postcode

**E** **Enter your contact details**

Contact Name

Telephone Number - Business Hours ( )

**F** **CHESS Participant**

Holder Identification Number (HIN)

X

**Please note** that if you supply a CHESS HIN but the name and address details on your form do not correspond exactly with the registration details held at CHESS, your Application will be deemed to be made without the CHESS HIN, and any Offer Securities issued as a result of the Offer will be held on the Issuer Sponsored subregister.

**G** **Payment details - Please note that funds are unable to be directly debited from your bank account**

| Drawer | Cheque Number | BSB Number | Account Number | Amount of cheque |
|---|---|---|---|---|
| | | | | A$ |

**Cheques or bank drafts should be drawn up according to the instructions given by your Broker.**

**Retail Applicants are requested to provide their consent to and authorisation of the payment of the Service Fee to their Broker (and acknowledge that their Broker may also seek consent to the on-payment of a percentage of the Service Fee to an adviser or individual broker who provided advice or dealing services to them in respect of the Offer). If you are a Retail Applicant and you do not provide a satisfactory form of consent, the Service Fee will be retained by the Company and will not be paid to your Broker.**

**By submitting this Application Form**:

- I/we declare that this Application is complete and lodged according to the Replacement Prospectus, any relevant supplementary prospectus and the declarations/statements on the reverse of this Application Form;
- I/we have read the Replacement Prospectus in full;
- I/we represent and warrant to the Company that I am/we are not in the United States and am/are not a US Person and am/are not acting for the account or benefit of a US Person;
- I/we declare that all details and statements made by me/us (including the declaration on the reverse of this Application Form) are complete and accurate; and
- I/we acknowledge that by applying for the Offer Securities I am/we are agreeing to become a member of the Company and I/we agree to be bound by the Constitution of Contango Income Generator Limited.

**See overleaf for completion guidelines** ➔

## How to complete this Broker Firm Offer Application Form

**A** **Number of Shares (and Loyalty Options) applied for**
Enter the number of Shares you wish to apply for. Applications must be for a minimum of 2,000 Shares (and 1,000 Loyalty Options). The Loyalty Options are used for nil consideration. Applications in excess of the minimum number of Shares must be in multiples of 1,000 Shares (and 500 Loyalty Options).

**B** **Application Monies**
Enter the amount of Application Monies. To calculate the amount, multiply the number of Shares applied for in Step A by the Issue Price of A$1.

**C** **Applicant Name(s)**
Enter the full name you wish to appear on the statement of Share and Loyalty Option holding. This must be either your own name or the name of a company. Up to 3 joint Applications may register. You should refer to the table below for the correct forms of registrable title. Applications using the wrong form of names may be rejected. Clearing House Electronic Subregister System (CHESS) participants should complete their name identically to that presently registered in the CHESS system.

**D** **Postal Address**
Enter your postal address for all correspondence. All communications to you from the Registry will be mailed to the person(s) and address as shown. For joint Applicants, only one address can be entered.

**E** **Contact Details**
Enter your contact details. These are not compulsory but will assist us if we need to contact you regarding this Application.

**F** **CHESS**
Contango Income Generator Limited has applied to the ASX to participate in CHESS, operated by ASX Settlement Pty Limited, a wholly owned subsidiary of ASX Limited. If you are a CHESS participant (or are sponsored by a CHESS participant) and you wish to hold Offer Securities issued to you under this Application on the CHESS Subregister, enter your CHESS HIN. Otherwise, leave this section blank and on issue, you will be sponsored by the Company and allocated a Securityholder Reference Number (SRN).

**G** **Payment**
Make your cheque, bank draft or money order payable in Australian dollars and in accordance to the the instructions given by your broker. Cheques must be drawn from an Australian bank. Cash will not be accepted. The total payment amount must agree with the amount shown in Step B.
Complete the cheque details in the boxes provided.
Cheques will be processed on the day of receipt and as such, sufficient cleared funds must be held in your account as cheques received may not be re-presented and may result in your Application being rejected. Paperclip (do not staple) your cheque(s) to the Application Form. Receipts will not be forwarded. Funds cannot be directly debited from your bank account.

Before completing this Broker Firm Offer Application Form the Applicant(s) should read the Replacement Prospectus to which this Application relates. By lodging the Application Form, the Applicant agrees that this Application for Shares (and Loyalty Options) in Contango Income Generator Limited is upon and subject to the terms of the Replacement Prospectus and the Constitution of Contango Income Generator Limited, agrees to take any number of Shares (and Loyalty Options) that may be issued to the Applicant(s) pursuant to the Replacement Prospectus and declares that all details and statements made are complete and accurate. It is not necessary to sign the Application Form.

**Lodgement of Application**
You must return your Application so it is received by your Broker by 5:00pm (Melbourne time) on 31 July 2015 or such other deadline set out in their offer to you. You should allow sufficient time for this to occur.

**Privacy Notice**
The personal information you provide on this form is collected by CIS, as registrar for the securities issuers (the issuer), for the purpose of maintaining registers of securityholders, facilitating distribution payments and other corporate actions and communications. In addition, the issuer may authorise us on their behalf to send you marketing material or include such material in a corporate communication. You may elect not to receive marketing material by contacting CIS using the details provided overleaf or emailing privacy@computershare.com.au. We may be required to collect your personal information under the Corporations Act 2001 (Cth) and ASX Settlement Operating Rules. We may disclose your personal information to our related bodies corporate and to other individuals or companies who assist us in supplying our services or who perform functions on our behalf, to the issuer for whom we maintain securities registers or to third parties upon direction by the issuer where related to the issuer's administration of your securityholding, or as otherwise required or authorised by law. Some of these recipients may be located outside Australia, including in the following countries: Canada, India, New Zealand, the Philippines, the United Kingdom and the United States of America. For further details, including how to access and correct your personal information, and information on our privacy complaints handling procedure, please contact our Privacy Officer at privacy@computershare.com.au or see our Privacy Policy at http://www.computershare.com/au.

**Correct forms of registrable title(s)**
Note that ONLY legal entities are allowed to hold Offer Securities. Application Forms must be in the name(s) of a natural person(s), companies or other legal entities acceptable to Contango Income Generator Limited. At least one full given name and the surname is required for each natural person. Application Forms cannot be completed by persons less than 18 years of age. Examples of the correct form of registrable title are set out below.

| Type of Investor | Correct Form of Registration | Incorrect Form of Registration |
|---|---|---|
| Individual: use given names in full, not initials | Mr John Alfred Smith | JA Smith |
| Company: use the company's full title, not abbreviations | ABC Pty Ltd | ABC P/L or ABC Co |
| Joint Holdings: use full and complete names | Mr Peter Robert Williams &<br>Ms Louise Susan Williams | Peter Robert &<br>Louise S Williams |
| Trusts: use the trustee(s) personal name(s) | Mrs Susan Jane Smith<br><Sue Smith Family A/C> | Sue Smith Family Trust |
| Deceased Estates: use the executor(s) personal name(s) | Ms Jane Mary Smith &<br>Mr Frank William Smith<br><Est John Smith A/C> | Estate of late John Smith<br>or<br>John Smith Deceased |
| Minor (a person under the age of 18): use the name of a responsible adult with an appropriate designation | Mr John Alfred Smith<br><Peter Smith A/C> | Master Peter Smith |
| Partnerships: use the partners personal names | Mr John Robert Smith &<br>Mr Michael John Smith<br><John Smith and Son A/C> | John Smith and Son |
| Long Names | Mr John William Alexander<br>Robertson-Smith | Mr John W A Robertson-Smith |
| Clubs/Unincorporated Bodies/Business Names: use office bearer(s) personal name(s) | Mr Michael Peter Smith<br><ABC Tennis Association A/C> | ABC Tennis Association |
| Superannuation Funds: use the name of the trustee of the fund | Jane Smith Pty Ltd<br><Super Fund A/C> | Jane Smith Pty Ltd Superannuation Fund |

# NOTES

# NOTES