



ACN 121 977 884

PROSPECTUS

Pro rata non-renounceable bonus issue of one (1) Option for every five (5) Shares held by each Shareholder recorded on the Company's share register on the Record Date of 27 August 2020

No application monies are payable for the grant of Options

Important Information

This Prospectus under section 713 of the Corporations Act contains important information for you as a Shareholder and requires your immediate attention. It should be read in its entirety. If you have any questions as to its contents or the course of action you should follow, please consult your stockbroker, accountant, solicitor or other professional financial adviser immediately.

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1. Important Notice

Lodgement and listing

This Prospectus is dated 21 August 2020 and was lodged with the Australian Securities & Investments Commission ('ASIC') on that date. Neither ASIC, Australian Securities Exchange ('ASX') nor their respective officers take responsibility for the contents of this Prospectus or the merits of the investment to which it relates. This Prospectus expires on the date which is 13 months after the date of this Prospectus and no Options will be issued on the basis of this Prospectus after that date.

This Prospectus is issued by MFF Capital Investments Limited ('Company'). This Prospectus is a transaction-specific prospectus for an issue of Options to acquire continuously quoted securities (as defined in the Corporations Act). The content of the Prospectus has been prepared in accordance with section 713 of the Corporations Act and does not contain the same level of disclosure as an initial public offering prospectus and may not contain, by itself, all information relevant to a decision to invest in the Company. In preparing this Prospectus, regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and that ASX maintains a database of publicly disclosed information about the Company and certain matters may reasonably be expected to be known to investors and their professional advisers whom shareholders and potential investors may consult.

The Company will apply for quotation of the Options on ASX within seven days following the lodgement of this Prospectus with ASIC. If ASX does not grant permission for the Options to be quoted within three months after the date of this Prospectus (or any longer period permitted by law), the Options will not be issued or, if any Options have been issued, the issue will be void.

Not investment or financial product advice

The information provided in this Prospectus is not investment, financial product, legal, taxation or other advice and has been prepared without taking into account your particular objectives, financial situation or needs (including tax issues) as an investor. The Company does not provide financial product advice in respect of its securities or any other financial products and is not licensed to do so.

You should carefully read the whole of this Prospectus and consider all of the risk factors that could affect the performance of the Options or underlying Shares or the Company in light of your own particular objectives, financial situation and needs before deciding whether to exercise the Options. If you have any questions, you should contact your financial or other professional adviser for advice. Some of the risk factors that you should consider are set out in section 6 of this Prospectus. There may be additional risk factors in addition to these that should be considered in light of your personal circumstances.

This Prospectus is only relevant for investors in the Options and should not be used for any other purpose.

No representations other than this Prospectus

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

Restrictions on distribution

This Prospectus does not constitute an offer, invitation or issue in any place in which, or to any person to whom, it would not be lawful to make such offer, invitation or issue. No action has been taken to register or qualify the Options in any jurisdictions outside Australia, New Zealand and Singapore. The distribution of this Prospectus in jurisdictions outside Australia, New Zealand and Singapore may be restricted by law and persons who come into possession of this Prospectus outside Australia, New Zealand and Singapore should seek advice on, and observe, any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. For more information see Section 7.6.

Forward looking statements

Certain statements in this Prospectus relate to the future. These forward looking statements which are identified by words such as “may”, “could”, “believes”, “estimates”, “expects”, “intends” and other similar words that involve known and unknown risks, uncertainties, assumptions and other important factors that could cause the actual results, performance or achievements of the Company to be materially different from future results, performance or achievements expressed or implied by such statements. Such forward looking statements are based on numerous assumptions regarding present and future business strategies and the environment in which the Company will operate in the future.

These forward looking statements are not guarantees of future performance. Certain important factors that could cause actual results, performance or achievements to differ materially from those in the forward looking statements include, among others, the risk factors described in this Prospectus in section 6, and other unknown risks and uncertainties, many of which are beyond the control of the Company. Forward looking statements should, therefore, be construed in light of such risk factors and reliance should not be placed on forward looking statements. Deviations as to future conduct, results, performance and achievements are both normal and to be expected. Unless otherwise indicated forward looking statements relate to the beliefs, expectations or intentions of the Company (and no other person) as at the date of this Prospectus.

Disclaimer

None of the Company, its directors or any other person connected with the Bonus Issue makes any representation or gives any assurance or guarantee that the Exercise Price of the Options will be equal to or less than the price of the Shares during the period between the Record Date and the Expiry Date or that an Option holder will be able to find a willing buyer for their Options if they decide to sell them.

Electronic Prospectus and availability of Prospectus and Terms of Option

This Prospectus may be viewed online at www.asx.com.au. Persons who access the electronic version of this Prospectus should ensure they download and read the entire Prospectus.

A paper copy of this Prospectus will be available free of charge until the expiry of this Prospectus and a paper copy of the Terms of Options will be available free of charge until the Expiry Date, by contacting the Company Secretary on +61 2 9235 4888.

Privacy

Please read the privacy information location in section 9.11 of this Prospectus. By submitting an Application Form you consent to the matters outlined in that section.

Intermediary Authorisation

The Company does not hold an Australian Financial Services Licence (**‘AFSL’**) under the Corporations Act. The Company has appointed Taylor Collison Limited ACN 008 172 450 (AFSL No. 247 083) as its agent for the purposes of arranging for the offer to issue Options pursuant to section 911A(2)(b) of the Corporations Act (**‘Arranger’**). The Company may only issue such Options in accordance with the Arranger’s offers, provided they are accepted. The Arranger is providing these services at no cost to the Company.

Defined terms and glossary

Certain abbreviations and other defined terms used throughout this Prospectus have defined meanings which are set out in section 10 of this Prospectus.

2. Letter from the Chairman

21 August 2020

Dear Shareholder,

MFF Capital Investments Limited announced to ASX on 31 July 2020 that the Board had resolved to proceed with a one (1) for five (5) pro rata non-renounceable bonus issue of options. The Options are expected to be listed on the ASX under the code "MFFOA".

The Board is now pleased to release this Prospectus to facilitate the Bonus Issue of approximately 109,925,010 Options¹.

The Company is undertaking the Bonus Issue for the purposes of:

- providing a benefit to Eligible Shareholders through the Bonus Issue of Options for which no application money is payable;
- enabling security holders to choose whether they buy, sell or hold the Company's securities, including the Options, provided that they are listed for quotation by ASX and depending upon securities markets and demand; and
- facilitating the raising of capital, if the Options are exercised, to continue to fund the growth of the Company and its capital resources.

All Shareholders will be entitled to receive one (1) Option for every five (5) Shares held by them on the register at 5:00pm (Sydney time) on the Record Date, being 27 August 2020.

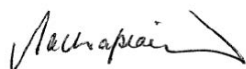
No application money is payable for the grant of the Options.

Each Option gives the holder the right to acquire one (1) Share and is exercisable at two dollars and sixty cents (\$2.60) per Option at any time prior to the Expiry Date, being 5.00pm (Sydney time) on 31 October 2022. If the maximum number of Options issued under this Prospectus is subsequently exercised, the Company will raise approximately \$285.8 million.

Full details and conditions of the Bonus Issue are set out in this Prospectus. You should read this entire Prospectus carefully, including the key risks that are summarised in section 6, and if you have any questions you should contact your financial or other professional adviser for advice. Information about the Company is also contained in the Company's 30 June 2020 Annual Report as well as continuous disclosure releases to ASX.

You do not have to take any action or pay any amounts to receive these Options. Please contact your stockbroker with any queries in relation to the trading of the Options. If you do not have a stockbroker, David Cutten (ph: +61 2 9377 1500) or Will van Dissel (ph: +61 8 8217 3900) from Taylor Collison Limited or Bruce Skelton from Bell Potter Securities Limited (ph: +61 2 9255 8101) would be pleased to address your queries.

Yours faithfully,



Annabelle Chaplain AM
Chairman

¹ The precise number of Options issued is subject to rounding.

3. Important Dates

| | |
|--|--|
| Announcement and Appendix 3B, Prospectus lodged with ASIC and ASX | 21 August 2020 |
| Shares trade ex-bonus Option entitlements | 26 August 2020 |
| Options commence trading on a deferred settlement basis | 26 August 2020 |
| Record Date to determine entitlements under the Bonus Issue | 27 August 2020 |
| Expected issue and entry of Options on the register and despatch of holding statements | 3 September 2020 |
| End of deferred settlement trading | 3 September 2020 |
| Normal trading of Options commences on ASX | 4 September 2020 |
| Prospectus and Application for Shares on Exercise of Options sent to Eligible Shareholders | 7 September 2020 |
| Option exercise period | Issue date to 31 October 2022 |
| Expiry Date for Options | 5:00 pm (Sydney time), 31 October 2022 |

The above dates (except the date of this Prospectus) are subject to change and are indicative only. The Company reserves the right to amend this indicative timetable subject to the Corporations Act and the Listing Rules.

For any enquiries concerning the Bonus Issue, please contact:

| | |
|--|---|
| <u>Taylor Collison Limited</u> David Cutten on +61 2 9377 1500 Will van Dissel on +61 8 8217 3900 | <u>Bell Potter Securities Limited</u> Bruce Skelton on + 61 2 9255 8101 Charlie Craven on +61 3 9235 1675 Toll Free: 1800 074 453 |
|--|---|

4. Bonus Issue Overview

| Question | Answer | More Information (Section) |
|---|--|----------------------------|
| What is the Bonus Issue? | Eligible Shareholders will receive one (1) Option for every five (5) Shares held by them at 5:00pm (Sydney time) on the Record Date of 27 August 2020. | 7.1 |
| Who is the issuer of the Options and this Prospectus? | MFF Capital Investments Limited (ACN 121 977 884) is the issuer of the Options and this Prospectus. | n.a |
| Who is an Eligible Shareholder? | Eligible Shareholders are registered holders of Shares as at 5:00pm (Sydney time) on the Record Date with a registered address in Australia, New Zealand or Singapore and any other jurisdiction in which it is lawful to make the offers of Options in accordance with this Prospectus. | 7.6 |
| What do Eligible Shareholders need to do to receive their Options? | Eligible Shareholders do not need to do anything to receive Options under the Bonus Issue. | n.a |
| Is an amount payable upon issue of the Options? | As the Options are being issued as part of a bonus issue, nothing is payable upon issue of the Options and no funds will be raised by the Company unless and until the Options are exercised. | 7.2 |
| How many Options will be issued? | <p>There will be approximately 109,925,010 Options (subject to rounding). The number assumes all Shares on issue on the Record Date are held by Eligible Shareholders.</p> <p>In the calculation of any entitlement, fractions will be rounded up to the nearest whole number.</p> <p>Eligible Shareholders will receive a holding statement setting out the number of Options issued to them from the Company's Share Registrar, Boardroom Pty Limited.</p> | 7.1 |
| What is the maximum amount of money that may be raised if all Options are exercised? | A maximum of \$285.8 million would be raised if all Options referred to above are exercised. | 7.1 |
| Will the Options be quoted on ASX? | <p>The Company intends that the Options will be quoted on ASX and will apply to ASX for quotation within seven (7) days of this Prospectus.</p> <p>The Options are expected to be listed on the ASX under the code "MFFOA".</p> | 7.3 |

| | | |
|--|---|-----|
| Are the Options transferable? | The Options are transferable which means that Option holders who do not wish to exercise some or all of their Options may sell or otherwise transfer their Options on ASX once the Options are listed. There is no guarantee that holders will be able to sell their Options or that they will receive a particular price. | 7.2 |
| When can the Options be exercised? | The Options are exercisable at any time from their date of issue until the Expiry Date, being 5:00pm (Sydney time) on 31 October 2022. | 7.2 |
| When do the Options expire? | The Options expire on the Expiry Date at 5:00pm (Sydney time) on 31 October 2022. | 7.2 |
| What is the Exercise Price of the Options? | Each Option allows the holder to acquire one (1) Share at an Exercise Price of \$2.60 per Option. | 7.2 |
| How do Option holders exercise their Options? | If you would like to exercise some or all of your Options you can do so on any Business Day prior to the Expiry Date by completing the Application Form and paying \$2.60 per Option to the Company via the payment methods set out in the Application Form. | 7.2 |
| Can Option holders exercise part of their Option holding? | Yes, Option holders should indicate on the Application Form the number of Options they wish to exercise and remit the appropriate amount of money for that number of Options. However, the minimum number of Options that can be exercised each time is the lower of 1,000 Options and all the Options held by the Option holder. | 7.2 |
| What rights are attached to Shares issued on exercise of the Options? | Shares issued on exercise of Options rank equally with other issued Shares of the Company and will be governed by the Constitution, the Corporations Act and the Listing Rules. The rights attaching to each Share include the right to vote at a general meeting of Shareholders (whether present in person, casting votes online or by any representative, proxy or attorney) and the right to receive dividends. Shares issued upon the exercise of Options will only participate in a future dividend or other shareholder action if such Shares have been issued on or prior to the applicable record date for determining entitlements. | 7.5 |
| How can further information be obtained? | Please contact David Cutten (ph: +61 2 9377 1500) or Will van Dissel (ph: +61 8 8217 3900) from Taylor Collison Limited or Bruce Skelton (ph: +61 2 9255 8101 or 1800 074 453 (toll free)) from Bell Potter Securities Limited if you have questions relating to the Bonus Issue. Alternatively, please contact your stockbroker, accountant, solicitor or other financial adviser. If you are uncertain as to whether an investment in the Company is suitable for you, please contact your stockbroker, financial adviser, accountant, lawyer or other professional adviser. | n.a |

The above table is a summary only. This Prospectus should be read in full before making any decisions in relation to the Options, including whether or not to exercise your Options.

5. Overview of the Company

5.1 Overview

The Company is a listed investment company whose primary investment objectives are:

- to achieve strong risk adjusted returns for Shareholders by identifying and investing in an investment portfolio of at least 20 stock exchange listed international and Australian companies assessed to have attractive business characteristics, at a discount to their assessed intrinsic values; and
- to minimise the risk of permanent capital loss for Shareholders.

A further objective is to generate attractive returns to Shareholders through dividend payments utilising franking credits and the benefits of the listed investment company structure, although tax considerations are not a primary factor in the Company's investment decisions.

While it is difficult to eliminate investment risk completely, the Company believes prudent investment parameters have been established to mitigate the risk of permanent capital loss.

Further information about the Company is set out in the documents specified in section 9.1.

5.2 Share Price

Official quotation of the Company's Shares on ASX commenced on 19 December 2006.

The highest and lowest recorded market sale prices of the Company's Shares in the last 12 months prior to the date of this Prospectus are:

| | Price* | Date |
|----------------|---------------|------------------|
| Highest | \$3.79 | 20 February 2020 |
| Lowest | \$2.15 | 23 March 2020 |

* The Company paid a special dividend of 20.0 cents per share on 19 February 2020. For the purposes of determining the highest and lowest prices in the table above, share prices prior to the ex-dividend date for the special dividend of 3 February 2020 were adjusted for comparative purposes using the ASX adjustment factor.

The last market sale price of the Company's Shares on ASX on the last day that trading took place in the Shares prior to the date of this Prospectus was \$2.63 on 20 August 2020.

Investors should note that past performance is not necessarily an indicator of future performance.

6. Risk Factors

Investors should be aware that dealing in and exercising Options involves various risks. There are general risks associated with owning securities in publicly listed investment companies as well as risks specifically related to the Company. The price of securities can go down as well as up due to factors outside the control of the Company.

Some of the key factors which may affect the future earnings of the Company, the market price of its Shares and the price at which the Options may trade include:

- (a) movements in domestic and international share markets, interest rates, foreign exchange rates, and commodity prices;
- (b) changes in general economic conditions and the global security situation, including the possibility of terrorist disturbances, outbreaks of international hostilities, pandemics, outbreaks of disease, natural disasters, climate change and other man-made or natural events;
- (c) the future earnings, net tangible assets per share, and market prices of the securities of the Company and of the companies in which the Company invests;
- (d) changes in regulatory and governmental policy in Australia and overseas, including changes to the taxation of companies as a result of changes to Australian and foreign taxation laws;
- (e) the liquidity of the market for the Company's Shares and Options;
- (f) the success of the investment philosophy, investment objectives and investment processes of the Company;
- (g) the ability of the Services Provider to provide its services and retain its investment management team and the composition of that team;
- (h) the loss of key Directors, or the loss of key staff, particularly Chris Mackay;
- (i) the need to secure the services of skilled and qualified alternative services providers or employees if the Services Agreement and/or the Administrative Services Agreement with the Services Provider is terminated;
- (j) the Company's business is exposed to operational risks including risks arising from processing errors, fraud, system failure, human error and staff underperformance. Operational risk has the potential to have a material adverse impact on the financial performance as well as the reputation of the Company's current and future businesses and in turn on the Company itself;
- (k) the Company will be exposed to credit risk if the Company's counterparties fail to perform as contracted;
- (l) the Company will be exposed to liquidity risk in the event it does not have sufficient funds to settle liabilities or obligations on the due date or if it is forced to sell financial assets at values which are less than they are worth;
- (m) the Company may face a refinancing risk in the unlikely event that the Company's prime broker (or an associate of the prime broker) demanded, at short notice under the terms of its multi-currency facility, the repayment of any borrowings the Company may have from time to time; and
- (n) the corruption, theft or loss of the Company's data, networks or systems due to cyber-attacks, phishing attacks, data security breaches or hacking.

If you do not exercise the Options, because you sell those Options on-market, allow those Options to expire without being exercised, or do not receive Options because you are an overseas Shareholder in a jurisdiction where the offer is not being made, and other Option holders exercise their Options, your shareholding will be diluted.

The above list of risk factors is not meant to be exhaustive. The above risks, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of an Option issued under this Prospectus and any Share which is issued as a result of the exercise of an Option. Therefore, no assurances or guarantees of future profitability, distributions, payment of dividends, returns of capital or performance of the Company or its securities can be provided by the Company.

If you have doubts as to whether you should exercise your Options and acquire Shares, you should consult with your stockbroker, accountant, solicitor or other financial adviser immediately.

7. Terms of the Bonus Issue

7.1 The Bonus Issue

The Bonus Issue is a one (1) for five (5) bonus issue of Options exercisable at \$2.60 per Option. No funds will be raised from the issue of the Options. If all Options issued under this Prospectus are subsequently exercised, the Shares issued would raise approximately \$285.8 million. The Bonus Issue is made to all Eligible Shareholders registered at 5.00pm (Sydney time) on the Record Date. The total number of Options which may be issued is approximately 109,925,010, subject to rounding. In the calculation of any entitlement, fractions will be rounded up to the nearest whole number.

You do not need to take any action to receive the Options. You will be sent a personalised copy of the Prospectus, which will enclose an Option holding statement that will state the number of Options that will be issued to you.

If you would like to exercise your Options you can do so on or before the Expiry Date by completing an Application Form and paying the full amount of the Exercise Price. The Application Form outlines the available Exercise Price payment methods. Your completed Application Form should be returned to the Share Registrar, Boardroom Pty Limited. A combined Application Form and Option holding statement will be despatched to Option holders at the same time.

7.2 Rights Attaching to Options

The terms and conditions of the Options, which are set out in the Terms of Options, are summarised below:

Register

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

Transfer/Transmission

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

Exercise

An Option may be exercised by delivery to the Company of a duly completed Application Form, signed by the registered holder(s) of the Option, together with payment to the Company of \$2.60 per Option being exercised.

An Option may be exercised on any Business Day from the date of grant of an Option to the Expiry Date (inclusive), but not thereafter.

An Exercise of Options is only effective when the Company has received a duly completed Application Form and the full amount of the Exercise Price in cleared funds. The Application Form outlines the available Exercise Price payment methods.

Option holders can exercise part of their Option holding. However, the minimum number of Options that can be exercised each time is the lower of 1,000 Options and all the Options held by the Option holder.

Dividend Entitlement

Options do not carry any dividend entitlement until they are exercised. Shares issued on exercise of Options rank equally with other issued Shares of the Company on and from that date. Shares issued upon the exercise of Options will only participate in a future dividend or other shareholder action if such Shares have been issued on or prior to the applicable record date for determining entitlements.

Voting Rights

The Options do not confer on the holder a right to receive notices of general meetings (except as may be required by law), nor any right to attend, speak at or vote at general meetings of the Company.

Participating Rights

An Option holder may only participate in new issues of securities to holders of Shares in the Company if the Option has been exercised and Shares allotted in respect of the Option before the record date for determining entitlements to the issue. The Company must give at least seven (7) Business Days' notice to Option holders of any new issue before the record date for determining entitlements to that issue in accordance with the Listing Rules.

Adjustments

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

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

Where:

- NP** = the new Exercise Price of the Option;
- OP** = the old Exercise Price of the Option;
- E** = the number of Shares into which one Option is exercisable;
- P** = the average market price per Share (weighted by reference to volume) recorded on ASX during the five (5) trading days ending on the day before the ex rights date or ex entitlements date (excluding special crossings and overnight sales);
- S** = the subscription price for Share to be issued under the pro rata Issue;
- D** = the amount of any dividend or distribution due but not yet paid on the existing Shares (except those securities to be issued under the pro rata issue);
- N** = the number of existing Shares with rights or entitlements that must be held to receive a right to one new security under the pro rata issue.

No change will be made to the number of Shares to which the Option holder is entitled upon exercise of the Option as a result of the rights issue adjustment above.

If the Company makes a bonus issue of Shares, the number of Shares issued on exercise of each Option will be increased by the number of Shares which the holder of the Option would have received if the Option had been exercised before the record date for the bonus issue of Shares. No change will be made to the Exercise Price.

Reconstructions and Alterations of Capital

Any adjustment to the number of Outstanding Options and the Exercise Price under a re-organisation or alteration of the Company's share capital must be made in accordance with the Listing Rules applying to a reorganisation or alteration of capital at the time of the reorganisation or alteration.

ASX Listing

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

A paper copy of the Terms of Options will be available free of charge until the Expiry Date by contacting the Company Secretary on +61 2 9235 4888.

7.3 ASX Quotation of the Options

Within seven (7) days after the date of this Prospectus, the Company will apply to ASX for the Options to be quoted on ASX.

If ASX does not give permission for quotation of the Options within three (3) months after the date of this Prospectus (or any later date permitted by law), none of the Options will be issued and if any have been issued, the issue will be void, unless ASIC grants an exemption permitting the issue. It is expected that quotation of the Options will initially be on a deferred settlement basis.

7.4 Bonus Issue and Allotment of Options

No Options or other securities will be issued on the basis of this Prospectus later than the expiry date of this Prospectus being the date 13 months after the date of this Prospectus.

It is currently anticipated that this issue will occur on 3 September 2020. Holding statements in relation to the Options will be despatched as soon as practicable after the issue of the Options.

It is the responsibility of Eligible Shareholders to determine their allocation prior to trading in the Options. Eligible Shareholders who sell any Options before they receive their holding statements will do so at their own risk.

7.5 Rights Attaching to the Shares on Exercise of the Options

The rights attaching to any Shares issued upon exercise of the Options will be governed by the Constitution, the Corporations Act and the Listing Rules.

Shareholders have the right to obtain a copy of the Constitution, free of charge, from the Company until the expiry of this Prospectus. To obtain a copy of the Constitution please contact the Company Secretary on +61 2 9235 4888.

The rights attaching to each Share include:

- (a) the right to vote at a general meeting of Shareholders (whether present in person, voting online or by any representative, proxy or attorney) on a show of hands (one vote per shareholder) and on a poll (one vote per Share on which there is no money due and payable) subject to the rights and restrictions on voting which may attach to or be imposed on Shares (at present there are none);
- (b) the right to receive dividends, according to the amount paid up on the Share; and
- (c) the right to receive, in kind, the whole or any part of the Company's property in a winding up, subject to priority given to holders of Shares that have not been classified by ASX as "restricted securities" and the rights of a liquidator to distribute surplus assets of the Company with the consent of members by special resolution.

Shares issued upon the exercise of Options will only participate in a future dividend or other shareholder action if such Shares have been issued on or prior to the applicable record date for determining entitlements.

Subject to the Corporations Act and the Listing Rules, Shares are fully transferable and are quoted on ASX.

The Constitution may be varied with the approval of Shareholders in a general meeting by special resolution.

7.6 Overseas Shareholders

The Options are not offered in any jurisdiction in which, or to any person to whom, it would be unlawful to make such an offer. The Bonus Issue is not being extended, and does not qualify for distribution or sale, and the Options may not be issued to a Shareholder with a registered address outside Australia, other than Shareholders with a registered address in New Zealand or Singapore and any other jurisdiction in which it is lawful to make the offers of Options in accordance with this Prospectus.

Important notice 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 2001 (Aust) and regulations made under that Act. 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 content of the offer document are principally governed by Australian rather than New Zealand law. In the main, the Corporations Act 2001 (Aust) and the Corporations Regulations made under that Act set out how the offer must be made.

There are differences in how securities 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 securities 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 financial adviser.

The offer may involve a currency exchange risk. The currency for the financial products is not New Zealand dollars. The value of the 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 financial products 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 securities are able to be traded on a financial product market and you wish to trade the securities through that market, you will have to make arrangements for a participant in that market to sell the financial products on your behalf. If the financial product market does not operate in New Zealand, the way in which the market operates, the regulation of participants in that market and the information available to you about the financial products and trading may differ from financial product markets that operate in New Zealand.

Important notice for Singapore investors

This document and any other materials relating to the Options have not been, and will not be lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Options, may not be issued, circulated or distributed, nor may the Options be offered or sold, or be made the subject of invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (the 'SFA'), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This document has been given to you on the basis that you are an existing holder of the Company's Shares. In the event that you are not an existing holder, please return this document immediately. You may not forward or circulate this document to any other person in Singapore. Any offer is not made to you with a view to the Options being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire Options. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

7.7 Taxation

The Directors do not consider that it is appropriate to give Shareholders advice regarding the taxation consequences of being granted or exercising Options under this Prospectus as it is not possible to provide a comprehensive summary of the possible taxation positions of all Shareholders. The Company, its advisers and officers, do not accept any responsibility or liability for any taxation consequences to Shareholders in respect of the Bonus Issue. Shareholders should consult their own professional tax adviser in connection with the taxation implications of the Bonus Issue.

7.8 Directors' Discretion

The Directors may at any time decide to withdraw this Prospectus.

8. Effect of the Bonus Issue

No funds will be raised by the Bonus Issue. The Bonus Issue is not expected to have a material impact on the Company's financial position other than the decrease in cash reserves of approximately \$100,000 resulting from the expenses of the Bonus Issue as set out in section 9.7.

As at the date of this Prospectus the capital structure of the Company, assuming the exercise of all Options, is set out below:

| | |
|---------|--------------------------|
| Shares | 549,625,047 |
| Options | 109,925,010 ¹ |

Fully diluted capital 659,550,057

The Directors intend to apply any funds raised on the exercise of any Options for further investment consistent with the Company's investment objectives as set out in section 5.1.

If all of the Options are exercised by the Expiry Date, the effect on the Company would, based on the number of Shares on issue as at the date of this Prospectus and assuming no other changes to the Company's capital structure or financial position during that period, be as follows:

- (a) the current number of Shares on issue would increase by approximately 109,925,010 Shares to approximately 659,550,057 Shares; and
- (b) the cash reserves of the Company would increase by approximately \$285.8 million.

The Directors do not guarantee that any Options will be exercised or that those funds will be raised.

If the Options are exercised and the funds are raised then the Company will have further capital to invest in accordance with the investment objectives of the Company.

Unaudited pro-forma statement of financial position

To illustrate the effect of the Bonus Issue and exercise of Options on the Company, the Company's pro-forma statement of financial position as at 30 June 2020 is set out on page 15 below.

The pro-forma statement of financial position is adjusted only for completion of the Bonus Issue and the exercise of Options (assuming all 109,925,010 Options issued in connection with the Bonus Issue are exercised at the Exercise Price of \$2.60, but before costs and expenses).

The pro-forma financial information in this section is based on the Company's full year accounts for the financial year ended 30 June 2020. It has been prepared in accordance with the recognition and measurement principles of the Australian Accounting Standards ('AAS').

The pro-forma financial information is presented in an abbreviated form insofar as it does not include all the disclosures, statements or comparative information required by the AAS applicable to annual financial reports prepared in accordance with the Corporations Act.

¹ The precise number of Options issued is subject to rounding.

| | As at 30 June 2020 \$'000 | Pro-Forma as at 30 June 2020 (Post Issue and Options Exercise) \$'000 |
|--------------------------------------|---------------------------------|---|
| Current Assets | | |
| Cash and cash equivalents | 680,130 | 965,935 |
| Investments | 864,866 | 864,866 |
| Receivables | 327 | 327 |
| Prepayments | 16 | 16 |
| Total Current Assets | 1,545,339 | 1,831,144 |
| Total Assets | 1,545,339 | 1,831,144 |
| Current Liabilities | | |
| Payables | 1,216 | 1,216 |
| Current tax liability | 1,798 | 1,798 |
| Total Current Liabilities | 3,014 | 3,014 |
| Non-Current Liabilities | | |
| Deferred tax liability | 180,286 | 180,286 |
| Provision for long service leave | 166 | 166 |
| Total Non-Current Liabilities | 180,452 | 180,452 |
| Total Liabilities | 183,466 | 183,466 |
| Net Assets | 1,361,873 | 1,647,678 |
| Equity | | |
| Contributed equity | 631,752 | 917,557 |
| Retained profits | 486,453 | 486,453 |
| Profits reserve | 243,668 | 243,668 |
| Total Equity | 1,361,873 | 1,647,678 |

9. Additional Information

9.1 Reporting and Disclosure Obligations

The Company is a disclosing entity for the purposes of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Broadly, these obligations require the Company to:

- (a) prepare and lodge with ASIC both yearly and half yearly financial statements accompanied by a Directors' statement and report and an audit or review report;
- (b) within 14 days after the end of each month, tell ASX the net tangible asset backing of its quoted securities as at the end of that month; and
- (c) immediately notify ASX of any information concerning the Company of which it is, or becomes, aware and which a reasonable person would expect to have a material effect on the price or value of securities in the Company, subject to certain limited exceptions related mainly to confidential information.

Copies of documents lodged at ASIC in relation to the Company may be obtained from or inspected at an office of ASIC.

As a company listed on ASX, the Company is subject to the Listing Rules which require (subject to certain exceptions) immediate disclosure to the market of any information concerning the Company of which it becomes aware which a reasonable person would expect to have a material effect on the price or value of its securities. Information that is already in the public domain in relation to the Company has not been reported in this Prospectus other than that which is considered necessary to make the transaction contemplated by this Prospectus complete. Copies of documents lodged with ASX in relation to the Company may be downloaded from ASX.

The Company will provide a copy of the following documents free of charge to any person who requests them in the period starting from the date of this Prospectus and ending on the Expiry Date:

- the annual financial report of the Company for the year ended 30 June 2020 being the annual financial report most recently lodged with ASIC; and
- any continuous disclosure notices given by the Company to ASX after the lodgement of the annual financial report referred to above and before the lodgement of this Prospectus with ASIC, being the following documents:

| Date | Description of announcement |
|----------------|--|
| 31 July 2020 | Dividend/Distribution - MFF |
| 31 July 2020 | Appendix 4G & Corporate Governance Statement |
| 3 August 2020 | Monthly NTA - July 2020 |
| 6 August 2020 | Appendix 3Y |
| 6 August 2020 | Appendix 3Y |
| 10 August 2020 | Weekly NTA |
| 17 August 2020 | Weekly NTA |

This Prospectus is issued pursuant to Section 713 of the Corporations Act. This enables listed disclosing entities to issue a prospectus with more limited disclosure than would be required of a full-form prospectus where the Company has been a listed disclosing entity for a period of at least 12 months.

9.2 Interests of Directors in the Company

As at the date of this Prospectus, the number of Shares in which Directors and their Associates have a Relevant Interest is as follows:

| Director | Shares* |
|-----------------------|----------------|
| Annabelle Chaplain AM | 232,356 |
| John Ballard | 1,774,820 |
| Robert Fraser | 498,676 |
| Andy Hogendijk | 656,814 |
| Chris Mackay | 69,152,632 |
| Peter Montgomery AM | 83,424 |

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

The Directors and their Associates will receive the same entitlement to the Options as all other Shareholders under the Bonus Issue. Refer to section 8 for the capital structure of the Company.

9.3 Directors' Remuneration

The Company's Directors were remunerated by the Company and received the following amounts for the year ended 30 June 2020:

| Independent Non-Executive Directors | Remuneration |
|--|---------------------|
| Annabelle Chaplain AM | \$106,667 |
| John Ballard | \$82,500 |
| Robert Fraser | \$81,458 |
| Andy Hogendijk | \$95,000 |
| Peter Montgomery AM | \$70,000 |
| Richard Warburton AO LVO ^(A) | \$9,166 |

^(A) Mr Warburton resigned on 1 August 2019 and his remuneration is shown for the period from 1 July 2019 to 1 August 2019.

| Managing Director | Remuneration |
|--------------------------|---------------------|
| Chris Mackay | \$1,572,583 |

The Independent Non-Executive Directors' remuneration and the Managing Director's remuneration are expected to be substantially similar as set out above for the financial year ending 30 June 2021.

Other than as set out in this Prospectus, no Director of the Company holds, at the time of lodgement of this Prospectus with ASIC, or has held in the two years before lodgement of this Prospectus with ASIC, an interest in:

- the formation or promotion of the Company;
- the Bonus Issue; or
- any property acquired or proposed to be acquired by the Company in connection with the formation or promotion of the Company or the Bonus Issue.

Other than as set out in this Prospectus, no amount (whether in cash, Shares or otherwise) has been paid or agreed to be paid, nor has any benefit been given, or agreed to be given to any Director or proposed Director of the Company:

- to induce a person to become, or qualify as, a Director of the Company; or
- for services provided by a Director or proposed Director of the Company in connection with the formation or promotion of the Company or the Bonus Issue.

Under the Services Agreement the Services Provider provides to the Company investment research and services incidental to the management of the Company's investment portfolio. The Services Provider is entitled to receive service fees under the Services Agreement. Under the Administrative Services Agreement the Services Provider provides to the Company certain administrative services including, but not limited to, financial, legal, company secretarial, risk management and compliance services. The Services Provider does not receive fees under the Administrative Services Agreement. To the extent that any Options are exercised, the fees earned by the Services Provider under the Services Agreement will not change as a result of any Options being exercised.

9.4 Interests of Professionals

Except as set out in this Prospectus, no person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or interest of this Prospectus holds at the time of lodgement of this Prospectus with ASIC, or has held in the two (2) years before lodgement of this Prospectus with ASIC, an interest in:

- the formation or promotion of the Company;
- the Bonus Issue; or
- any property acquired or proposed to be acquired by the Company in connection with the formation or promotion of the Company or the Bonus Issue,

nor has anyone paid or agreed to pay or given or agreed to give any benefit to such persons in connection with the formation or promotion of the Company or the Bonus Issue.

Hamilton Locke acted as Australian legal adviser to the Company in relation to the Issue. The Company has paid or agreed to pay an amount of approximately \$12,000 (plus disbursements and GST) up to the date of this Prospectus in respect of those services. Further amounts may be paid to Hamilton Locke in accordance with its normal time-based charges.

9.5 Legal Proceedings

The Company is not and has not been, during the 12 months preceding the date of this Prospectus, involved in any legal or arbitration proceedings which have had or may have a significant effect on the financial position of the Company. As far as the Directors are aware, no such proceedings are threatened against the Company.

9.6 Investor Considerations

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

The potential tax effects relating to the Bonus Issue will vary between Shareholders. Shareholders are urged to consider the possible tax consequences of participating in the Bonus Issue by consulting a professional tax adviser.

9.7 Expenses of the Bonus Issue

Expenses of the Bonus Issue including ASIC and ASX fees, share registry costs, printing costs and professional costs are estimated to be approximately \$100,000.

9.8 ASIC Instruments

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

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

9.9 Consents

Magellan Asset Management Limited has given, and before lodgement of this Prospectus has not withdrawn, its consent to be named in this Prospectus as the Service Provider to the Company.

Boardroom Pty Limited has given, and before lodgement of this Prospectus has not withdrawn, its consent to be named in this Prospectus as Share Registrar of the Company in the form and context in which it is named.

Hamilton Locke has given, and before lodgement of this Prospectus has not withdrawn, its consent to be named in this Prospectus as Australian legal adviser to the Company in the form and context in which it is named.

Taylor Collison Limited has given, and before lodgement of this Prospectus has not withdrawn, its consent to be named in this Prospectus as the Arranger and in the form and context in which it is named.

Bell Potter Securities Limited has given, and before lodgement of this Prospectus has not withdrawn, its consent to be named in this Prospectus in the form and context in which it is named.

None of, Magellan Asset Management Limited, Boardroom Pty Limited, Hamilton Locke, Taylor Collison Limited or Bell Potter Securities Limited:

- (a) has authorised or caused the issue of the Prospectus;
- (b) has made, or purported to have made, any statement in this Prospectus, except this section; and
- (c) assumes responsibility for any part of this Prospectus except for statements in this section.

Each of these entities to the maximum extent permitted by the law, disclaim any responsibility or liability for any part of this Prospectus other than a statement included in this section.

9.10 Statement of Directors

Each Director of the Company has given and has not withdrawn their consent to the issue of this Prospectus and to its lodgement with ASIC under the Corporations Act.

9.11 Privacy

The Company collects information about each Applicant that submits an Application Form for the purposes of processing the Application Form and, if the application for the exercise of Options is successful, to administer the Applicant's holding of Shares in the Company. By submitting an Application Form, each Applicant agrees that the Company may use the information provided by an Applicant on the Application Form for the purposes set out in this privacy disclosure statement and may disclose it for those purposes to the Share Registrar, the Company's agents and third party service providers, including mailing houses and professional advisors, and to the ASX and regulatory authorities.

If an Applicant becomes a Shareholder, the Corporations Act requires the Company to include information about the Shareholder (including name, address and details of the Shares held) in its public register. The information contained in the Company's public register must remain there even if that person ceases to be a Shareholder. Information contained in the Company's register is also used to facilitate distribution payments and corporate communications (including the Company's financial results, annual reports and other information that the Company may wish to communicate to its security holders) and compliance by the Company with legal and regulatory requirements. If you do not provide the information required on the Application Form, the Company may not be able to accept or process the exercise of your Options. An Applicant has the right to gain access to the information that the Company holds about that person subject to certain exceptions under law. A fee may be charged for access. Such requests must be made in writing to the Company's registered office.

9.12 Governing Law

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

10. Definitions and Interpretation

10.1 Defined Terms

In this Prospectus:

Administrative Services Agreement means the administrative services agreement between the Services Provider and the Company dated 21 May 2014, as amended.

Applicant means a registered holder of an Option who submits a valid Application Form pursuant to this Prospectus.

Application Form means the 'Application for Shares on Exercise of Options'.

ASIC means the Australian Securities & Investments Commission.

Associate has the same meaning as in the Corporations Act.

ASX or **Australian Securities Exchange** means ASX Limited ACN 008 624 691 or the securities exchange operated by ASX Limited.

Bonus Issue means the issue of approximately 109,925,010 Options to Shareholders under this Prospectus.

Business Day has the meaning given in the Listing Rules.

Company means MFF Capital Investments Limited ACN 121 977 884.

Constitution means the constitution of the Company.

Corporations Act means the *Corporations Act (2001)*(Cth).

Corporations Regulations means the *Corporations Regulations (2001)*(Cth).

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

Eligible Shareholder means a Shareholder as at 5:00pm (Sydney time) on the Record Date with a registered address in Australia, New Zealand or Singapore and any other jurisdiction in which it is lawful to make the offers of Options in accordance with this Prospectus.

Expiry Date means the expiry date of the Options, being 5.00pm (Sydney time) on 31 October 2022.

Exercise Price means the amount payable to the Company by the Option holder upon exercise of an Option, being two dollars and sixty cents (\$2.60).

Listing Rules means the listing rules of ASX.

Option means an option to acquire a Share granted pursuant to this Prospectus.

Option holder means a registered holder of an Option.

Outstanding Options means any Options which have not been exercised at a particular time.

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

Record Date means 27 August 2020.

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

Services Agreement means the services agreement between the Services Provider and the Company dated 21 May 2014, as amended.

Services Provider means Magellan Asset Management Limited ACN 120 593 946.

Share means a fully paid ordinary share in the Company.

Shareholder means a registered holder of a Share.

Share Registrar means Boardroom Pty Limited ACN 003 209 836.

Terms of Options means the terms and conditions of the Options.

10.2 Interpretation

In this Prospectus the following rules of interpretation apply unless the context otherwise requires:

- (a) words and phrases not specifically defined in this Prospectus have the same meaning that is given to them in the Corporations Act and a reference to a statutory provision is to the Corporations Act unless otherwise specified;
- (b) the singular includes the plural and vice versa;
- (c) a reference to an individual or person includes a corporation, partnership, joint venture, association, authority, company, state or government and vice versa;
- (d) a reference to any gender includes both genders;
- (e) a reference to clause, section, annexure or paragraph is to a clause, section, annexure or paragraph of or to this Prospectus, unless the context otherwise requires;
- (f) a reference to “dollars” or “\$” is to Australian currency; and
- (g) in this document, headings are for ease of reference only and do not affect its interpretation.

11. Corporate Directory

Directors

Annabelle Chaplain AM
John Ballard
Robert Fraser
Andy Hogendijk
Chris Mackay
Peter Montgomery AM

Company Secretary

Marcia Venegas

Registered Office

Level 36, 19 Martin Place
Sydney NSW 2000
Telephone: +61 2 9235 4888
Fax: +61 2 9235 4800
Email: info@magellangroup.com.au

Share Registrar

Boardroom Pty Limited
Level 12, Grosvenor Place
Sydney NSW 2000
Telephone: +61 2 9290 9600
Fax: +61 2 9279 0664
Email: enquiries@boardroomlimited.com.au

Legal Advisor

Hamilton Locke
Level 42, Australia Square
264 George Street, Sydney NSW 2000

Securities Exchange Listing

Australian Securities Exchange (ASX)

ASX code: MFF

Website

www.mffcapital.com.au

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