

## Summary of the Melbourne IT Limited Dividend Reinvestment Plan

<b>Purpose</b>	The purpose of the Plan is to provide Company shareholders with the choice of applying dividends paid or declared by the Company in subscribing for fully paid ordinary shares in the Company rather than receiving those dividends directly in cash. The Plan will commence on a date determined by the Directors.
<b>Eligibility</b>	<p>All holders of ordinary shares are eligible to participate in the Plan unless the Directors determine that:</p> <ul style="list-style-type: none"><li>• it would be unlawful, impractical, impossible for the holder to participate;</li><li>• participation would cause an adverse effect on the regulatory approvals or licences which the Company holds or for which it intends to apply; or</li><li>• the holder has a registered address in a place where a participation would require the issue of a prospectus under foreign law.</li></ul>
<b>Participation</b>	<p>Eligible shareholders may elect to participate in the Plan in respect of all or part of their holding and, subject to the terms of the Plan, may vary the level of participation or withdraw from the Plan at any time. Shares issued under the Plan and any bonus shares issued in respect of Plan Shares will be added to the shareholder's Plan Shares.</p> <p>The Directors may at any time with written notice to participating shareholders limit the amount of dividend which may be reinvested under the Plan.</p>
<b>Applications to participate</b>	To participate in the Plan eligible shareholders must complete the Notice of Dividend Election and return it to the Company's share registry. A separate notice must be lodged for each shareholding account. Participation in the Plan will commence with the first dividend payment after receipt by the Company of the Notice of Dividend Election, provided it is received before the record date for that dividend. The Notice of Dividend Election will also operate for all future Dividends in respect of which the Plan operates, unless superseded by a Notice of Variation or the Participant's participation in the Plan has been terminated.
<b>Variation of level of participation or withdrawal from the</b>	Participating shareholders may vary the level of participation or withdraw from the Plan at any time by completing a Notice of Variation and returning it to the share registry. The

<b>Plan</b>	variation or withdrawal will be effective for the next dividend, provided the Notice of Variation is received before the record date for that dividend.
<b>Entitlement</b>	Participating shareholders will be entitled on each dividend payment to be issued the nearest whole number of ordinary shares (rounding down) which the cash dividend on Plan Shares in the relevant shareholding account would acquire at the issue price. If there is a cash dividend on Plan Shares left over after shares have been issued under the Plan it will be carried forward until the next dividend is declared or paid and will be added to that dividend in determining the number of shares issued under the Plan. Shares will not be issued under the Plan if the issue would breach any provision of any applicable law.
<b>Issue price of Plan Shares</b>	Shares allotted under the Plan will be issued at a discount to be determined by the directors from time to time from the weighted average market price of ordinary shares of the Company sold on the ASX on the first day on which those shares are quoted ex dividend in relation to the dividend to which the issue under the Plan relates and the following four business days.
<b>Costs</b>	The issue of shares under the Plan will not be subject to brokerage, commissions, stamp duty or other transaction costs. All administrative costs will be met by the Company.
<b>Ranking of Plan Shares</b>	Shares issued under the Plan will rank equally in every respect with the Company's existing issued fully paid ordinary shares and will participate in all dividends subsequently declared or paid.
<b>Plan records</b>	Shareholders participating in the Plan will receive a statement at the time of each dividend payment showing, for each shareholding account, full details of the amount of dividend entitlement, the issue price, the number of shares issued and any residual dividend carried forward.
<b>Sale of shares</b>	Shareholders participating in the Plan may sell any of their shares, including shares participating in the Plan or issued under the Plan, at any time. Shares participating in the Plan which are transferred are automatically withdrawn from the Plan on registration of a valid transfer document.
<b>Stock Exchange listing</b>	Application will be made for all shares allotted under the Plan to be quoted on the Australian Stock Exchange Limited.

## **Taxation**

The following comments are an overview only of some of the possible tax consequences of participating in the Plan and only apply to shareholders who hold their shares on capital account and who are Australian residents for tax purposes.

It does not purport to be a complete analysis and does not apply to shareholders who hold their shares on income account. Nor does it apply to shareholders that may be subject to special tax rules such as banks, insurance companies, tax exempt organisations, superannuation funds or dealers in securities. Shareholders should seek their own tax advice, which takes into account their personal circumstances.

### ***Taxation of Dividends***

Cash dividends applied to acquire shares under the Plan normally form part of a shareholder's assessable income.

Under the dividend imputation system, if the dividend is fully franked or partly franked, the shareholder may be entitled to a tax offset (or refund of tax). In this case, the shareholder will generally need to include in their assessable income the amount of any franking credits (to be able to receive the appropriate tax offset) in addition to the cash dividend paid. Generally, the tax offset will be equal to the amount of the franking credits included in their assessable income.

There are circumstances where a shareholder may not be entitled to the benefit of franking credits. The application of these rules depends on the shareholder's own circumstances including the period for which the shares are held and the extent to which the shareholder is "at risk" in relation to their shareholding.

Imputation credits that are not used by an Australian resident individual shareholder or certain other entities to reduce their tax liability for the year the dividend is paid (that is, "excess credits") may be refunded to the shareholder by the Australian Taxation Office.

### ***Shares : capital gains tax on later sale***

Shares issued under the Plan are likely to be subject to Australia's capital gains provisions when sold by the shareholder.

For capital gains tax purposes, the cost base of a share issued under the Plan to the shareholder will include the amount of the cash dividend applied on their behalf to acquire the share under the Plan.

The time of acquisition of the shares by the shareholder will be the time the shares are issued. This is relevant to whether the

shareholder qualifies for a discount capital gain exemption for a gain made on a subsequent sale of the shares.

That is, if the shareholder is an individual (or, in some cases, a trustee) or a complying superannuation entity and realises a capital gain on the disposal, the shareholder may qualify for the discount capital gains tax exemption. A 50% exemption may apply for individuals and some trustees; a one-third exemption may apply for a complying superannuation entity. The exemption will generally only apply if the shareholder has held their shares for at least 12 months prior to the disposal for capital gains tax purposes.

**Modification and  
termination of the  
Plan**

The Plan may be varied, suspended or terminated by the Directors of the Company at any time by giving participants written notice as provided in the Plan Rules.

# Melbourne IT Limited Dividend Reinvestment Plan Rules

## General terms

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### **1 The Plan**

The Plan and these Rules will commence operation on such date as the Directors in their sole discretion determine.

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### **2 Invitations and applications to participate in the Plan**

#### **2.1 Eligible Members**

The Company may from time to time invite Eligible Members to participate in the Plan.

#### **2.2 No transfer**

Participation in the Plan is optional and not transferable.

#### **2.3 Notice of Dividend Election**

An Eligible Member who wishes to participate in the Plan may only apply for participation by lodging a Notice of Dividend Election with the Company.

#### **2.4 Joint holders**

All joint holders of Shares must sign a Notice of Dividend Election for it to be valid.

#### **2.5 Validity**

A Notice of Dividend Election must be properly completed in accordance with any accompanying instructions for it to be valid.

#### **2.6 Shareholding accounts**

A Notice of Dividend Election must be lodged for each shareholding account which the Eligible Member wishes to participate in the Plan, and each shareholding account of an Eligible Member will be treated separately for all purposes under the Plan.

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## **3 Degree of participation**

### **3.1 Participation**

An Eligible Member must specify on the Notice of Dividend Election the degree to which the shareholder wishes to participate in the Plan in respect of the nominated shareholding account. Participation may be:

- (a) full participation for all the Participant's Shares from time to time however acquired (including Shares issued under the Plan);
- (b) partial participation for a specific number and class of Shares nominated by the Participant together with the Shares issued under the Plan and any bonus shares issued in respect of Plan Shares. However, if at the record date for a Dividend, the number of the Shares held by the Participant is fewer than the nominated number, then the Plan will apply only to that lesser number for that Dividend; or
- (c) partial participation for a specific proportion of Shares held by the Participant at the relevant time.

### **3.2 Limited participation**

Despite clause 3.1, the Directors may at any time with written notice to Eligible Members limit participation in the Plan by limiting the amount of Dividend which may be reinvested under the Plan.

### **3.3 Deemed application for full participation**

A Notice of Dividend Election received by the Company will be deemed to be an application for full participation in the Plan for all shareholding accounts of the Eligible Member if the Eligible Member does not indicate:

- (a) the shareholding account to which the notice applies; or
- (b) the degree of participation in the Plan.

An Eligible Member is not entitled to notice under this clause 3.3.

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## **4 Acceptance of applications**

### **4.1 Director's discretion**

The Directors may in their absolute discretion accept or refuse any Notice of Dividend Election, without being bound to give any reason for doing so.

### **4.2 Rejection of Notice of Dividend Election**

If the Directors refuse to accept a Notice of Dividend Election, the Company must notify the Eligible Member as soon as practicable that the Notice of Dividend Election has been rejected.

### **4.3 Effectiveness of Notice of Dividend Election**

Each Notice of Dividend Election accepted by the Directors will be effective in respect of:

- (a) the first Dividend payment after receipt of the Notice of Dividend Election, provided it is received before the record date for that Dividend; and
- (b) every Dividend thereafter unless superseded by a later Notice of Variation or by termination of the Participant's participation in the Plan, or the Plan has been suspended or terminated.

### **4.4 Record of Notice of Dividend Election**

The Company will record for each shareholding account of each Participant particulars of:

- (a) the name and address of the Participant; and
- (b) the number of Plan Shares held by the Participant from time to time.

The Company's records will be conclusive evidence of the matters so recorded.

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## **5 Reinvestment of Dividends**

### **5.1 Reinvestment**

Dividends on Plan Shares will be applied by the Company on the Participant's behalf in subscribing for Shares. Any Dividends on Plan Shares which the Company is entitled to retain under its Constitution or otherwise will not be available for subscribing for Shares. If withholding tax is payable in respect of a Dividend that tax will be deducted and only the balance will be applied in subscribing for Shares.

### **5.2 Plan accounts**

The Directors will establish and maintain a Plan account for each shareholding account of each Participant. At the time of each Dividend payment, the Directors will:

- (a) determine the Dividend payable in respect of the Plan Shares which may be reinvested under the Plan (before any deduction referred to in (b));
- (b) determine (where applicable) the Australian withholding tax deductible by the Company in respect of the Dividend, and any other sum the Company is entitled to retain in respect of the Plan Shares;
- (c) credit the amount in (a) above and debit any amount in (b) above to the Participant's Plan account;
- (d) determine the maximum whole number of Shares which can be acquired under these Rules by using the amount in the Participant's Plan account;

- (e) subscribe for Shares in the name of the Participant and debit the subscription amount against the balance in the Participant's Plan account; and
- (f) carry forward any residual positive balance.

### 5.3 Issue of Shares

The number of Shares issued to each Participant will be the whole number equal to, or when not a whole number, the nearest whole number below the number calculated by the formula:

$$\frac{D - T + R}{C}$$

where:

- D is the Dividend payable on the Participant's Plan Shares as at the record date for that Dividend which may be reinvested under the Plan;
- T is any withholding tax or other sum the Company is entitled to retain in relation to the Dividend or the Plan Shares;
- R is the residual positive balance carried forward in the Participant's Plan account;
- C is an amount which is the volume weighted average price for a fully paid Share sold on ASX on the first day on which those shares are quoted ex dividend in relation to the relevant Dividend and the following four business days less such discount, if any, as determined by the Directors from time to time.

Shares will not be issued under the Plan if the issue would breach any provision of any applicable law.

### 5.4 Residual positive balance

If the number of Shares issued under the Plan to any Participant is the nearest whole number below the number determined in accordance with Rule 5.3, then the difference between the positive balance of the Participant's Plan account (before issue) and the total subscription price for those Shares will be recorded as a residual positive balance in the Participant's Plan account and will be carried forward, on behalf of the Participant, to the next Dividend. No interest will accrue in respect of residual positive balances. On the termination of participation in the Plan any residual positive balance at that time will be paid to the Participant.

## **5.5 Statements**

As soon as practicable after each issue of Shares under the Plan, the Company will send to each Participant, for each shareholding account, a statement setting out:

- (a) the number and class of the Participant's Plan Shares on the record date for the relevant Dividend;
- (b) the Dividend payable in respect of that Participant's Plan Shares which has been applied towards subscription for additional Shares;
- (c) the amount of any withholding tax or other sum the Company has retained in relation to the Dividend or the Plan Shares;
- (d) the number, issue price and issue date of additional Shares allotted to that Participant under the Plan;
- (e) the number and class of Shares (including Plan Shares) in respect of which that Participant is the registered holder after the allotment; and
- (f) the amount of the Participant's residual positive balance, if any.

## **5.6 Equal ranking**

All Shares issued under the Plan will from the date of issue rank equally in all respects with existing Shares.

## **5.7 Issue**

Shares to be issued under the Plan will be issued within the time required by the ASX and certificates for the Shares will be issued as soon as practicable after issue if so required by the Company's Constitution.

## **5.8 Registration of Shares**

Shares allotted to a Participant under the Plan will be registered:

- (a) if the Plan Shares already held by the Participant are registered on one register - on that register; or
- (b) if the Plan Shares already held by that Participant are registered on more than one register - on the register designated by that Participant or, in the absence of a designation, on the register selected by the Company.

## **5.9 Quotation on ASX**

The Company will make application promptly after each issue of Shares under the Plan for quotation of those Shares on ASX, if other Shares of the Company are quoted at that time.

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## **6 Variation or termination of participation**

### **6.1 Notice of Variation**

By lodging with the Company a Notice of Variation, a Participant may:

- (a) increase or decrease the number of its Plan Shares; or
- (b) terminate participation in the Plan.

A Notice of Variation must be lodged for each shareholding account. To be effective for a future Dividend, the Notice of Variation must be received by the Company before the record date for that Dividend.

### **6.2 Deemed termination of participation**

If a Participant disposes of all the Participant's Shares without giving the Company a Notice of Variation and is not registered as a holder of any Shares at the record date for payment of a Dividend, the Participant will be deemed to have terminated participation on the last date when the Company registered a transfer of the Participant's Shares.

### **6.3 Part disposal and no notice**

When a Participant disposes of part of the holding of Shares of that Participant, and does not notify the Company otherwise, the Shares disposed of will, to the extent possible, be taken to be:

- (a) first, Shares which are not Plan Shares; and
- (b) secondly, Plan Shares.

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## **7 Modification, suspension and termination of the Plan**

### **7.1 Modification**

The Plan may be modified by the Directors at any time in relation to all or any class of shares after giving one month's notice in writing to all Participants. A Participant's Plan Shares continue to participate in the modified Plan unless the Company is notified to the contrary by the Participant in accordance with these Rules.

### **7.2 Suspension, recommencement or termination**

The Plan may be suspended, recommenced or terminated by the Directors at any time in relation to all or any class of shares, after giving one month's notice to all Participants.

### **7.3 Effective date**

A suspension, recommencement or termination will be effective:

- (a) the day after one month's notice has been given to Participants; and
- (b) until such time as the Directors resolve either to recommence or terminate the Plan.

#### **7.4 No Dividends during suspension**

Whilst the Plan is suspended, Dividends on Plan Shares will not be applied by the Directors on the Participant's behalf in subscribing for Shares.

#### **7.5 Omission or non-receipt of notice**

The accidental omission to give notice of modification, suspension or termination to any Participant or the non-receipt of any notice by any Participant will not invalidate the modification, suspension or termination of the Plan.

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### **8 Administration of the Plan**

This Plan will be administered by the Directors who have the power to:

- (a) determine procedures for administration of the Plan consistent with the Rules;
- (b) settle in such manner as they think expedient any difficulties, anomalies or disputes which may arise in connection with, or by reason of, the operation of the Plan, whether generally or in relation to any Participant or any Shares and the determination of the Directors is to be conclusive and binding on all Participants and other persons to whom the determination relates; and
- (c) delegate to any one or more persons, for such period and on such conditions as they may determine, the exercise of any of their powers or discretions arising under the Plan.

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### **9 Participants to be bound**

Participants are at all times bound by the Rules of the Plan as modified from time to time.

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### **10 Costs to Participants**

No brokerage, commission or other transaction costs will be payable by Participants in respect of Shares issued under the Plan. However the Company does not assume liability for any taxes or other imposts assessed against or imposed on a Participant.

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### **11 Notices**

All communications by the Company to Eligible Members or Participants under these Rules shall be given in accordance with the notice provisions of the Constitution.

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## 12 Governing Law

These Rules will be governed by and construed in accordance with the laws of Victoria.

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## 13 Interpretation

### 13.1 Definitions

The following words have these meanings in these Rules, unless the contrary intention appears:

**ASX** means Australian Stock Exchange Limited (ACN 008 624 691).

**Company** means Melbourne IT Limited (ACN 073 716 793).

**Constitution** means the constitution of the Company as amended from time to time.

**Directors** means the directors of the Company acting as a board or any duly appointed committee of the board.

**Dividend** means a cash dividend or cash component of a dividend paid by the Company.

**Eligible Member** means a person registered as the holder of Shares other than:

- (a) a person whose participation in the Plan would, in the reasonable opinion of the Directors, be unlawful, impractical, impossible or would have an adverse effect on the regulatory approvals or licences which the Company holds or for which it intends to apply; or
- (b) a person with a registered address in any place where, in the opinion of the Directors, participation or the making of an offer or invitation to participate in the Plan would require issue of a prospectus under foreign law.

**Notice of Dividend Election** means the application to participate in the Plan in respect of a particular shareholding account in the form that the Directors from time to time approve.

**Notice of Variation** means a notice in the form that the Directors from time to time approve for a Participant to increase or decrease the number of the Participant's Plan Shares.

**Participant** means an Eligible Member whose application to participate in the Plan in respect of a particular shareholding account has been accepted by the Directors.

**Plan** means the Melbourne IT Limited Dividend Reinvestment Plan, the terms of which are set out in these Rules.

**Plan Shares** means the Shares in a particular shareholding account which are designated by a Participant as Shares the dividend on which is to be applied in subscribing for Shares under the Plan.

**Shares** means fully paid ordinary shares in the capital of the Company.

### **13.2 Reference to certain general terms**

Unless the contrary intention appears, a reference in these Rules to:

- (a) **(person)** the word “person” includes a corporation; and
- (b) **(singular includes plural)** the singular includes the plural and vice versa.

# Melbourne IT Limited Dividend Reinvestment Plan Rules

Confirmed as approved by the Board of Melbourne IT  
Ltd.

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**Mr Rob Stewart**  
**Chairman**

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**Date**

# Melbourne IT Limited Dividend Reinvestment Plan Rules

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