



**Melbourne IT Limited**  
**(ACN 073 716 793)**

## **Summary of the Melbourne IT Limited Dividend Reinvestment Plan**

<b>Purpose</b>	The purpose of the Dividend Reinvestment Plan (the <b>Plan</b> ) 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>

**Applications to participate**

To participate in the Plan eligible shareholders must complete the Reinvestment Plan Application form 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 Reinvestment Plan Application Form, provided it is received no later than 5:00pm (AEST) on the business day after the record date for that dividend. The Reinvestment Plan Application form will also operate for all future Dividends in respect of which the Plan operates, unless superseded by a Reinvestment Plan Variation form or the Participant's participation in the Plan has been terminated.

**Variation of level of participation or withdrawal from the Plan**

Participating shareholders may vary the level of participation or withdraw from the Plan at any time by completing a Reinvestment Plan Variation form and returning it to the share registry. The variation or withdrawal will be effective for the next dividend, provided the Reinvestment Plan Variation form is received no later than 5:00pm (AEST) on the business day after the record date for that dividend.

**Entitlement**

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.

**Issue price of Plan Shares**

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.

**Costs**

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.

**Ranking of Plan Shares** 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.

**Plan records** 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.

**Sale of shares** 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.

**Stock Exchange listing** 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.