

Dividend Investment Plan

Terms and Conditions

The following are the terms and conditions applicable to the FOS Capital Dividend Investment Plan (the Plan).

1. Participation in the Plan

Participation is optional

Participation is open to all shareholders of FOS Capital Limited (**FOS Capital**), except such holders whose address (as it appears in the relevant FOS Capital' register) is in a country whose regulations make it impracticable in the opinion of the directors for the Plan to be offered to them.

Participation may, subject to any restrictions in these terms and conditions, be varied or terminated by a Plan participant at any time.

(Note: The directors have resolved that it is impracticable for participation in the Plan to be offered to holders whose addresses are in countries other than Australia or New Zealand.)

2. Applications to Participate

Applications to participate in the Plan are made on the appropriate form signed by the applicant. Each application received by FOS Capital is effective for:

- (i) the first dividend payable after receipt of the application; and
- (ii) all subsequent dividends until the earlier of termination of the participant's participation in the Plan or termination of the Plan,

Provided that any application received by FOS Capital after the business day following the record date for determination of entitlements to payment of a dividend (**record date**) is not effective for that dividend.

3. Degree of Participation

Participation in the Plan in respect of dividends on Shares may be either full or partial.

Full Participation results when FOS Capital accepts an application by a shareholder for the whole of that shareholder's shareholding from time to time to be subject to the Plan. Under full participation, the provisions of the Plan apply to all cash dividends payable on all the participant's registered shareholding at the relevant record date.

Partial Participation results when FOS Capital accepts an application by a shareholder for less than all of that shareholder's shareholding from time to time to be subject to the Plan.

Under partial participation, the provisions of the Plan apply to all cash dividends payable on the relevant percentage or number of the participant's Shares subject to the Plan. However, if the provisions of the Plan apply to the cash dividends payable on a number of a partial participant's Shares, and on the relevant record date the number of Shares held by the partial participant is less than that number, the provisions of the Plan will, in respect of that dividend, apply only to such lesser number of Shares.

Applications in respect of a shareholder's shareholding which are duly signed but which do not indicate the degree of participation selected may be deemed by FOS Capital to be applications for full participation.

4. Operation of the Plan

Dividends and Allocations

Each cash dividend which is payable to a participant in respect of Shares which are the subject of the Plan and which is available for payment to the participant will upon payment be used to acquire (by issue or transfer) additional Shares. In respect of each cash dividend payable to a participant, FOS Capital will for and on behalf of that participant:

- (a) determine the amount of the cash dividend payable in respect of the Shares of that participant which are the subject of the Plan and any withholding tax payable in respect of such dividend;
- (b) credit the amount of the dividend (less withholding tax, if applicable) to the participant's Plan account;
- (c) determine the maximum number of additional Shares priced in accordance with the provisions of the Plan which could be acquired under the Plan (rounded down to the nearest whole number) using the amount of the dividend and any cash balance then in the participant's Plan account;
- (d) either (in the absolute discretion of the directors):
 - (i) issue that number of additional Shares determined in accordance with (c) above to the participant and debit the participant's Plan account with the allocation price for those Shares;
 - (ii) cause that number of Shares determined in accordance with (c) above to be acquired in the market (in the manner the directors consider appropriate) for transfer to the participant, and for each Share allocated, debit the participant's Plan account with the allocation price for those Shares; or
 - (iii) any combination of (i) and (ii) above; and
- (e) retain in the participant's Plan account any cash balance remaining (without accruing interest).

General

In respect of each participant in the Plan, FOS Capital will establish and maintain a Plan account.

The price of Shares to be allocated under the Plan (**allocation price**) will be the 5-day average of the daily volume weighted average price of all Shares sold on the market operated by ASX Limited. Notification of the calculation period and the discount determined by FOS Capital will be by announcement to ASX Limited.

In these Terms and Conditions “calculation period” means a period of not less than five consecutive trading days as determined by the directors from time to time in their absolute discretion.

5. Shares to be Allocated under the Plan

Shares to be allocated under the Plan will be allocated within the time required by the listing requirements of ASX Limited.

Shares allocated under the Plan will, from the date of registration, be ordinary shares and rank equally in all respects with all other issued ordinary shares.

Shares allocated under the Plan will be registered in the participant’s holding and details of the Shares will appear on the participant’s routine transaction statement issued at the end of the month following the allocation.

6. Costs to Participants

No brokerage, commissions, stamp duty or other transaction costs are payable by participants in respect of the application for, and allocation of, Shares under the Plan. However, participants will be required to pay any income tax or withholding tax payable in respect of the receipt of dividends or interest or in respect of the allocation of Shares under the Plan.

7. Statement to Participants

FOS Capital will send to each participant holding Shares which are the subject of the Plan a statement as at each dividend payment date, giving details of the participant’s participation in the Plan.

8. Variation to Participation

Forms to enable a participant to vary his or her participation in the Plan can be obtained by downloading the forms from the FOS Capital website, www.foscapital.com.au or by contacting FOS Capital’ Share Registry, BoardRoom Investor Services on 1300 558 062.

A partial participant may at any time apply to become a full participant and a full participant may at any time apply to become a partial participant.

(Note: Where a partial participant has nominated a percentage of his or her shareholding to participate in the Plan and he or she acquires or disposes of Shares, the number of the participant’s Shares subject to the Plan will be adjusted accordingly, i.e. to maintain the nominated percentage of participation.)

9. Termination of Participation

A full or partial participant may at any time give FOS Capital notice of termination of participation in the Plan.

Notice of termination of participation will be effective in respect of the first record date after the date of receipt by FOS Capital of the notice.

If a participant dies, participation by that participant and any other participant with whom the deceased was a joint participant, will be terminated upon receipt by FOS Capital of notice of the death of the deceased participant

Where a participant disposes of all the participant's Shares without giving FOS Capital notice of termination of participation and is not registered as the holder of Shares at the next record date, the participant will be deemed to have terminated participation on that record date.

At each record date, if a participant has terminated or is deemed to have terminated participation in the Plan, and there is a balance in the participant's Plan account at that date, in excess of \$10, then the entire balance will be paid to the participant when next dividend payment amount is paid to participants who has terminated or is deemed to have terminated participation in the Plan.

10. Applications and Notices

FOS Capital may, in its discretion, give any notice under this Plan to holders of Shares by means of:

- (i) notice in writing in accordance with FOS Capital's constitution; or
- (ii) an announcement to ASX Limited.

Notices by means of an announcement to ASX Limited will be deemed to have been received by all holders of Shares on the date the announcement is made.

Applications and notices to FOS Capital shall be in writing or such other form as FOS Capital may from time to time require.

Such applications and notices will be effective on receipt by FOS Capital subject to:

- (i) these terms and conditions;
- (ii) in the case of applications, acceptance by FOS Capital; and
- (iii) receipt by FOS Capital before the relevant record date.

Applications or notices received after such record date will be effective in respect of the next relevant record date.

11. Stock Exchange Listing

Application will be made by FOS Capital promptly after issue of shares under the Plan to be listed for quotation on the official lists of ASX Limited.

12. Modification and Termination of the Plan

The Plan may be modified by FOS Capital at any time on giving one month's notice to holders of Shares and each agreement between FOS Capital and a participant under the Plan shall be modified as necessary by such notice.

The Plan and each agreement between FOS Capital and the participant under the Plan may be terminated by FOS Capital at any time upon giving two months' notice to holders of Shares in which event FOS Capital will send to the participants the statements to be sent to participants upon termination of participation and any balance in the participant's Plan account.

The non-receipt of any notice under the Plan by the holder of any Shares or the accidental omission to give notice of modification or termination of the Plan shall not invalidate such modification or termination.

The provisions of the Plan will not apply to dividends on Shares which are the subject of the Plan where, by its Constitution or otherwise, FOS Capital is entitled to and does retain or deal with all or part of such dividends.

13. Waiver of strict compliance

FOS Capital reserves the discretion to waive strict compliance with any provisions of these terms and conditions.

14. Suspension of Plan

All or any part of the Plan may be suspended or recommenced from time to time and for such periods as FOS Capital may in its discretion determine by giving one month's notice to holders of Shares. Any applications for participation in the Plan will automatically be suspended during a suspension of the Plan and reinstated upon reinstatement of the Plan. On suspension of the Plan FOS Capital may in its discretion, retain any balances in participants' Plan accounts until the Plan is reinstated, or distribute those balances to participants.