

# Folkestone

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## **DIVIDEND REINVESTMENT PLAN**

Folkestone Limited  
ACN: 004 715 226  
March 2002

## **DIVIDEND REINVESTMENT PLAN (“DRP”)**

### **SUMMARY**

The principal features of the DRP are summarised below. The full terms and conditions begin at page 3.

### **The Dividend Reinvestment Plan (“DRP”)**

The DRP provides shareholders with an optional and convenient way of reinvesting all or part of their dividends in additional ordinary shares in Folkestone.

On dividend payment dates, the dividend attributable to shares participating in the DRP will be automatically reinvested in Folkestone shares. The number of new shares will be determined by reference to the market price.

### **The Cost**

All administration costs will be met by Folkestone. No brokerage, commission or other transaction costs will be payable by participants on shares allotted under the DRP and no stamp or other duties will, under present law, be payable by participants.

### **Eligibility**

Any shareholder having a registered address or being resident in a country other than Australia may not be able to participate in the DRP because of the legal requirements applying in such country. The Board has the discretion to determine whether any such shareholder is excluded from the DRP.

### **Issue Price**

Shares allotted under the DRP will be issued at a weighted average market price of Folkestone shares, less such discount set by the Board from time to time. The Board has determined that a discount of 7% will apply for the time being.

### **Flexibility**

Participation is entirely optional. Shareholders may join the DRP, vary their participation or withdraw from it at any time. If part of a shareholder's holding is nominated for participation in the DRP, cash dividends will be paid on the balance of the shareholding in the normal way.

Shares participating in the DRP or acquired under the DRP may be sold at any time. When such shares are sold they are automatically withdrawn from the DRP.

### **Cash Balances**

Any cash balances remaining after the allotment of shares to a participant under the DRP will be carried forward and added to the participant's next dividend entitlement.

## **Dividends and Other Rights**

The new shares will rank equally in all respects with existing fully paid ordinary shares.

## **Certificates**

Where a DRP participant is not a CHESS participant, certificates for new shares will be issued for each allotment under the DRP. Otherwise the new shares will be shown on the participant's next CHESS statement.

## **Statements**

Participants will be sent a statement after each dividend payment, detailing their participation in the DRP. This statement, which will include details of franking, will be relevant to the completion of the shareholder's tax return.

## **General**

The DRP may be varied, suspended or terminated by the Board.

## **Enquiries**

If you wish to enquire about the DRP, please contact the Company Registrar, ASX Perpetual Registrars Limited at the following location:

ASX Perpetual Registrars Limited  
Level 4  
333 Collins Street  
Melbourne Victoria 3000  
Telephone: (03) 9615 9999  
Facsimile: (03) 9615 9900  
E-mail: [registrars@aprl.com.au](mailto:registrars@aprl.com.au)

## **How to participate in the DRP**

If you wish to participate in the DRP, please complete and sign the Application Form and return it in the envelope provided or to the address set out above.

Participation will commence with the first dividend payment after the receipt of the Application Form provided it is received before the books closing date for that dividend.

## TERMS AND CONDITIONS

### 1. Participation in the DRP

Participation in the Dividend Reinvestment Plan (“the DRP”) is optional and open to all shareholders of Folkestone Limited (“the Company”) unless excluded by these terms and conditions (“Rules”).

The Board may determine that a shareholder is not entitled to participate in the DRP, whether or not that shareholder has received from the Company an invitation to participate or has completed an Application Form, if the shareholder is subject to the law of, or the shareholder’s registered address is in, a country or place where (in the absence of a registration statement or other prerequisite) the offer of a right of election under the DRP, or the issue of shares upon the exercise of that right of election, would or might in the opinion of the Board be unlawful. It is the responsibility of each shareholder to obtain any necessary approvals to enable that shareholder to participate.

The Board has the discretion to refuse to accept shares for participation in the DRP and to suspend or withdraw shares from participation if the Board considers that the participation of those shares might lead to foreign persons or associates of foreign persons acquiring a significant interest or an aggregate significant interest in the Company for the purposes of the foreign takeovers legislation.

### 2. Application to participate

Application to participate in the DRP is to be made on the Application Form prescribed by the Board from time to time. Upon receipt by the Company of the Application Form correctly completed, participation will, subject to these Rules, commence from the next “books closing date” for determining entitlements for dividends.

The Board may in its absolute discretion accept or refuse any Application Form or discontinue participation of a participant at any time where the Board determines that acceptance of the Application Form, or the continued participation by a participant, may prejudice the effective operation of the DRP or otherwise be contrary to the laws of any country.

### 3. Degree of participation

- (a) Participation may be either full or partial.
- (b) Under full participation, all shares registered in the participant’s name from time to time, including shares issued pursuant to the DRP, will be subject to the DRP.
- (c) Partial participation only applies to the number of shares nominated in the Application Form by the shareholder. However, if at the relevant books closing date the number

of shares held by the participant is less than the nominated number of shares, then the provisions of the DRP in respect of that dividend payment will only apply to such lesser number of shares. Where a shareholder is a partial participant, all shares subsequently acquired by the participant, whether under the DRP or otherwise, will only participate in the DRP to the extent that the participant alters the participation level in accordance with Clause 8.

- (d) If a signed Application Form does not indicate the degree of participation in the DRP, it shall be deemed to be an application for full participation.

#### **4. Operation of the DRP**

Each dividend which is payable to a participant in respect of shares subject to the DRP and which is available for payment to the participant will, upon payment, be applied by the Company on the participant's behalf in subscribing for additional fully paid ordinary shares in the Company.

The Company will establish and maintain a DRP account for each participant. The Company will, in respect of each dividend payable to a participant:

- (a) determine the amount of the dividend payable (less withholding tax if applicable) in respect of the participant's shares subject to the DRP;
- (b) credit such amount to the participant's DRP account;
- (c) determine the maximum whole number of additional shares which may be subscribed for under the DRP at the price calculated in accordance with these Rules by using the amount in the participant's DRP account;
- (d) on behalf and in the name of the participant, subscribe for that number of additional shares and debit the participant's DRP account with the total of the subscription price for those additional shares;
- (e) allot that number of additional shares to the participant, and add the number of shares allotted to the total number of shares comprised in the relevant holding; and
- (f) retain in the participant's DRP account, without interest, any cash balance remaining, provided that the Company may on request pay any such amount to the participant.

Shares will be allotted under the DRP at the weighted average market price (rounded to the nearest cent) of all fully paid ordinary shares in the Company sold on the Australian Stock Exchange Limited automated trading system during the five trading days immediately following the shares being quoted ex dividend on the Australian Stock Exchange less a discount determined by the Board from time to time. The shares will be officially quoted by the Australian Stock Exchange Limited as ex dividend on the fourth business day immediately before the books closing date (as defined in the Australian Stock

Exchange Limited Listing Rules) in respect of the relevant dividend.

The average market price referred to above shall be calculated by the Board, or another suitable person nominated by the Board, by reference to information the Board approves for the purpose from time to time. The determination by the Board or some other person nominated by the Board of the allotment price will be binding on all participants.

## **5. Shares to be allotted under the DRP**

Shares to be allotted under the DRP will be allotted on, or as soon as practicable after, the relevant dividend payment date. Shares allotted under the DRP will, from the date of allotment, rank equally in all respects with all other fully paid ordinary shares in the Company.

Shares allotted under the DRP will be registered on the register in which the participant's holding of shares is currently registered. Where the participant holds shares on more than one register, shares allotted under the DRP will be registered on the Victorian register unless the participant requests otherwise.

To the extent that a participant holds shares in certificated form, a share certificate will be issued for the total number of shares allotted under the DRP in respect of each dividend on those shares. To the extent that a participant holds shares in uncertificated form, a statement showing the total number of shares allotted in respect of each dividend on those shares will be issued. The certificate or statement will be forwarded to participants as soon as practicable after allotment.

## **6. Costs to participants**

No brokerage, commission or other transaction costs will be payable by participants in respect of the application for or allotment of shares under the DRP and no stamp or other duties will be payable by participants under present law.

## **7. DRP statements**

At each dividend payment date, the Company will send to each participant a statement detailing the following:

- (a) the number of the participant's shares participating in the DRP as at the relevant books closing date;
- (b) the dividend paid to the participant in respect of the shares the subject of the DRP;
- (c) the withholding tax deducted (if applicable);
- (d) the amount reinvested in new shares;
- (e) the number of new shares allotted under the DRP and the price at which they were allotted;
- (f) any cash balance carried forward; and
- (g) the total number of shares held by the participant.

## **8. Variation or termination of participation**

A participant may at any time give notice to the Company:

- (a) increasing or decreasing the number of shares participating in the DRP; or
- (b) terminating participation in the DRP.

Such alteration or termination is to be in accordance with the Variation/Termination Notice prescribed by the Board from time to time and takes effect from the next books closing date.

If a participant dies, participation in the DRP will be terminated upon receipt by the Company of written notice of death. The death of one or more joint holders will not automatically terminate participation.

Upon termination of the participation of a participant for whatever reason, the Company will, unless otherwise directed, send to the participant or the legal representative of a deceased participant:

- (a) a statement of the participant's DRP account made out to the date of termination; and
- (b) the cash balance, if any, shown in the participant's DRP account as at the date of termination.

## **9. Reduction or termination of participation where no notice given**

Where all of a participant's shares are subject to the DRP and the participant disposes of part of those shares then, unless the participant advises the Company otherwise, the remaining shares held by the participant will continue to participate in the DRP.

Where a participant with limited participation in the DRP disposes of part of that shareholding, then, unless the participant advises the Company otherwise, the shares disposed of will be deemed to be shares not participating in the DRP. If the number of shares disposed of is more than the number of the participant's shares not participating in the DRP, the disposal will be deemed to include all of the participant's shareholding not participating in the DRP, and the balance shall be attributed to shares participating in the DRP.

Where a participant disposes of all shares without giving the Company notice of termination of participation, the participant will be deemed to have terminated participation in the DRP with respect to the shareholding on the date the Company registers a transfer or instrument of disposal of the participant's holding.

## **10. Variation and termination of the DRP**

The DRP may be varied, suspended or terminated by the Board at any time. The variation, suspension or termination will take effect upon the date specified by the Board.

The Board may give written notice of any such variation, suspension or termination as it considers appropriate.

A variation, suspension or termination of the DRP will not be invalidated by the accidental omission to give notice of the variation, suspension or termination to a shareholder and will not give rise to any liability on the part of, or right or action against, the Board or the Company.

Any suspension of the DRP will continue until such time as the Board resolves either to recommence or terminate the DRP. If the DRP is recommenced then elections as to participation in respect of the previously suspended DRP will be valid and have full force and effect in accordance with these Rules for the purposes of the recommenced DRP.

In the event of termination, the Company will send to each participant a statement of the participant's DRP account as at the date of termination, and the outstanding cash balance (if any) shown in the participant's DRP account.

## **11. Stock Exchange listing**

The Company will make application for shares allotted under the DRP to be listed for quotation on the official list of the Australian Stock Exchange Limited as soon as practicable after the date of allotment.

## **12. Application and notices**

Applications and notices to the Company must be in writing and in accordance with the forms prescribed by the Board from time to time (or in such other form as the Board may accept).

Such applications and notices will be effective upon receipt by the Company subject to:

- (a) these Rules;
- (b) in the case of applications to participate, acceptance by the Company; and
- (c) receipt by the Company before the relevant books closing date for determining entitlements to dividends.

Applications or notices received after such closure will not be effective in respect of that dividend payment but will be effective from the next relevant books closing date.

### **13. General**

The DRP will commence on the date determined by the Board.

These Rules will be binding upon each person who is or becomes a member of the Company.

Each holding which a shareholder has from time to time will be regarded as separate for the purposes of the DRP and the DRP will operate as if each such holding were held by a separate person, unless the Board determines otherwise. Consequently, a separate Application Form must be delivered to the Company in relation to each holding which a shareholder wishes to nominate for full or partial DRP participation, and the shareholder will be treated as a separate participant in respect of each holding nominated for participation (and a reference to shares held or acquired by a shareholder or participant is a reference to shares held or acquired in respect or on account of the relevant holding).

Subject to the Constitution of the Company, the Board may implement the DRP in the manner as the Board thinks fit, and may settle any difficulty which may arise either generally or in a particular case in connection with the DRP as the Board thinks fit. Without prejudice to the general powers of the Board under the Constitution and these Rules, the Board may settle in the manner as the Board thinks fit any difficulty, anomaly or dispute which may arise in connection with, or by reason of, the operation of the DRP, whether generally or in relation to any shareholder or shareholding or any share or shares and the determination of the Board will be conclusive and binding on all shareholders and other persons to whom the determination relates.

The DRP and its operation and the terms and conditions herein shall be governed by the laws of the State of Victoria.

# APPLICATION FORM

The Secretary  
 Folkestone Limited  
 ABN 21 004 715 226  
 C/o ASX Perpetual Registrars Limited  
 Level 4  
 333 Collins Street  
 MELBOURNE VIC 3000

## DIVIDEND REINVESTMENT PLAN JOINING/VARIATION/TERMINATION NOTICE

Please initiate or vary my degree of participation in the Dividend Reinvestment Plan in the following way:

JOINING: Degree of Participation

**Please tick box for full participation or enter number of shares for partial participation.**

Full  Partial

VARIATION: I wish to vary my degree of participation to:

**Please tick box for full participation or enter number of shares for partial participation.**

Full  Partial

### TERMINATION

I wish to terminate my participation in the Dividend Reinvestment Plan and understand that I will be sent a statement for my shares accumulated under the Dividend Reinvestment Plan for which no statement has been issued, together with any cash balance retained from previous dividends.

Please tick box  Termination

Shareholder's Name (in full) \_\_\_\_\_

Registered Address \_\_\_\_\_

\_\_\_\_\_ Postcode \_\_\_\_\_

Signature \_\_\_\_\_ Date \_\_\_\_\_

*In the case of joint holdings all parties must sign.*

## **Variation/Termination Notice**

If you desire to vary or terminate your participation at any time, please complete the Variation/Termination Notice on the reverse side and forward it to the Company.

If you desire FULL PARTICIPATION, it will apply to your total holding both now and in the future.

If you desire PARTIAL PARTICIPATION, it will only apply to the quantity you nominate both now and in the future until you lodge a subsequent Variation/Termination Notice.

Upon TERMINATION, any cash balance remaining from previous dividend entitlements will be forwarded to you.

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360 Collins Street  
Melbourne Victoria 3000

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Website: [www.folkestone.com.au](http://www.folkestone.com.au)