

Dividend Re-Investment Plan Booklet

1. Introduction

The Dividend Re-Investment Plan (**Plan**) offers shareholders the opportunity to purchase additional shares in WAM Microcap Limited (**Company**) by reinvesting part or all of their periodic dividends.

The Directors consider it important that the Plan operates to the advantage of all shareholders, not only those that participate in the Plan. Therefore, the Directors will only operate the Plan where they have formed the view that the benefits derived from the capital raised through the Plan will exceed the costs associated with the Plan.

Accordingly, under the terms of the Plan the Directors have the ability to:

- a) limit the amount of dividend which may be invested in subscription for shares under the Plan;
- b) determine the discount to the weighted average market price that will be used to calculate the issue price for each issue of shares under the Plan; and
- c) suspend, amend or terminate the Plan.

The following sections outline the way the Plan works and should be read in conjunction with the rules of the Plan. The Plan rules that are currently in place were adopted on 5 May 2017 and are set out in full at the back of this booklet. If you are interested in participating in the Plan you are encouraged to read the rules of the Plan in full.

2. Eligibility to Participate

Participation in the Plan is optional and is open to all shareholders resident in Australia and those who are resident outside Australia and who have produced to the Company such evidence as the Company may require to satisfy it that any necessary governmental approvals required by Shareholders to participate in the Plan have been obtained and that their participation is not contrary to any applicable laws.

3. How to Participate

Shareholders wishing to participate in the Plan that are eligible to do so should read this booklet (including the Plan rules) and complete and return the application (in a form that is capable of authentication). If necessary, consult your financial adviser before joining.

The Company may in its absolute discretion refuse any election to participate in the Plan.

If a shareholder holds shares in the Company through multiple accounts, a separate application will be required for each account.

4. When Participation Begins

Subject to the Company's acceptance of your application your participation in the Plan will, in general, begin with the first dividend paid after the Company accepts your application. If your application is received after the closing date for elections to participate in the Plan with respect to a particular dividend, it will not be effective until the Company's next dividend. For each dividend, the Directors will determine in accordance with the Listing Rules the last date on which applications for participation must be received.

5. Full or Partial Participation

Shareholders wishing to participate in the Plan can elect to participate in respect of all of the shares registered in their name or in respect of a specified number of such shares only. Accordingly, shareholders have two options when completing an application form shareholders can elect:

- a) **Full Participation:** Dividends on all shares held by a shareholder (including any additional shares acquired in the future whether under the Plan or otherwise) will be reinvested in acquiring new shares under the Plan (subject to any limits on reinvestment announced by the Company from time to time).
- b) **Partial Participation:** The shareholder can nominate the number of shares which participate in the Plan. Only the dividends on those shares (and any new shares issued under the Plan in respect of those shares) will be

reinvested in acquiring new shares under the Plan and shareholders will continue to receive cash dividends on the rest of their shares.

If an application does not clearly indicate the level of participation in the Plan, it will be deemed to be an application for “full participation”.

6. Shares Issued Under the Plan

Under the Plan, participating shareholders will be issued fully paid ordinary shares in the Company.

All shares allotted and issued under the Plan will rank equally in all respects with existing shares from the date of issue. After allotment, the Company will apply to have the shares issued under the Plan quoted on the ASX.

7. How the Plan Operates

When announcing a dividend, the Company will announce via the ASX:

- a) the amount of the dividend;
- b) any limit on the amount of dividend which may be invested in subscription for shares under the Plan (if applicable);
- c) the issue price for shares to be issued under the Plan; and
- d) the closing date by which shareholders must lodge an election to participate or vary their Plan participation if they wish their election to take effect in respect of the current dividend period.

Following the end of a dividend period, the Company will determine each shareholder’s net dividend entitlement.

8. Subscription Price

Shares allotted under the Plan will be allotted at a price determined in accordance with the Corporations Act and the Listing Rules equal to the volume weighted average market price of Shares sold on the ASX over the four trading days commencing on the ex-dividend date for the relevant dividend less any discount determined by the Directors (at their discretion).

9. Disposal of Shares

If a participating shareholder elects for “Full Participation” and then sells some of its shares, the dividends on their remaining shares will continue to be reinvested under the Plan.

If a participating shareholder elects for “Partial Participation” and then sells some of its shares, the number of shares sold will be deemed firstly to be shares that are not participating in the Plan and secondly, once all non-participating shares are all deemed to have been sold, participating shares under the Plan.

10. Variation or Termination of Participation

Shareholders may vary their level of participation in the Plan or withdraw from the Plan at any time by giving notice to the Company’s share registry. The notice must be in the form approved by the Company from time to time.

The Company may in its absolute discretion refuse any variation of level of participation in the Plan (but not any withdrawal). The Company will determine the last date on which it will accept variations with respect to each dividend.

Provided the variation notice is received by the Company before the cut-off for a specific dividend, the variation (subject to acceptance by the Company) will be effective in relation to any dividends paid after the notice is received.

The termination notice will be effective with respect to all dividends paid after the notice is received by the Company.

11. Variation, Suspension and Termination of Plan

The Company may vary the Plan rules at any time by notice on the Company’s website and by notice to ASX. If the Plan rules are varied, participating shareholders will continue to participate under the Plan and the rules, in their varied form, will apply to them.

The Company may also suspend or terminate the operation of the Plan at any time by notice on the Company's website and by notice to ASX. The Company may reinstate the Plan following a suspension at any time by notice on the Company's website and by notice to ASX.

12. Brokerage and Commission

The Company will issue shares under the Plan free of brokerage fees and/or commission.

13. Plan Underwriting

Where the Directors consider it appropriate, the Company may periodically have the Plan underwritten.

14. Taxation

Under current Australian taxation laws, reinvested income will be regarded for tax purposes as if it were received in cash. Please refer to the Plan dividend statement for the details of each dividend.

The Company does not take any responsibility for the taxation liabilities of shareholders and suggests that you obtain independent advice concerning your taxation position.

Dividend Re-Investment Plan Rules

Set out below are the terms and conditions (**Rules**) that apply in relation to the WAM Microcap Limited Dividend Re-Investment Plan (**Plan**).

1. Interpretation

a) In these Rules:

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by ASX Limited (as the context requires).

Company means WAM Microcap Limited (ACN 617 838 418).

Directors means the directors of the Company.

Dividend means a cash dividend or cash component of a dividend.

Eligible Member means a person registered as the holder of a Share:

- (i) whose address as it appears in the register of members of the Company is (and, in the case of a Share held jointly by two or more persons, all of whose addresses appearing in such register are situated) in Australia; or
- (ii) whose address as it appears in the register of members of the Company is (and, in the case of a Share held jointly by two or more persons, one of whose addresses appearing in such register is) outside Australia and who has produced to the Company such evidence as the Company may require to satisfy the Company that any necessary approvals of any governmental authority in relation to participation in the Plan have been obtained and that participation is not contrary to any applicable laws of Australia or any other relevant jurisdiction;

Listing Rules means the listing rules of ASX.

Participant means an Eligible Member who has applied to participate in the Plan and whose application has been accepted by the Company under Rule 3.

Plan Share mean a Share that is designated a plan share under Rule 3.

Register means the register established and maintained under Rule 4(a).

Share means an ordinary share fully paid in the capital of the Company.

Subscription Price means the subscription price determined in accordance with Rule 5(a).

Trading Day means a business day on which one or more Shares are traded on the ASX.

b) Subject to any express or implied contrary intention:

- (i) words importing the singular include the plural and vice versa;
- (ii) a gender includes all genders;
- (iii) words importing natural persons include corporations and vice versa; and
- (iv) references to Rules are references to individual paragraphs of this Plan.

2. Applications

a) No person other than an Eligible Member may apply to participate in the Plan.

b) Each Eligible Member who wishes to participate in the Plan must complete and lodge with the Company an application form in the form approved by the Directors for that purpose (**Dividend Election Notice**).

c) An Eligible Member may elect in the Dividend Election Notice to participate in the Plan in respect of:

- (i) part only of the Shares of which it is the registered holder at the time the Company receives the Dividend Election Notice including any Shares allotted to him under the Plan (**First Alternative**); or

- (ii) all of the Shares of which they are the registered holder as at each record date for a dividend including any Shares allotted to them pursuant to the Plan or otherwise and any Shares acquired by them other than by allotment (**Second Alternative**),

and must nominate in their Dividend Election Notice which of the First Alternative or Second Alternative they wish to apply in respect of their application. If Eligible Members nominate the First Alternative, they must specify the number of Shares in respect of which they seek to participate in the Plan. If they fail to nominate either the First Alternative or the Second Alternative or, where they nominate the First Alternative, fail to specify the number of Shares in respect of which they wish to participate, the Eligible Member will be deemed to have elected the Second Alternative.

- d) No Eligible Member may transfer their right to any allotment of Shares pursuant to this Plan.

3. Acceptance of Applications

- a) The Directors may in their absolute discretion accept or refuse any application made by an Eligible Member under Rule 2. The Directors' acceptance of such an application must be recorded in the Register in accordance with Rule 4(a). The Shares subject of such an application become designated Plan Shares from that date.
- b) For each dividend, the Directors will determine in accordance with the Listing Rules the last date on which Dividend Election Notices must be received.
- c) Subject to Rule 3(d), each application accepted by the Directors is effective in respect of the first Dividend payable after receipt of the applicable Dividend Election Notice and subsequent Dividends.
- d) Any application form received by the Company after the deadline for Dividend Election Notices with respect to a particular Dividend determined in accordance with Rule 3(b) is not effective in respect of that Dividend but are effective in respect of subsequent Dividends.

4. Register

- a) The Company must establish and maintain a register in which it will record, in respect of each Participant, particulars of:
 - (i) the Participant's name and address;
 - (ii) the number of the Participant's Plan Shares; and
 - (iii) any variation approved by the Company under Rule 6(a).
- b) The Register is conclusive evidence of the matters recorded in it.

5. Investment of Dividends

- a) Shares allotted under Rule 5(b)(v) will be allotted at a price determined in accordance with the Corporations Act and the Listing Rules equal to the volume weighted average market price of Shares sold on the ASX over the four trading days commencing on the ex-dividend date for the relevant dividend less any discount determined by the Directors (at their discretion) (**Subscription Price**). The Subscription Price will equal the volume weighted average market price of Shares sold on the ASX over the four Trading Days commencing on the ex-dividend date for the relevant Dividend less any discount determined by the Directors (at their discretion).
- b) In respect of each cash Dividend due and payable to a Participant in respect of his Plan Shares, the Company must:
 - (i) determine the amount of cash Dividend payable in respect of that Participant's Plan Shares;
 - (ii) aggregate the amount so determined;
 - (iii) determine the maximum number of Shares that could be acquired by the application of that aggregate to the subscription for Shares at the Subscription Price;
 - (iv) on behalf of and in the name of the Participant subscribe for that number of additional Shares;
 - (v) allot that number of additional Shares to the Participant;
 - (vi) where the number of Shares ascertained in accordance with Rule 5(b)(iii) results in a fraction, round the number of Shares so ascertained up or down to the nearest whole number; and
 - (vii) refund the balance of the amount contemplated by Rule 5(b)(ii) to the Participant without interest, except where the amount is less than A\$2.00 in which instance it will be retained by the Company.
- c) All Shares allotted and issued under the Plan rank equally in all respects with existing Shares from the date of allotment.
- d) Shares to be allotted under the Plan must be allotted within the time required by the Listing Rules.

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- e) Shares allotted under the Plan must be registered on a register where the Participant to whom the Shares are allotted already holds Shares.

6. Variation or Termination of Participation

- a) Participants may at any time apply to increase or decrease the number of their Plan Shares by completing and lodging with the Company a form approved for that purpose by the Directors and the Company may, in its absolute discretion, approve or refuse such an application (**Variation Notice**). The Company will determine in accordance with the Listing Rules the last date on which Variation Notices must be received with respect to each Dividend.
- b) The Company's approval of a Variation Notice must be recorded by entering the variation requested in the Register and the variation is effective on that entry being made.
- c) Participants may at any time give to the Company notice of termination of their participation in the Plan in such form as the Directors approve for that purpose (**Termination Notice**) and on the date the Company receives that notice, the Participant ceases to be a Participant and all Plan Shares held by that Participant cease to be Plan Shares on that date.
- d) If a Participant dies, participation by him/her and any other Participants with whom the deceased was a joint Participant is terminated on the date the Company receives notice of death of the deceased Participant.
- e) If Participants dispose of all of their Shares without giving the Company a Termination Notice and are not registered as the holders of any Shares when the Company's share register is next closed for determination of entitlements to a payment of a Dividend, the Participants are deemed to have terminated their participation on the last date when the Company registered a transfer or instrument of disposal of their Shares.
- f) Where Participants dispose of less than the number of all Shares held by them, then unless they advise the Company otherwise prior to the registration of a transfer or instrument of disposal of such Shares:
- (i) if the Shares disposed of are in number less than or equal to the number of their Shares which are not Plan Shares, the Shares so disposed of are deemed to be Shares which are not Plan Shares;
 - (ii) if the Shares disposed of are more in number than the number of their Shares which are not Plan Shares, the Shares so disposed of are deemed to include all of their Shares which are not Plan Shares together with that additional number of their Plan Shares which is equal to the number calculated by subtracting from the number of Shares disposed of, the number of all their Shares which are not Plan Shares.

7. Stock Exchange Listing

After each allotment of Plan Shares, the Company must promptly apply for their quotation on the official list of ASX.

8. Limitation of Subscription

The Directors may at any time by notice on the Company's website and on the ASX limit the amount of Dividend that may be invested in subscriptions for Plan Shares.

9. Variation, Suspension and Termination of the Plan

- a) The Directors may vary, suspend or terminate these Rules at any time or from time to time by notification on the Company's website and by notice to the ASX. For the avoidance of doubt, where the Company has announced that the Plan will operate in respect of a Dividend, subject to the Listing Rules, the Company retains the discretion to suspend the Plan in respect of that Dividend at any time prior to the payment date for that Dividend.
- b) The variation, suspension or termination takes effect on the date specified by the Directors and the variation, suspension or termination does not give rise to any liability on the part of, or right or action against, the Company or its officers, employees or agents.
- c) If the Plan is suspended, an election as to participation in the Plan will also be suspended and all Plan Shares are deemed not to be Plan Shares for the purpose of any Dividend paid while the Plan is suspended.
- d) Any suspension under Rule 9(c) will continue until such time as the Directors resolve to recommence or terminate the Plan.
- e) The Directors may reinstate the Plan following a suspension in accordance with this Rule 9 by notification on the Company's website and by notice to ASX. Upon reinstatement of the Plan, all prior elections will be reinstated and will continue to apply unless the Directors determine otherwise.

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- f) The Directors may settle 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 in such manner as they think expedient and the determination of the Directors is conclusive and binding on all Participants and other persons to whom the determination relates.

10. Applications and Other Notices

- a) Applications and notices to the Company must be in the form the Company has approved from time to time. The Company may determine that applications and notices to the Company may be lodged electronically either through the Company's website or that of an authorised third party (including the Company's share registry). Any application or notice lodged electronically must comply with the applicable terms and conditions of the electronic lodgement facility.
- b) Subject to Rules 10(c) and 10(d), applications and notices are effective upon acceptance by the Company or its share registry (as appropriate).
- c) Applications or notices accepted after the closing date determined by the Directors for elections to participate or vary participation in the Plan for a particular Dividend are not effective in respect of that Dividend but are effective in respect of subsequent Dividends.
- d) The Company has absolute discretion to:
- (i) accept or reject any Dividend Election Notice or Variation Notice;
 - (ii) accept or reject an application or notice that is not properly completed or signed; and
 - (iii) prior to acceptance, clarify with an Eligible Member any instruction with respect to an application or notice in order for the application or notice to be properly completed.
- e) The accidental omission by the Company to give any notice under these Rules to any Participant, Eligible Member, ASX or any other person will not invalidate any act, matter or thing.
- f) For the purposes of this Rule 10, an application or notice includes, but is not limited to, a Dividend Election Notice, a Variation Notice and a Termination Notice.

11. Costs to Participants

No brokerage, commissions or other transaction costs is payable by Participants for an allotment of Shares under the Plan.

12. Statements

As soon as practicable after each allotment of Shares under Rule 5(b)(v) and as required by the Listing Rules, the Company must send to each Participant to whom Shares have been allotted a statement setting out, in respect of each Participant:

- a) the number of the Participant's Plan Shares as at the date of closure of the Company's share register for determination of entitlements to payment of the relevant Dividend prior to such allotment;
- b) the amount of cash Dividend due and payable to that Participant in respect of the Participant's Plan Shares which have been applied towards subscription for additional Shares;
- c) the number of additional Shares allotted to the Participant under Rule 5(b)(v);
- d) the number of Shares (including Plan Shares) in respect of which the Participant is the registered holder after such allotment; and
- e) the amount, if any, to be refunded to the Participant under Rule 5(b)(vii).

13. Participants to be Bound

Participants are bound by these Rules in respect of the Plan as modified or varied from time to time under Rule 9.