

Dividend Substitution Share Plan

Argo Investments Limited



ABN 35 007 519 520

Information Memorandum and Terms & Conditions

Argo Investments Limited Dividend Substitution Share Plan (Plan) is an optional method by which eligible Shareholders may receive additional Argo Investments Limited (Company) Shares as an alternative to receiving dividends.

This publication contains an Information Memorandum which gives an explanation of the Plan together with the Terms and Conditions which govern the operation of the Plan. If there is any inconsistency between those Terms and Conditions and the Information Memorandum, the Terms and Conditions will prevail.

Information Memorandum

Purpose

The Plan provides the Shareholders of the Company, who are eligible under the terms of the Plan, with the choice of receiving Shares in the Company as an alternative to receiving dividends.

Eligibility

All Shareholders are eligible to participate in the Plan unless Australian applicable laws prohibit their participation in the Plan, or the Directors determine that in their opinion participation in the Plan would or might be unlawful or impracticable. The Directors have determined that Shareholders whose registered addresses are in countries other than Australia or New Zealand will be unable to participate in the Plan.

Applications to Participate

To Participate in the Plan, eligible Shareholders must provide a Plan Notice to the Company's Share Registry. Notices may be lodged in writing, using the Plan Notice form available from the Company's Share Registry, or alternatively, applying online on the Share Registry website (www.boardroomlimited.com.au).

Shareholders will be taken to have signed the Plan Notice if it is lodged online in accordance with the instructions on the website of the Company's Share Registry. A separate Plan Notice must be lodged for each shareholding account. Your Plan Notice must be received by the Share Registry by 5pm E.S.T. on the Record Date to be active for the relevant dividend.

Level of Participation

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 their level of participation or withdraw from the Plan at any time.

If a Shareholder chooses full participation in the Plan, all shares held by them in the relevant registered holding at each Record Date will be treated as participating in the Plan, including any Shares previously acquired through participation in the Plan.

If a Shareholder chooses to partially participate in the Plan, only the number of Shares that the Shareholder has specified in the relevant registered holding will participate in the Plan. Under the partial participation option,

subsequent Shares allotted to the Shareholder by the Company (other than Shares issued under the Plan) or purchased by the Shareholder will not automatically be included as Participating Shares in the Plan. If a Shareholder wishes these Shares to participate, the Shareholder will need to lodge a new Plan Notice with the Company's Share Registry.

Variation of level of Participation / withdrawal from the Plan

Participants may vary the level of participation or withdraw from the Plan at any time by providing a Plan Notice to the Company's Share Registry.

Entitlement

The number of Plan Shares each Participant will receive will be calculated by multiplying the number of Participating Shares held by that Participant at the Record Date by the relevant dividend (deducting any withholding tax if applicable) and dividing by the Average Market Price in cents per Share.

Issue Price of Plan Shares

The issue price is based on a weighted Average Market Price of shares calculated during a set pricing period. The Board may also determine that a discount is to be applied to the weighted Average Market Price. The issue price will be rounded up if the fraction is 0.5 or more, or otherwise down, to the nearest whole number.

Costs

The issue of Shares under the Plan will not be subject to brokerage, commission, 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 existing issued Shares of the Company.

Plan Records

Shareholders participating in the Plan will receive a statement shortly after the Dividend Payment Date showing, for each shareholding account, the issue price, the number of Shares issued and the number of Plan Shares held by the Participant before and after the allotment.

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. Where a Participant holds Plan Shares and Non-Participating Shares and disposes of part of the holding and does not notify the Company otherwise, the Shares disposed of are, to the maximum extent possible, taken to be Shares which are Non-Participating Shares.

Securities Exchange Listing

Application will be made for all Shares allotted under the Plan to be listed for quotation by ASX Limited.

Taxation

We note that the Company has sought a class ruling from the Australian Tax Office in respect of certain tax outcomes for Australian resident Shareholders who hold their Plan Shares on capital account. A copy of the Australian Tax Office class ruling will be posted on the Company website <https://www.argoinvestments.com.au/> once issued. In considering your tax outcomes associated with participating in the Plan you or your advisor should have regard to the class ruling.

The Plan provides for Shareholders to elect not to receive dividends in respect of all or some of their Shares in the Company but to receive instead additional fully paid Shares issued as Bonus Shares. The Company understands that, for Australian residents who hold their shares on capital account, the Shares issued under the Plan should not be deemed to be a dividend for Australian income tax purposes.

Where a Shareholder forgoes a dividend which would otherwise be franked, the Shareholder will not be entitled to a "franking credit" as the Shareholder is not taken to have received a franked dividend. Nor will the Shareholder be entitled to LIC Capital Gains Tax Deductions.

For Australian tax purposes, where a Shareholder ultimately disposes of a Bonus Share issued under the Plan, a taxable gain or loss may arise. The tax cost base of the Participating Shares should be allocated across both the Participating and Bonus Shares issued in proportion to the market value of those shares when calculating the gain or loss.

Neither the Company nor its Directors, officers, employees, representatives or agents take any responsibility or assume any liability for the taxation liabilities of Participants in the Plan. As individual circumstances and laws vary considerably, specific taxation advice should be obtained by Participants, if required.

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 Terms and Conditions.

Share Registry contact details

The Company's Share Registry is managed by Boardroom Pty Limited.

Website access: boardroomlimited.com.au

Telephone: 1300 350 716 (within Australia)
+61 2 9290 9600 (outside Australia)

Facsimile: +61 2 9279 0664

Postal address: GPO Box 3993, Sydney, NSW 2001

Rules of the Dividend Substitution Share Plan (DSSP)

1. Definitions and Interpretation

1.1 Definitions

In these Rules:

Applicable Law means any relevant provision of Australian law and, in relation to any Shareholder whose registered address is in a place other than Australia, includes any relevant provision of a law of that place;

Applicant means a shareholder who applies to participate in the DSSP, or vary the extent of their participation in the DSSP;

Average Market Price means the volume-weighted average ex-dividend market price of Shares sold on the ASX on the relevant Record Date and the three business days immediately following that Record Date;

Company means Argo Investments Limited ABN 35 007 519 520;

Constitution means the constitution of the Company as amended from time to time and for the time being in force;

Despatch Statement means a statement forwarded by the Company to each Participant setting out:

- a) the number of Plan Shares held in the Plan at the relevant Record Date;
- b) the total amount applied to the purchase of shares under the Plan; and
- c) the number of Shares allotted under the Plan and their date of issue;

Election Date means the date that is one business day after the Record Date, or such other date as determined by the Directors and notified to shareholders by announcement to the Australian Securities Exchange (ASX);

Eligible Shareholder means a Shareholder eligible to participate in the DSSP in accordance with Rule 2;

E.S.T. means Eastern Standard Time or Eastern Daylight Saving Time as applicable;

Directors means the Directors for the time being of the Company;

Non-Participating Shares means Shares which are not subject to the Plan;

Participant means a Shareholder holding Participating Shares;

Participating Shares means the Shares participating in the DSSP as defined in Rule 3.2;

Plan means the Company's Dividend Substitution Share Plan to which these Rules apply, as varied from time to time;

Plan Notice means and includes a notice of election, variation or termination, which may be lodged with the

Company's share registry pursuant to Rules 3.4, 9 or 12 respectively, to notify a Shareholder's wish to participate in the Plan, or to increase, decrease or terminate the Shareholder's participation in the Plan, as the case may be;

Record Date means the date nominated by the Directors for the purposes of identifying the Shareholders who are entitled to receive a particular dividend payment;

Rules means the rules of the Plan as set out below and as amended from time to time and for the time being in force;

Securities Exchange Rules means the official Listing Rules of ASX Limited, the ASX Market Rules and the ASX Settlement Rules, in each case as amended or replaced and for the time

being in force, as and to the extent that they apply to the Company, with any modifications or waivers in their application which may be granted;

Shares means fully paid ordinary shares in the capital of the Company;

Share Registry means the Company's share registry managed by Boardroom Pty Limited, or any other share registry that maintains the share register of the Company; and

Shareholder means a person holding Shares.

1.2 Interpretation

In this Plan, unless the context otherwise requires:

- (a) words importing the singular include the plural and vice versa;
- (b) words importing any gender include all other genders;
- (c) a reference to a person includes a reference to a corporation, partnership, joint venture or trust; and
- (d) headings are used for convenience only and do not affect the interpretation of these Rules.

1.3 A Shareholder who has in respect of a distinct number of Shares held by that Shareholder separate holder numbers is, for the purposes of these Rules, deemed to be a separate and distinct Shareholder in relation to:

- (a) each such holding number; and
- (b) the Shares from time to time allocated to that holder number.

2. Eligibility

2.1 All persons who for the time being are registered as holders of Shares are eligible to participate in the Plan, except:

- (a) a Shareholder whose registered address is in a country other than Australia or New Zealand and whose participation in the Plan is prohibited because of Applicable Law;

(b) a Shareholder that is a person, or a person of a class, whom the Board in their discretion have determined not to be eligible to participate in the Plan; or

(c) as otherwise provided in these Rules.

3. Participation in the Plan

3.1 Participation in the Plan is optional and non-transferrable, and is subject to these Rules, Applicable Law, the Constitution, and the Securities Exchange Rules.

3.2 The Board may admit to participation in the DSSP a Shareholder who, by completing and lodging the Plan Notice with the Share Registry, requests that:

- (a) such number of Participating Shares as is specified in the application be Participating Shares in the Plan;
- (b) such Participating Shares not be entitled to participate in any dividend declared by the Company;
- (c) the Shareholder be issued such number of Shares as may be determined in accordance with Rule 8.1.

3.3 A Plan Notice remains in force, subject to these Rules, until:

- (a) the Participant formally varies such Plan Notice, formally terminates participation in the Plan, or dies; or
- (b) the Directors terminate the Plan.

3.4 If a Shareholder wishes to participate in the Plan with respect to more than one of its shareholdings, a Plan Notice must be lodged with respect to each separate shareholding.

3.5 Where a Plan Notice does not specify the number of Shares to be Participating Shares, the Plan Notice shall be deemed to apply to all of the Shares then held by the Applicant and all of the Shares of which the Applicant subsequently becomes the holder whether or not acquired under the Plan.

3.6 If Shares are held jointly or severally by Shareholders, then a Plan Notice signed by at least one of those Shareholders is deemed to be signed by all of them.

4. Level of Participation

4.1 A Participating Shareholder may elect one of two levels of participation in the Plan as follows:

- (a) Full Participation: a Shareholder may participate in the Plan in respect of all Shares registered in the Shareholder's name as at each Record Date; or
- (b) Partial Participation: a Shareholder may nominate a specific number of Shares registered in the Shareholder's name as at each Record Date to be subject to the Plan.

4.2 Where in a Plan Notice a Shareholder omits to nominate the number of Shares to be subject to the Plan, or specifies a number of Shares for partial participation in the Plan in accordance with Rule 4.1(a) which is greater than the total number of Shares held by the Shareholder as at the relevant Record Date, the Shareholder is deemed to have elected full participation in the Plan under Rule 4.1(a).

4.3 All Shares allotted to a Participant under the Plan will be added to the number of Plan Shares of that Participant unless a valid Plan Notice has been lodged with the Company's share registry in accordance with Rule 11.1.

5. Minimum and Maximum Participation

5.1 The Board may from time to time determine that, whether in respect of a particular dividend or as a continuing term of participation in the Plan, a minimum or maximum number of shares are required to participate in the Plan. The Company may vary this minimum or maximum number by publishing such variation on the Company's website and by notice to ASX.

5.2 To the extent that a Plan Notice specifies a number of Participating Shares that is in excess of a maximum limit set by the Board in accordance with Rule 5.1:

- (a) that maximum limit will be deemed to be the number of Participating Shares specified by the Applicant; and
- (b) those Shares in excess of that maximum limit will be deemed to be Non-Participating Shares, and any dividend payable in respect of those Shares will be a cash dividend.

5.3 To the extent that a Plan Notice specifies a number of Participating Shares which is less than the minimum limit set by the Board in accordance with Rule 5.1, the Shareholder will receive a cash dividend in respect of that shareholding specified in the Plan Notice.

5.4 Where a maximum limit is set under Rule 5.1 the Company may waive the limit on the number of Participating Shares at any time for any Eligible Shareholder who holds Shares as a trustee or nominee for a number of beneficial owners (who are also Eligible Shareholders), provided that:

- (a) such trustee or nominee will not at any time participate in the Plan on behalf of any single beneficial owner in excess of the limit set under rule; and
- (b) Rule 5.2 will apply as if each such beneficial owner is the registered shareholder.

6. Acceptance of Applications

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

6.2 Each Plan Notice accepted by the Directors will be effective:

- (a) from the date the Plan Notice is received by the Share Registry;
- (b) in respect of a dividend, only if it is received at the Share Registry's office by 5pm E.S.T. on the Record Date.

6.3 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 Participating Shares held by the Participant from time to time, and the Company's records will be conclusive evidence of the matters so recorded.

7. Significance of Application

7.1 By applying to participate in the Plan, an Applicant:

- (a) warrants to the Company that they are an Eligible Shareholder;
- (b) authorises the Company, and the Company's Board, employees or agents, to correct any error in, or omission from, its Plan Notice;
- (c) acknowledges that the Company may at any time determine that the Applicant's Plan Notice is valid, in accordance with these rules, even if the Plan Notice is incomplete, contains errors or is in any way defective;
- (d) acknowledges that the Company may refuse any Plan Notice in its absolute discretion;
- (e) acknowledges that neither the Company nor the Share Registry has provided the Applicant with any investment, taxation or other advice and that the Company owes no obligation to the Applicant to provide such advice in relation to participation in the Plan;
- (f) agrees to act in accordance with these Rules,

in each case, at all times until the termination of the Plan, or the Applicant ceases participation in the Plan.

8. Entitlement and Issue Price

8.1 Whenever the Company declares a dividend on its Shares, each Shareholder that is a Participating Shareholder at the Dividend Record Date for that dividend shall be entitled to have issued to them as fully paid the number of ordinary shares in the Company that is determined by the application of the following formula:

$$(A \times B) \div C$$

Where:

"A" is the number of Participating Shares;

"B" is the amount of that dividend in cents per share less any withholding tax (if applicable);

"C" is the Average Market Price in cents per Share, discounted by such discount as shall be determined by the Board from time to time not exceeding 7.5%.

8.2 The determination of value under Rule 8.1 by the Board will be binding upon all Participating Shareholders.

8.3 Where the number of Shares ascertained in accordance with Rule 8.1 results in a fraction, the number of Shares to be subscribed for and allotted pursuant to Rule 8.1 will be rounded up if the fraction is 0.5 or more, or otherwise down, to the nearest whole number.

9. Issue of Shares

9.1 In the case of Shares allotted under the Plan:

- (a) such Shares will be allotted within the time specified in the listing requirements of ASX; and
- (b) the relevant certificates and Despatch Statements will be issued to each relevant Participating Shareholder following each allotment.

9.2 All Plan Shares will:

- (a) rank equally with all other fully paid Shares in the Company; and
- (b) be registered on a register chosen by the Company on which the Participant already holds Shares.

10. No brokerage, commission, stamp duty or other transaction costs will be payable by Participants in respect of any allotment of shares under the Plan.

11. Variation of Participation

11.1 A Participant who wishes to increase or decrease the number of Shares subject to the Plan may at any time lodge a Plan Notice with the Company's share registry.

11.2 If a Plan Notice lodged pursuant to Rule 11.1 decreases or increases the level of participation in the Plan to below full participation, only that number of Shares specified in the Plan Notice will be Plan Shares and no after-acquired Shares (other than Shares allotted under the Plan) will be Plan Shares.

11.3 If a Plan Notice lodged pursuant to Rule 11.1 increases the level of participation in the Plan to full participation, all of the Shareholder's Shares as at the date of the Plan Notice and all Shares subsequently acquired by the Shareholder (including Shares allotted under the Plan) will be Plan Shares.

12. Termination of Participation

12.1 A Participant who wishes to terminate participation in the Plan may at any time lodge a Plan Notice with the Company's Share Registry.

12.2 If a Participant dies, participation in the Plan by the Participant will terminate upon receipt by the Company's Share Registry of a copy of notice of the death of the Participant.

12.3 The death of one or two or more joint Participants terminates the participation in the Plan of the remaining Participant or joint Participants.

12.4 The remaining Participant of joint Participants may (if they remain eligible to do so) recommence participation in the Plan by forwarding a duly completed and executed Plan Notice to the Company's Share Registry.

13. Notices

13.1 Any Plan Notice will only be valid if it is in writing and in such form as the Company may from time to time determine or in a particular case accept, and if it is completed and executed in the manner specified by the Company or in such other manner as the Company may approve, including in writing using the application form available from the Company's share registry, or alternatively, shareholders may provide Notice of Election/Variation online. Shareholders will be taken to have signed the Notice of Election/Variation if it is lodged online in accordance with the instructions on the Company's Share Registry website.

13.2 Any Plan Notice is effective on receipt at the Company's Share Registry and takes effect from the next Record Date following such receipt, and if received at the Company's Share Registry prior to 5.00 p.m. E.S.T. on the Election Date for a particular dividend will (subject to these Rules) be effective in respect of that dividend and all subsequent dividends.

13.3 Any notice to be served on Shareholders may be served in accordance with the provisions regarding service of notices on Shareholders contained in the Company's Constitution.

14. Modification of the Plan

14.1 The Directors may modify these Rules from time to time.

14.2 The Directors must give Participants notice in writing of amendments to the Plan, other than amendments which are of a minor nature or of an administrative or procedural nature.

15. Suspension and Termination of the Plan

15.1 The Directors may suspend the operation of the Plan during a fixed period or for such period as they think fit, or terminate the Plan, by giving to Shareholders not less than two months' notice in writing of their intention to do so.

15.2 During any period when the operation of the Plan has been suspended Plan Shares must in all respects be treated by the Company as Non-Participating Shares.

15.3 The Directors may reinstate the operation of the Plan at any time by giving to Shareholders not less than two months' notice in writing of their intention to do so prior to the next Record Date.

16. Administration of the Plan

16.1 The Plan will be administered by the Directors.

16.2 The Directors may 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 will be conclusive and binding on all Participants and other persons to whom the determination relates.

16.3 The Directors may 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.

17. Equitable Claims

The Company, unless otherwise required by law, need not recognise any person as an owner of any additional Shares issued under the Plan other than the registered holder of the Participating Shares in respect of which the additional Shares were issued.

18. Taxation

Neither the Company, nor its Directors, officers, employees, representatives or agents take any responsibility or assume any liability for the taxation liabilities of Participants.

19. Governing Law

The Plan, these Rules and the operation of the Plan are governed by the law of the State of South Australia.