

Dividend reinvestment plan - Frequently asked questions

L1 Long Short Fund Limited
ACN 623 418 539

11 February 2021

HIGHLIGHTS

1 HIGHLIGHTS OF THE DIVIDEND REINVESTMENT PLAN

You may elect to have the Dividends on all or some of your Shares in the Company automatically reinvested in additional Shares.

Shares in the Company will be issued under the DRP at the volume weighted average market price during the period determined by the Board from time to time, less any applicable discount determined by the Board from time to time.

You do not have to pay any administrative, brokerage, commission or stamp duty costs.

Shares in the Company issued under the DRP rank equally with existing Shares in the Company.

Participation in the DRP is optional. You may apply to participate in the DRP, vary your participation or withdraw from it at any time.

A DRP statement providing details of your participation will be made available to you on, or as soon as reasonably practicable after, the date Shares are issued or transferred to you.

2 HOW TO PARTICIPATE

Subject to the DRP Rules, you are an eligible shareholder and may participate in the DRP if, as at the Dividend Record Date, you hold fully paid ordinary shares in the Company and your address recorded in the Company's share register is in Australia or New Zealand.

The Company can also, at its discretion, extend participation to shareholders with an address recorded in the Company's share register that is in a jurisdiction outside of Australia or New Zealand where the Company is satisfied that the offer and issue or transfer of Shares in that jurisdiction under the DRP is lawful and practicable.

To participate in the DRP complete either online if eligible to do so or download the form made available on:

(a) the Link Market Services Investor centre website at <https://investorcentre.linkmarketservices.com.au/>

1. Click on **Payments & Tax** tab
2. Select **Reinvestment Plans** to provide your DRP election

(b) the Company's website at <http://investors.l1longshort.com/Investor-Centre/>

Subject to the Board's discretion, participation in the DRP commences on the first Dividend payment after the Company receives and accepts the duly completed and executed DRP Instruction Form. Your Instruction Form must be received by 5.00pm Melbourne time on the first Business Day following the Dividend Record Date for a dividend (**DRP election date**), in order to be effective in respect of that dividend. When announcing each dividend, the Company will publish a timetable of relevant dates in relation to the DRP including the relevant DRP election date. If your election is received after the DRP election date for a particular dividend, you will not participate in the DRP for that dividend and your participation will begin from the next dividend.

3 FURTHER INFORMATION

If you require further information about the DRP, please contact L1 Long Short Fund Limited's Share Registry, Link Market Services Limited at:

Post

L1 Long Short Fund Limited
c/- Link Market Services
Tower 4, 727 Collins Street
Docklands VIC 3008
Australia

Online

www.linkmarketservices.com.au

Email

registrars@linkmarketservices.com.au

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+61 1300 554 474

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4 DEFINED TERMS

Defined terms used in these highlights and frequently asked questions have the same meaning as set out in DRP Rules.

FREQUENTLY ASKED QUESTIONS

1 AM I ELIGIBLE TO PARTICIPATE?

All Shareholders with an address in Australia or New Zealand on the Register are eligible to participate in the DRP. Shareholders who do not have an address in Australia or New Zealand may only participate in the DRP if the Board in its absolute discretion approves of the participation.

Participation in the DRP by Eligible Shareholders is:

- (a) optional and voluntary; and
- (b) not transferable.

2 HOW DO I PARTICIPATE?

You may elect to participate in the DRP by submitting a DRP Instruction Form. The easiest way to complete your DRP Instruction Form is online if eligible to do so or download the form made available on:

- (a) the Link Market Services Investor centre website at <https://investorcentre.linkmarketservices.com.au/>
 - 1. Click on **Payments & Tax** tab
 - 2. Select **Reinvestment Plans** to provide your DRP election
- (b) the Company's website at <http://investors.l1longshort.com/Investor-Centre/>

Subject to the Board's discretion, participation in the DRP commences on the first Dividend payment after the Company receives and accepts the duly completed and executed DRP Instruction Form. The DRP Instruction Form must be received by 5.00pm (AEST) on the first Business Day after the Dividend Record Date.

3 DO I HAVE TO PARTICIPATE?

No, participation is optional. If you are unsure whether to participate, you should obtain your own independent advice before making a decision.

4 DO I HAVE TO PARTICIPATE FOR ALL OF MY SHARES? FULL OR PARTIAL PARTICIPATION?

Subject to the Company's discretion, Shareholders may elect in their DRP Instruction Form to participate in the DRP as either:

(a) **Full participation**

If you choose full participation, all Dividends for all of the Shares held by you at the relevant Dividend Record Date are treated as Participating Shares. The Dividends on all of your Shares are, subject to the DRP Rules, reinvested as Participating Shares.

(b) **Partial participation**

If you choose partial participation, only the specific number of Shares nominated are Participating Shares. For Shares not participating in the DRP, Dividends will be paid into your nominated financial institution or by cheque, depending on the payment instructions you have provided to the Company's Share Registry. Dividends paid on Participating Shares are reinvested in new Shares in accordance with the DRP Rules.

5 IS THERE A MINIMUM OR MAXIMUM PARTICIPATION LEVEL?

No, however the Company has the discretion under the DRP Rules to introduce a minimum or maximum participation level.

6 IS THERE A DISCOUNT?

The Board will determine for each Dividend whether a Discount will be applied to the DRP. The Discount, if any, will be announced to the ASX at the time the relevant Dividend is announced to the ASX.

7 WILL THESE SHARES BE THE SAME AS MY EXISTING SHARES?

Yes, Shares issued or transferred under the DRP rank equally in all respects with existing Shares from the date of issue, and are therefore eligible to participate in any subsequent DRP.

8 HOW MANY SHARES WILL I RECEIVE?

The number of new Shares to be issued or transferred to you depends on the value of the Dividend declared. The number of Shares that you will receive will be the value of the Dividend payable on your Participating Shares (net of withholding tax or any other amounts the Company is entitled or required to deduct from the payment) at the Dividend Record Date divided by the Allocation Price, rounded down to the nearest whole number of Shares.

9 WHAT HAPPENS TO ANY RESIDUAL VALUE AFTER EACH DIVIDEND?

The application of the dividend reinvestment formula normally results in a residual amount or balance. This is because your dividend amount will be used to acquire a whole number of shares, usually leaving a residual balance which is less than the price of one share in the Company.

If you continue to hold Shares under your shareholder number at the Dividend Record Date and continue to participate in the DRP, any balance remaining after rounding down that is less than the price of one new Share will be retained for you and used to subscribe for shares under the DRP with the next Dividend.

If you cease to participate in the DRP before the Dividend Record Date but continue to hold shares under your shareholder number at the Dividend Record Date for the next dividend, you will be taken to have directed the Company to donate any residual balance in your DRP account on your behalf to one or more registered charities, nominated by the Board from time to time (other than in limited circumstances set out in the DRP Rules).

Refer to rule 9 of the DRP Rules for further information about the residual balance.

10 WILL I HAVE TO PAY ANYTHING TO PARTICIPATE IN THE DRP?

No brokerage or other transaction or administration costs are payable by Participants on Shares issued under the DRP at this time. You are responsible for costs associated with seeking independent advice concerning your participation in the DRP.

11 WHAT IF I HAVE MORE THAN ONE SHAREHOLDING?

Where you have more than one shareholding of shares, each shareholding will be treated as separate for the purposes of the DRP such that a separate application must be lodged either making an online election or submitting a separate participation notice for each shareholding.

You will have to submit a separate DRP Instruction Form for each shareholding registered under different names or for each shareholding that has a different shareholder registration number.

12 HOW WILL I KNOW HOW MANY SHARES I HAVE BEEN ISSUED OR TRANSFERRED?

The Company's Share Registry will make available to you a DRP statement after each Dividend Payment Date.

13 WHEN WILL SHARES BE RECORDED IN MY NAME?

Shares issued or transferred under the DRP will be recorded in the Company's register of members under your name on or about the date of payment of the relevant Dividend.

You should confirm that the Shares have been recorded in your name before entering into any transaction involving Shares issued or transferred under the DRP.

14 DOES PARTICIPATING IN THE DRP RESTRICT ME FROM SELLING MY SHARES?

No. Participation in the DRP does not restrict you from selling your Shares.

However, if you sell all of your Shares, your participation in the DRP will cease with effect from the date the Company registers a transfer or instrument of disposal of your holding.

If you elect full participation and then sell some of your Shares, the dividends on your remaining Shares will continue to be reinvested under the DRP. If you elect partial participation and then sell some of your Shares, the number of Shares sold will be deemed to the full extent possible to be non-participating shares and the balance, if any, will be deemed to be participating shares under the DRP.

15 HOW DO I CHANGE OR TERMINATE MY PARTICIPATION IN THE DRP?

You may vary your level of participation or withdraw from the DRP at any time by submitting a DRP Instruction Form.

Subject to the DRP Instruction Form being received by 5.00pm (AEST) on the DRP Election Date, the variation or withdrawal will be effective for that Dividend.

A DRP Instruction Form that is received after the DRP Election Date for a Dividend is not effective for that Dividend but takes effect in respect of the next Dividend declared by the Board.

16 WHAT WILL BE THE PRICE OF SHARES ALLOCATED UNDER THE DRP?

The Company may (in its absolute discretion) either issue new Shares or cause existing Shares to be acquired for transfer to DRP Participants (or undertake a combination of both options) to satisfy its obligations under the DRP.

The Company intends to satisfy its obligations under the DRP by issuing new Shares to DRP Participants, in which case the Allocation Price of the Shares issued will be the average of the daily volume weighted average sale price (rounded to the nearest cent) of Shares traded on the ASX during a period determined by the Board (being no less than five Trading Days) other than certain types of trades such as special crossings and any other trades which the Company determines are not fairly reflective of natural supply and demand, less any Discount (if any) determined by the Company.

However, if at a later time, the Company decides to exercise its discretion to satisfy its obligations under the DRP by the transfer of existing Shares (and makes an announcement to the market to that effect), the Allocation Price will be the average actual price paid for all of those existing Shares in respect of a particular Dividend under the DRP Rules.

Under the Rules, the Company may choose to provide a Discount in relation to shares allocated under the DRP (which will be announced to ASX along with the details of the relevant dividend).

The announcement by the Company of the allocation price is binding on all Participants in the DRP pursuant to the Rules.

The final allocation price for a dividend will be announced to ASX and posted on the Company's website after the allocation price is determined.

17 CAN THE DRP BE MODIFIED, SUSPENDED OR CANCELLED?

The DRP may be modified, suspended or terminated by the Board at any time. Any such changes will be notified to the ASX and updated on the Company's website.

18 DOES THE DRP APPLY IN RESPECT OF EVERY DIVIDEND?

No. In addition to varying, suspending or terminating the DRP, the Board may at any time determine that the DRP will not apply for a particular dividend by making an announcement to the market to that effect. The Company will announce to the market whether the DRP applies in respect of a particular dividend at the same time the Dividend is announced.

19 WHAT IF I AM A NOMINEE?

If you are a nominee, please submit your DRP Instruction Form(s) directly to the Company's Share Registry.

If you are a nominee and hold Shares for a number of different persons who wish to participate in the DRP, you must notify the Company in accordance with rule 6 of the DRP Rules.

20 WHAT ARE THE TAXATION IMPLICATIONS OF PARTICIPATING?

For tax purposes, Dividends reinvested under the DRP are usually assessable for income tax in the same way as cash Dividends in Australia and New Zealand.

For Australian tax purposes, an Australian resident shareholder participating in the DRP should be treated as having received the dividends which have been reinvested in acquiring additional shares in the Company. The tax treatment of dividends received on participating shares should be the same as dividends received on non-participating shares. That is, the grossed up dividend (i.e. including franking credits) should be assessable to the shareholder at their marginal tax rate and the shareholder may be entitled to claim a tax offset equal to the franking credits.

The Australian tax implications of a future sale of additional shares acquired under the DRP will depend on the particular circumstances of the shareholder. For capital gains tax purposes, the cost base of the additional shares includes the amount of the dividend reinvested to acquire those additional shares. Shareholders should retain records supporting the calculation of their cost base in those additional shares.

The Company takes no responsibility for any taxation liability of Participants. Shareholders should seek taxation advice specific to their individual circumstances from professional advisers before deciding whether or not to participate in the DRP.

21 WHERE CAN I GET FURTHER INFORMATION?

For more information or to request a DRP Instruction Form, refer to the DRP Rules or contact the Company's Share Registry:

Post

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