

Offer Document
TOWER Australia Group Limited

DIVIDEND REINVESTMENT PLAN

October 2007

DIVIDEND REINVESTMENT PLAN

As part of its shareholder relations programme, TOWER Australia Group Limited ('TOWER Australia') will operate a Dividend Reinvestment Plan (DRP). The DRP offers shareholders the opportunity to directly increase their shareholding in TOWER Australia, without incurring any brokerage or transaction costs.

How to participate in the Dividend Reinvestment Plan (DRP)

To participate in the DRP, read this booklet and complete and return the enclosed Participation Form in the envelope provided.

Need help?

This document is important. If you have any questions about the DRP, please contact the TOWER Australia Share Registry, Computershare Investor Services Pty Limited on:

Australia:

1300 656 389

New Zealand or overseas:

+61 3 9415 4379

If you do not understand this document or are in any doubt as to how to act, you should contact your financial adviser immediately.

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Disclaimer

This offer is available only to TOWER Australia shareholders who are residents of Australia or New Zealand.

1 Reinvest your dividends in further TOWER Australia shares

Participation Form

You should complete the Participation Form enclosed with this Offer Document if you wish to reinvest the dividends on all or some of your TOWER Australia shares in further shares.

If you participate, as soon as practicable after each dividend payment date you will be sent a statement detailing the number of participating shares at the Record Date, the total amount of dividend payable on the shares, the number of shares issued or transferred under the DRP, the price and date of issue or transfer of those shares and the total number of participating shares after the application of the dividend as well as any other information as determined by the Board from time to time.

Written notice should be given to TOWER Australia's Share Registry if you wish to vary your participation in the DRP at any later stage.

Level of Participation

You can elect full or partial participation in the DRP. If you tick the Full Participation box on the Participation Form, this will cover your current shareholding and any future shares purchased by you or allocated to you under the DRP.

If you wish to participate

only in respect of some of the shares you hold, then you will need to insert that number of shares in the Partial Participation box on the Participation Form. Partial participation in the DRP means that the rules of the DRP will apply both now and in the future, only to the number of shares which you have nominated in this initial Participation Form, unless you notify TOWER Australia in writing of a variation or you sell your total shareholding in TOWER Australia.

2 Receive dividends by direct credit

If you do not complete and return the Participation Form you will receive the net proceeds of any future dividend by direct credit into your nominated bank or other financial institution account.

If at a later date you decide you wish to participate in the DRP, the enclosed Participation Form can be used for this purpose. All you will need to do is complete the Participation Form and return it to TOWER Australia's Share Registry at the address set out on page 19.

Dividend Reinvestment Plan (DRP)

The DRP allows shareholders to elect to have dividends paid on some or all of their shares in TOWER Australia automatically reinvested in additional TOWER Australia shares.

Save on transactional costs

Shares allotted under the DRP are not subject to brokerage or other costs.

Increase your shareholding

The DRP is an easy and convenient way to increase your TOWER Australia shareholding.

Shares rank equally

All shares issued under the DRP rank equally with existing fully paid shares.

Your participation is optional, arrangements are flexible

You may elect to participate, vary your participation or withdraw from the DRP at any time. If you notify TOWER Australia's Share Registry of your intention to do one of these things your notice will take effect from the next dividend Record Date after receipt of your notice.

Dividend statements

You will receive a dividend statement as soon as practicable after each dividend payment date which provides details of any new shares allotted through the DRP.

ANSWERS TO FREQUENTLY ASKED QUESTIONS

Who can join the DRP?

All shareholders resident in Australia and New Zealand can participate subject to any law and the Constitution of TOWER Australia. To qualify as a resident you must have a registered address in, and be a resident of Australia or New Zealand.

How do I participate?

Read this booklet and complete and return the enclosed Participation Form in the envelope provided. If necessary consult your financial adviser before joining.

Is participation optional?

Yes. The decision to participate in the DRP is entirely up to you.

Can I reinvest just some of my dividends?

Yes, simply tell us how much of your dividend is to be reinvested in additional shares. You are able to do this by telling us how many of your shares you wish to have participate in the DRP. The balance of your dividend will be paid in cash.

Is there a minimum or a maximum participation level?

No. However the Board has discretion to set a minimum and/or maximum participation level at any time.

Can I change my participation?

Yes – simply contact TOWER Australia's Share Registry and they will arrange to have a Variation Form sent to you.

What if I have more than one TOWER Australia shareholding?

You will need to complete separate Participation Forms for each shareholding under a different name or for each shareholding that has a different shareholder reference number or holder identification number.

When will my dividend reinvestment start?

Your dividend reinvestment will begin with the first dividend payment after the receipt of your Participation Form.

What price do will I pay for the shares under the DRP?

Under the DRP, shares are issued at the average market price of a share rounded down to the nearest cent (as defined in Rules 5.8 and 11.1 of the Plan Rules). There will usually be an amount left over which is always less than the issue price of one share. This small cash balance will be kept for you and, although it does not earn interest, it will be added to the next dividend.

What does it cost to participate?

You pay no costs. You will not be charged brokerage or other transaction costs for the shares issued under the DRP.

When will I receive a dividend notice?

Shortly after your shares are allotted under the DRP, you will be sent a dividend notice detailing:

- the number of shares that you held at the Record Date for the dividend;
- the amount of the latest dividend;
- the issue price of the shares; and
- your new total holding (including shares allotted under the DRP).

You can elect to receive this notice by post or email.

Can I sell my shares when I want?

Yes, you can sell your shares at any time. Remember to tell your stockbroker that you are participating in the DRP, particularly if you are selling your shares shortly before the dividend payment date.

Can the DRP be modified or cancelled?

Yes. The Board of TOWER Australia may modify, terminate or suspend the DRP from time to time. In that event notice would be given to all participants.

What about taxation?

Usually dividends reinvested under dividend reinvestment plans are treated the same way as cash dividends by the Australian Taxation Office. TOWER Australia will provide details of the dividend, taxes withheld and franking credits available so that you can complete your tax return. You should contact your professional tax adviser for more information.

Full Participation

- Full Participation (will apply to any future TOWER Australia shares that are acquired)

Full Participation in the DRP means that the Terms of the DRP will apply to your total holding of TOWER Australia shares both now and in the future.

Partial Participation

- Partial Participation (state the number of TOWER Australia shares for participation in the DRP)

Partial Participation in the DRP means that if you wish to participate only in respect of some of the shares that you hold in TOWER Australia and you insert that number of shares in the Partial Participation box in the Participation Form, this will be treated as partial participation for that number of shares. The Terms of the DRP will apply, both now and in the future, only to the number of the shares that have been nominated by you on the Participation Form, until you provide notification to TOWER Australia's Share Registry in writing of a variation or you sell your total shareholding in TOWER Australia.

You should read these rules carefully.

If you need advice on whether you should participate in the Dividend Reinvestment Plan (DRP), please contact your financial adviser.

1 The Plan

- 1.1 This plan is to be known as the TOWER Australia Group Limited Dividend Reinvestment Plan (DRP).
- 1.2 Under the DRP, shareholders may elect to increase their shareholding in the Company by reinvesting all or part of their Dividends in additional shares.
- 1.3 The DRP will commence on a date determined by the Board and notified to the shareholders.

2 Eligibility

- 2.1 Subject to clause 2.2, any shareholder is eligible to participate in the DRP.
- 2.2 The Board may in its absolute discretion determine that the right to participate in the DRP is not available to a shareholder:
 - 2.2.1 who is not resident in Australia or New Zealand and whose participation in the DRP may be subject to legal requirements applying to his or her country of residence;
 - 2.2.2 if their holding as at the Application date is less than a Marketable Parcel; or
 - 2.2.3 if such a determination would be in the best interests of the Company.

3 Participation

- 3.1 Participation in the DRP is optional and is subject to the Terms, all applicable laws, the Listing Rules and the Constitution.
- 3.2 If a shareholder wishes to participate in the DRP or vary the shareholder's participation in ways permitted by these Terms, the shareholder must complete a Participation Form or Variation Form. A Participation or Variation Form must be completed for each holding of shares.
- 3.3 The Board may in its absolute discretion, refuse or accept an Application or Variation.
- 3.4 If the Board decide to reject an Application or Variation, they must inform the relevant shareholder of their decision in writing within a reasonable time of receipt of the Application or Variation.
- 3.5 Upon receipt and acceptance by the Company of a duly completed and executed Participation Form, participation will commence from the next Record Date.

4 Level of Participation

Full or partial

- 4.1 A shareholder may specify in a Participation Form or Variation Form that they elect either:
 - 4.1.1 full participation; or
 - 4.1.2 partial participation and specify the number of shares which the shareholder wishes to participate in the DRP.
- 4.2 A Participation Form or Variation Form will be deemed to specify full participation if:
 - 4.2.1 it does not specify the number of shares which the shareholder wishes to participate in the DRP; or
 - 4.2.2 the number of shares specified is greater than the number of shares held by the shareholder.

Full participation

- 4.3 Under full participation, all shares registered in the Participant's name from time to time, including shares issued or acquired pursuant to the DRP, will be subject to the DRP.

Partial participation

- 4.4 Under partial participation, subject to clause 4.2, only those shares which the shareholder properly specifies as participating in the DRP will be subject to the DRP and all shares subsequently acquired by the shareholder, whether under the DRP or otherwise, will only participate in the DRP to the extent that the shareholder alters the number of Participating shares in accordance with clause 7.
- 4.5 The Board may, in its absolute discretion, set a limit on the minimum number of shares which shareholders may nominate for participation in the DRP.

Record of Holdings

- 4.6 The Company must record:
 - 4.6.1 the number of shares issued to a Participant as part of the DRP; and
 - 4.6.2 all increases and decreases in the number of shares issued as part of the DRP and held by a Participant.
- 4.7 The Company's records kept under clause 4.6 are conclusive evidence of the matters recorded.

5 Operation of the DRP

General

- 5.1 Subject to this clause 5, each Dividend (less Withholdings, if any) available for payment to a Participant in respect of Participating shares will be applied by the Company on the Participant's behalf to subscribe for or acquire additional shares at the Price.

Issue or transfer of Shares

- 5.2 The Board in its absolute discretion may, in respect of any given Dividend, either issue new shares or cause a broker to arrange for the purchase and transfer of existing shares to a Participant or to apply a combination of both options, to satisfy the obligations of the Company under these Terms.
- 5.3 If the Board determines to cause the purchase and transfer of shares to Participants, the shares may be acquired through a broker in the market in such manner as the Board considers appropriate.

Operation

- 5.4 The Company will in respect of each Dividend payable to a Participant:
 - 5.4.1 determine the amount of the Dividend payable (less Withholdings, if applicable) in respect of that Participant's Participating shares;
 - 5.4.2 determine the maximum number of additional shares which may be acquired under the DRP at the Price, by using the amount of Dividend payable to the Participant, with any fraction of a share rounded down to the next whole share. The fraction amount will be disregarded for this purpose and treated in accordance with clause 5.5; and
 - 5.4.3 on behalf and in the name of the Participant issue or cause a broker to purchase and transfer that number of additional shares to the shareholder.

Residual Balances

- 5.5 Any fraction of a share arising under clause 5.4.2 will be recorded as a dollar amount (expressed in dollars and cents with fractions of cents being disregarded) and carried forward to the payment date of the next dividend when it will be applied in accordance with clause 5.4.2. No interest will accrue on any residual amount.
- 5.6 If a Participant terminates or is deemed to have terminated their participation in the DRP any residual balance attributable to the Participant will be forfeited and will be credited to retained earnings of the Company.

Issue or Transfer Price

- 5.7** The price at which each share is issued or transferred under the DRP will be the Price of a share less the Discount (if any) rounded down to the nearest cent.
- 5.8** In this DRP, Price means the arithmetic average of the daily volume weighted average market price (rounded to the nearest cent) of all shares sold on ASX automated trading system during the 5 Business Days commencing on the first Business Day following the Record Date in respect of the relevant Dividend.
- 5.9** Subject to clause 5.8 the Price will be determined by the Board or another suitable person nominated by the Board. The determination of the Price will be binding on all participants.

Costs

- 5.10** Brokerage, commission and other transaction costs (including stamp duty) are not payable by the Participants in respect of any shares issued or transferred under the DRP.

Non-operation

- 5.11** The DRP will not operate in relation to a Dividend to the extent that the allotment or issue of shares under the DRP would result in the breach of any applicable law, the Listing Rules or the Constitution. If and to the extent that the DRP does not operate, the relevant Dividend on Participating shares must instead be distributed (less Withholdings, if any) in cash to Participants in the same way as to shareholders not participating in the DRP.

Issue of shares

- 5.12** Shares issued under the DRP will from the date of issue rank equally with existing shares and must be issued in accordance with the Listing Rules.

6 Plan Statement

- 6.1** As soon as practicable after each Dividend payment date, the Company will send to each Participant a statement detailing:
- 6.1.1** the number of the Participant's Participating shares at the relevant Record Date;
 - 6.1.2** the total amount of the Dividend payable and franking credits applicable to the Participating shares;
 - 6.1.3** if applicable, the amount of the Withholdings on the Participating shares;
 - 6.1.4** the number of shares issued or transferred to the Participant under the DRP and the Price and date of issue or transfer of those shares;
 - 6.1.5** subject to any share transactions in the intervening period, the total number of Participating shares of the Participant after the application of the Dividend; and
 - 6.1.6** any other information as determined by the Board from time to time.

7 Changes to Participation

Variation Form

- 7.1** A Participant may at any time, give a Variation Form to the Company:
- 7.1.1** terminating the Participant's participation in the DRP; or
 - 7.1.2** subject to these Terms, increasing or decreasing the number of the Participant's Participating shares.
- 7.2** A Variation Form received by the Company to vary the level of participation or to terminate participation in the DRP takes effect from the first Record Date to occur following receipt of the Variation Form by the Company.

Effect of disposal of Shares

- 7.3** If a Participant with full participation disposes of part of the Participant's shares, then, the remaining shares held by the Participants will continue to participate in the DRP.
- 7.4** If a Participant with partial participation disposes of some of the Participant's shares then, unless the Company receives a Variation Form, the disposal will be deemed to include:
- 7.4.1** first, all the Participant's shares not participating in the DRP; and
 - 7.4.2** secondly, some or all of the Participant's Participating shares (if any).

- 7.5 If 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 Participant's entire shareholding on the date the Company registered a transfer or instrument of disposal of the Participant's shareholding.

Death, bankruptcy or winding up

- 7.6 If a Participant dies, participation in the DRP will be terminated upon receipt by the Company of written notice of death, together with such other evidence as the Board may require from time to time. If a Participant is declared bankrupt or is wound up, participation in the DRP will be terminated upon receipt by the Company of a notification of bankruptcy or winding up from the Participant or the Participant's trustee in bankruptcy or liquidator as the case may be. The death, bankruptcy or winding up of one or more joint holders will not automatically terminate participation.

The Board's discretion

- 7.7 The Board may at any time in its sole discretion resolve:
- 7.7.1 that participation in the DRP will not apply to the whole or part of any dividend and that the dividend, or the balance of the dividend (as the case may be) will be paid in cash;
 - 7.7.2 the minimum number of shares that a Participant may acquire by participating in the DRP;
 - 7.7.3 that a Participation Notice will cease to be of any effect;
 - 7.7.4 that the DRP be modified, suspended or terminated; and
 - 7.7.5 if the DRP is modified then a Participation Notice will be deemed to be a Participation Notice under the DRP as modified unless such Participation Notice is subsequently changed or withdrawn by the Participant.
- 7.8 In the event of the subdivision, consolidation or reclassification of shares into one or more new classes of shares, then a Participation Notice will be deemed to be a Participation Notice in respect of the shares.

8 Modification, Suspension and Termination

Power

- 8.1 Any variation, suspension or termination made in accordance with this clause:
- 8.1.1 is effective from the date of the resolution or a later date as determined by the Board; and
 - 8.1.2 does not give rise to any liability on the part of the Company or right of action by a Participant against the Company or the Board.

Notice

- 8.2 The Board may give written notice of any such variation, suspension or termination as it considers appropriate.
- 8.3 The accidental omission to give notice of modification, suspension or termination to a shareholder or the non-receipt of any notice by any Participant will not invalidate the modification, suspension or termination of the DRP or give rise to any liability on the part of the Company or right of action by a shareholder against the Company or the Board.

Effect of modification or suspension

- 8.4 Neither variation of the Terms nor temporary suspension of the DRP affects a Participant's participation under the DRP (as varied or re-implemented as the case may be) unless the Company is notified by a Participant to the contrary by a Variation Form.

9 Applications and Notices

- 9.1 Applications and notices by a shareholder to the Company must be in writing, addressed to the Company or as otherwise directed by the Company and in the form prescribed (if any) for that purpose by the Board.
- 9.2 Applications and notices will be effective upon receipt by the Company subject to these Terms and, in the case of Applications only, acceptance by the Company.
- 9.3 Applications and notices must be received by 5.00pm (Sydney time) on the relevant Record Date. Any Applications or notices received after that time will not be effective in respect of the Dividend payment but will be effective from the next relevant Record Date.

10 General

ASX Listing

- 10.1 The Company will apply for quotation on the ASX of all shares issued under the DRP.

Disclaimer

- 10.2 None of the Company, nor the Board, its officers, employees, representatives or agents:
- 10.2.1 represent or warrant that a Participant will gain any taxation advantage, or will not incur a taxation liability or disadvantage, as a result of participation in the DRP; or
- 10.2.2 take any responsibility or assume any liability for, or as a consequence of:
- (a) the taxation liabilities of Participants; or
 - (b) the establishment or operation of the DRP or a shareholder's participation in the DRP.

Disputes

- 10.3 Any difficulty, anomaly, disputes or disagreements arising under or in relation to the DRP or the Terms may be settled by the Board in any way the Board considers appropriate and any determination made by the Board will be final and binding.

Waiver

- 10.4 The Company reserves the right to waive strict compliance with any of the provisions of these Terms.

Governing Law

- 10.5 The DRP and its operation and the terms and conditions will be governed by the laws of the State of New South Wales and each shareholder submits to the jurisdiction of the Courts of that State.

Delegation

- 10.6 The Board may delegate their powers and obligations under these Terms to an authorised committee.

Set Off

- 10.7 A Participant may not participate in the DRP where, in accordance with the Constitution or any law, the Board is entitled to retain all or part of a dividend payable in respect of that Participant's Participating shares or the Company is entitled to a charge over such Participating shares or over any dividend payable in respect of such Participating shares, unless the Board otherwise determine in its absolute discretion.

11 Definitions and interpretation

Definitions

- 11.1 In this document the following definitions apply:
- Application** means a shareholder's application to participate in the DRP.
- ASX** means ASX Limited ABN 98 008 624 691.
- Board** means the Board of Directors of the Company from time to time.
- Business Day** means a business day as defined in the ASX Listing Rules.
- Company** means TOWER Australia Group Limited ACN 003 401 698.
- Constitution** means the Constitution of the Company as amended from time to time.
- DRP** means the dividend reinvestment plan of the Company conducted on these Terms.
- Discount** means the discount, if any, determined by the Board to be applied in determining the Price in respect of the DRP for dividends payable on a particular dividend payment date.
- Dividend** means a dividend or interim dividend of the Company.
- Listing Rules** means the official listing rules of ASX.
- Participant** means a shareholder participating in the DRP.
- Participation Form** means the form of Participation approved by the Board from time to time.
- Participating Share** means a share registered in the name of a Participant, the dividends on which are subject to the DRP.
- Price** means the price at which a share is issued or transferred under this DRP as determined in accordance with clauses 5.7 - 5.9.
- Record Date** means the record date for determining entitlements to dividends for the purposes of the Listing Rules.
- Register** means the register of members maintained or caused to be maintained by the Company, including both the principal register and any branch registers or sub-registers.
- Shareholder or shareholder** means a person or persons registered in the Register of the Company as a holder of shares.

Shares or **shares** means fully paid ordinary shares in the capital of the Company.

Terms means these terms and conditions of the DRP as modified from time to time in accordance with clause 8.

Variation Form means a form (as approved by the Board) by which a Participant applies to vary the level of, or withdraw from, participation in the DRP.

Withholdings means withholding tax and any other amounts (including without limitation, amounts withheld as a result of a failure to provide a tax file number and any dividend which the Company is entitled to retain as a result of a charge in favour of the Company in accordance with law) which the Company is required or permitted to withhold from a dividend payable on Participating shares.

CONTACT US

Contact the TOWER Australia
Share Registry

**Computershare Investor
Services Pty Limited**

GPO Box 2975
Melbourne
Vic 3001
AUSTRALIA

Phone:
Australia: 1 300 656 389
New Zealand or Overseas:
+61 3 9473 2500
Fax: +61 2 8235 8150

Email:
web.queries@
computershare.com.au

Website:
www.computershare.com

Contact TOWER Australia
Group Limited

**TOWER Australia Group
Limited**

PO Box 142
Milsons Point
NSW 1565
AUSTRALIA

Email:
investor-relations@
toweraustralia.com.au

Website:
www.toweraustralia.com.au

.....
TOWER Australia Group Limited
ACN 003 401 698

80 Alfred Street Milsons Point
NSW 2061

www.toweraustralia.com.au
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