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16 May 2013

Dear Shareholder

FlexiGroup Limited - Share Purchase Plan

On behalf of the directors of FlexiGroup Limited ("**FlexiGroup**"), I am pleased to offer eligible shareholders the opportunity to participate in the FlexiGroup Share Purchase Plan ("**SPP**"). The SPP allows eligible shareholders to purchase up to A\$10,000 worth of new fully paid ordinary shares in FlexiGroup ("**New Shares**") (subject to discretionary scale back) without paying brokerage or other transaction costs. The SPP proceeds will be capped at A\$5 million ("**the Cap**").

Participation in the SPP is optional and is open to Eligible Shareholders (as defined in section 2 of the enclosed Terms and Conditions of the SPP) who, as at 7.00pm (Sydney time) on Friday, 3 May 2013, were registered as holders of fully paid ordinary shares in FlexiGroup and whose registered address is in Australia or New Zealand. The right of Eligible Shareholders to participate in the SPP is not transferable.

On 6 May 2013, FlexiGroup announced a placement to institutional, professional and sophisticated investors (the "**Placement**") and the SPP. The net proceeds of the Placement will be used to fund the acquisition of Once Credit Pty Limited, and funds raised through the SPP will be used to fund future growth opportunities.

FlexiGroup is now inviting Eligible Shareholders to participate in the SPP by subscribing for New Shares at a price per New Share the lower of:

- i) A\$3.99, which is the same price institutional investors were offered new shares under the Placement and represents a discount of approximately 3% to the last closing price of \$4.11 on 3 May, 2013; and
- ii) a 3.0% discount to the average of the five day Volume Weighted Average Price of FlexiGroup ordinary shares traded on the Australian Securities Exchange up to and including the closing date of the SPP offer period, being Wednesday, 5 June 2013.

If you are an Eligible Shareholder, you may apply to purchase a parcel of New Shares in A\$2,500 increments from a minimum of A\$2,500 up to a maximum of A\$10,000 without incurring brokerage.

You may only apply for a maximum amount of A\$10,000 worth of New Shares. If you make applications for each of your registered holdings of FlexiGroup shares, the total of all the applications must not exceed A\$10,000. FlexiGroup reserves the right to decline applications from multiple registered holdings if the total exceeds A\$10,000, including where those registered holdings are in similar but not identical names, are held directly or indirectly or are held alone or with others.

FlexiGroup intends to raise up to A\$5 million under the SPP. FlexiGroup reserves the right to scale back applications should total demand exceed A\$5 million in its absolute and sole discretion. FlexiGroup may take into account, among other factors, the size of an applicant's shareholding in determining the amount (if any) by which to scale back that applicant's application. Should this occur, you may be allocated New Shares to a value which is less than the parcel for which you applied and the difference will be refunded to you without interest.

You should be aware that the market price of FlexiGroup shares may rise and fall between the date of the SPP offer and the date that the New Shares are issued under the SPP. As a result, the number of New Shares that you receive may be more or less than the number that you might calculate using the market price of FlexiGroup shares on the Allotment Date.

Full details of the SPP are set out in the enclosed Terms and Conditions and Application Form.

The SPP opens on Thursday, 16 May 2013. To apply for New Shares under the SPP, Eligible Shareholders may either:

- complete and return their enclosed Application Form in accordance with the details on the form, together with a cheque, bank draft or money order drawn on an Australian bank in Australian dollars; or
- pay directly via BPAY¹ on the internet or by telephone (for shareholders with an eligible Australian bank account only).

Application Forms must be received by FlexiGroup's share registry, or a BPAY payment must be received, by no later than 5.00pm (Sydney time) on Wednesday, 5 June 2013.

The SPP does not take into account the individual investment objectives, financial situation, tax position or particular needs of each Eligible Shareholder. You should consider seeking independent financial and taxation advice before making a decision as to whether or not to accept the offer.

I encourage you to read and consider carefully the enclosed Terms and Conditions.

If you have any questions, please contact FlexiGroup's share registry, Link Market Services Limited, on 1800 881 432 (from within Australia) or +61 1800 881 432 (from overseas).

Yours sincerely



Margaret Jackson
Non Executive Chairman

¹ Registered to BPAY Pty Ltd ABN 69 079 137 518

FLEXIGROUP LIMITED

SHARE PURCHASE PLAN TERMS AND CONDITIONS

Eligible Shareholders have the opportunity to participate in the FlexiGroup Share Purchase Plan offer ("**SPP**") by subscribing for up to A\$10,000 of new fully paid ordinary shares in FlexiGroup ("**New Shares**") without incurring brokerage or transaction costs. Details of this offer and how to participate are set out below.

1. **SPP KEY DATES***

EVENT	DATE
Record Date	7.00pm (Sydney time) Friday, 3 May 2013
SPP opens	Thursday, 16 May 2013
SPP closes	5.00pm (Sydney time) Wednesday, 5 June 2013
Allotment Date for New Shares	Thursday, 13 June 2013
New Shares issued under the SPP expected to commence trading	Friday, 14 June 2013
Dispatch of holding statements / refund advice (if applicable)	Friday, 14 June 2013

* FlexiGroup reserves its right to vary these dates (even if the offer has been opened or BPAY payments or Application Forms have been received) by making an announcement to the ASX.

2. **ARE YOU AN ELIGIBLE SHAREHOLDER?**

- (a) If you are registered as a holder of FlexiGroup ordinary shares at 7.00pm (Sydney time) on Friday, 3 May 2013 ("**Record Date**") and your registered address is in Australia or New Zealand, you will be eligible to participate in the SPP and an **Eligible Shareholder** unless you are acting for the account or benefit of a "U.S. Person" (**U.S. Person**) as defined in Regulation S under the US Securities Act of 1933, as amended (**Securities Act**).
- (b) FlexiGroup has reasonably determined that it is not practical for holders of FlexiGroup shares with registered addresses in jurisdictions outside Australia or New Zealand to participate in the SPP. To the extent that you hold shares on behalf of another person resident outside Australia and New Zealand, it is your responsibility to ensure that any acceptance complies with all applicable foreign laws.

The Directors who are eligible shareholders may participate in the SPP.

Eligible Shareholders are required to make the representations set out in sections 18 and 20 of these Terms and Conditions.

This is not an offer outside Australia or New Zealand

This document may not be released or distributed in any country other than Australia and New Zealand. This document does not constitute an offer to sell, or a solicitation of an offer to buy, securities in any country other than Australia and New Zealand. In particular, the shares to be issued under the SPP have not been and will not be registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States.

In order to comply with relevant securities laws, the shares to be issued under this SPP may not be offered to those shareholders who are U.S. Persons (as defined in Regulation S under the Securities Act) or to shareholders who are, or who are acting for the account or benefit of, U.S. Persons. Because of these legal restrictions, you must not send copies of these Terms and Conditions or any other material relating to the SPP to any person resident in the United States or who is, or is acting for the account or benefit of, one or more U.S. Persons.

Consistent with the representations contained in these Terms and Conditions and the Application Form (the **Application Form**) included with these Terms and Conditions, you may not submit any completed Application Forms for any person resident in the United States or who is, or is acting for the account or benefit of, U.S. Persons. Failure to comply with these restrictions may result in violations of applicable securities laws.

3. **PARTICIPATION BY ELIGIBLE SHAREHOLDERS**

Single Holders	If you are the only registered holder of a holding of FlexiGroup shares, but you receive more than one offer under the SPP (for example, due to multiple registered holdings), you may only apply for one maximum parcel of New Shares with an aggregate value of no more than A\$10,000.
Joint Holders	If you are recorded with one or more other persons as the joint holder of a holding of FlexiGroup shares, that joint holding is considered to be a single registered holding for the purpose of the SPP, and the joint holders are entitled to participate in the SPP in respect of that single holding only. If the same joint holders receive more than one offer under the SPP due to multiple registered holdings, the joint holders may only apply for one maximum parcel of New Shares with an aggregate value of no more than A\$10,000.
Custodians and Downstream Custodians	<p>If you are a custodian within the definition of "custodian" in ASIC Class Order [CO 09/425] ("Custodian") and hold FlexiGroup shares on behalf of one or more persons (each a Participating Beneficiary), or on behalf of a "downstream custodian" within the definition of ASIC Class Order [CO 09/425] who holds the beneficial interest in FlexiGroup shares on behalf of a Participating Beneficiary, you may apply for up to a maximum of A\$10,000 worth of New Shares for each Participating Beneficiary, subject to providing a notice in writing to FlexiGroup certifying the matters set out in paragraph 9 of ASIC Class Order [CO 09/425] (the "Custodian Certificate").</p> <p>If a Custodian applies for New Shares on behalf of a Participating Beneficiary, FlexiGroup will not issue New Shares unless the Custodian Certificate is received before the Allotment Date.</p> <p>Custodians should request a pro forma Custodian Certificate when making an application on behalf of Participating Beneficiaries. To request a Custodian Certificate, and for further information on how to apply, please contact FlexiGroup's share registry, Link Market Services Limited, on 1800 881 432 (from within Australia) or +61 1800 881 432 (from overseas) between Monday to Friday, 8.30am - 5.30pm (Sydney time).</p>

4. PARTICIPATION IS OPTIONAL

Participation in the SPP is entirely optional (subject to the eligibility criteria set out in section 2 above). The offer to acquire New Shares is not a recommendation. If you are in any doubt about the SPP, or as to whether you should participate in the SPP or how participation will affect you, you should consider seeking independent financial and taxation advice before making a decision as to whether or not to accept this offer or how much to invest.

5. RISKS ASSOCIATED WITH PARTICIPATING IN THE SPP

- (a) You should note that the FlexiGroup share price may rise or fall between the Record Date, the date of this offer, the date on which you make a BPAY payment or send in an Application Form and the date when New Shares are allotted and issued to you under the SPP. This means that the price you pay per New Share pursuant to this offer may be either higher or lower than the prevailing FlexiGroup share price, up to or after the date the New Shares are issued and allotted to you under the SPP and you therefore may be able to buy FlexiGroup shares at a lower price on market than the ultimate issue price under the SPP.
- (b) FlexiGroup recommends that you monitor the FlexiGroup share price and any FlexiGroup announcements, which can be found on the FlexiGroup website at www.flexigroup.com.au or on the ASX website at www.asx.com.au (ASX code: FXL). The FlexiGroup share price can also be found in the financial pages of major Australian metropolitan newspapers.
- (c) FlexiGroup encourages you to contact your professional adviser regarding whether or not to participate in the SPP and how much to invest.

6. ISSUE PRICE

- (a) Under the SPP, Eligible Shareholders have an opportunity to subscribe for up to A\$10,000 for FlexiGroup shares at an issue price the lower of:
 - (i) A\$3.99, which is the same price institutional investors were offered new shares under the Placement and represents a discount of approximately 3% to the last closing price of \$4.11 on 3 May, 2013; and
 - (ii) a 3.0% discount to the average of the five day Volume Weighted Average Price of FlexiGroup ordinary shares traded on the Australian Securities Exchange up to and including the closing date of the SPP offer period, being Wednesday, 5 June 2013.
- (b) You agree to pay the issue price per New Share for the number of New Shares calculated under section 9 of these Terms and Conditions or, if there is a scale-back, the number of New Shares calculated under section 8 of these Terms and Conditions.

7. HOW MUCH CAN YOU INVEST?

- (a) Under the SPP, you may apply for a parcel of New Shares in A\$2,500 increments from a minimum of A\$2,500 up to a maximum of A\$10,000. The A\$10,000 limit applies irrespective of the number of FlexiGroup shares you hold on the Record Date.
- (b) The offer under the SPP needs to comply with the conditions of ASIC Class Order [CO 09/425]. Under that class order, eligible shareholders may only acquire up to a maximum of A\$15,000 worth of FlexiGroup shares under a share purchase plan or similar plan in any 12 month period (except in certain circumstances described in "Participation by Eligible Shareholders" above).
- (c) This limitation applies, for example, even if you receive more than one Application Form or if you hold FlexiGroup shares in more than one capacity, for example, if you are both a sole and joint holder of FlexiGroup shares. Please refer to the information under "Participation by Eligible Shareholders" in section 3 above.
- (d) FlexiGroup reserves the right, and in certain circumstances may be required by ASIC Class Order [CO 09/425] or other conditions, to reject any application for New Shares under the SPP to the extent it considers, or is reasonably satisfied, that the application (whether alone or in conjunction with other applications) does not comply with these Terms and Conditions.

8. APPLICATIONS MAY BE SCALED BACK

- (a) FlexiGroup intends to raise up to A\$5 million under the SPP. FlexiGroup reserves the right to scale back applications should total demand exceed A\$5 million in its absolute and sole discretion. FlexiGroup may take into account, among other factors, the size of an applicant's shareholding in determining the amount (if any) by which to scale back that applicant's application. Should this occur, you may be allocated New Shares to a value which is less than the parcel for which you applied.
- (b) If a scale back produces a fractional number when applied to the parcel of New Shares you applied for, the number of New Shares you will be allotted will be rounded up to the nearest whole number and any difference will be refunded to you without interest.
- (c) Any application monies refunded by FlexiGroup under a scale back will be paid by cheque or direct credit (the payment method will be determined by FlexiGroup in its absolute discretion) in Australian currency, on the date that holding statements are dispatched under the SPP, expected to be Friday, 14 June 2013. By applying for New Shares, each shareholder authorises FlexiGroup to pay any monies to be refunded by using the payment instructions of the shareholder recorded in FlexiGroup share registry's records, if FlexiGroup should elect to pay in this manner.

9. CALCULATION OF THE NUMBER OF NEW SHARES TO BE ISSUED TO YOU

In the absence of a scale back, and subject to the treatment of non-compliant applications described under "General Application Terms" in section 19 below, the number of New Shares to be issued to you will be calculated by dividing the aggregate application money that you pay in applying for New Shares by the issue price, then rounding up to the nearest whole number. For example, in the absence of a scale back, if you subscribe A\$10,000 for New Shares and the issue price is A\$3.99 per New Share, you will be allotted 2,507 New Shares.

10. NON-RENOUNCEABLE OFFER

The offer to subscribe for New Shares under the SPP is non-renounceable. This means that you cannot transfer your right to subscribe for New Shares under the offer to anyone else.

11. NO BROKERAGE

No brokerage is payable by you to FlexiGroup in respect of the acquisition of New Shares under the SPP.

12. RANKING OF NEW SHARES

- (a) All New Shares issued under the SPP will rank equally with existing FlexiGroup ordinary shares from the date of issue, and therefore will carry the same voting rights, dividend rights and other entitlements as existing FlexiGroup ordinary shares.
- (b) FlexiGroup will apply for New Shares issued under the SPP to be quoted on the ASX.

13. ASIC CLASS ORDER [CO 09/425] COMPLIANCE

This offer of New Shares under the SPP is made in accordance with the requirements of ASIC Class Order [CO 09/425]. That Class Order grants relief from the requirement to prepare a prospectus for the offer of shares under the SPP.

14. BINDING TERMS

By accepting the offer to purchase New Shares under the SPP, you agree to be bound by these Terms and Conditions and FlexiGroup constitution.

15. **HOW TO APPLY**

If you are an Eligible Shareholder and would like to apply for New Shares under the SPP, you can either:

- (a) complete the Application Form and, together with a cheque, bank draft or money order for the relevant amount, forward it to our share registry; or
- (b) make a BPAY payment.

Please see section 16 and 17 below for details.

16. **FOR PAYMENT BY CHEQUE, BANK DRAFT OR MONEY ORDER**

Eligible Shareholders must complete the enclosed Application Form and return it together with a cheque, bank draft or money order made payable to "**FlexiGroup Limited - SPP A/C**" drawn on an Australian bank and in Australian dollars for the correct amount, in the enclosed reply-paid envelope (New Zealand shareholders will need to affix the appropriate postage stamp) so that it is received prior to the close of the offer at 5:00pm (Sydney time) on Friday, 7 June 2013 at:

Mailing Address	Hand Delivery
FlexiGroup Limited C/- Link Market Services Limited GPO Box 3560 Sydney NSW 2001	FlexiGroup Limited C/- Link Market Services Limited 1A Homebush Bay Drive Rhodes NSW 2138

17. **APPLYING BY BPAY PAYMENT**

Eligible Shareholders who wish to pay by BPAY, must follow the instructions on the Application Form so that it is received by FlexGroup's share registry by **no later than 5.00pm (Sydney time) on Wednesday, 5 June 2013**. Your personalised Application Form carries the Biller Code and your unique reference number, which you must use to take up the offer.

Applicants using BPAY should be aware that their own financial institution may implement earlier cut off times with regards to electronic payment, and should therefore take this into consideration when making payment. It is the responsibility of the applicant to ensure that funds submitted through BPAY are received by this time.

If you make your payment using BPAY, you do not need to return your Application Form.

18. **YOUR REPRESENTATIONS**

By completing and submitting the Application Form (together with a cheque, bank draft or money order) **or making a BPAY payment, you represent and certify** that:

- (a) you irrevocably and unconditionally agree to these Terms and Conditions and the terms of the Application Form and agree not to do any act or thing which would be contrary to the spirit, intention or purpose of the SPP;
- (b) you acknowledge your application is irrevocable and unconditional;
- (c) the aggregate of the application price paid by you for:
 - (i) the New Shares the subject of your Application Form or BPAY payment; and
 - (ii) any other New Shares applied for by you under the SPP or any similar share purchase plan arrangement operated by FlexiGroup in the 12 months prior to the date of submission of the Application Form or BPAY payment; and
 - (iii) any other New Shares which you have instructed a Custodian to acquire on your behalf under the SPP; and
 - (iv) any other FlexiGroup shares issued to a Custodian in the 12 months before the application as a result of an instruction given by you to the Custodian or another custodian to apply for shares on your behalf under an arrangement similar to the SPP, and which resulted in you holding the beneficial interest in those shares, does not exceed A\$15,000, unless you are applying as a Custodian for one or more Participating Beneficiaries and have provided FlexiGroup with the Custodian Certificate referred to under "Participation by Eligible Shareholders" in section 3 above.

19. **GENERAL APPLICATION TERMS**

- (a) Do not forward cash. Receipts for payment will not be issued. FlexiGroup reserves the right not to accept Application Forms or BPAY payments received after 5:00pm (Sydney time) on Wednesday, 5 June 2013.
- (b) Applications may only be made for parcels of New Shares in the amounts of A\$2,500, A\$5,000, A\$7,500 or A\$10,000. If the amount of the payment tendered with your Application Form or your BPAY payment is:
 - (i) less than A\$2,500 – FlexiGroup will not allot any New Shares to you and will refund your application money to you, without interest payable to you;
 - (ii) greater than A\$10,000 - subject to scale back, FlexiGroup will allot the maximum number of New Shares to you and will refund the excess application money to you, without interest payable to you; or
 - (iii) not a multiple of A\$2,500 that is more than A\$2,500 and less than A\$10,000 - subject to scale back, FlexiGroup will allot to you the number of New Shares that would have been allotted had you applied for the highest amount you were permitted to apply for that is less than the amount of your cheque or BPAY payment, and will refund the excess application money to you, without interest payable to you.
- (c) Application Forms must be received by FlexiGroup's share registry and BPAY payments must be received by **no later than 5.00pm (Sydney time) on Wednesday, 5 June 2013**. Application Forms and BPAY payments received after that time will not be accepted.
- (d) Application Forms and BPAY payments under the SPP may not be withdrawn once they have been received by FlexiGroup. No interest will be payable on application money held by FlexiGroup.
- (e) Please read the enclosed Application Form for further details of how to apply for New Shares under the SPP.
- (f) You agree to make the representations in section 18 above and section 20 below.

20. **FURTHER REPRESENTATIONS**

If you apply to participate in the SPP by submitting a BPAY payment or completing or returning an Application Form, **you represent** on your own behalf and on behalf of each person on whose account you are acting that:

- (a) you are an Eligible Shareholder and eligible to participate in the SPP for the number of New Shares applied for;
- (b) you acknowledge that the New Shares have not, and will not be, registered under the Securities Act or the securities laws of any state or other jurisdictions in the United States, or in any other jurisdiction outside Australia or New Zealand and accordingly, New Shares may not be offered, sold or otherwise transferred except in accordance with an available exemption from, or a transaction not subject to, the registration requirements of the Securities Act and any other applicable securities laws;
- (c) you have not, and will not, send any materials relating to the SPP to any person in the United States or that is, or is acting for the account or benefit of, a U.S. Person;
- (d) you acknowledge that you have not been provided with investment advice or financial product advice by FlexiGroup or Link Market Services Limited and that neither of them has any obligation to provide advice in relation to your consideration as to whether or not to purchase FlexiGroup shares; and

- (e) you understand and acknowledge that the market price of FlexiGroup shares may rise or fall between the date of this offer and the date the New Shares are allotted to you under the SPP (the "**Allotment Date**") and that the issue price you pay for the New Shares may exceed the market price of the FlexiGroup shares on or after the Allotment Date.

21. **ALLOTMENT AND QUOTATION DATES**

- (a) New Shares are expected to be allotted under the SPP on Thursday, 13 June 2013 and FlexiGroup will apply for those New Shares to be listed for quotation on ASX on Friday, 14 June 2013.
- (b) FlexiGroup expects to dispatch a holding statement or confirmation advice in respect of the New Shares allotted to you under the SPP on Thursday, 13 June 2013. You should confirm your holding before trading in any New Shares you believe have been allotted to you under the SPP.

22. **UNDERWRITING**

The SPP will not be underwritten.

23. **WITHDRAWAL, SUSPENSION, TERMINATION, ANOMALIES AND DISPUTES**

- (a) FlexiGroup reserves the right to waive strict compliance with any provision of these Terms and Conditions, to amend or vary these Terms and Conditions and to suspend or terminate the SPP at any time. Any such amendment, variation, suspension or termination will be binding on all Eligible Shareholders even where FlexiGroup does not notify you of that event.
- (b) FlexiGroup may make determinations in any manner it thinks fit, including in relation to any difficulties, anomalies or disputes which may arise in connection with or by reason of the operation of the SPP, whether generally or in relation to any participant or application. Any determination by FlexiGroup will be conclusive and binding on all Eligible Shareholders and other persons to whom the determination relates.
- (c) FlexiGroup rights may be exercised by the Board or any delegate of the Board.

24. **FURTHER INFORMATION**

If you have any questions, please contact FlexiGroup's share registry, Link Market Services Limited, on 1800 881 432 (from within Australia) or +61 1800 881 432 (from overseas).

25. **GOVERNING LAW**

This offer is governed by the law in force in Western Australia. By accepting this offer, you submit to the non-exclusive jurisdiction of the courts of Western Australia.