

16 September 2016

Dear Shareholder,

## Notification to Ineligible Retail Shareholders

On 13 September 2016, JB Hi-Fi Limited ("**JB Hi-Fi**") announced it is seeking to raise approximately \$394 million via a 1 for 6.60 pro rata renounceable entitlement offer of new JB Hi-Fi ordinary shares ("**New Shares**"), with retail entitlements trading for eligible retail shareholders ("**Entitlement Offer**").

This letter is to inform you about the Entitlement Offer and to explain why you will not be able to subscribe for New Shares under the Entitlement Offer. This letter is not an offer to issue New Shares to you, nor an invitation for you to apply for New Shares. **You are not required to do anything in response to this letter but there may be financial implications for you as a result of the Entitlement Offer that you should be aware of.**

Under the Entitlement Offer, JB Hi-Fi is offering eligible shareholders 1 New Share for every 6.60 JB Hi-Fi shares held at the record date, at the offer price of \$26.20 per New Share. Following completion of the Entitlement Offer, JB Hi-Fi will have issued approximately 15.0 million New Shares resulting in total JB Hi-Fi ordinary shares on issue of approximately 114.3 million.

The Entitlement Offer is fully underwritten by Macquarie Capital (Australia) Limited ("**Macquarie**"). The Entitlement Offer consists of an offer to eligible institutional shareholders and an offer to eligible retail shareholders (as described below, "**Eligible Retail Shareholders**") to participate on the same offer price and offer ratio ("**Retail Entitlement Offer**").

Eligible Retail Shareholders are shareholders who:

- a) are registered as a holder of existing JB Hi-Fi ordinary shares as at 7.00pm (AEST<sup>1</sup>) on the Record Date (Friday, 16 September 2016);
- b) have a registered address on the JB Hi-Fi share register in Australia or New Zealand;
- c) are not in the United States and are not acting for the account or benefit of a person in the United States (to the extent such person holds JB Hi-Fi ordinary shares for the account or benefit of such person in the United States);
- d) were not invited to participate (other than as nominee, in respect of other underlying holdings) in the Institutional Entitlement Offer and were not treated as ineligible institutional shareholders under the Institutional Entitlement Offer; and
- e) are eligible under all applicable securities laws to receive an offer under the Retail Entitlement Offer.

Shareholders who are not Eligible Retail Shareholders are ineligible retail shareholders.

The restrictions upon eligibility under the Retail Entitlement Offer arise because of the legal and regulatory requirements in countries other than Australia and New Zealand and the potential costs to JB Hi-Fi of complying with these legal and regulatory requirements compared with the relatively small number of shareholders in those countries, the relatively small number of existing JB Hi-Fi ordinary shares they hold and the relatively low value of New Shares to which those shareholders would otherwise be entitled.

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<sup>1</sup> Australian Eastern Standard Time

# JB HI-FI

JB Hi-Fi has determined, pursuant to Listing Rule 7.7.1(a) of the ASX Listing Rules and section 9A(3)(a) of the Corporations Act 2001 (Cth) (as modified by *ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84*) ("**Act**"), that it would be unreasonable to make or extend offers under the Retail Entitlement Offer to ineligible retail shareholders.

Determination of eligibility of investors for the purposes of the Retail Entitlement Offer is determined by reference to a number of matters. JB Hi-Fi, Macquarie and their respective affiliates and related bodies corporate and each of their respective directors, officers, partners, employees, advisers and agents disclaim any liability in respect of any determination as to eligibility, to the maximum extent permitted by law.

Unfortunately, according to our records, you do not satisfy the eligibility criteria for an Eligible Retail Shareholder. Accordingly, in compliance with ASX Listing Rule 7.7.1(b) and section 9A(3)(b) of the Act, JB Hi-Fi wishes to advise you that it will not be extending the Retail Entitlement Offer to you and you will not be able to subscribe for New Shares under the Retail Entitlement Offer. You will not be sent the documents relating to the Retail Entitlement Offer.

However, as the Entitlement Offer is renounceable, you may receive value for entitlements you would have received had you been eligible to participate in the Retail Entitlement Offer. Arrangements have been made for the entitlements of ineligible retail shareholders who did not participate in the Retail Entitlement Offer to be sold via a retail shortfall bookbuild on Thursday, 6 October 2016 ("**Retail Shortfall Bookbuild**"), which will be conducted by Macquarie.

You will receive any premium over the \$26.20 per New Share offer price under the Retail Entitlement Offer from the sale of your entitlements, net of any applicable withholding tax. However, there is no guarantee that you will receive any value as a result of the Retail Shortfall Bookbuild.

The retail entitlements of Eligible Retail Shareholders will be tradeable on ASX. The assignment, transfer and exercise of retail entitlements trading on ASX will be restricted to persons meeting certain eligibility criteria. In particular, persons in the United States and persons acting for the account or benefit of persons in the United States will not be eligible to purchase or trade retail entitlements or to exercise retail entitlements they acquire. If you buy retail entitlements during the trading period, but you do not meet the eligibility criteria, you will not be able to take up or exercise those entitlements and, as a result, you may receive no value for them.

## Further information

If you have any questions in relation to the Retail Entitlement Offer, please contact the JB Hi-Fi Offer Information Line on 1300 302 417 (within Australia) or +61 3 9415 4136 (outside of Australia) between 8:30am and 5:30pm (AEST) Monday to Friday. For other questions, you should consult your broker, solicitor, accountant, financial adviser, or other professional adviser.

Yours sincerely,



Doug Smith

Company Secretary

## NOT FOR RELEASE OR DISTRIBUTION IN THE UNITED STATES

This announcement has been prepared for publication in Australia and may not be released or distributed in the United States. This announcement does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States or any other jurisdiction in which such an offer would be illegal. Any securities described in this announcement have not been, and will not be, registered under the U.S. Securities Act of 1933 (“**US Securities Act**”) as amended or the securities laws of any state or other jurisdiction of the United States. Accordingly, no securities described in this announcement may be offered or sold, directly or indirectly, in the United States or to a person acting for the account or benefit of a person in the United States, unless they have been registered under the U.S. Securities Act (which JB Hi-Fi has no obligation to do or procure), or are offered and sold in a transaction exempt from, or not subject to, the registration requirements of the US Securities Act and any applicable US state securities laws.

### Forward looking statements

This announcement contains forward looking statements, including statements of current intention, statements of opinion and predictions as to possible future events. Forward looking statements can generally be identified by the use of forward looking words such as “believe”, “expect”, “estimate”, “will”, “may”, “target”, “anticipate”, “likely”, “intend”, “should”, “could”, “predict”, “plan”, “propose”, “potential” and other similar expressions within the meaning of securities laws of applicable jurisdictions. Indications of, and guidance or outlook on, future earnings or financial position or performance are also forward looking statements. Such statements are not statements of fact and there can be no certainty of outcome in relation to the matters to which the statements relate. These forward looking statements involve known and unknown risks, uncertainties, assumptions and other important factors that could cause the actual outcomes to be materially different from the events or results expressed or implied by such statements. Those risks, uncertainties, assumptions and other important factors are not all within the control of JB Hi-Fi and cannot be predicted by JB Hi-Fi and include changes in circumstances or events that may cause objectives to change as well as risks, circumstances and events specific to the industry, countries and markets in which JB Hi-Fi operates. They also include general economic conditions, exchange rates, interest rates, competitive pressures, selling price, market demand and conditions in the financial markets which may cause objectives to change or may cause outcomes not to be realised.

None of JB Hi-Fi or any of its subsidiaries, advisors or affiliates (or any of their respective officers, employees or agents) makes any representation, assurance or guarantee as to the accuracy, likelihood of fulfilment or reasonableness of any forward looking statement or any outcomes expressed or implied in any forward looking statements. Statements about past performance are not necessarily indicative of future performance.