



23 September 2019

MR SAM SAMPLE  
123 SAMPLE STREET  
SAMPLETOWN VIC 3000

***Not for release or distribution in the United States***

Dear Shareholder

### **Thorn Group Limited Entitlement Offer – Notification to Ineligible Shareholders**

On 16 September 2019, Thorn Group Limited (**ASX: TGA**) (**Thorn**) announced a fully underwritten accelerated pro-rata non-renounceable entitlement offer (**Entitlement Offer**) of new fully paid ordinary shares in Thorn (**New Shares**) at an offer price of A\$0.24 per New Share (**Offer Price**) to existing eligible shareholders with registered addresses in Australia and New Zealand to raise approximately A\$38.7 million.

Under the Entitlement Offer, Thorn will offer existing eligible shareholders (**Eligible Shareholders**) the opportunity to subscribe for 1 New Share for every 1 existing Thorn share held on the record date of 5.00pm (Sydney time) on 18 September 2019 (**Record Date**).

The Entitlement Offer is lead managed and fully underwritten by Shaw and Partners Limited (**Shaw**).

### **Why are we sending you this letter?**

This letter is to inform you about the Entitlement Offer and to explain to you why you will not be able to subscribe for New Shares under the Entitlement Offer.

### **No action required**

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.**

### **Details of the Offer**

The Entitlement Offer will raise approximately A\$38.7 million.

Funds raised from the Entitlement Offer will be used to fund the class action settlement (announced by Thorn to ASX on 3 September 2019), provide additional working capital for Thorn Business Finance and restructure the Radio Rentals business, and pay for the costs of this equity raising.

The Entitlement Offer comprises an offer to eligible institutional shareholders (**Institutional Entitlement Offer**) and an offer to eligible retail shareholders (**Retail Entitlement Offer**) to participate in the Entitlement Offer at the same Offer Price and offer ratio. The Entitlement Offer is being made pursuant to section 708AA of the *Corporations Act 2001*(Cth) (**Corporations Act**) (as modified by

ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84), meaning that no prospectus needs to be prepared in relation to the Entitlement Offer.

The Institutional Entitlement Offer has already been completed and raised approximately A\$15.4 million.

### **Details and eligibility of the Retail Entitlement Offer**

The Retail Entitlement Offer is being made to Eligible Retail Shareholders (as defined below) on the basis of 1 New Share for every 1 existing Thorn share held at 5:00pm (Sydney time) on the Record Date. An information booklet in relation to the Retail Entitlement Offer (**Offer Booklet**) will be despatched to Eligible Retail Shareholders on or around 23 September 2019.

**Eligible Retail Shareholders** are those persons who:

- are registered as a holder of existing Thorn shares as at 5:00pm (Sydney time) on the Record Date;
- as at the Record Date, have a registered address in Australia or New Zealand;
- 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 Thorn shares for the account or benefit of such person in the United States);
- 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
- are eligible under all applicable securities laws to receive an offer under the Retail Entitlement Offer without any requirement for a prospectus or offer document to be lodged or registered in the jurisdiction in which the shareholder resides.

Shareholders who are not Eligible Retail Shareholders and who did not participate in the Institutional Entitlement Offer are ineligible retail shareholders, and are consequently unable to participate in the Retail Entitlement Offer.

The restrictions upon eligibility to participate in the Retail Entitlement Offer arise because of legal and regulatory limitations in some countries other than Australia and New Zealand and the potential costs to Thorn of complying with these legal and regulatory requirements compared with the relatively small number of shareholders in these countries, the relatively small number of existing Thorn shares the shareholders in these countries' hold and the relatively low value of New Shares to which those shareholders would otherwise be entitled under the Retail Entitlement Offer. Thorn has determined, pursuant to Listing Rule 7.7.1(a) of the ASX Listing Rules and section 9A(3) of the Corporations Act, that it would be unreasonable to make or extend offers to Thorn shareholders in all countries in connection with the Retail Entitlement Offer.

Unfortunately, according to our records, you do not satisfy the eligibility criteria stated above to qualify as an Eligible Retail Shareholder. Accordingly, in compliance with ASX Listing Rule 7.7.1(b) and section 9A(3)(b) of the Corporations Act, Thorn wishes to notify you that Thorn 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. Under the terms of the Retail Entitlement Offer, you are not eligible to apply for New Shares and you will not be sent a copy of the Entitlement Offer Booklet or any other offering materials relating to the Retail Entitlement Offer.

Shaw (who is also the underwriter for the purposes of the Entitlement Offer) has been appointed by the Company to act as nominee for the purposes of section 615 of the Corporations Act to:

- accept the New Shares which would otherwise have been available to Ineligible Shareholders had they been eligible to participate in the Entitlement Offer;
- use its best endeavours to sell those New Shares; and

- pay the proceeds of any sale of New Shares (less the subscription price and other costs) to the Share Registry who will then distribute to Ineligible Shareholders in proportion to their shareholding in the Company at the Record Date.

The Company and Shaw will not be liable for the failure of Shaw to sell the New Shares or the failure to sell the New Shares at any particular price. There is no guarantee that any proceeds will be realised from the sale of New Shares that would otherwise have been offered to Ineligible Shareholders.

If you have any queries regarding the Retail Entitlement Offer or if you believe you are an Eligible Retail Shareholder please call the Thorn Offer Information Line on 1300 855 080 (within Australia) or +61 3 9415 4000 (outside Australia) between 8:30am to 5:30pm (Sydney time) Monday to Friday during the Retail Entitlement Offer period. For other questions, you should consult your stockbroker, accountant or other professional adviser.

On behalf of the Board of Thorn, thank you for your continued support.

Yours sincerely

A handwritten signature in black ink, appearing to read 'David Foster', written in a cursive style.

David Foster  
Chairperson  
Thorn Group Limited

## Important Information

This letter is issued by Thorn Group Limited. This letter is not a prospectus, product disclosure statement, or any other disclosure document under Australian law or under any other law. It is for information purposes only and does not constitute an offer, invitation or recommendation to subscribe for, retain or purchase any securities in Thorn in any jurisdiction. This letter does not constitute financial product advice and has been prepared without taking account of the investment objectives, financial situation or needs of any particular investor. This letter does not and will not form any part of any contract for the acquisition of Thorn shares.

This letter does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States or to any person acting for the account or benefit of any person in the United States, or in any other jurisdiction in which such an offer or solicitation would be illegal. No action has been or will be taken to register, qualify or otherwise permit an offering of the New Shares in any jurisdiction outside Australia and New Zealand (except, with the express consent of Thorn, to shareholders in certain other jurisdictions where Thorn has determined it is lawful and practical to make the Entitlement Offer). This letter may not be distributed or released in the United States.

The New Shares have not been, and will not be, registered under the U.S. Securities Act of 1933 as amended (the **U.S. Securities Act**) or the securities laws of any state or other jurisdiction of the United States. Accordingly, the New Shares may not be offered and sold in the United States except in transactions registered under the U.S. Securities Act or transactions exempt from, or not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws.