

11 May 2017

Dear Shareholder

NON-RENOUNCEABLE RIGHTS ISSUE

I am pleased to invite eligible shareholders to participate in a pro rata 1 for 4 non-renounceable rights offer by Consolidated Operations Group Limited (**Company**) of new fully paid ordinary shares in the Company (**New Shares**), at \$0.12 per New Share (**Offer Price**) raising up to **\$31,163,281** in new capital before costs (**Rights Issue**). The Company announced the Rights Issue to the Australian Securities Exchange (**ASX**) on 1 and 10 May 2017 together with its intention to conduct a subsequent placement to sophisticated investors for any New Shares not taken up by existing shareholders of COG under the Rights Issue.

Entitlements not taken up may become available as additional shares. Eligible Shareholders may, in addition to their entitlements, apply for the New Shares over and above their entitlement at the Offer Price (**Additional Shares**) regardless of the size of their present holding.

The Rights Issue is being conducted under section 708AA of the *Corporations Act 2001* (Cth) (**Corporations Act**) and does not require a prospectus. Eligible shareholders will be sent a short form offer document relating to the Rights Issue (**Offer Document**) and a personalised Entitlement and Acceptance Form on or about 17 May 2017.

The proceeds of this Rights Issue will be used to support the Company's acquisition growth strategy and its continuing growth in lease origination. As part of the growth strategy three acquisition opportunities were announced by the Company on 21 April 2017, 1 May 2017 and 9 May 2017.

However, in the event that circumstances change or other better opportunities arise the directors reserve the right to vary the proposed uses to maximise the benefit to Shareholders.

Key Information about the Rights Issue

The Rights Issue is non-renounceable and is not underwritten. Blue Ocean Equities Pty Limited (**Blue Ocean**) has however been appointed as the lead manager to the Rights Issue.

Each shareholder on the Company's register of members who has a registered address in Australia or New Zealand (**Eligible Shareholder**) at 7.00pm (Sydney time) on 16 May 2017 (**Record Date**) will be entitled to subscribe for one New Share in the Company for every four ordinary shares held at the Record Date, at a price of \$0.12 per New Share. The entitlement of Eligible Shareholders to participate in the Rights Issue will be determined on the Record Date. The entitlement will be shown on an Entitlement and Acceptance Form which will accompany the Offer Document in respect of the Rights Issue. Entitlements to New Shares can be accepted by eligible Shareholders in full or in part.

Eligible Shareholders may take one of the following actions:

- take up all of their entitlement (and may also subscribe for Additional Shares);
- take up part of their entitlement; or

- do nothing and allow all of their entitlement to lapse.

Entitlements to the New Shares under the Rights Issue are non-renounceable, which means that entitlements will not be tradeable on ASX or otherwise transferable. If an Eligible Shareholder does not take up their entitlement by the closing date of the Rights Issue, that Eligible Shareholder's entitlement under the Rights Issue will lapse and its interest in the Company will be diluted.

The New Shares issued under the Rights Issue and Additional Shares will be fully paid and will rank equally with Company's existing issued ordinary shares. The Company has made an application to the ASX for official quotation of the New Shares. The Company expects that the New Shares will be entered into uncertificated holdings on 9 June 2017.

No dividend is being paid on ordinary shares in the Company in respect of the financial year ended 30 June 2017.

Key dates for shareholders

The indicative timetable for the Rights Issue is as follows:

Rights issue 3B and cleansing notice lodged with ASX	Before 9.00 am on Wed 10 May 2017
Ex date	15 May 2017
Record date	7.00pm (Sydney time) 16 May 2017
Lodge Offer Document with ASX	17 May 2017
Offer Document, and Entitlement and Acceptance Form sent out to Shareholders	17 May 2017
Opening Date	17 May 2017
Closing Date	2 June 2017
Shares quoted on a deferred basis	5 June 2017
Notify ASX of undersubscriptions	7 June 2017
Issue Date	9 June 2017
Despatch of New Shares holding statements	10 June 2017
Commencement of trading of New Shares on ASX	12 June 2017

This timetable is indicative only and subject to change. Subject to the ASX Listing Rules and the Corporations Act, the Directors of the Company reserve the right to vary these dates, including the Opening Date and Closing Date, without prior notice.

Capital structure

As at the date of the announcement, the Company had 1,038,776,028 Shares on issue. The maximum number of New Shares to be issued under the Rights Issue is 259,694,007, which would raise up to \$31,163,281 (before

costs). At the conclusion of the Rights Issue, the total number of issued Shares in the Company will be a maximum of 1,298,470,035 Shares. All this information is subject to the reconciliation of entitlements and rounding.

Overseas shareholders

The Rights Issue is not being extended to any shareholder with a registered address outside Australia or New Zealand. The Company has determined that it is not economically viable for it to make offers to shareholders with a registered address outside of Australia or New Zealand, having regard to the cost of meeting compliance requirements with securities laws in each applicable jurisdiction and the small number and value of New Shares that would be offered in such jurisdictions.

Further information

Shareholders eligible to participate in the Rights Issue do not need take any action at this time. A personalised Entitlement and Acceptance Form will be mailed to each Eligible Shareholder at the address on the Share Register on 17 May 2017 with the Opening Date being 17 May 2017, and the Eligible Shareholders that wish to participate will need to complete the Entitlement and Acceptance Form and return it with payment by the Closing Date.

The Closing Date for acceptance and payment is currently expected to be 5.00pm (Sydney time) on 2 June 2017.

For further information, please contact David Franks, Company Secretary, on 02 9299 9690.

Yours sincerely,



Bruce Hatchman

Chairman

Consolidated Operations Group Limited