

**PRIVATE AND CONFIDENTIAL**

**3 July 2017**

**Pro-rata Entitlement Offer – Notification to Ineligible Shareholders**

On 26 June 2017, Collins Food Limited (ACN 151 420 781) ("**Collins Foods**") announced that it was conducting a capital raising by way of a pro rata accelerated non-renounceable entitlement offer to eligible shareholders to subscribe for 1 new Collins Foods share ("**New Share**") for every 11 existing Collins Foods shares ("**Existing Shares**") held at 7.00pm (Brisbane time) on Wednesday, 28 June 2017 ("**Record Date**") to raise approximately A\$44.1 million ("**Entitlement Offer**").

The proceeds of the Entitlement Offer together with funds raised from debt will be used by Collins Restaurants South Pty Ltd, a wholly owned subsidiary of Collins Foods, to acquire a portfolio of 28 KFC restaurants in Australia from a subsidiary of Yum!<sup>1</sup>

UBS AG, Australia Branch and Wilsons Corporate Finance Limited are Joint Lead Managers and Joint Underwriters of the Entitlement Offer (the "**Joint Lead Managers**").

The Entitlement Offer comprises an institutional entitlement offer ("**Institutional Entitlement Offer**") and an offer to Eligible Retail Shareholders (as defined below) to participate on the same terms ("**Retail Entitlement Offer**"). The Entitlement Offer is being made by the Company in accordance with section 708AA of the Corporations Act 2001 (Cth) ("**Act**") as modified by Australian Securities and Investments Commission Corporations (Non-Traditional Rights Issue) Instrument 2016/84, meaning that no prospectus or other disclosure document needs to be prepared. The Institutional Entitlement Offer has already closed and the results announced to the Australian Securities Exchange ("**ASX**") on Tuesday, 27 June 2017. Collins Foods has today lodged a retail offer booklet with the ASX, which sets out the further details in respect of the Retail Entitlement Offer ("**Retail Offer Booklet**").

The Retail Entitlement Offer is non-renounceable. A number of New Shares equal to the number that you would otherwise be entitled to subscribe for under the Retail Entitlement Offer will be subscribed by the Joint Lead Managers and sub-underwriters at the Offer Price (as defined below). As a result, no amount will be payable by you and you will not otherwise receive any value for entitlements in respect of any New Shares that would have been offered to you if you were eligible.

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<sup>1</sup> Total restaurants acquired are 29, but 1 loss-making restaurant will be closed post completion. Includes 2 new restaurants to be opened by end of December 2017.

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

### **What is the Retail Entitlement Offer?**

The Retail Entitlement Offer involves an offer to Eligible Retail Shareholders of an entitlement to subscribe for 1 New Share for every 11 Existing Shares held at 7.00pm (Brisbane time) on the Record Date, at a price of A\$4.55 ("**Offer Price**") for each New Share ("**Entitlement**").

### **Eligibility Criteria**

"Eligible Retail Shareholders" are those persons who:

- a) are registered as a holder of Existing Shares as at 7.00pm (Brisbane time) on the Record Date;
- b) have a registered address on Collins Foods' share register in Australia or New Zealand;
- c) are not in the United States and are not a person (including nominees or custodians) acting for the account or benefit of a person in the United States;
- d) were not invited to participate in the Institutional Entitlement Offer and were not treated as an Ineligible Institutional Shareholder (as defined below) under the Institutional Entitlement Offer; and
- e) are eligible under all applicable securities laws to receive an offer under the Retail Entitlement Offer.

"Ineligible Institutional Shareholders" are those persons who were identified as an Institutional Shareholder by Collins Foods and are not Eligible Institutional Shareholders.

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### **Why am I not eligible to participate in the Retail Entitlement Offer?**

Unfortunately, according to our records you do not satisfy the criteria for an Eligible Retail Shareholder. In compliance with ASX Listing Rule 7.7.1(b) and section 9A(3) of the Act, this notice is to inform you that under the terms of the Entitlement Offer, you are not entitled to participate in the Retail Entitlement Offer and as such, you will not be offered any New Shares or entitlements under the Retail Entitlement Offer. You will not be sent a copy of the Retail Offer Booklet.

The restrictions upon eligibility are due to a number of factors, including the legal limitations in some countries, the relatively small number of shareholders there, the small number and value of Existing Shares they hold and the potential cost of complying with regulatory requirements in those countries. Collins Foods has determined that, pursuant to Listing Rule 7.7.1(a) of the ASX Listing Rules and section 9A(3)(a) of the Act, and having regard to the relatively small number of shareholders, the small number and value of Existing Shares they hold and the potential cost of complying with regulatory requirements, it would be unreasonable to make the Retail Entitlement Offer to shareholders resident in any country outside of Australia and New Zealand.

As the Retail Entitlement Offer is non-renounceable, entitlements in respect of the New Shares you would have been offered if you were an Eligible Retail Shareholder will lapse and you will not receive any payment or value for those entitlements. Further details in respect of the Entitlement Offer (including details of eligibility) can be found on the announcements platform of the ASX ([www.asx.com.au](http://www.asx.com.au)).

On behalf of the Company, we thank you for your continued support of Collins Foods.

Yours sincerely,

**Frances Finucan**

Company Secretary  
Collins Foods Limited

**Further information**

If you have any questions, you should seek advice from your stockbroker, accountant or other independent professional adviser or the Collins Foods Offer Information Line on 1300 458 215 (within Australia) or +61 3 9415 4245 (outside Australia) at any time between 8:30am to 5:30pm (Brisbane time) on Monday to Friday, up to the closing date of the Retail Entitlement Offer at 5:00pm (Brisbane time) on Wednesday, 12 July 2017.

**Disclaimer**

This letter is to inform you about the Retail Entitlement Offer. It is neither an offer to issue 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.

No action has been or will be taken to register, qualify or otherwise permit a public offering of the Entitlements and the New Shares under the Retail Entitlement Offer in any jurisdiction outside Australia and New Zealand. The materials relating to the Entitlement Offer may not be distributed in the United States. This letter does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States or to any person acting for the account or benefit of persons in the United States. The Entitlements and 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 Entitlements may not be taken up by persons in the United States and the New Shares may not be offered or sold in the United States or to any person acting for the account or benefit of a person in the United States, unless such Entitlements or New Shares have been registered under the U.S. Securities Act or are offered and sold in a transaction exempt from, or not subject to, the registration requirements of the U.S. Securities Act and the applicable securities laws of any state or other jurisdiction in the United States.