

Lodged with ASX Online

20 August 2018

The Manager
Company Announcements Office
ASX Limited
Level 4
20 Bridge Street
Sydney NSW 2000

Dear Sir/Madam

RESPONSE TO UNSOLICITED OFF-MARKET TAKEOVER BID BY MERCANTILE OFM

Yellow Brick Road Holdings Limited (ASX: YBR) (**YBR** or the **Company**) advises that it has received today a Bidder's Statement issued by Mercantile OFM Pty Ltd (**Bidder**), a wholly-owned subsidiary of Mercantile Investment Company Ltd (ASX:MVT) (**MVT**), regarding an off-market takeover offer by the Bidder to acquire all of the ordinary shares in YBR (**YBR Shares**) at a price of A\$0.09 in cash for each YBR Share (**Takeover Bid**).

The Takeover Bid is subject to two conditions, namely:

- the Bidder acquiring a relevant interest in more than 50.1% (by number) of YBR Shares on issue before the end of the offer period; and
- no "prescribed occurrences" (as defined in section 652C(1) & (2) of the Corporations Act 2001 (Cwth)) occurring.

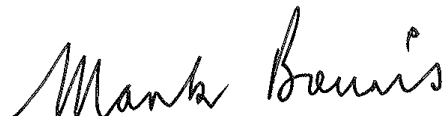
The Takeover Bid is unsolicited and, in the view of the Board of Directors of YBR, it materially undervalues the existing and future value of the Company and is opportunistic in its nature, timing and pricing.

A fully considered recommendation by YBR's Board, along with the Company's Target's Statement, will be provided to YBR shareholders in due course.

In the meantime, the YBR Directors advise YBR shareholders not to take any action whatsoever regarding their YBR Shares in response to the Takeover Bid.

As the offers under the Takeover Bid must remain open for at least one calendar month from when it opens (which can be no earlier than 14 days after today), YBR shareholders will have ample time to make a decision in respect of the Takeover Bid after considering YBR's response in the Target's Statement.

Yours faithfully



Mark Bouris
Executive Chairman