

13 April 2018

Dear Shareholders

Takeover offer received from Arcade Finance

I am writing to you in relation to the unsolicited notice of intention to make a takeover offer received by Godfreys Group Limited (**Godfreys** or the **Company**) from Arcade Finance Pty Ltd (**Arcade**), as announced on 9 April 2018.

Arcade has informed the ASX that it intends to make a conditional off-market takeover offer to acquire all of the shares of the Company at a price of \$0.32 per share in cash (**Offer**).

In its announcement on 10 April 2018, the Company advised shareholders to **TAKE NO ACTION** in regards to the unsolicited Offer, until the Board of Godfreys has given further guidance. The Company reiterates this advice.

Godfreys has appointed an Independent Board Committee (**IBC**) to assess and respond to the Offer. The IBC comprises the four Non-Executive Directors of Godfreys who are independent of Arcade, being Brendan Fleiter, Sue Morphet, Penny Burke and Kathy Gramp. John Hardy is not a member of the IBC on the basis of his previously disclosed association with Arcade.

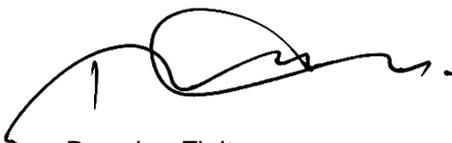
The IBC has appointed KPMG Corporate Finance as financial adviser and Clayton Utz as legal adviser to assist Godfreys and the IBC in assessing and responding to the Offer. The IBC has also appointed BDO as independent expert to provide an opinion as to whether the Offer is fair and reasonable.

The IBC are working closely with these advisers on evaluating the merits of the Offer.

As previously communicated to the market, the Company will provide to shareholders a Target's Statement within the required period after the release of Arcade's Bidder's Statement, which will include the independent expert's report and the Board's recommendation on the Offer.

Godfreys will keep shareholders informed of any further developments and will continue to act in shareholders' best interests to maximise the value attainable from any transaction.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Brendan Fleiter', with a stylized flourish at the end.

Brendan Fleiter
Chairman
Godfreys Group Limited