

26 September 2018

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The Manager
ASX Market Announcements
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Dear Manager

Coventry Group Limited (ASX:CYG) - Cleansing notice in respect of accelerated non-renounceable pro-rata entitlement offer**Notice under section 708AA(2)(f) of the *Corporations Act 2001* (Cth)**

This notice is given by Coventry Group Limited ACN 008 670 102 (**Company**).

This notice is given in accordance with section 708AA(2)(f) of the *Corporations Act 2001* (Cth) (**Corporations Act**), as modified by Australian Securities and Investments Commission's Corporations (Non-Traditional Rights Issues) Instrument 2016/84 (**Legislative Instrument**).

Background

Coventry Group Limited (**CYG**) has announced an accelerated non-renounceable pro-rata entitlement offer (comprising both institutional and retail components) to raise approximately \$8.6 million (before costs) (**Entitlement Offer**).

The Entitlement Offer will involve the offer of approximately 7,476,081 fully paid ordinary shares in CYG (**New Shares**) on the basis of 1 New Share for every 5 Shares held by shareholders (**Shareholders**) in CYG on the applicable record date (**Record Date**) at an issue price of \$1.15 per New Share.

In addition, CYG has announced to undertake a placement of approximately 5,607,060 New Shares in CYG at \$1.15 per New Share to raise approximately \$6.4 million (**Placement**) (the Entitlement Offer and Placement together, the **Placement and Entitlement Offer**).

The Placement and Entitlement Offer are fully underwritten by Bell Potter Securities Limited (**Underwriter**).

Cleansing notice in respect of the Entitlement Offer

With respect to the Entitlement Offer, the Company advises that:

- (a) the New Shares will be offered without disclosure to investors under Part 6D.2 of the Corporations Act;
- (b) this notice is being given under section 708AA(2)(f) of the Corporations Act, as modified by the Legislative Instrument;
- (c) as at the date of this notice, the Company has complied with:
 - (1) the provisions of Chapter 2M of the Corporations Act as they apply to the Company; and
 - (2) section 674 of the Corporations Act as it applies to the Company;

- (d) as at the date of this notice, there is no excluded information of the type referred to in sections 708AA(8) or 708AA(9) of the Corporations Act, which is required to be set out under section 708AA(7) of the Corporations Act; and
- (e) the potential effect of the issue of the New Shares pursuant to the Entitlement Offer on the control of the Company and the consequences of that effect will depend on a number of factors, including the extent to which Shareholders take up New Shares under the Entitlement Offer and are described below.
 - (1) if all Shareholders take up their entitlements under the Entitlement Offer, then the Entitlement Offer will have no significant effect on the control of CYG;
 - (2) if 50% of Shareholders take up their entitlements under the Entitlement Offer, then new investors¹ will receive 3,738,041 New Shares (being 7.41% of shares on issue in CYG following the Placement and Entitlement Offer) and the interests of those Shareholders who do not take-up their entitlements under the Entitlement Offer will be diluted;
 - (3) if 25% of Shareholders take up their entitlements under the Entitlement Offer, then new investors² will receive 5,607,061 New Shares (being 11.11% of shares on issue in CYG following the Placement and Entitlement Offer) and the interests of those Shareholders who do not take-up their entitlements under the Entitlement Offer will be diluted; and
 - (4) if no Shareholders take up their entitlements under the Entitlement Offer, then new investors³ will receive 7,476,081 New Shares (being 14.81% of the shares on issue in CYG following the Placement and Entitlement Offer and the interests of all Shareholders will be diluted.

The Underwriter has agreed to fully underwrite the Entitlement Offer. Assuming those commitments are honoured with respect to the Retail Entitlement Offer, and full allocation of New Shares to be issued under the Institutional Entitlement Offer, the maximum percentage of New Shares which an Underwriter or sub-underwriter could hold, assuming no other investor or shareholder take-up of the New Shares offered in the Entitlement Offer, would be 14.81% of the shares on issue in CYG following the Entitlement Offer.

The Company's Shareholders who are not Shareholders (being foreign Shareholders to whom an Entitlement Offer will not be made) are not entitled to participate in the Entitlement Offer and their percentage holding in the Company will be diluted.

An Appendix 3B with respect to the issue of the New Shares under the Entitlement Offer will be lodged with the ASX by the Company shortly.

Yours faithfully,

Mr Neil Cathie
Chairman
Coventry Group Limited

¹ Potentially including the Underwriter and certain sub-underwriters appointed in relation to the Placement and Entitlement Offer.

² Potentially including the Underwriter and certain sub-underwriters appointed in relation to the Placement and Entitlement Offer.

³ Potentially including the Underwriter and certain sub-underwriters appointed in relation to the Placement and Entitlement Offer.