

NOT FOR RELEASE OR DISTRIBUTION IN THE UNITED STATES

29 September 2016

Dear Shareholder

**Cover-More Group Limited Entitlement Offer – Notification to Ineligible Retail Shareholders**

On 27 September 2016, Cover-More Group Limited ("**Cover-More**" or "**the Company**") announced an accelerated non-renounceable pro rata entitlement offer of new fully paid ordinary shares (**New Shares**) (**Entitlement Offer**) to raise approximately \$73.3 million.

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

**The Entitlement Offer**

The Entitlement Offer comprises an institutional component (**Institutional Entitlement Offer**) and an offer to Eligible Retail Shareholders (as defined below) (**Retail Entitlement Offer**). The Institutional Entitlement Offer raised approximately \$61.8 million, and the Retail Entitlement Offer is expected to raise approximately \$9.5 million.

The Entitlement Offer is being made in accordance with section 708AA of the Australian Corporations Act 2001 (Cth) (**Corporations Act**) (as modified by ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84), meaning that no prospectus needs to be prepared.

The Retail Entitlement Offer is being made to Eligible Retail Shareholders (as defined below) on the basis of 1 New Share for every 5.2 existing ordinary shares held at 7.00pm (Sydney time) on Thursday, 29 September 2016 (**Record Date**), at an offer price of \$1.20 per New Share.

Documents relating to the Retail Entitlement Offer were lodged with the ASX today and are expected to be dispatched to Eligible Retail Shareholders on or before Tuesday, 4 October 2016.

**Eligibility to participate in the Retail Entitlement Offer**

An Eligible Retail Shareholder is a holder of ordinary shares who:

- (a) was a registered holder of Cover-More ordinary shares as at 7.00pm (Sydney time) on the Record Date;
- (b) has a registered address in Australia or New Zealand;
- (c) is not in the United States and is not acting for the account or benefit of any person in the United States;
- (d) is not an Eligible Institutional Holder nor an Ineligible Institutional Holder (as defined in the Retail Entitlement Offer Booklet lodged with ASX on 29 September 2016); and
- (e) is eligible under all applicable securities laws to receive an offer under the Retail Entitlement Offer.

**TRAVEL INSURANCE • MEDICAL ASSISTANCE**

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Shareholders who are not Eligible Retail Shareholders and who did not participate in the institutional entitlement offer and were not treated as ineligible institutional shareholders under the institutional entitlement offer are “**Ineligible Retail Shareholders**”.

The restrictions upon eligibility under the Retail Entitlement Offer arise because of the legal and regulatory requirements in countries other than Australia or New Zealand and the potential costs to Cover-More of complying with these legal and regulatory requirements compared with the relatively small number of shareholders in those countries, the relatively small number of existing Cover-More ordinary shares they hold and the relatively low value of New Shares to which those shareholders would otherwise be entitled.

Cover-More has determined, pursuant to section 9A(3)(a) of the Corporations Act and Listing Rule 7.7.1(a) of the ASX Listing Rules, that it would be unreasonable to make offers to shareholders in countries outside Australia or New Zealand in connection with the Retail Entitlement Offer.

Unfortunately, according to our records you do not satisfy the criteria for an Eligible Retail Shareholder, accordingly, in compliance with ASX Listing Rule 7.7.1(b) and section 9A(3)(b) of the Corporations Act, Cover-More wishes to advise you that it is unable to extend to you the opportunity to participate in the Retail Entitlement Offer. If our records are incorrect on this matter, please contact the Offer Information Line on the details below. You will not be sent the documents relating to the Retail Entitlement Offer or be able to subscribe for New Shares under the Retail Entitlement Offer.

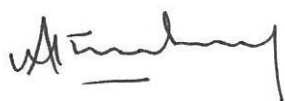
Notwithstanding the above, Cover-More may agree to extend the Retail Entitlement Offer to certain institutional shareholders who did not participate in the Institutional Entitlement Offer or to other retail shareholders, subject to compliance with applicable laws.

As the Retail Entitlement Offer is non-renounceable, you will not receive any payment or value for your entitlements in respect of any New Shares that would have been offered to you if you had been eligible. New Shares equivalent to the number of New Shares you would have been entitled to if you were an Eligible Retail Shareholder may be allocated to other Eligible Retail Shareholders who subscribe for New Shares in excess of their Entitlement under the Retail Entitlement Offer or may be issued at the discretion of the Board of Cover-More no later than 3 months after the close of the Entitlement Offer.

**You do not need to respond to this letter.** If you have questions in relation to any of the matters described above, please contact the Offer Information Line on 1300 551 346 (from within Australia) or +61 1300 551 346 (from outside Australia) from 8.30am to 5.30pm (Sydney time), Monday to Friday.

On behalf of the Board of Cover-More, we thank you for your continued support of Cover-More.

Yours faithfully



**Mark Steinberg**  
**Company Secretary and Group CFO**  
**Cover-More Group Limited**  
**Important Notices**

This notice is issued by Cover-More Group Limited. This notice is not a prospectus or offering document under Australian law or under any other law. It is for information purposes only and does not constitute an offer, invitation or recommendation to subscribe for, retain or purchase any securities in Cover-More in any jurisdiction. This letter does not constitute financial product advice and does not and will not form part of any contract for the acquisition of Cover-More ordinary shares.

This letter does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States or any other country. No action has been or will be taken to register, qualify or otherwise permit a public offering of the New Shares in any jurisdiction outside Australia. In particular, the New Shares have not been, and will not be, registered under the U.S. Securities Act of 1933 or the securities laws of any state or other jurisdiction of the United States. Accordingly, the New Shares may not be offered or sold to persons in the United States except in a transaction exempt from, or not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws.

Because of legal restrictions, you must not send copies of this letter or any material in relation to the Entitlement Offer to any person outside Australia and New Zealand. Failure to comply with these restrictions may result in violations of applicable securities law.

The provision of this document is not, and should not be considered as, a securities recommendation or financial product advice. The information in this document is general information only, and does not take into account your individual objectives, taxation position, financial situation or needs. Before acting on the information, you should consider the appropriateness of the information, having regard to your objectives, taxation position, financial situation or needs. If you are unsure of your position, please contact your stockbroker, accountant, taxation adviser, financial adviser or other professional adviser.