

METCASH LIMITED OFF-MARKET BUY-BACK BOOKLET

FOR PERSONAL USE ONLY

Metcash

ABN 32 112 073 480



**NOT FOR DISTRIBUTION IN OR INTO OR
TO ANY PERSON LOCATED OR RESIDENT
IN THE UNITED STATES OR CANADA.**

THIS IS AN IMPORTANT DOCUMENT.

If you are in any doubt as to the action you should take, please consult your financial, taxation or other professional adviser immediately.

Copies of this document, and all materials related to it, should not be sent or otherwise distributed in or into the United States or Canada because this Buy-Back Invitation is not being made, directly or indirectly, in the United States or Canada.

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Important dates¹

Announcement of FY18 results, FY18 Final Dividend and Buy-Back (Announcement Date)	Monday, 25 June 2018
Last day that Shares can be acquired on market to be eligible to participate in the Buy-Back and to qualify for franking credit entitlements in respect of the Buy-Back consideration	Wednesday, 27 June 2018
Buy-Back Ex-Entitlement Date: the date that Shares commence trading on an ex-Buy-Back basis. Shares acquired on market on or after this date will generally not confer an entitlement to participate in the Buy-Back	Thursday, 28 June 2018
Buy-Back Record Date: determination of shareholders entitled to participate in the Buy-Back at 7.00pm (Sydney time)	Friday, 29 June 2018
Mailing of Buy-Back booklet to shareholders expected to be completed	Wednesday, 4 July 2018
Ex-dividend date	Tuesday, 10 July 2018
Record date for determination of shareholders entitled to receive the Final Dividend	Wednesday, 11 July 2018
Tender Period opens	Monday, 16 July 2018

¹ While Metcash does not anticipate any changes to these dates and times, it reserves the right to vary them by announcement to the ASX. Such an announcement will be taken to amend this booklet (and the other Buy-Back Documents) accordingly. Metcash may, in its absolute discretion, also decide not to proceed with the Buy-Back.

Final Dividend payment date	Wednesday, 8 August 2018
Five trading days over which VWAP is calculated (for the purposes of determining the Closing VWAP)	Monday, 6 August to Friday, 10 August 2018
Closing Date: Tenders must be received by the Registry no later than 5.00pm	Friday, 10 August 2018
Buy-Back Date: Announcement of Buy-Back Price and scale back (if any) to the ASX and entry into Buy-Back Contracts	Monday, 13 August 2018
Dispatch/crediting of Buy-Back proceeds to participating shareholders completed	Monday, 20 August 2018

The date of this booklet is 4 July 2018.

Eligibility to participate

Excluded Foreign Shareholders are not eligible to participate in the Buy-Back (other than in the limited circumstances as described in Section 4.1). An Excluded Foreign Shareholder is a person who resides outside of Australia and New Zealand and also includes any person who is (or who is acting for the account or benefit of a person who is) in the United States, a US Person or a resident of Canada (or any other jurisdiction outside of Australia and New Zealand).

Unless you are an Excluded Foreign Shareholder, you are eligible to participate in the Buy-Back in respect of Shares registered in your name on the Buy-Back Record Date, and in accordance with the Settlement Rules, those Shares confer an entitlement to receive this Invitation.

Important notice

This is an important booklet. It invites you to make an offer to sell your Shares to Metcash in the Buy-Back. It contains information to assist you in making a decision as to whether to participate in the Buy-Back.

It does not provide financial product advice and has been prepared without taking into account your particular objectives, financial situations, taxation circumstances or needs. You should consider the appropriateness of the Buy-Back having regard to these factors. If you are in any doubt as to the action you should take, please consult your financial, taxation or other professional adviser. The distribution of this booklet in some jurisdictions outside of Australia and New Zealand may be restricted by law and does not constitute an invitation to participate in any place where, or to any person to whom, it would be unlawful to do so.

Persons who come into possession of this booklet should seek advice on it and observe any restrictions on distributing it.

Copies of the Buy-Back Documents are not being mailed or otherwise distributed or sent into the United States or Canada.

Any person receiving any of the Buy-Back Documents must not distribute or send them into the United States or Canada, or make them available to any Excluded Foreign Shareholder or any person who is in the United States or Canada.

In reviewing this booklet, you should also have regard to other information previously made available to you about Metcash, such as its full year statutory accounts for the financial year ended 30 April 2018, which were released on 25 June 2018 and are available on the ASX website (www.asx.com.au) and on Metcash's website (www.metcash.com) under "Investor Centre".

Please note that this Invitation does not constitute or give rise to a legally binding offer capable of your acceptance. If you tender your Shares into the Buy-Back, you make a formal offer to sell those Shares on the terms and conditions set out in the Buy-Back Documents. If Metcash accepts your Tender, a Buy-Back Contract is formed and your tendered Shares will be sold to Metcash on those terms and conditions.

Buy-Back Summary

Buy-Back size

- Metcash is seeking to buy back around \$125 million worth of its Shares through an off-market tender. However, Metcash may vary the size of the Buy-Back depending on a number of factors including shareholder demand, market conditions and future capital requirements.
 - Under the Corporations Act, Metcash has the ability to buy back (without shareholder approval) any number of Shares up to a maximum of 10% of the smallest number of Shares it has had on issue over the 12 months preceding the Buy-Back. If Metcash increases the size of the Buy-Back, it will not buy back more Shares than allowed within this 10% limit.
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How the Buy-Back works

- Provided you are not an Excluded Foreign Shareholder, you can offer to sell some or all of your Shares to Metcash:
 - at a discount to the Market Price that is within the Tender Discount Range; or
 - at the final Buy-Back Price (as a Final Price Tender).
 - If you wish, you can also select a Minimum Price below which none of your Shares will be bought back.
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Tender Discount Range

- Tenders can be lodged at discounts of 8% to 14% inclusive (at 1% intervals) to the Market Price. The Market Price is calculated as the VWAP of Shares over the five trading days up to and including the Closing Date.
 - The Market Price will be announced to the market as soon as possible after 4.30pm (Sydney time) on the Closing Date and will be available to shareholders on Metcash's website or by calling the Buy-Back Information Line.
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Buy-Back Price

- The Buy-Back Price will be calculated by applying the Buy-Back Discount selected by Metcash to the Market Price.
 - The Buy-Back Price will be determined as the lowest price at which Metcash can buy back the targeted amount of capital, based on the Tenders received from all participating eligible shareholders.
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Capital Component of the Buy-Back Price	<ul style="list-style-type: none"> • \$0.61²
Dividend Component of the Buy-Back Price	<ul style="list-style-type: none"> • The Buy-Back Price less the \$0.61² capital component.
Multiple Tender Discounts	<ul style="list-style-type: none"> • With the exception of shareholders who own 1,000 Shares or less (as at the Buy-Back Record Date), eligible shareholders can tender different parcels of Shares at different Tender Discounts. • Shareholders who own 1,000 Shares or less (as at the Buy-Back Record Date) can only participate for all of their Shares and can only tender those Shares at one Tender Discount or as a Final Price Tender.
Final Price Tender	<ul style="list-style-type: none"> • Shareholders may submit a Final Price Tender which is an offer to sell Shares at the Buy-Back Price determined by Metcash.
Minimum Price	<ul style="list-style-type: none"> • Shareholders can specify a Minimum Price (being one of three prices set out on the Tender Form) in conjunction with their Tender Discount(s) and/or Final Price Tender. If you specify a Minimum Price, this will make your Tender conditional upon the Buy-Back Price being no less than the Minimum Price you select.
Eligible shareholders	<ul style="list-style-type: none"> • You are eligible to participate in the Buy-Back if Shares are registered in your name on the Buy-Back Record Date (Friday, 29 June 2018)³ and you are not an Excluded Foreign Shareholder.
Ineligible shareholders	<ul style="list-style-type: none"> • Excluded Foreign Shareholders, including any person who is (or who is acting on behalf of or for the account of a person who is) in the United States, a US Person or a resident of Canada, are not eligible to participate in the Buy-Back (other than in the limited circumstances described in Section 4.1).

² This amount is subject to ATO approval (see Section 2).

³ The Shares must, in accordance with the Settlement Rules, confer an entitlement to participate in the Buy-Back.

How to participate

The Buy-Back is an opportunity for you to offer to sell some or all of your Shares to Metcash (on the terms of the Buy-Back Documents) by submitting a Tender.

It is entirely your choice whether or not to participate in the Buy-Back. If you choose not to participate in the Buy-Back, you do not need to take any action, and the number of Shares you hold will not change as a result of the Buy-Back (however, your proportional shareholding in the Company will increase if other shareholders participate in the Buy-Back).

The following provides a summary of the steps you need to follow if you do choose to participate in the Buy-Back. Further details regarding each of these steps are set out in Section 1.

Step 1:

Decide how many Shares you wish to sell

- If you hold 1,000 Shares or less and want to participate, you must Tender all of your Shares in one parcel at one of the specified Tender Discounts or as a Final Price Tender.
- If you hold more than 1,000 Shares, you can tender different parcels of Shares at different Tender Discounts and/or as a Final Price Tender.

Step 2:

Select your Tender Discount(s) and/or a Final Price Tender

- You can select the Tender Discount(s) between 8% and 14% at which you are willing to sell some or all of your Shares (your Tender price):
 - if the Buy-Back Price is equal to or higher than your Tender price, you will receive the higher of your Tender price or the higher Buy-Back Price for all of your Shares that are bought back by Metcash;
 - if the Buy-Back Price is less than your Tender price, Metcash will not buy back your Shares. Under no circumstances will your Shares be bought back at a price lower than your Tender price.
- Alternatively, you can choose to Tender some or all of your Shares as a Final Price Tender. This means you are willing to sell your Shares at the Buy-Back Price determined by Metcash following the tender process.

Step 3:

Select your Minimum Price (optional)

- Determine whether you wish to make your Tender conditional on one of the Minimum Prices set out on your Tender Form. This means your Tender will not be accepted if the Buy-Back Price is less than the Minimum Price you select.
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Step 4:**Submit your Tender(s)**

- If you are an Issuer Sponsored Holder, you should complete and sign the applicable Tender Form that accompanies this booklet.
 - If you are a CHESS Holder, you should instruct your broker to process your Tender via CHESS.
 - Tenders must be received by the Registry, or processed by your broker through CHESS, by no later than 5.00pm (Sydney time) on the Closing Date.
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If you choose not to participate

If you choose not to participate in the Buy-Back (or are ineligible to participate), you do not need to take any action. The number of Shares you hold will not change; however, your proportional shareholding in Metcash will increase if other shareholders participate in the Buy-Back. As a shareholder, you will benefit from any improvement in Metcash's EPS and ROE, and you will continue to be subject to the normal benefits and investment risks associated with share ownership.

Enquiries

If you have any questions in relation to the Buy-Back or the content of this booklet, please call the Buy-Back Information Line on 1800 655 325 from within Australia or on +61 2 9290 9696 from outside Australia between 8.30am and 5.30pm (Sydney time), Monday to Friday. Alternatively, information on the Buy-Back is also available on the Metcash website at www.metcash.com.

Definitions

Section 5 of this booklet defines the capitalised words used in this booklet and sets out other rules of interpretation.

Chairman's letter

Dear Shareholder

I am pleased to advise that Metcash will undertake an off-market Buy-Back to the value of approximately \$125 million, as originally announced on 25 June 2018. This follows the recent completion of our capital management review which determined that Metcash's strong balance sheet and cashflows provides it with sufficient capacity to return funds to shareholders, while also continuing to fund the company's future growth plans.

Metcash considered a range of options for returning funds to shareholders, with an off-market Buy-Back determined as the preferred option. We believe the Buy-Back will benefit all Metcash shareholders, whether or not you participate, due to the expected improvement to earnings per share resulting from a reduction in the number of shares on issue.

Our current intention is to buy back shares to the value of approximately \$125 million, which is the equivalent of approximately 5.32%⁴ of issued capital.

If you would like to participate in the Buy-Back, you can offer to sell your shares in Metcash:

- at specified discounts of between 8% and 14% (inclusive) to the Market Price; or
- as a Final Price Tender (where shares are sold at whatever Buy-Back Price is ultimately determined under the Tender process).

Metcash has obtained a draft Class Ruling from the Australian Taxation Office (**ATO**), indicating that for Australian tax purposes, the Buy-Back Price will comprise a Capital Component of \$0.61, with the remainder of the price deemed to be a fully franked dividend. This Class Ruling cannot be given by the ATO until after the Buy-Back has closed. After the final Class Ruling is issued, it will be available on the ATO website. A link to it will also be published on the Metcash website.

Further details of the Buy-Back Tender process and how to participate are provided in Section 1 of the enclosed Buy-Back booklet. Tenders must be received by the Registry or, if you are a CHES holder, you must ensure that your broker processes your Tender by no later than 5.00pm on Friday, 10 August 2018.

Participation in the Buy-Back is entirely optional. It is important you consider the Buy-Back booklet carefully. In deciding whether or not to participate in the Buy-Back, you should discuss your particular circumstances with your professional advisor.

Should you require additional information on the Buy-Back, please contact the Buy-Back information line on 1800 655 325 from within Australia or on +61 2 9290 9696 from outside Australia.

The Board and I are pleased to be able to present this opportunity for your consideration.

Yours sincerely

Rob Murray
Chairman

⁴ Based on 975,641,876 Shares on issue, an assumed Market Price of \$2.80 and an assumed Buy-Back Discount of 14%.

1 Overview of the Buy-Back and the Tender process

This booklet invites you to offer to sell your Shares to Metcash by submitting a Tender in the Buy-Back. It sets out the terms of the Buy-Back and other information to assist you in making a decision on whether to participate in the Buy-Back.

Overview of the Buy-Back

1.1 What is an off-market buy-back tender?

Under an off-market buy-back tender, a company invites eligible shareholders to offer to sell some or all of their shares to the company by way of a tender process. If the company accepts the offer, then a buy-back agreement is formed on the applicable terms. Any shares bought back are cancelled, which reduces the number of shares on issue.

1.2 Why is Metcash implementing the Buy-Back?

While our priority is to continue to invest in the business and in growth initiatives, Metcash's strong balance sheet and cash flows means we can return capital to shareholders in conjunction with investing for future earnings growth.

Metcash is implementing the Buy-Back to efficiently distribute surplus capital to shareholders.

1.3 Why is the Buy-Back considered the most efficient strategy for returning capital?

The Board considered various alternatives for returning capital to shareholders and determined that the Buy-Back, conducted as an off-market tender, is the most efficient and value-enhancing strategy to distribute the Company's surplus capital because:

- the Buy-Back maximises total shareholder returns by enabling Metcash to buy back Shares at a discount of 8% to 14% to the Market Price. This is likely to enable Metcash to buy back a greater number of Shares (for the same amount of capital) than under an on-market buy-back and it maximises the reduction in the number of Shares on issue;
- participating shareholders are expected to benefit from the Buy-Back as:
 - for some shareholders, depending on their tax status, the after-tax return from participating in the Buy-Back may be greater than the sale of their Shares on-market;
 - for shareholders who continue to hold Shares (that is, those who do not successfully tender all of their Shares in the Buy-Back), the Buy-Back is expected to improve EPS and ROE with respect to those Shares that they continue to hold;
- non-participating shareholders are expected to benefit from the Buy-Back as the Buy-Back is expected to improve EPS and ROE;

- the targeted amount of capital can be bought back within a relatively short period of time;
- Metcash is able to determine the most appropriate number of Shares to buy back based on shareholder demand;
- participation is optional and shareholders who choose to participate can tailor their participation to suit their own circumstances. In particular, you can choose:
 - whether to tender your Shares into the Buy-Back;
 - how many Shares you want to tender (other than if you own 1,000 Shares or less, in which case you must tender all of your Shares) if you decide to participate in the Buy-Back; and
 - the basis on which to tender your Shares (for example, at what Tender Discount(s) or as a Final Price Tender, with the option to make your Tender conditional on a Minimum Price);
- all eligible shareholders have an opportunity to participate in the Buy-Back;
- shareholders with a Small Holding are able to sell all of their Shares into the Buy-Back so as not to be left with a small parcel of Shares (see Section 1.19 for full details of Small Holding Tenders);
- shareholders should not have to pay any brokerage to sell their Shares into the Buy-Back.

The Board believes that the Buy-Back can be undertaken without prejudicing Metcash's ability to maintain its target dividend payout ratio of 60% of underlying earnings. While the Buy-Back will result in a reduction of the Company's available franking credits, the Board does not expect the Buy-Back to have any material impact on Metcash's ability to fully frank its dividends in future years. Further information on the effect of the Buy-Back on Metcash is set out in Section 3.

The Board believes that there would be no material impact from the Buy-Back on the control of Metcash or the relative voting power of shareholders in Metcash.

1.4 What is the size of the Buy-Back?

Metcash currently intends to buy back around \$125 million worth of Shares equivalent to approximately 5.32% of issued capital⁵ based on an assumed Market Price of \$2.80 and an assumed 14% Buy-Back Discount. However, Metcash may, in its complete discretion, choose to buy back a higher or lower amount or no Shares at all, depending on a number of factors including shareholder demand, market conditions and future capital requirements. Any decision to increase the size of the Buy-Back is subject to the 10% limit described below.

Under the Corporations Act, Metcash has the ability to buy back (without shareholder approval) any number of Shares up to a maximum of 10% of the smallest number of Shares it has had on issue over the 12 months preceding the Buy-Back. This limit would permit Metcash to buy back up to 97,564,187 Shares under the Buy-Back. Metcash will not buy back more than 97,564,187 Shares under the Buy-Back.

⁵ Metcash currently has 975,641,876 shares on issue.

1.5 How long will the Buy-Back be open?

The Buy-Back will be open from Monday, 16 July 2018 to Friday, 10 August 2018. Shareholders may only lodge Tenders within this period. Metcash, in its absolute discretion, may change this period, but does not expect to do so. If the Tender Period is extended, the new Closing Date will be announced to the ASX and disclosed on Metcash's website.

1.6 How will the Buy-Back be conducted?

Metcash is conducting the Buy-Back through an off-market tender process. All shareholders eligible to participate in the Buy-Back will be able to submit offers to sell their Shares at specified discounts in the Tender Discount Range from 8% to 14% (at 1% intervals) to the Market Price, or as a Final Price Tender.

At the end of the Tender Period, Metcash will consider the Tenders and determine the Buy-Back Price. All successful Tenders will receive the Buy-Back Price for each Share bought back, even if Shares were tendered at a Tender Discount greater than the Buy-Back Discount. Any Shares tendered at a Tender Discount lower than the Buy-Back Discount will not be accepted. If the number of Shares tendered at or above the Buy-Back Discount (including Final Price Tenders) exceeds the number of Shares Metcash determines to buy back, a scale back will operate on the basis set out in Section 1.19.

Your participation in the Buy-Back

1.7 Can I participate in the Buy-Back?

If you are not an Excluded Foreign Shareholder, you may offer to sell Shares in the Buy-Back if:

- the Shares are registered in your name on the Buy-Back Record Date (being 7.00pm (Sydney time), Friday, 29 June 2018); and
- in accordance with the Settlement Rules, those Shares confer an entitlement to participate in this Buy-Back. The maximum number of Shares you may tender is set out on your personalised Tender Form which accompanies the copy of this booklet that is provided to you.

Shares acquired on the ASX on or after the Ex-Entitlement Date (Thursday, 28 June 2018) will generally not be registered in your name by the Buy-Back Record Date and therefore will not carry an entitlement to participate in the Buy-Back.

An Excluded Foreign Shareholder is a person who resides outside of Australia and New Zealand, including any person who is (or who is acting on behalf of or for the account of a person who is) in the United States, a US Person or a resident of Canada. Excluded Foreign Shareholders are not eligible to participate in the Buy-Back (other than in the limited circumstances described in Section 4.1).

1.8 Do I have to participate in the Buy-Back?

No, participation in the Buy-Back is optional. If you do not want to sell any of your Shares into the Buy-Back, you do not need to take any action.

1.9 What if I do not participate in the Buy-Back?

If you do not participate in the Buy-Back, or you participate but none of your Shares are bought back, the number of Shares you hold will not change as a result of the Buy-Back, although your proportional shareholding in Metcash will increase slightly if the Buy-Back proceeds, as there will be fewer shares on issue (as shown in Section 3.7). You will also benefit from any improvement in EPS and ROE and you will continue to be subject to the normal investment risks associated with share ownership in Metcash.

1.10 Why would I participate in the Buy-Back?

Reasons you may choose to participate in the Buy-Back include:

- all of the Buy-Back Price above \$0.61⁶ is expected to be treated as a fully-franked dividend (refer to Section 2). Depending on your individual taxation circumstances and the Australian income taxation consequences for you, this may provide a greater after-tax return than selling your Shares on the ASX;
- no brokerage fee should be payable and there is no need to appoint a stockbroker in order to participate in the Buy-Back; and
- if you have a Small Holding, it may be an efficient method of selling all of your Shares.

Generally, Australian resident shareholders on low marginal tax rates (including individuals, tax exempt charities and complying superannuation funds) are more likely to wish to sell their Shares in the Buy-Back because the after-tax outcome may exceed the after-tax outcome of selling Shares on the ASX.

Refer to Section 2.4 of this booklet for an illustrative example of the total after-tax proceeds if you sell your Shares under the Buy-Back and if you sell your Shares on the ASX.

The market price of Shares on the ASX may be, or may move, higher than the Buy-Back Price during the Tender Period. It may also change materially in the future. By making the Invitation, and in setting the Tender Discount Range, Metcash is not making any recommendation or giving any advice on the value of its Shares, or whether (or how) you should sell your Shares. **Before you decide what to do with your Shares, we strongly recommend you seek your own professional advice (including taxation and financial advice) having regard to your individual circumstances.**

1.11 Why might I not participate in the Buy-Back?

Reasons you may choose not to participate in the Buy-Back include:

- you do not wish to dispose of any of your Shares;
- participating in the Buy-Back may not suit your individual tax circumstances (this might be the case for non-resident shareholders and Australian resident shareholders on high marginal tax rates);

⁶ This amount is subject to ATO approval (see Section 2).

- you may be able to sell your Shares for a higher price on the ASX and may receive a higher after-tax return depending upon your tax position. Metcash's share price on the ASX may be, or may move higher, than the Buy-Back Price during, or after, the Tender Period. It may also change materially in the future;
- you may wish to retain your Shares to benefit from an increased percentage shareholding in Metcash, and potential increased EPS and ROE after completion of the Buy-Back; and
- there is no assurance that the Buy-Back will be completed or that your Tender will be accepted and not significantly scaled back.

1.12 Can I participate if I am a foreign shareholder?

Shares held by Excluded Foreign Shareholders, including any person who is (or who is acting on behalf of or for the account of a person who is) in the United States, a US Person or a resident of Canada, may not be tendered into the Buy-Back. It is anticipated that this Buy-Back may be less favourable for non-Australian residents. You will need to seek professional advice on the taxation implications of the Buy-Back in your country of residence.

The tendering process

1.13 How do I participate in the Buy-Back?

Step 1-Decide how many Shares you wish to sell

To participate in the Buy-Back, you first need to consider how many Shares you wish to sell. Your personalised Tender Form accompanying this booklet sets out the maximum number of Shares you may tender.

If you hold 1,000 Shares or less (as at the Buy-Back Record Date) and you wish to participate in the Buy-Back, you may only tender all (or none) of your Shares into the Buy-Back.

If you hold more than 1,000 Shares (as at the Buy-Back Record Date), you may tender any number of your Shares into the Buy-Back (up to your maximum but not less than 1,000 Shares).

You must not, before the Buy-Back Date, sell or offer to sell to others the Shares you have offered to sell to Metcash, unless you have withdrawn or amended your Tender (see Section 1.14)

Step 2-Select Your Tender Discount(s) and/or a Final Price Tender

Once you have determined the number of Shares you wish to sell, you need to indicate the Tender Discount(s) to the Market Price at which you are willing to sell those Shares.

You may tender your Shares at any of the specified discounts in the range of 8% to 14% inclusive (at 1% intervals) to the Market Price as set out on the Tender Form and/or as a Final Price Tender. The discount at which you tender your Shares will represent the lowest price (i.e. the largest discount to the Market Price) at which Metcash will buy back your Shares if your Tender is successful.

If you hold 1,000 Shares or less, you may only submit one Tender in respect of all of your Shares and your Tender must be at one of the specified Tender Discounts or as a Final Price Tender. Your Tender will only be successful if it is at a Tender Discount greater than or equal to the Buy-Back Discount or is a Final Price Tender. Therefore, you will have a greater chance of having your Shares bought back in the Buy-Back if you tender your Shares at a 14% Tender Discount or as a Final Price Tender.

If you hold more than 1,000 Shares, you may tender different parcels of your Shares at different Tender Discounts and/or as a Final Price Tender. However, you must tender a minimum of 1,000 Shares in aggregate. Further, you may not tender the same Shares at different Tender Discounts (or at both a specified Tender Discount and as a Final Price Tender). Each parcel of Shares tendered at a different Tender Discount or as a Final Price Tender is a separate Tender. The total number of Shares you tender into the Buy-Back must not exceed the number of Shares you held as at the Buy-Back Record Date (as set out on your Tender Form).

What is a Final Price Tender?

Shareholders wishing to increase the likelihood that their Tender will be successful should submit a "Final Price Tender". Final Price Tenders are designed to make it easier for shareholders to participate successfully in the Buy-Back.

A Final Price Tender means the shareholder is willing to sell Shares at whatever Buy-Back Price is ultimately determined under the tender process. The Buy-Back Price could be as low as a 14% discount to the Market Price.

Final Price Tenders will only be scaled back if the Buy-Back Price is set at a 14% discount to the Market Price and the total number of Shares tendered at that discount and as Final Price Tenders is more than Metcash determines to buy back (see Section 1.19 for more details on the scale back process).

Step 3-Select Your Minimum Price (Optional)

In addition to choosing to tender your Shares at the specified Tender Discounts and/or as a Final Price Tender, you may also elect to impose a Minimum Price condition on your Tender. There are three Minimum Price options set out on the Tender Form from which you can choose. The Minimum Price can only be one of these three options. Selecting a Minimum Price on your Tender Form is an option available to you, but it may impact on the success of your Tender.

What is a Minimum Price?

If you are concerned that movements in the Metcash share price after you lodge your Tender may result in your Tender corresponding to a lower Buy-Back Price than you are willing to sell your Shares for, then you may wish to specify a Minimum Price below which you are not prepared to sell your Shares. If the Buy-Back Price is below your Minimum Price, then your Tender will be rejected and your Shares will not be bought back.

If you select a Minimum Price, you must ensure that you still nominate a Tender Discount or a Final Price Tender. If you fail to nominate a Tender Discount or a Final Price Tender, and only make your Tender conditional on a specified Minimum Price, your Tender will be invalid and will not be accepted by Metcash.

If you do not wish to specify a Minimum Price, leave the Minimum Price section on the Tender Form blank.

Step 4-Submission of Tenders

Once you have determined:

- the number of Shares you wish to sell;
- your Tender Discount(s) and/or any Final Price Tender; and
- if you so choose, your Minimum Price,

you need to submit your Tender if you wish to participate.

The way you complete Step 4 and submit your Tender will depend on the type of holding you have. This will be specified on your Tender Form.

Tenders must be received no later than 5.00pm (Sydney time) on the Closing Date.

(a) Issuer Sponsored Holdings

If you have an Issuer Sponsored Holding (that is, you have a Security holder Reference Number (SRN) which starts with an "I"), you should complete and submit your personalised blue Tender Form.

You need to complete and sign your personalised blue Tender Form and mail (using the reply paid envelope if posting in Australia) to:

Metcash Limited Buy-Back
C/- Boardroom Pty Ltd
GPO Box 3993
Sydney NSW 2001
Australia

Your completed Tender Form must be received by the Registry no later than 5.00pm (Sydney time) on the Closing Date. Metcash will not accept your Tender Form unless it is actually received at the specified address before the Tender Period closes at 5.00pm (Sydney time) on the Closing Date. You should allow sufficient time for this if you are sending your Tender Form by mail.

If you have any questions in relation to the processing of your Tender Form, please call the Buy-Back Information Line on 1800 655 325 from within Australia or on +61 2 9290 9696 from outside Australia between 8.30am and 5.30pm (Sydney time), Monday to Friday. Alternatively, information on the Buy-Back is also available on the Metcash website at www.metcash.com.

(b) CHESS Holdings

If you have a CHESS Holding (that is, you have a Holder Identification Number (HIN) which starts with an "X"), you should contact your controlling participant (usually your broker).

You should contact your controlling participant in sufficient time for them to process your Tender no later than 5.00pm (Sydney time) on the Closing Date. The name of the controlling participant who manages your CHESS Holding as at the Buy-Back Record Date is printed on your green Tender Form.

Do not send your green Tender Form to the Registry.

If you have a CHESS Holding, you will be sent written confirmation from CHESS of the Tenders made on your holding or Tenders withdrawn by your controlling participant. Irrespective of its wording, this confirmation is not an acceptance by Metcash of any Tender.

1.14 Can I withdraw or amend my Tender?

Once you have submitted a Tender, you may only withdraw or amend your Tender by following the procedures set out below.

(a) Issuer Sponsored Holdings

If you have an Issuer Sponsored Holding, you can withdraw or amend a Tender that has been received by the Registry by submitting a Withdrawal/Amendment Form, which can be accessed from the Metcash website at www.metcash.com or obtained by calling the Buy-Back Information Line. Complete and submit the Withdrawal/Amendment Form in accordance with the instructions below.

Any amendment or withdrawal will not be effective unless it is received no later than 5.00pm (Sydney time) on the Closing Date.

By submitting a Withdrawal/Amendment Form, you will withdraw all of your previous Tenders and (where applicable) replace them with the Tenders detailed on that Withdrawal/Amendment Form.

Completing and submitting a Withdrawal/Amendment Form

Withdrawal of Tenders

You may withdraw all of your Tenders by ticking the "Withdrawal" box on the Withdrawal/Amendment Form (which can be accessed from the Metcash website at www.metcash.com or obtained by calling the Buy-Back Information Line), completing your shareholder details, signing the form and sending it to the Registry at the address provided so that it is received no later than 5.00pm (Sydney time) on the Closing Date. You may not withdraw any of your Tenders after this time.

Amendment of Tenders

If you wish to change the terms of some or all of your Tenders, you must tick the "Amendment" box on the Withdrawal/Amendment Form (which can be accessed from the Metcash website at www.metcash.com or obtained by calling the Buy-Back Information Line), complete your shareholder details, complete the details of all your Tenders on that form in accordance with the instructions shown on it and send it to the Registry as specified above.

The effect of amending your Tenders, by submitting a Withdrawal/Amendment Form, will be to withdraw all of your previous Tenders and replace them with the Tenders detailed on the Withdrawal/Amendment Form. If you wish to change some but not all of your previous Tenders, then you will still need to complete the details of all of your Tenders that you wish to submit as if you had not previously submitted any.

You must ensure that your Withdrawal/Amendment Form is received by the Registry no later than 5.00pm (Sydney time) on the Closing Date.

(b) CHESSE Holdings

If you have a CHESSE Holding, you will need to contact your controlling participant in sufficient time for them to process your withdrawal or amendment by no later than 5.00pm (Sydney time) on the Closing Date.

If you have a CHESSE Holding, you must not send a Withdrawal/Amendment Form to the Registry.

The effect of your controlling participant withdrawing or amending one or more of your Tenders will be to withdraw those Tenders and, in the case of an amendment, to replace the amended Tenders with new Tenders. You will need to give your controlling participant instructions in relation to your replacement Tender (if any) as if you had not previously submitted a Tender.

If you are a CHESS Holder, you will receive written confirmation from CHESS of the withdrawals/amendments made in relation to your holding. Irrespective of its wording, this confirmation is not an acceptance by Metcash of your withdrawal or amendment of any Tender.

Determining the Buy-Back Price and successful Tenders

1.15 What price will Metcash pay to buy back my Shares?

All Shares successfully tendered will be bought back at the Buy-Back Price. The Buy-Back Price will be calculated by applying the Buy-Back Discount to the Market Price (see below). The Buy-Back Discount is the largest Tender Discount in the range of 8% to 14% inclusive (at 1% intervals) to the Market Price that will allow Metcash to purchase the amount of capital it determines to buy back.

For each Share purchased from you under the Buy-Back, you will receive a cash payment determined in accordance with the following formula:

A = B x (1 - C); where:

A = Buy-Back Price (that is, the price per Share, rounded to the nearest cent, to be paid for all Shares bought back under the Buy-Back)

B = Market Price (refer section 1.16 for definition of Market Price)

C = Buy-Back Discount (expressed as a decimal to 2 places)

For example, if the relevant Market Price is \$2.80 and the Buy-Back Discount is 14%, then the Buy-Back Price would be \$2.41 (i.e. $\$2.80 \times (1-0.14)$).

Metcash will not set the Buy-Back Price at a level above the Tax Market Value. The Tax Market Value is the price used by the ATO for Australian tax purposes to determine the deemed market value of the relevant Shares when the Buy-Back occurs. See Section 2.2 for a detailed explanation of the method for determining the Tax Market Value.

1.16 How will I know what the Market Price is?

The Market Price means the volume weighted average price (**VWAP**) of Metcash ordinary shares on the ASX over the five trading days up to and including the Closing Date, calculated to four decimal places (see definitions of VWAP and Market Price in Section 5 for further details).

Metcash plans to announce the Market Price as soon as possible after 4.30pm (Sydney time) on the Closing Date. The announcement will be available on the ASX website (www.asx.com.au) and Metcash's website or by calling the Buy-Back Information Line.

1.17 Will all the Shares I tender be bought back?

Whether all or any of the Shares you tender are bought back by Metcash will depend on the Tender Discount at which you offer to sell your Shares and the number of Shares and Tender Discounts set out in the Tenders lodged by you and other shareholders. Successful Tenders and the scale back process will be determined as follows:

- if your Tender Discount is equal to or greater than the Buy-Back Discount or if you lodged a Final Price Tender, your Tender will be successful and your Shares will be bought back, subject to any scale back and, if applicable, any Minimum Price condition you have nominated;
- if your Tender Discount is less than the Buy-Back Discount, your Tender will be rejected and your Shares will not be bought back; and
- if you have chosen a Minimum Price and the Buy-Back Price is below that price, your Tender will be rejected and your Shares will not be bought back.

1.18 How will I know if my Tender has been successful?

Metcash intends to announce the Buy-Back Price and other Buy-Back details to the ASX as soon as possible after the Tender Period closes. The proposed date of announcement is Monday, 13 August 2018. The announcement will be effective notice to you of Metcash's acceptance of valid Tenders falling within the Buy-Back details, adjusted in accordance with the terms and conditions set out in the Buy-Back Documents (including any scale back). You will be able to access the announcement from the Metcash website (www.metcash.com) or from the ASX website (www.asx.com.au). Also, by Monday, 20 August 2018, Metcash will send all shareholders who have tendered Shares in the Buy-Back, a statement notifying them of the number of their Shares (if any) that have been bought back and the price paid for them. Where Tenders have been successful, the notification will be accompanied by a direct credit confirmation advice or cheque for the Buy-Back proceeds as outlined in Section 1.24. If you have a CHESS Holding, CHESS will provide you with written confirmation of the successful Tenders made on your holding or Tenders withdrawn by your controlling participant.

1.19 How will a scale back affect my Tender?

There is no assurance that any Tender will be successful in the Buy-Back, or that successful Tenders will be accepted in full. Metcash will need to apply a scale back if the number of Shares tendered at Tender Discounts greater than or equal to the Buy-Back Discount and as Final Price Tenders exceeds the total number of Shares that Metcash determines to buy back. The scale back will be undertaken on a pro-rata basis after taking into account Small Holding Tenders and Priority Allocations. When the scale back is calculated, all fractions of Shares to be bought back will be rounded down to the nearest Share.

The details of any scale back will be announced as soon as possible after the Closing Date. Metcash expects to make this announcement on Monday, 13 August 2018.

What is a Small Holding Tender?

A Small Holding Tender is a Tender submitted by a shareholder who has tendered all of their Shares at one of the Tender Discounts greater than or equal to the Buy-Back Discount and/or as a Final Price Tender and who would otherwise be left with 500 Shares or less as a result of the scale back. No scale back will apply to Small Holding Tenders.

However, if you become the registered holder of additional Shares after the Buy-Back Record Date and, as a result, you are the registered holder of more Shares at the Closing Date than you held on the Buy-Back Record Date, then your Tender will not be a Small Holding Tender and the scale back will apply to your Tender as it would any other Tender, notwithstanding that the total number of Shares you can tender into the Buy-Back cannot exceed the number of Shares you held as at the Buy-Back Record Date (as set out in the Tender Form).

What is a Priority Allocation?

In the event of a scale back, Metcash will buy back the first 1,000 Shares successfully tendered by each shareholder, or such lesser number of Shares determined by Metcash to be the Priority Allocation. The scale back will only apply to the tendered Shares remaining after the Priority Allocation has been acquired.

If you successfully tender less than the Priority Allocation (because you hold less than 1,000 Shares), all your Shares so tendered will be bought back without any scale back.

1.20 How will successful Tenders be determined?

If the Buy-Back Discount is set between 8% and 13% inclusive:

Tender submitted	Outcome
Final Price Tender ⁷	<ul style="list-style-type: none"> Tenders accepted in full
The Tender Discount you select is greater than the Buy-Back Discount ⁷	<ul style="list-style-type: none"> Tenders accepted in full
The Tender Discount you select is equal to the Buy-Back Discount ⁷	<ul style="list-style-type: none"> Tenders (other than Final Price Tenders, Priority Allocations and Small Holding Tenders) will be accepted but may be scaled back on a pro-rata basis⁸ A Priority Allocation will be bought back from each successful tendering shareholder Small Holding Tenders will be accepted in full
The Tender Discount you select is smaller than the Buy-Back Discount	<ul style="list-style-type: none"> Tenders will be rejected

⁷ If a Minimum Price has been specified in addition to the Tender Discount or Final Price Tender, and the Buy-Back Price is below the Minimum Price, then the Tender will be rejected in full and none of the Shares tendered will be bought back.

⁸ Fractions of Shares to be bought back will be rounded down to the nearest Share.

If the Buy-Back Discount is set at 14%:

Tender submitted	Outcome
Final Price Tender and/or the Tender Discount you select is equal to the Buy-Back Discount ⁹	<ul style="list-style-type: none"> Tenders (other than Priority Allocations and Small Holding Tenders) will be accepted but may be scaled back on a pro-rata basis¹⁰ A Priority Allocation will be bought back from each successful tendering shareholder Small Holding Tenders will be accepted in full

The Tender Discount you select is smaller than the Buy-Back Discount	<ul style="list-style-type: none"> Tenders will be rejected
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(Refer to Appendix: A)

Example: 14% Buy-Back Discount and a 25% scale back (illustrative example only)

In this example, it is assumed that the Market Price is \$2.80 and the Buy-Back Discount is 14%, resulting in a Buy-Back Price of \$2.41. It is also assumed that the Priority Allocation is 1,000 Shares, the Small Holding Tender is 500 Shares, there is a 25% scale back and shareholders have not specified a Minimum Price condition. In these circumstances, the outcome of each Tender would be as follows:

Shareholder	Total Holding of Shares	Shares Tendered	Tender Discount (%)	Price Represented by Tender Discount (\$)	Outcome
A	1,200	1,200	-	Final Price Tender	Successful - all 1,200 Shares bought back
B	5,000	5,000	14%	\$2.41	Partially successful - 4,000 Shares bought back
C	500	500	12%	\$2.46	Not successful - no Shares bought back
D	10,000	4,000	-	Final Price Tender	Partially successful - 3,250 Shares bought back
		3,000	13%	\$2.44	Not successful - no Shares bought back
E	1,100	1,000	14%	\$2.41	Successful - all 1,000 Shares bought back
		100	13%	\$2.44	Not successful - no Shares bought back

Shareholder A tendered 1,200 Shares (being all of their Shares) as a Final Price Tender. Shareholder A would have the entire Tender accepted in full as 1,000 Shares would be bought back under the Priority Allocation and after the 25% scale back, the residual Small Holding of 50 Shares would be bought back under the Small Holding Tender.

Shareholder B tendered 5,000 Shares at a 14% Tender Discount. The Tender would be successful but only 4,000 of the 5,000 Shares tendered would be bought back as a result of the Priority Allocation first being bought back and the 25% scale back applying to the balance of 4,000 Shares, meaning that only 3,000 of the Shares are bought back. Following the Buy-Back, Shareholder B would be left with 1,000 Shares.

Shareholder C tendered 500 Shares at a 12% Tender Discount which is less than the Buy-Back Discount. Hence, Shareholder C would have the entire Tender rejected.

Shareholder D tendered 4,000 Shares as a Final Price Tender and 3,000 Shares at a 13% Tender Discount. The Final Price Tender would be successful but only 3,250 of the 4,000 Shares tendered would be bought back as a result of the Priority Allocation first being bought back and the 25% scale back applying to the balance of 3,000 Shares, meaning that only 3,250 of these Shares are bought back. The Tender submitted at a 13% Tender Discount would not be successful. Following the Buy-Back, Shareholder D would be left with 6,750 Shares.

Shareholder E tendered 1,000 Shares at a 14% Tender Discount and 100 Shares at a 13% Tender Discount. Shareholder E would only have the 1,000 Shares tendered at the 14% Tender Discount bought back under the Priority Allocation. Even though Shareholder E is left with a Small Holding of 100 Shares after the 1,000 Shares are bought back, the residual Small Holding would not be bought back because Shareholder E submitted the Tender at a Tender Discount less than the Buy-Back Discount.

⁹ If a Minimum Price has been specified in addition to the Tender Discount or Final Price Tender, and the Buy-Back Price is below the Minimum Price, then the Tender will be rejected in full and none of the Shares tendered will be bought back.

¹⁰ Fractions of Shares to be bought back will be rounded down to the nearest Share.

Example: Scale back table (illustrative example only)

(Refer to Appendix: B)

Shareholder	Shares tendered at a 14% Tender Discount or as Final Price Tenders	Shares Subject to scale back (1)	Scale back (2) (%)	Tender post scale back and Priority Allocation (3)	Shares remaining (4)	Small Holding Tender (5)	Shares that are Bought Back (6)
A	1,200	200	25%	1,150	50	Yes	1,200
B	5,000	4,000	25%	4,000	1,000	No	4,000
C	-	-	-	-	-	Scale back not applicable	-
D	4,000	3,000	25%	3,250	750	No	3,250
E	1,000	-	-	1,000	-	No	1,000

(1) Under the Priority Allocation, the first 1,000 Shares are bought back from each shareholder who tenders Shares at the Buy-Back Discount (including Shares tendered as a Final Price Tender) before the scale back applies.

(2) A scale back of 25% means 25% of the Shares subject to scale back would not be bought back (not including Priority Allocations and Small Holding Tenders).

(3) When the scale back is calculated, fractions of Shares to be bought back will be rounded down to the nearest Share. This step is calculated prior to application of the Small Holding Tender rule.

(4) Shares remaining refer only to Shares remaining from those Shares which were tendered at a 14% Tender Discount Rate or as Final Price Tenders. This step is calculated prior to application of the Small Holding Tender rule.

(5) Shareholder A tendered all of their Shares as a Final Price Tender. As a result of the Priority Allocation and scale back, Shareholder A would be left with a Small Holding Tender (i.e. 500 Shares or less).

(6) Shares that are bought back refers only to Shares that are bought back from those Shares which were tendered at a 14% Tender Discount or as a Final Price Tender.

Other questions

1.21 Can I trade my Shares after submitting a Tender?

Once you have tendered Shares in the Buy-Back, you must not sell or offer to sell those Shares before the Buy-Back Date unless you first withdraw or amend your Tender. In addition, you must not convert the Shares you tender from an Issuer Sponsored Holding to a CHES Holding or vice versa or move them between CHES Holdings (i.e. you may not change your controlling participant).

Any Shares which you have not tendered into the Buy-Back may be sold or otherwise dealt with in the ordinary manner.

Once you have submitted a Tender, the number of Shares you have tendered will be removed from your holding and placed in a “sub-position” in Metcash’s share register. You will not be able to deal with those Shares unless those Shares have been released from the sub-position. For the Shares to be released from that sub-position before the end of the Tender Period, you must withdraw or amend your Tender in accordance with the procedures set out in Section 1.14 of this booklet.

Withdrawals or amendments made in accordance with these procedures may not take immediate effect. You should take this into consideration if you wish to sell any of the Shares which you have tendered. If, at the Buy-Back Date, you do not hold at least the number of Shares you successfully tendered, Metcash may, in its absolute discretion, reject your Tender(s) or treat the Tender(s) as if you had tendered the number of Shares held by you at the Closing Date (see Sections 4.11 and 4.13 for further details).

1.22 How does the Buy-Back compare to selling my Shares on the ASX?

Depending on your individual circumstances, if you sell your Shares on the ASX, the Australian income taxation implications of doing so may be different from selling your Shares in the Buy-Back (see Section 2 for more details in relation to Australian tax implications).

In addition, to execute a share sale on the ASX, you may need to pay brokerage whereas you should not need to pay brokerage to participate in the Buy-Back.

However, if you were to sell your Shares on the ASX, it is likely that you would be able to sell your Shares for a higher price than the Buy-Back Price. This is because the prices at which shareholders can tender Shares into the Buy-Back are at a discount of between 8% and 14% to the Market Price. Accordingly, it is likely that the Company's share price on the ASX, during and possibly after the Tender Period, will be higher than the Buy-Back Price.

However, please note that Metcash is not making any recommendation to you as to whether to participate in the Buy-Back, or giving any advice on the value of your Shares.

Before you decide what to do with your Shares, Metcash recommends that you seek your own professional advice.

1.23 How have Metcash Shares performed over recent times?

The closing price of Metcash shares on the ASX on Friday, 22 June 2018, being the last trading day before the Company announced details of the Buy-Back, was \$2.79.

The highest and lowest market sale prices of Metcash shares during each of the preceding six months were as follows:

Period	Low (\$) ¹¹	High (\$) ¹¹	VWAP ¹²
January 2018	\$3.06	\$3.27	\$3.1670
February 2018	\$2.97	\$3.37	\$3.1821
March 2018	\$2.94	\$3.26	\$3.1113
April 2018	\$3.04	\$3.66	\$3.3052
May 2018	\$2.84	\$3.73	\$3.3374
June 2018 ¹³	\$2.60	\$2.94	\$2.7375

Source: IRESS

A graph indicating the share price performance of Metcash (MTS) over the period from 1 May 2017 to 22 June 2018 is set out on the following page

¹¹ Based on the closing prices for Shares on the ASX.

¹² As per the definition of VWAP in Section 5.

¹³ June 2018 figures represent month to date figures as at 22 June 2018.



1.24 How will I receive payment for Shares bought back?

Metcash will send you a cheque for your Buy-Back proceeds, unless you have a valid direct credit authority in place before 5.00pm (Sydney time) on the Closing Date.

If you have an existing direct credit authority for the payment of dividends, by submitting your Tender Form you authorise Metcash to pay your Buy-Back proceeds (if any) into your nominated account.

If you do not currently have a direct credit authority in place for the receipt of dividends but wish to receive your Buy-Back proceeds (if any) by direct credit into a nominated account, or if you already have a direct credit authority in place for the receipt of dividends but wish to receive your Buy-Back proceeds by direct credit to a new or different bank account, you may change your current direct credit instructions online at www.investorserve.com.au. In order to be effective for the Buy-Back, you must make this change before 5.00pm (Sydney time) on the Closing Date.

Please note that if you alter your nominated bank account details, the updated details will be taken to be your nominated bank account for future Metcash dividend payments.

Cheques and direct credit advices will be mailed, at your risk, to your address as shown on the Metcash Share Register at 5.00pm (Sydney time) on the Closing Date. It is your responsibility to inform the Registry of any changes to your contact details, including your postal address. Payments to bank accounts and dispatch of cheques are expected to be completed by Monday, 20 August 2018. Payments to the accounts and the dispatch of cheques to the addresses on the Metcash Share Register will satisfy Metcash's obligation to pay you for any Shares bought back.

1.25 What if I have more than one holding of Shares?

You will receive a personalised Tender Form for each separate holding of Shares (for example, if you hold some Shares in your name and some Shares jointly with your spouse, you will receive two Tender Forms). You may tender Shares in the Buy-Back from any or all of your separate holdings provided that you complete the Tender Form and follow the instructions on each Tender Form for each holding you wish to tender.

1.26 Will I still receive the Final Dividend if my Shares are bought back?

Yes. All shareholders with an entitled registered holding on Wednesday, 11 July 2018 will receive the fully franked final dividend of \$0.07 per Share in respect of those Shares, whether or not they participate in the Buy-Back.

1.27 What happens if I purchase more Shares?

Shareholders who tender their Shares into the Buy-Back should be able to purchase additional shares in the Company on or after Thursday, 28 June 2018 (on an ex-entitlement basis) without compromising their Australian tax position on Shares sold into the Buy-Back. This is because:

- those additional shares will not confer an entitlement to participate in the Buy-Back; and
- the ATO has provided indicative confirmation that shares acquired on an ex-entitlement basis on or after Thursday, 28 June 2018 (and so do not carry a Buy-Back entitlement) will be excluded from the “last-in-first-out” rule contained in the 45-day rule and therefore, will not affect shareholders’ ability to receive franking credits on Shares acquired before that date which are bought back in the Buy-Back (see Section 2.3).

General information on the Australian tax implications for shareholders participating in the Buy-Back is included in Section 2, although eligible shareholders will need to consider their own particular tax circumstances.

1.28 Can I still vote if a general meeting is held during the Tender Period?

Yes. Shareholders who tender their Shares to Metcash will still be entitled to vote (in accordance with the voting rights attached to their Shares) at any general meeting of Metcash held during the Tender Period. There is currently no intention to hold a general meeting of Metcash during the Tender Period.

Metcash’s next annual general meeting is expected to be held on Wednesday, 29 August 2018, which is after the Closing Date. Any Shares bought back under the Buy-Back will no longer be held by the relevant shareholders as at this date, and therefore the voting rights that are attached to those Shares cannot be exercised at the annual general meeting (and any subsequent meetings).

2 Australian tax implications for shareholders

The tax outcomes of participating in the Buy-Back will vary depending on your circumstances. It is therefore recommended that you consult with your taxation professional regarding your particular circumstances.

2.1 Introduction

This summary has been prepared as a general guide based on Australian tax legislation and practices current as at the date of this booklet. It assumes that the income tax consequences of disposing of your Shares are determined under the CGT provisions – this will not be the case, for example, if you are a share trader, hold your Shares as revenue assets or have made certain elections under the “taxation of financial arrangements” provisions.

Has the ATO issued a ruling about the Buy-Back?

Metcash has requested an ATO Class Ruling on your behalf in relation to the tax implications of the Buy-Back and has received a draft Class Ruling from the ATO that provides indicative confirmation of a number of the statements contained in this summary. The Class Ruling cannot be given until after the Buy-Back has closed. However, this summary accords with what Metcash anticipates the Class Ruling will say, based on the (non-binding) draft Class Ruling that Metcash has received.

How will I be able to see a copy of the ruling?

After the Class Ruling is issued, it will be available on the ATO website. A link to it will also be posted on the Metcash website at www.metcash.com.

Tax allocation

For tax purposes, the amount you receive from selling a Share in the Buy-Back will comprise:

- the Sale Consideration (explained below); and
- the Dividend Component – which is the Buy-Back Price less the \$0.61 capital component. The Dividend Component will be fully franked.

2.2 Sale Consideration – capital gains tax

The Sale Consideration will be taken into account for tax purposes in determining whether you make a capital gain or loss on the sale of your Shares.

The Sale Consideration is the greater of:

- \$0.61; and
- the Tax Market Value (explained below), less the Dividend Component.

It should be noted that the Sale Consideration may be significantly different from the capital gains tax consideration which would result from an on-market sale of Shares, as illustrated in the table in Section 2.4.

What is the Tax Market Value?

The ATO view on how the Tax Market Value is determined is set out in Taxation Determination TD 2004/22, which can be obtained from the ATO website at <http://law.ato.gov.au/atolaw/view.htm?DocID=TXD/TD200422/NAT/ATO/00001>.

Consistent with that ATO view, the Tax Market Value will be determined in accordance with the following formula:

$$A \times \frac{\text{(Closing level of S\&P/ASX 200 Index on the Closing Date)}}{B}$$

where:

- A = the VWAP of Shares over the last five trading days before the announcement of the Buy-Back on Monday, 25 June 2018, adjusted to take into account the Final Dividend; and
- B = the opening level of the S&P/ASX 200 Index on Monday, 25 June 2018.

If the movement in the S&P/ASX 200 Index differs significantly from the movement in the Share price on the ASX over the relevant period, Metcash may seek ATO approval to vary the methodology used in determining the Tax Market Value.

Must I calculate the Tax Market Value or the Sale Consideration?

No. The Tax Market Value and the Sale Consideration will be determined by Metcash and confirmed by the ATO in the Class Ruling.

Where can I find the Tax Market Value and the Sale Consideration?

Preliminary determinations of the Tax Market Value and the Sale Consideration will be included in Metcash's announcement to the ASX of the Buy-Back results on Monday, 13 August 2018. The announcement will also be posted on Metcash's website.

Alternatively, Metcash's preliminary determination of the Tax Market Value and the Sale Consideration can be obtained by calling the Buy-Back Information Line on or after Monday, 13 August 2018.

The Class Ruling will confirm the Tax Market Value and Sale Consideration.

Why are the Tax Market Value and the Sale Consideration amounts not in this booklet?

The Tax Market Value and the Sale Consideration both depend in part on the movement of the S&P/ASX 200 Index up to the Closing Date and so they cannot be determined until the Closing Date.

Resident individuals

How do I calculate a capital gain or capital loss?

You will make a capital gain to the extent that the Sale Consideration exceeds the cost base of your Shares.

The cost base of a Share will generally be your original or deemed cost of acquisition, plus certain non-deductible incidental costs of acquisition and disposal.

You will make a capital loss to the extent that the reduced cost base of your Shares exceeds the Sale Consideration. You may only use a capital loss to offset a capital gain, either in the same or a later year.

Will I be able to discount a capital gain?

If, at the time you sell your Shares in the Buy-Back, you have held the Shares for at least 12 months, then you will be entitled to the CGT discount. This means that you can discount by 50% any capital gain arising on disposal of your Shares under the Buy-Back. Any current or prior year capital losses that you have not applied against other capital gains must be applied against the capital gain before it is discounted.

Alternatively, if your Shares were acquired before 11.45am (ACT time) on 21 September 1999 you have the option of obtaining indexation relief, in which case you will not be able to discount your capital gain.

If, at the time you sell your Shares in the Buy-Back, you have held the Shares for less than 12 months, the assessable amount of the capital gain (net of capital losses) cannot be discounted.

At what time will a capital gain or capital loss arise?

For capital gains tax purposes, any capital gain or capital loss will occur on completion of the Buy-Back, which is anticipated to occur on Monday, 13 August 2018.

Complying superannuation funds

An Australian complying superannuation fund without current pension liabilities participating in the Buy-Back will be treated the same as a resident individual, except that the CGT discount is one-third, rather than 50%.

This means that a complying superannuation fund shareholder that has held the Shares for at least 12 months only needs to include in its assessable income two-thirds of any net capital gain referable to that capital gain (after applying any current or prior year capital losses).

Shares held by an Australian complying superannuation fund to meet current pension liabilities are not subject to CGT. To that extent, a complying superannuation fund shareholder will not make either a capital gain or a capital loss on disposal of Shares under the Buy-Back.

Resident companies

A resident company will typically only make a capital loss on disposal of Shares under the Buy-Back if the reduced cost base of each of its Shares exceeds the Tax Market Value.

A resident company will make a capital gain on disposal of Shares under the Buy-Back to the extent that the Sale Consideration exceeds the cost base of each of those Shares.

Companies are not entitled to discount a capital gain.

Non-residents

Metcash believes that its Shares are not "indirect Australian real property interests". Accordingly, you will not make a capital gain or capital loss for Australian tax purposes on the sale of your Shares in the Buy-Back unless you have used your Shares at any time in carrying on a business through a permanent establishment in Australia or unless you were formerly an Australian tax resident, held the Shares when you ceased to be an Australian tax resident, and elected not to recognise a capital gain or loss on the Shares when you ceased to be an Australian tax resident.

Pre-CGT shares

Any capital gain or loss you make from the Buy-Back is disregarded if you acquired your Shares before 20 September 1985.

2.3 Dividend – taxable income

For income tax purposes, the Dividend Component will be treated in the same way as any other dividend.

Resident individuals and complying superannuation funds

How much dividend income must I include in my assessable income?

You must include in your assessable income, for each Share disposed of under the Buy-Back:

- a deemed dividend equal to the Dividend Component; plus
- the attached franking credit (see Section 2.4).

The Dividend Component of Shares held by an Australian complying superannuation fund to meet current pension liabilities will be tax exempt. To that extent, a complying superannuation fund shareholder need not include either the Dividend Component or the attached franking credit in its assessable income.

Will I be entitled to the franking credits?

Yes. If you satisfy the holding period rules, you will be entitled to a tax offset equal to the amount of the franking credit.

A tax offset reduces the tax payable on your taxable income and, if your tax offset exceeds the total tax payable in the year the Buy-Back occurs, you will be entitled to a refund of the excess.

Resident companies

A company must include in its assessable income for each Share that it sells:

- a deemed dividend equal to the Dividend Component; plus
- the attached franking credit.

If the company satisfies the holding period rules, the franking credit will generate a credit in its franking account and it can be used to frank dividends that the company pays.

The company will be entitled to a tax offset equal to the amount of the franking credit. A tax offset reduces the tax payable on the company's taxable income but the company will not be entitled to a refund of any excess.

Requirements for franking credits

There are a number of provisions that restrict entitlement to franking credits. Anti-streaming rules apply to a company's shareholders generally, and holding period rules apply to particular shareholders according to their circumstances.

Will the anti-streaming rules deny me franking credits?

The (non-binding) draft Class Ruling indicates that the anti-streaming rules will not deny you tax offsets in respect of franking credits on the deemed dividend arising under the Buy-Back. Metcash expects that this will be confirmed in the Class Ruling.

What are the holding period rules?

You will qualify for tax offsets/franking credits attaching to the deemed dividend arising under the Buy-Back if you hold the Shares that you sell in the Buy-Back for 45 clear days:

- at risk; and
- free of related payment obligations.

If you do not satisfy the holding period rules you are not entitled to the franking credit.

Are my Shares held at risk and free of related payment obligations?

Whether you hold your Shares at risk depends on your own particular circumstances, including whether you have any risk reduction arrangements or related payment obligation arrangements in place.

Examples of risk reduction arrangements would be certain put option or hedging arrangements.

An example of a related payment obligation would be a dividend swap agreement.

Will the Shares that I sell in the Buy-Back be held for 45 clear days?

The 45 day holding period will be counted back from Sunday, 12 August 2018, being the day prior to the date that the Buy-Back contract is formed. To satisfy this holding period, you must either have acquired, or have contracted to acquire, your Shares no later than Wednesday, 27 June 2018, which is before the Buy-Back Record Date (Friday, 29 June 2018).

If I buy more Shares on the ASX on or after the Buy-Back Ex-Entitlement Date on Thursday, 28 June 2018, will the “last-in first-out” rule treat them as the Shares I sell in the Buy-Back?

The (non-binding) draft Class Ruling indicates that the “last-in first-out” rule applicable for the 45 day holding period rule will not treat you as selling in the Buy-Back any Shares purchased on the ASX on or after the Ex-Entitlement Date.

Metcash expects that this will be confirmed in the Class Ruling.

Are there any exemptions from the holding period rules?

An exemption from the risk reduction rule, but not the related payment obligation rule, should be available to an individual shareholder who has a total franking credit/tax offset entitlement of \$5,000 or less (aggregating all dividends) for the income year in which the Buy-Back occurs.

An exemption from the risk reduction rules should be available to complying superannuation funds and widely held trusts that comply with certain “benchmark portfolio” rules.

Non-residents

The Dividend Component will be 100% franked and so will not be subject to Australian dividend withholding tax when paid to non-residents.

2.4 Worked tax example for resident individuals and complying superannuation funds

The following table provides an illustrative example of the potential Australian tax consequences for Australian resident individuals and Australian complying superannuation funds from disposing of their Shares in the Buy-Back.

The table also provides a comparison of the potential after-tax proceeds from disposing of Shares in the Buy-Back and a sale of the Shares on the ASX.

The table is an example only and is based on the following assumptions:

- a Buy-Back Price of \$2.41 (an assumed 14% Buy-Back Discount to an assumed Market Price of \$2.80), which may not be the actual Buy-Back Price. The actual Buy-Back Price and the amount of the Dividend Component will not be known until after the Buy-Back closes;
- a Tax Market Value of \$2.80, which may change. The actual Tax Market Value will not be known until after the Buy-Back closes;
- on-market sale at \$2.80;
- a tax cost base of \$2.50; and
- the discount capital gain method is used, which may or may not be applicable depending on a participating shareholder's particular circumstances.

In any event, the tax consequences for an individual or complying superannuation fund participating in the Buy-Back or selling the Shares on the ASX may be different from the example because of their particular circumstances. The amounts calculated under the table will not necessarily reflect the actual tax consequences for you if you choose to participate in the Buy-Back or if you sell your shares on the ASX.

(Refer to Appendix: D)

Tax Table		Super Fund		Australian Resident Individuals ¹				
		15.0% tax rate	0.0% marginal tax rate	21.0% marginal tax rate	34.5% marginal tax rate	39.0% marginal tax rate	47.0% marginal tax rate	
Per Share (\$)	Methodology							
Basic assumptions								
VWAP Market Price (assumed)		2.80	2.80	2.80	2.80	2.80	2.80	2.80
Less: Buy-Back Discount		0.39	0.39	0.39	0.39	0.39	0.39	0.39
Buy-Back Price (assumed) ²	A	2.41	2.41	2.41	2.41	2.41	2.41	2.41
Tax Market Value (assumed) ³	B	2.80	2.80	2.80	2.80	2.80	2.80	2.80
Cost Base (assumed)	C	2.50	2.50	2.50	2.50	2.50	2.50	2.50
Capital Component	D	0.61	0.61	0.61	0.61	0.61	0.61	0.61
Marginal tax rate (%) ⁴	E	15.0%	0.0%	21.0%	34.5%	39.0%	47.0%	47.0%
Capital gains tax discount (%)	F	33.3%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%
Australian tax implications of the sale of shares in the Buy-Back								
Income tax consequences (dividend)								
Dividend Component	G = A - D	1.80	1.80	1.80	1.80	1.80	1.80	1.80
Add: Gross-up for franking credits ⁵	H = G x 30/70	0.77	0.77	0.77	0.77	0.77	0.77	0.77
Assessable income	I = G + H	2.57	2.57	2.57	2.57	2.57	2.57	2.57
Less: Tax on that assessable income ⁶	J = I x E	0.39	-	0.54	0.89	1.00	1.21	1.21
Add: Tax offset for franking credits ⁵	K = H	0.77	0.77	0.77	0.77	0.77	0.77	0.77
After tax dividend proceeds	L = G - J + K	2.18	2.57	2.03	1.68	1.57	1.36	1.36
CGT consequences								
Tax Market Value ³	B	2.80	2.80	2.80	2.80	2.80	2.80	2.80
Less: Dividend Component	G	1.80	1.80	1.80	1.80	1.80	1.80	1.80
Sale Consideration	M = B - G	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Less: Illustrative cost base	S	2.50	2.50	2.50	2.50	2.50	2.50	2.50
Nominal capital (loss)/gain	N = M - C	(1.50)	(1.50)	(1.50)	(1.50)	(1.50)	(1.50)	(1.50)
Discounted capital (loss)/gain ⁶	O = N x (1 - F)	(1.00)	(0.75)	(0.75)	(0.75)	(0.75)	(0.75)	(0.75)
Tax impact of capital loss (gain) ⁶	P = -O x E	0.15	-	0.16	0.26	0.29	0.35	0.35
Add: Capital Component	D	0.61	0.61	0.61	0.61	0.61	0.61	0.61
After tax capital proceeds	Q = D + P	0.76	0.61	0.77	0.87	0.90	0.96	0.96
Total after tax proceeds	R = L + Q	2.94	3.18	2.80	2.55	2.47	2.32	2.32
Australian tax implications of the sale of shares on ASX								
Sale proceeds (assumed)	S	2.80	2.80	2.80	2.80	2.80	2.80	2.80
Less: Illustrative cost base	C	2.50	2.50	2.50	2.50	2.50	2.50	2.50
Nominal capital (loss)/gain	T = S - C	0.30	0.30	0.30	0.30	0.30	0.30	0.30
Discount capital (loss)/gain	U = T x (1 - F)	0.20	0.15	0.15	0.15	0.15	0.15	0.15
Tax on capital loss (gain)	V = -U x E	(0.53)	-	(0.53)	(0.53)	(0.53)	(0.53)	(0.53)
Total after tax proceeds⁷	W = S + V	2.27	2.80	2.27	2.25	2.24	2.23	2.23

1. The tax rates for Australian resident individuals include the Medicare Levy of 2%. The Medicare Levy depends on the individual's own circumstances.

2. This is for illustrative purposes only. You should not rely on this price as being the actual Buy-Back Price. The procedure to determine the Buy-Back Price is explained in Section 1.15.

3. The Tax Market Value of the Shares is assumed to be \$2.80 for the purpose of this example. The Tax Market Value will change depending on the movement in the S&P/ASX 200 Index up to the close of the Buy-Back (see Section 2.2).

4. This assumes the shareholder is fully entitled to the franking credits.

5. This assumes that the discount capital gain method is used, which adjusts the total capital gain by a discount factor (50 per cent for individuals; 33 1/3 per cent for super funds). Although capital losses are not subject to discount, for the purposes of illustrating the cash value of a potential capital loss it is assumed that capital losses are offset against other discounted capital gains.

6. This assumes shareholders will be able to fully utilise capital losses to offset capital gains in the same income year. The value of a loss ultimately depends on the taxpayer's own circumstances.

7. No brokerage fees have been included when selling on market.

3 Effect of the Buy-Back on Metcash

3.1 Summary of FY2018 full year results and outlook

A copy of the complete FY2018 full year results announcement can be accessed on the Metcash website at www.metcash.com.

Electronic copies of Metcash's 2018 full year results and investor presentation (including full audited financial statements for the year ended 30 April 2018) can be found on its website at www.metcash.com.

3.2 Material developments

Shareholders should be aware that from time to time, Metcash may be involved in strategic initiatives and potential corporate transactions. If a significant initiative or corporate transaction develops, Metcash may make an announcement to the ASX. However, where it is not appropriate to immediately disclose the transaction, it may become necessary to terminate or extend the Buy-Back to ensure that the Buy-Back only proceeds in circumstances where shareholders are fully informed of all material information. Any decision to terminate or extend the Buy-Back will only be made after due consideration of the best interests of Metcash's shareholders and would be announced to the ASX.

Announcements made by Metcash in relation to any material developments in its business are released to the ASX and can also be found on the Metcash website at www.metcash.com under "Investor Centre".

3.3 How will the Buy-Back be funded?

It is intended that the Buy-Back will be funded from cash reserves or existing debt facilities (or a combination of both). Given Metcash's strong financial position, it will continue to remain well capitalised after completion of the Buy-Back. See Section 3.6 for the pro-forma impact of the Buy-Back on Metcash's balance sheet as at 30 April 2018.

3.4 Impact of the Buy-Back on key financial indicators

Although the precise impact of the Buy-Back cannot be determined until the Buy-Back Price and the size of the Buy-Back is known, the Buy-Back is expected to improve Metcash's EPS and ROE in FY2019 and later years, while gearing and interest cover are expected to remain at prudent levels.

3.5 Impact of the Buy-Back on Metcash's franking account

The amount of franking credits that will be utilised under the Buy-Back will not be known until the Buy-Back Price and the size of the Buy-Back are determined. By way of illustration, if the Buy-Back proceeds, Metcash will distribute to shareholders around \$40.0 million worth of franking credits, assuming a Buy-Back size of \$125 million and a Buy-Back Price of \$2.41 (a discount of 14% to a Market Price of \$2.80). On these assumptions, at the completion of the Buy-Back, and after taking into consideration the final fully franked dividend of \$0.07 per Share, Metcash would be expected to have a franking credit balance of approximately \$156.9 million.

While the Buy-Back will result in a reduction of the Company's available franking credit balance, the Board believes that the Buy-Back can be undertaken without prejudicing Metcash's ability to maintain its target dividend payout ratio of 60% of underlying earnings and does not expect the Buy-Back to have any material impact on Metcash's ability to fully frank its dividends in future years.

3.6 Impact of the Buy-Back on Metcash's balance sheet

The table below sets out Metcash's Consolidated Balance Sheet as at 30 April 2018 and a Consolidated Pro-forma Balance Sheet post the Buy-Back (assuming \$125 million worth of Shares are bought back). The amount by which the Buy-Back Price exceeds the amount debited to share capital (\$0.61 per Share) will be debited to Metcash's profit reserve.

Statement of Financial Position

\$m	Draft FY18	Buyback	Pro forma
Cash and cash equivalents	161.2		161.2
Trade receivables and loans	1,203.7		1,203.7
Trade receivables - Customer charge cards agreement	274.0		274.0
Inventories	784.4		784.4
Assets held for sale	11.8		11.8
Derivative financial instruments	0.6		0.6
Current assets	2,435.7	-	2,435.7
Derivative financial instruments	10.1		10.1
Trade receivables and loans	20.1		20.1
Equity-accounted investments	88.3		88.3
Property, plant and equipment	236.7		236.7
Net deferred tax assets	109.7		109.7
Intangible assets and goodwill	818.4		818.4
Non-current assets	1,283.3	-	1,283.3
Total assets	3,719.0	-	3,719.0
Trade and other payables	1,629.6		1,629.6
Customer charge cards agreement	274.0		274.0
Interest-bearing borrowings	1.9		1.9
Derivative financial instruments	0.1		0.1
Provisions	126.4		126.4
Income tax payable	24.9		24.9
Other financial liabilities	7.3		7.3
Current liabilities	2,064.2	-	2,064.2
Interest-bearing borrowings	127.1	125.0	252.1
Provisions	137.6		137.6
Derivative financial instruments	0.9		0.9
Other financial liabilities	0.6		0.6
Non-current liabilities	266.2	125.0	391.2
Total liabilities	2,330.4	125.0	2,455.4
Net assets	1,388.6	(125.0)	1,263.6
Contributed equity	600.0	(31.6)	568.4
Retained earnings/(Accumulated losses)	780.6	(93.4)	687.2
Other reserves	(0.7)		(0.7)
Parent equity	1,379.9	(125.0)	1,254.9
Non-controlling interests	8.7		8.7
Total equity	1,388.6	(125.0)	1,263.6

3.7 Impact of the Buy-Back on Metcash's issued Shares

Metcash currently has on issue 975,641,876 Shares. The table below sets out the number of Shares and the percentage of total issued Shares which would be bought back at different Buy-Back Prices, assuming a total of \$125 million worth of Shares are bought back. All Shares that Metcash buys back will be cancelled.

Tender Discount	Buy-Back Price assuming a Market Price of \$2.80 (per Share)	Number of Shares bought back (millions)	Percentage of total issued Shares
14%	2.41	51.87	5.32%
13%	2.44	51.23	5.25%
12%	2.46	50.81	5.21%
11%	2.49	50.20	5.15%
10%	2.52	49.60	5.08%
9%	2.55	49.02	5.02%
8%	2.58	48.45	4.97%

3.8 What effect will the Buy-Back have on the control of Metcash?

Metcash has a diverse shareholder base. Given the percentage of issued Shares being bought back and Metcash's current share register, the Buy-Back is not expected to have any change of control implications for Metcash.

3.9 Forward looking statements

Certain statements contained in this booklet, including statements regarding the implementation of the Buy-Back and its effect on our business and securities, may constitute "forward-looking statements" for the purposes of applicable securities laws. Metcash undertakes no obligation to revise the forward-looking statements included in this booklet to reflect any future events or circumstances.

Metcash's actual results, performance or achievements could differ materially from the results expressed in, or implied by, these forward-looking statements. Factors that could cause or contribute to such differences include the number of Shares bought back, the Buy-Back Price and general trading and economic conditions affecting Metcash.

Further information about Metcash, its business and factors affecting its operations is contained in Metcash's full year results for FY2018 and other reports, which can be accessed from Metcash's website.

4 Additional information on the Buy-Back

This section sets out further information regarding the terms of the Buy-Back, including important information for foreign shareholders, joint shareholders, trustees and nominees.

4.1 Excluded Foreign Shareholders

An Excluded Foreign Shareholder is not entitled to participate in the Buy-Back. This Invitation is not made to any Excluded Foreign Shareholder.

An Excluded Foreign Shareholder is any person who resides outside of Australia and New Zealand and also includes any person who is (or who is acting for the account or benefit of a person who is) in the United States, a US Person or a resident of Canada (or any other jurisdiction outside of Australia and New Zealand).

Without limiting the rights that Metcash otherwise has in relation to Tenders, a Tender submitted by an Excluded Foreign Shareholder will not be accepted by Metcash unless that shareholder can demonstrate to the satisfaction of Metcash that its participation in the Buy-Back will not breach the laws of any jurisdiction. If the Excluded Foreign Shareholder is able to prove this to the satisfaction of Metcash, it may make a Tender.

This Invitation will not be sent to any shareholder who has a registered address in the United States or Canada. Copies of the Buy-Back Documents are not being mailed to or otherwise distributed or sent into the United States or Canada.

Any person receiving any of the Buy-Back Documents must not, directly or indirectly, distribute or send them into any jurisdiction, or otherwise make them available to any person in any jurisdictions, where to do so would breach the laws of that jurisdiction.

Metcash will treat as invalid any Tender known or reasonably known to have been sent from the United States or Canada, or by a US Person or Canadian resident. Further, Metcash will not accept Tender Forms:

- from any person who does not represent that they are not an Excluded Foreign Shareholder; or
- that have been postmarked in the United States or Canada, or that otherwise appear to Metcash or its agents to have been sent from the United States or Canada.

By submitting a Tender Form, you warrant that you are not an Excluded Foreign Shareholder.

4.2 Shares held by trustees and nominees

Trustees and nominees who hold Shares should inform the beneficial owners of the Shares about the Buy-Back, subject to any legal restrictions in the countries where such beneficial owners are resident and provided such persons are not Excluded Foreign Shareholders, and then aggregate all Tenders received from beneficial owners who are not Excluded Foreign Shareholders. It is the responsibility of the trustee or nominee to complete one aggregated Tender Form on behalf of all beneficial owners.

Trustees or nominees who hold Shares on behalf, or for the account, of a US Person or a person located in the United States, or a resident of Canada, or any other person who is an Excluded Foreign Shareholder, must not inform any such person of the Buy-Back. It is the responsibility of the trustee or nominee to ensure that when completing an aggregated Tender Form, it does not include any Tender on behalf of such persons.

Any scale back that applies to Shares tendered by trustees and nominees will be performed on a registered shareholder basis. It is the responsibility of the trustee or nominee to aggregate all instructions received from any underlying beneficial owners, and submit one combined Tender Form (if any) no later than 5.00pm (Sydney time) on the Closing Date.

4.3 Margin lending arrangements

If you hold Shares under margin lending arrangements or if they are held as security for a loan or as ASX Clear Pty Limited collateral, you should ensure that your participation in the Buy-Back is permitted by those margin lending arrangements, the terms and conditions of the particular loan or by ASX Clear Pty Limited.

4.4 Shareholders with more than one holding of Shares

You will receive a personalised Tender Form for each separate registered holding of Shares. For example, if you hold some Shares in your name and some Shares jointly with your spouse, you will receive two Tender Forms. You may tender Shares into the Buy-Back from any or all of your separate registered holdings provided that you complete a Tender Form for each holding you wish to tender. Any scale back that applies to Shares tendered from more than one of your registered holdings of Shares will be applied to each of those registered holdings as if they were held by different persons.

4.5 Joint shareholders

If you hold your Shares jointly with another person (for example, your spouse) and you have an Issuer Sponsored Holding, you must complete and return the Tender Form in accordance with the instructions for joint holdings on the Tender Form.

4.6 Shareholders who receive a government pension or allowance

The effect your participation in the Buy-Back will have on your government pensions or allowances (or those of your dependants) will depend on the value of the Shares bought back and on the level of your other income and assets. It is possible that your pension or allowance payments will not be affected at all because the social security income and assets tests allow you to have income and assets up to certain amounts without any reduction in payment. It will depend upon your particular circumstances. **If you are in any doubt as to the action you should take, you should obtain advice specific to your circumstances.**

If you would like information about the effect of participating in the Buy-Back on your pension or allowance, you should consult a professional adviser or contact Centrelink or the Department of Veterans' Affairs directly.

4.7 Restrictions on Tender acceptances

Metcash will not accept any Tender that it may not lawfully accept or which, if accepted, would give rise to an illegal or unenforceable Buy-Back Contract or a Buy-Back Contract that Metcash cannot otherwise perform.

4.8 Restrictions on the payment of Buy-Back proceeds

Metcash will pay shareholders the Buy-Back Price for each of their Shares that are bought back, unless it is prohibited from doing so by law or the terms of the Buy-Back as set out in this booklet. Metcash is currently prohibited from making payments to certain political regimes, terrorist organisations and their sponsors under a number of acts, rules and regulations, including under the *Banking (Foreign Exchange) Regulations 1959* (Cth), the *Charter of the United Nations Act 1945* (Cth) and the *Charter of the United Nations (Dealings with Assets) Regulations 2008* (Cth).

4.9 Rights under the Buy-Back cannot be transferred

This Invitation is personal to you. You cannot transfer your rights under this Invitation.

4.10 The effect of submitting a Tender

A Tender constitutes an offer to sell the tendered Shares to Metcash on the terms and conditions set out in the Buy-Back Documents. A Tender does not, of itself, constitute a binding contract for the sale of the tendered Shares and cannot be enforced against Metcash. Metcash retains the discretion to accept or reject any Tender, and may choose to reject all Tenders.

If Metcash accepts your Tender, a binding Buy-Back Contract is formed between you and Metcash, and you must sell the tendered Shares to Metcash on the terms and conditions set out in the Buy-Back Documents, including the terms and conditions set out below.

By submitting a Tender Form, you:

- agree to the terms and conditions set out in the Buy-Back Documents;
- offer to sell to Metcash on the Buy-Back Date the number of Shares nominated for sale on your Tender Form (adjusted in accordance with the terms and conditions set out in the Buy-Back Documents) at your Tender Discount(s) and/or as a Final Price Tender (subject to any Minimum Price you may have chosen);
- agree to any scale back announced by Metcash;
- agree that Metcash's announcement to the ASX on the Buy-Back Date in relation to the Buy-Back Price and other details is:
 - effective notice or communication of Metcash's acceptance of your Tenders that are submitted either:
 - at a Tender Discount equal to or greater than the Buy-Back Discount; or
 - as a Final Price Tender,
 - in either case, adjusted in accordance with the terms and conditions set out in the Buy-Back Documents, and which are submitted in accordance with the Buy-Back Documents (or treated by the Company as being so submitted) at a price which is not less than your Minimum Price (if you have chosen one) and which are not rejected by Metcash; and
 - effective notice of Metcash's rejection of any of your Tenders submitted at a Tender Discount less than the Buy-Back Discount or where your Minimum Price (if you have chosen one) is greater than the Buy-Back Price;

- agree that a Buy-Back Contract is formed for the purchase of the relevant Shares upon Metcash accepting your Tender in accordance with the terms and conditions of this Buy-Back and posting an announcement to the ASX on the Buy-Back Date in relation to the Buy-Back Price and other details, and that the purchase of the relevant Shares is taken to occur at that time;
- waive any requirement to receive further notice or communication from Metcash of its acceptance or rejection of any Tender submitted by you and agree that the postal acceptance rule does not apply to Tenders (as you may amend or withdraw your Tender up until 5.00pm on the Closing Date and Buy-Back Contracts will only be formed on acceptance by the Company of your Tender);
- warrant to Metcash that:
 - at all times after you tender your Shares for sale into the Buy-Back, and on the Buy-Back Date, you are the registered holder of the Shares that you have tendered and that they are fully paid up, free from any mortgage, charge, lien or other encumbrance or security interest (whether legal or equitable) and from any third-party rights and otherwise able to be sold freely by you;
 - you are a person to whom the Invitation may lawfully be made, can receive the proceeds of the sale of your Shares and whose participation in the Buy-Back is permitted under the laws of the jurisdiction in which you are resident;
 - you are not (nor are you acting on behalf of or for the account of) a person located in the United States, a US Person, a resident of Canada or a person who is otherwise an Excluded Foreign Shareholder;
 - you have not distributed or sent any Buy-Back Documents or other document referring to the Buy-Back into the United States, to any US Person, or to any Canadian resident; and
 - you have not utilised in connection with the Buy-Back, directly or indirectly, mail or any means of instrumentality (including without limitation, facsimile transmission, telephone and internet) of interstate or foreign commerce of, or any facility of a national securities exchange of, the United States;
- authorise Metcash (and its officers, agents, contractors or advisers) to correct any error in or omission from your Tender Form and/or Withdrawal/Amendment Form, and to insert any missing details;
- acknowledge that neither Metcash nor any other party involved in the Buy-Back has provided you with financial product advice, or any securities recommendation, or has any obligation to provide this advice or recommendation, concerning your decision to participate in the Buy-Back or the manner of any such participation;
- undertake not to sell or offer to sell Shares to any other person if, as a result, you will at any time after you submit your Tender until the Buy-Back Date hold fewer Shares than the number of Shares you have tendered;
- authorise Metcash to make payment by cheque posted to your address or by direct credit to your nominated bank account where you have directed that your dividend payments are to be made in this manner, in either case, as recorded at 5.00pm (Sydney time) on the Closing Date and acknowledge that payments made in accordance with such instructions will satisfy Metcash's obligations to you for any Shares bought back;

- agree that damages are not an adequate remedy for breach of these covenants, undertakings, agreements and warranties. If you sell Shares in breach of these terms, you will be deemed to have appointed Metcash or its agent as your attorney to purchase Shares in your name and at your expense to satisfy your obligations under the Buy-Back and you will indemnify Metcash for all costs incurred by it in connection with such purchase;
- undertake that if you breach any of these covenants, undertakings, agreements or warranties you will indemnify Metcash for all its costs or losses arising from the breach; and
- agree that any obligation of Metcash to buy back Shares tendered by you is conditional on your compliance with the covenants, undertakings, agreements and warranties listed above.

You will be taken to have submitted a Tender when the Registry receives your validly completed Tender Form or, if you have a CHESS Holding, your Tender from your controlling participant through CHESS

4.11 Metcash's rights to accept or reject Tenders and Tender Forms

At any time, Metcash may (at its sole discretion):

- accept or reject any Tender or Tender Form; and/or
- accept or reject a Tender not made on the terms and conditions set out in the Buy-Back Documents, or a Tender Form not submitted in accordance with the procedures set out in the Buy-Back Documents.

Metcash will not accept any Tender or Tender Form that has been postmarked in the United States or Canada, or that otherwise appears to Metcash or its agents to have been sent or lodged from the United States or Canada or by an Excluded Foreign Shareholder.

Metcash may do each of these things in relation to all or some of the Tenders or the Tender Forms it receives, in its absolute discretion.

4.12 Metcash's rights to vary dates and times or to terminate the Buy-Back

While Metcash does not anticipate changing any of the dates and times set out in the Buy-Back Documents (including, without limitation, the Closing Date and the Buy-Back Date), it reserves the right to vary them. Any change in date or time will take effect from the time it is authorised by the Board and will be publicly announced on the ASX as soon as practicable following the Board's authorisation. Any such change will be taken to amend this booklet (and the other Buy-Back Documents) accordingly.

Metcash may also decide not to proceed with the Buy-Back. Without limitation, Metcash reserves the right to terminate the Buy-Back at any time prior to the date on which Metcash enters into Buy-Back Contracts by making an announcement to the ASX to that effect.

4.13 Metcash's rights to adjust Tenders

Metcash may, in its absolute discretion and at any time, deem any Tender it receives to be a valid Tender, disregard any Tender it believes should be disregarded and may waive any or all of the requirements for making, amending or withdrawing a Tender. It may do each of these things in relation to some, all or any number of Tenders it receives.

If you are an eligible shareholder, you are entitled to sell into the Buy-Back the lesser of:

- the number of Shares registered in your name on the Buy-Back Record Date (and which, in accordance with the applicable Settlement Rules, confer an entitlement to participate in the Buy-Back); and
- the number of Shares you hold on the Closing Date,

(your **Entitled Shares**).

If you submit one Tender of more than your Entitled Shares and Metcash accepts your Tender, Metcash will buy back only the number of your Entitled Shares.

If you submit more than one Tender and, in aggregate, you have tendered more than your Entitled Shares, Metcash will buy back only the number of your Entitled Shares in the following order of priority:

- first acquiring that number of Entitled Shares as forms part of your Tender with the largest Tender Discount, which is equal to or greater than the Buy-Back Discount or submitted as a Final Price Tender (and, if you have chosen one, where your Minimum Price is satisfied); and
- then, if after the application of the above you have Entitled Shares remaining, acquiring the remaining number of your Entitled Shares from your Tender with the second highest Tender Discount, which is equal to or greater than the Buy-Back Discount (and, if you have chosen one, where your Minimum Price condition is satisfied) and will repeat this process until all of your Entitled Shares successfully tendered are bought back.

The above provisions are subject to any scale back.

If you select more than one Minimum Price, your Tender will be deemed conditional on the highest Minimum Price you have specified.

4.14 Duty

Stamp, transaction or other duty will not be payable on the cancellation of your Shares following acceptance of your Tender(s).

4.15 Unsuccessful Tenders

Shares that have been tendered into the Buy-Back but are not bought back will be released to shareholders' holdings as soon as practicable after processing of the Buy-Back has been completed after the Closing Date.

4.16 Participation by directors and senior management

The Board has determined that the directors and members of senior management involved in determining the final pricing and size of the Buy-Back must not participate in the Buy-Back in respect of Shares held legally or beneficially by them.

4.17 ASIC and ASX Relief

ASIC Relief

ASIC has granted Metcash an exemption under subsection 257D(4) of the Corporations Act. This exemption essentially permits Metcash (without the requirement for shareholder approval):

- to conduct the Buy-Back in substantially the same manner as an equal access buy-back, in accordance with Division 2 of Part 2J.1 of the Corporations Act;
- to use the scale back mechanism described in Section 1.19;
- to invite all shareholders to offer for sale Shares in accordance with the terms and conditions of the Invitation;
- to invite shareholders with 1,000 Shares or less to offer to sell Shares only if they submit one Tender for all their Shares at the same Tender Discount or as a Final Price Tender; and
- not to accept any Tender received from an Excluded Foreign Shareholder,

provided certain conditions are met, including that the Buy-Back Price is calculated by applying the Tender Discount selected by Metcash following the end of the Tender Period to the Market Price and that eligible shareholders are permitted to lodge a Tender conditional on a Minimum Price.

ASX Relief

ASX has granted a waiver from Listing Rule 3.8A to permit Metcash to lodge an Appendix 3F on the second business day after the Closing Date.

ASX has confirmed that it will treat the Buy-Back as an equal access buy-back but will not require daily buy-back notifications (under Appendix 3E) to ASX during the Tender Period.

4.18 Privacy

Metcash is carrying out the Buy-Back in accordance with the Corporations Act. This involves the personal information contained in Tender Forms being collected to enable Metcash to determine the quantum of Shares, if any, and the price at which it will buy back Shares under the Buy-Back. If you do not provide this information, Metcash and its agents may be hindered in, or prevented from, processing your Tender.

The personal information collected by Metcash will only be disclosed to Boardroom Pty Ltd in its capacity as share registrar of Metcash and a print and mail service provider(s), to Metcash's advisers in relation to the Buy-Back and to financial institutions in respect of payments to you in connection with the Buy-Back or as required or authorised by law.

You may access the individual information collected by Metcash in relation to your shareholding by writing to Metcash, c/- Boardroom Pty Ltd at the mailing address set out on the Tender Form.

4.19 Applicable law

This Invitation, your Tender, and the Buy-Back generally, are governed by the laws of New South Wales, Australia.

5 Definitions and interpretations

Definitions

In the Buy-Back Documents unless the context otherwise requires:

ASIC	the Australian Securities and Investments Commission.
ASX	ASX Limited (ABN 98 008 624 691) or the financial market which it operates, as applicable.
ASX Settlement	ASX Settlement Pty Ltd (ABN 49 008 504 532), the securities clearing house of the ASX.
ATO	the Australian Taxation Office.
Board or Metcash Board	the Board of Directors of Metcash or any duly constituted committee of the Board.
Buy-Back	the buy-back of Shares by way of a tender process as set out in the Buy-Back Documents.
Buy-Back Contract	the contract formed on the Buy-Back Date between you and Metcash at the time that Metcash accepts your Tender (if and to the extent that Metcash accepts your Tender).
Buy-Back Date	the date and time that Metcash announces to the ASX the Buy-Back Price, the total number of Shares to be bought back and the details of any scale back.
Buy-Back Discount	the discount to be selected by Metcash, being the largest Tender Discount within the range of 8% to 14% inclusive (at 1% intervals), which will enable Metcash to buy back the amount of capital that it determines to buy back.
Buy-Back Documents	this booklet, the Tender Form and the Withdrawal/Amendment Form.
Buy-Back Information Line	1800 655 325 from within Australia or +61 2 9290 9696 from outside Australia. These lines will be open from 8.30am to 5.30pm (Sydney time), Monday to Friday over the period the Buy-Back is implemented.
Buy-Back Price	the price at which Metcash will buy back Shares from Tenders it accepts in the Buy-Back, rounded to the nearest cent (and, for the avoidance of doubt, rounded up in the case of half a cent). This price is determined by applying the Buy-Back Discount to the Market Price.

Buy-Back Record Date	7.00pm (Sydney time) on Friday, 29 June 2018, being the date of determination of shareholders entitled to participate in, and the number of Shares entitled to be tendered into, the Buy-Back.
Capital Component	the amount per Share (being \$0.61, which amount is subject to confirmation by the ATO) which will be debited to Metcash's share capital account.
CGT	capital gains tax.
CHESS	the Clearing House Electronic Subregister System.
CHESS Holder	a holder of Shares on the CHESS subregister of Metcash.
CHESS Holding	a holding of Shares on the CHESS subregister of Metcash.
Class Ruling	the ruling to be issued by the ATO on the tax implications of the Buy-Back for shareholders of Metcash who participate in the Buy-Back.
Closing Date	Friday, 10 August 2018 unless Metcash announces a later date (in which case it is that later date).
Corporations Act	the <i>Corporations Act 2001</i> (Cth), as modified by the relief described in Section 4.17.
Dividend Component	the Buy-Back Price less the \$0.61 capital component. The Dividend Component will be fully franked.
Entitled Shares	has the meaning in Section 4.13.
EPS	earnings per Share.
Ex-Entitlement Date	the date that Shares commence trading on the ASX on an ex-Buy-Back basis. Shares acquired on or after this date will not confer an entitlement to participate in the Buy-Back.

Excluded Foreign Shareholder

any person who:

- holds Shares and to whom Metcash would be prohibited from paying money pursuant to any act, rule or regulation of Australia which prohibits Metcash from making payments to foreign persons; or
- does not have a registered address in Australia or New Zealand and holds Shares and resides in a jurisdiction where it would be illegal under the laws of that jurisdiction to permit shareholders residing in that jurisdiction to receive an Invitation, or to participate in the Buy-Back (or which has laws which Metcash determines would be impractical for it to comply with in order to permit shareholders residing in that jurisdiction to receive an Invitation, or to participate in the Buy-Back); or
- is acting on behalf of or for the account of a person who holds Shares and resides in a jurisdiction outside Australia or New Zealand where it would be illegal under the laws of that jurisdiction to permit such person residing in that jurisdiction to receive an Invitation, or to participate in the Buy-Back, for a shareholder (or which has laws which Metcash determines would be impractical for it to comply with in order to permit shareholders residing in that jurisdiction to receive an Invitation, or to participate in the Buy-Back, for a shareholder).

For the avoidance of doubt, Excluded Foreign Shareholders include any person who is (or who is acting on behalf of or for the account of a person who is) in the United States, a US Person or a resident of Canada.

Further, having regard to the factors set out above, Metcash has determined that it would be impractical to make invitations to holders in jurisdictions other than Australia and New Zealand.

Final Dividend	Metcash's dividend of \$0.07 per Share for the 2018 full year.
Final Price Tender	a Tender in which the shareholder elects to receive the Buy-Back Price, whatever Metcash determines it to be.
Invitation	the invitation by Metcash to eligible shareholders to offer to sell Shares to Metcash as set out in the Buy-Back Documents.
Issuer Sponsored Holder	a holder of Shares on the issuer sponsored subregister of Metcash.
Issuer Sponsored Holding	a holding of Shares on the issuer sponsored subregister of Metcash.

Market Price	the VWAP (as defined) of Metcash ordinary shares on the ASX over the five trading days up to and including the Closing Date, calculated to four decimal places, as determined by Metcash after 4.30pm (Sydney time) on the Closing Date.
Metcash or Company	Metcash Limited (ACN 112 073 480).
Metcash Share Register	the share register of Metcash.
Minimum Price	one of the three specified minimum prices on the Tender Form, which a shareholder may select in order for their Tender to be conditional upon the Buy-Back Price being not less than that amount.
Priority Allocation	1,000 Shares, or such lesser number of Shares as is determined by Metcash so as to ensure that Metcash is able to buy back only the number of Shares it determines to buy back.
Registry	Boardroom Pty Ltd, in its capacity as Metcash's share registrar.
ROE	return on equity.
Sale Consideration	has the meaning given to that term in Section 2.2.
Settlement Rules	the operating rules of ASX Settlement, as amended from time to time.
Shares	fully paid ordinary shares in the capital of Metcash on issue as at the Buy-Back Record Date.
Small Holding	a holding of fewer than or equal to 500 Shares.
Small Holding Tender	has the meaning given to that term in Section 1.19.

Tax Market Value

for the purposes of the Buy-Back means:

$A^{(1)} \times$

$$\frac{\text{(Closing level of S\&P/ASX 200 Index on the Closing Date)}}{B^{(2)}}$$

⁽¹⁾ A = the VWAP of Shares over the last five trading days before the announcement of the Buy-Back, adjusted to take into account the Final Dividend.

⁽²⁾ B = the opening level of the S&P/ASX 200 Index on Monday, 25 June 2018.

If the movement in the S&P/ASX 200 Index is significantly different from the movement in Metcash's market price on the ASX over the relevant period, Metcash may approach the ATO to seek to vary the methodology used to determine the Tax Market Value.

Tender	a shareholder's offer to sell Shares to Metcash at a specified Tender Discount or as a Final Price Tender and on the terms and conditions set out in the Buy-Back Documents as amended in accordance with the procedures set out in the Buy-Back Documents.
Tender Discount	one of the specified discounts between 8% to 14% (inclusive, at 1% intervals) to the Market Price as set out on the Tender Form.
Tender Discount Range	the range of Tender Discounts at which shareholders can submit Tenders, being 8% to 14% inclusive, at 1% intervals.
Tender Form	the form of offer by a shareholder to sell Shares to Metcash under the Buy-Back, which accompanies this booklet, or represented by instructions from a CHESSE Holder's controlling participant (and includes a Tender Form amended in accordance with the procedures set out in the Buy-Back Documents).
Tender Period	the period within which shareholders may lodge, withdraw or amend a Tender in accordance with the Buy-Back Documents.
United States	United States of America, its territories and possessions, any State of the United States and the District of Columbia.
US Person	has the meaning given by Regulation S under the United States' Securities Act of 1933, as amended from time to time.

VWAP

for a share over a period means the volume weighted average price of all trades on the ASX including the closing single price auction, but excluding not “at market” trades (e.g. any transactions defined in the operating rules of the ASX as special crossings, crossings prior to the commencement of the open session state, crossings during overnight trading, overseas trades, trades pursuant to the exercise of options over shares, and any other trades that the Board determines to exclude on the basis that the trades are not fairly reflective of natural supply and demand).

**Withdrawal/
Amendment Form**

the form entitled “Withdrawal/Amendment Form”, a copy of which is available on the Metcash website or by calling the Buy-Back Information Line, that is required to withdraw or amend a previously submitted Tender.

You or shareholder

a holder of Shares.

Interpretations

In the Buy-Back Documents, unless the context otherwise requires:

- the singular includes the plural, and vice versa;
- words importing one gender include other genders;
- other parts of speech and grammatical forms of a word or phrase defined in this booklet have a corresponding meaning;
- terms used in the Buy-Back Documents and defined in the Corporations Act have the meanings given to them in the Corporations Act (unless expressly provided to the contrary in the Buy-Back Documents);
- an expression importing a natural person includes any company, partnership, joint venture, association, corporation or other body corporate and vice versa;
- a reference to a section, attachment and schedule is a reference to a section of and an attachment and schedule to this booklet, as relevant;
- reference to any statute, regulation, proclamation, ordinance or law includes all statutes, regulations, proclamations, ordinances, or laws amending, varying, consolidating or replacing it and a reference to a statute includes all regulations, proclamations, ordinances and by laws issued under that statute;
- headings and bold type are for convenience only and do not affect the interpretation of this booklet;
- a reference to writing includes facsimile transmissions;
- a reference to currency is to Australian dollars; and
- a reference to time is to Sydney time.

The postal acceptance rule does not apply to Tenders (as you may amend or withdraw your Tender up until 5.00pm on the Closing Date and Buy-Back Contracts will only be formed on acceptance by the Company of your Tender).

6 Corporate directory

Directors

Rob Murray, Non-executive Chairman

Jeff Adams, Executive Director

Fiona Balfour, Non-executive Director

Anne Brennan, Non-executive Director

Tonianne Dwyer, Non-executive Director

Murray Jordan, Non-executive Director

Helen Nash, Non-executive Director

Company Secretary

Julie Hutton

Principal Registered Office

1 Thomas Holt Drive
Macquarie Park NSW 2113

Postal Address

PO Box 557
Macquarie Park NSW 1670

Share Registry

Boardroom Pty Ltd
GPO Box 3993
Sydney NSW 2001

Telephone (within Australia): 1800 655 325

Telephone (outside Australia): +61 2 9279 0664

Appendix: A

Example: 14% Buy-Back Discount and a 25% scale back (illustrative example only)

In this example, it is assumed that the Market Price is \$2.80 and the Buy-Back Discount is 14%, resulting in a Buy-Back Price of \$2.41. It is also assumed that the Priority Allocation is 1,000 Shares, the Small Holding Tender is 500 Shares, there is a 25% scale back and shareholders have not specified a Minimum Price condition. In these circumstances, the outcome of each Tender would be as follows:

Shareholder	Total Holding of Shares	Shares Tendered	Tender Discount (%)	Price Represented by Tender Discount (\$)	Outcome
A	1,200	1,200	-	-	Successful - all 1,200 Shares bought back
B	5,000	5,000	14%	\$2.41	Partially successful - 4,000 Shares bought back
C	500	500	12%	\$2.46	Not successful - no Shares bought back
D	10,000	4,000	-	-	Partially successful - 3,250 Shares bought back
E	1,100	3,000	13%	\$2.44	Not successful - no Shares bought back
		1,000	14%	\$2.41	Successful - all 1,000 Shares bought back
		100	13%	\$2.44	Not successful - no Shares bought back

Shareholder A tendered 1,200 Shares (being all of their Shares) as a Final Price Tender. Shareholder A would have the entire Tender accepted in full as 1,000 Shares would be bought back under the Priority Allocation and after the 25% scale back, the residual Small Holding of 50 Shares would be bought back under the Small Holding Tender.

Shareholder B tendered 5,000 Shares at a 14% Tender Discount. The Tender would be successful but only 4,000 of the 5,000 Shares tendered would be bought back as a result of the Priority Allocation first being bought back and the 25% scale back applying to the balance of 4,000 Shares, meaning that only 3,000 of the Shares are bought back. Following the Buy-Back, Shareholder B would be left with 1,000 Shares.

Shareholder C tendered 500 Shares at a 12% Tender Discount which is less than the Buy-Back Discount. Hence, Shareholder C would have the entire Tender rejected.

Shareholder D tendered 4,000 Shares as a Final Price Tender and 3,000 Shares at a 13% Tender Discount. The Final Price Tender would be successful but only 3,250 of the 4,000 Shares tendered would be bought back as a result of the Priority Allocation first being bought back and the 25% scale back applying to the balance of 3,000 Shares, meaning that only 3,250 of these Shares are bought back. The Tender submitted at a 13% Tender Discount would not be successful. Following the Buy-Back, Shareholder D would be left with 6,750 Shares.

Shareholder E tendered 1,000 Shares at a 14% Tender Discount and 100 Shares at a 13% Tender Discount. Shareholder E would only have the 1,000 Shares tendered at the 14% Tender Discount bought back under the Priority Allocation. Even though Shareholder E is left with a Small Holding of 100 Shares after the 1,000 Shares are bought back, the residual Small Holding would not be bought back because Shareholder E submitted the Tender at a Tender Discount less than the Buy-Back Discount.

Example: Scale back table (illustrative example only)

Shareholder	Shares tendered at a 14% Tender Discount or as Final Price Tenders		Shares Subject to scale back (1)		Scale back (2) (%)	Tender post scale back and Priority Allocation (3)		Shares remaining (4)	Small Holding Tender (5)	Shares that are Bought Back (6)
	1,200	5,000	200	4,000	25%	1,150	50	Yes	1,200	
A					25%	1,150	50	Yes	1,200	
B					25%	4,000	1,000	No	4,000	
C					-	-	-	Scale back not applicable		
D					25%	3,250	750	No	3,250	
E					-	1,000	-	No	1,000	

(1) Under the Priority Allocation, the first 1,000 Shares are bought back from each shareholder who tenders Shares at the Buy-Back Discount (including Shares tendered as a Final Price Tender) before the scale back applies.

(2) A scale back of 25% means 25% of the Shares subject to scale back would not be bought back (not including Priority Allocations and Small Holding Tenders).

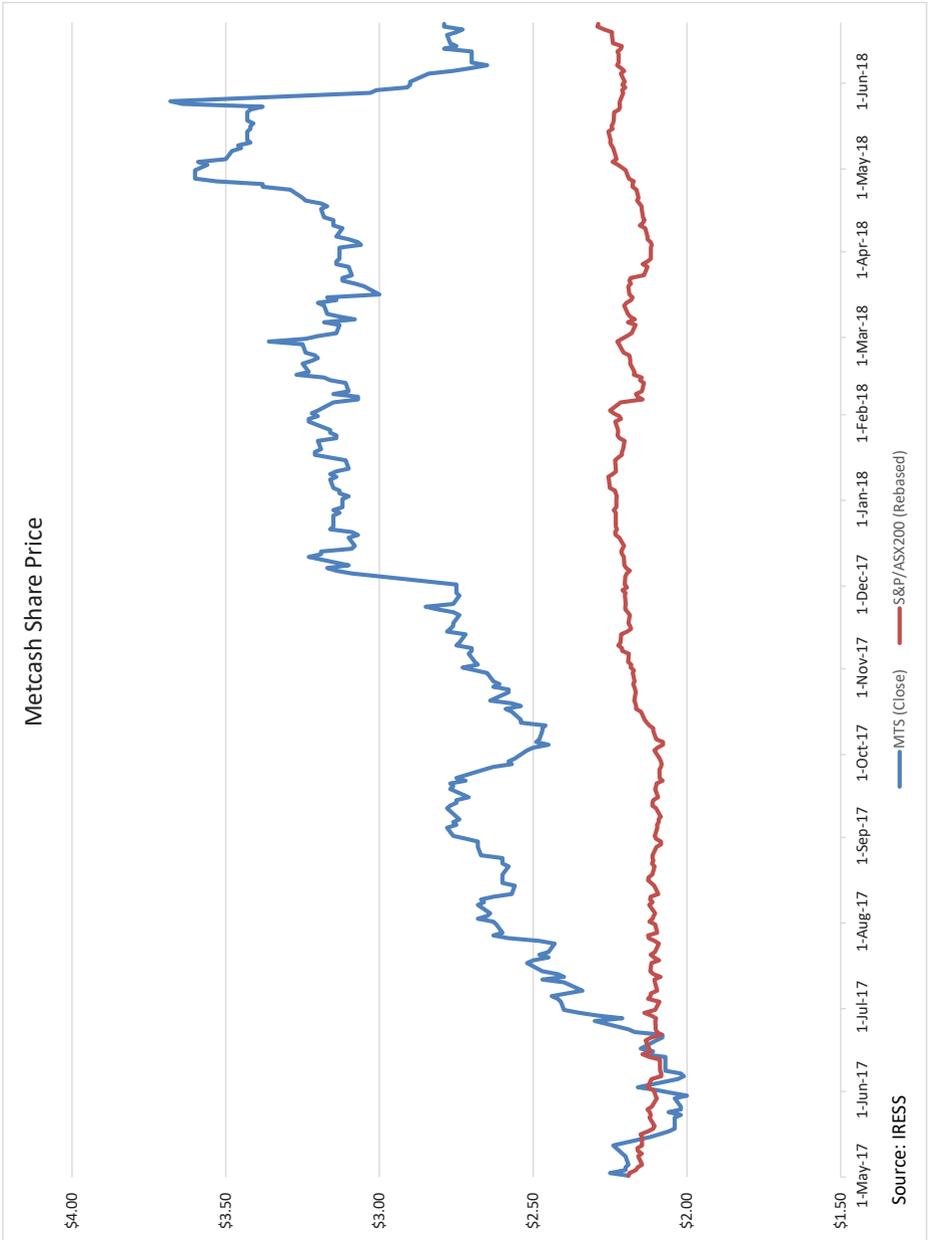
(3) When the scale back is calculated, fractions of Shares to be bought back will be rounded down to the nearest Share. This step is calculated prior to application of the Small Holding Tender rule.

(4) Shares remaining refer only to Shares remaining from those Shares which were tendered at a 14% Tender Discount Rate or as Final Price Tenders. This step is calculated prior to application of the Small Holding Tender rule.

(5) Shareholder A tendered all of their Shares as a Final Price Tender. As a result of the Priority Allocation and scale back, Shareholder A would be left with a Small Holding Tender (i.e. 500 Shares or less).

(6) Shares that are bought back refers only to Shares that are bought back from those Shares which were tendered at a 14% Tender Discount or as a Final Price Tender.

Appendix: C



Appendix: D

Tax Table		Australian Resident Individuals ¹									
Per Share (\$)	Methodology	Income = \$0 -		Income = \$18,201 -		Income = \$37,001 -		Income = \$90,001 -		Income = \$180,001 -	
		tax rate	marginal tax rate	tax rate	marginal tax rate	tax rate	marginal tax rate	tax rate	marginal tax rate	tax rate	marginal tax rate
		15.0%	0.0%	21.0%	34.5%	39.0%	39.0%	39.0%	39.0%	47.0%	47.0%
Basic assumptions											
WAP (assumed)		2.80	2.80	2.80	2.80	2.80	2.80	2.80	2.80	2.80	2.80
Less: Buyback Discount		0.39	0.39	0.39	0.39	0.39	0.39	0.39	0.39	0.39	0.39
Buy-Back Price (assumed) ²	A	2.41	2.41	2.41	2.41	2.41	2.41	2.41	2.41	2.41	2.41
Tax Market Value (assumed) ³	B	2.80	2.80	2.80	2.80	2.80	2.80	2.80	2.80	2.80	2.80
Cost Base (assumed)	C	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50
Capital Component	D	0.61	0.61	0.61	0.61	0.61	0.61	0.61	0.61	0.61	0.61
Marginal tax rate (%) ¹	E	15.0%	0.0%	21.0%	34.5%	39.0%	34.5%	39.0%	39.0%	47.0%	47.0%
Capital gains tax discount (%)	F	33.3%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%
Australian tax implications of the sale of shares in the Buy-Back											
Income tax consequences (dividend)											
Dividend Component	G = A - D	1.80	1.80	1.80	1.80	1.80	1.80	1.80	1.80	1.80	1.80
Add: Gross-up for franking credits ⁴	H = G x 30/70	0.77	0.77	0.77	0.77	0.77	0.77	0.77	0.77	0.77	0.77
Assessable income	I = G + H	2.57	2.57	2.57	2.57	2.57	2.57	2.57	2.57	2.57	2.57
Less: Tax on that assessable income ¹	J = I x E	0.39	-	0.54	0.89	1.00	0.89	1.00	1.21	1.21	1.21
Add: Tax offset for franking credits ⁴	K = H	0.77	0.77	0.77	0.77	0.77	0.77	0.77	0.77	0.77	0.77
After tax dividend proceeds	L = G - J + K	2.18	2.57	2.03	1.68	1.57	1.68	1.57	1.68	1.57	1.36
CGT consequences											
Tax Market Value ³	B	2.80	2.80	2.80	2.80	2.80	2.80	2.80	2.80	2.80	2.80
Less: Dividend Component		1.80	1.80	1.80	1.80	1.80	1.80	1.80	1.80	1.80	1.80
Sale Consideration	M = B - G	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Less: Illustrative cost base	C	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50
Nominal capital (loss)/gain	N = M - C	(1.50)	(1.50)	(1.50)	(1.50)	(1.50)	(1.50)	(1.50)	(1.50)	(1.50)	(1.50)
Discounted capital (loss)/gain ⁵	O = N x (1 - F)	(1.00)	(0.75)	(0.75)	(0.75)	(0.75)	(0.75)	(0.75)	(0.75)	(0.75)	(0.75)
Tax impact of capital loss/gain ⁶	P = -O x E	0.15	-	0.16	0.26	0.29	0.26	0.29	0.29	0.35	0.35
Add: Capital Component	D	0.61	0.61	0.61	0.61	0.61	0.61	0.61	0.61	0.61	0.61
After tax capital proceeds	Q = D + P	0.76	0.61	0.77	0.87	0.90	0.87	0.90	0.87	0.96	0.96
Total after tax proceeds	R = L + Q	2.94	3.18	2.80	2.55	2.47	2.55	2.47	2.55	2.32	2.32
Australian tax implications of the sale of shares on ASX											
Tax Market Value ³	B	2.80	2.80	2.80	2.80	2.80	2.80	2.80	2.80	2.80	2.80
Less: Illustrative cost base	C	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50
Nominal capital (loss)/gain	T = S - C	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30
Discount capital (loss)/gain	U = T x (1 - F)	0.20	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15
Tax on capital loss/gain	V = -U x E	(0.03)	-	(0.03)	(0.05)	(0.05)	(0.05)	(0.05)	(0.05)	(0.07)	(0.07)
Total after tax proceeds⁷	W = S + V	2.77	2.80	2.77	2.75	2.74	2.75	2.74	2.75	2.73	2.73

- The tax rates for Australian resident individuals include the Medicare Levy of 2%. The Medicare Levy depends on the individual's own circumstances.
- This is for illustrative purposes only. You should not rely on this price as being the actual Buy-Back Price. The procedure to determine the Buy-Back Price is explained in Section 1.15.
- The Tax Market Value of the Shares is assumed to be \$2.80 for the purpose of this example. The Tax Market Value will change depending on the movement in the S&P/ASX 200 Index up to the close of the Buy-Back (see Section 2.2).
- This assumes the shareholder is fully entitled to the franking credits.
- This assumes that the discount capital gain method is used, which adjusts the total capital gain by a discount factor (50 per cent for individuals, 33 1/3 per cent for super funds). Although capital losses are not subject to discount, for the purposes of illustrating the cash value of a potential capital loss it is assumed that capital losses are offset against other discounted capital gains.
- This assumes shareholders will be able to fully utilise capital losses to offset capital gains in the same income year. The value of a loss ultimately depends on the taxpayer's own circumstances.
- No brokerage fees have been included when selling on market.

BoardRoom

REGISTRAR

J.P.Morgan

FINANCIAL
ADVISER



HERBERT
SMITH
FREEHILLS

LEGAL
ADVISER



EY

TAX
ADVISER

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