

08 June 2016

Dear Shareholder

**Share register arrangements following proposed Michael Hill International Limited scheme of arrangement (Scheme)**

If shareholders approve the proposed Scheme, a newly incorporated Australian company (referred to as 'MHI Australia' but to be renamed Michael Hill International Limited) will become the new parent company of the Group and list on the ASX. It will also be listed on the NZX Main Board as a Dual Listed Issuer. Shareholders will be issued with new shares in MHI Australia in place of their old shares on a 'one for one' basis.

In the absence of an instruction from you, all new shares will be automatically recorded in the first instance on the Australian register, but may be transferred (or 'removed') at your request to the New Zealand share register at any time.

If you would like your shares to be registered on the New Zealand share register you can complete the attached Register Removal Request form at any time and send it to a Computershare office in the reply paid envelope. If you want your new shares to be registered on the New Zealand register from the outset, you should return this form so as to be received by Computershare before 5pm on 28 June 2016. You can do this in advance of the special meeting to approve the Scheme to be held on 23 June 2016. Computershare will disregard this form if the resolution to approve the Scheme does not pass.

**Any Shareholder who does not elect, or whose election is not received by 5pm on 28 June 2016, will have their MHI Australia shares registered on the Australian share register.**

If you are happy to have your shares held on the Australian share register you do not need to do anything. No action is required.

**PLEASE REFER TO SECTION 10 OF THE SCHEME BOOKLET ACCOMPANYING THIS FORM FOR ADDITIONAL IMPORTANT INFORMATION ABOUT TRANSFERRING YOUR SHARES BETWEEN THE NEW ZEALAND AND AUSTRALIAN SHARE REGISTERS.**

If the Scheme is approved, we will send you a separate letter explaining how you can elect to receive New Zealand currency dividends and how you can transfer your shares between the New Zealand and Australian share registers.

**PLEASE CONTACT COMPUTERSHARE IF YOU HAVE ANY QUESTIONS REGARDING THIS LETTER.**

## **Background**

MHI Australia has applied to participate in the ASX's Clearing House Electronic Subregister System (CHES) and will comply with the ASX Listing Rules and the ASX Settlement Operating Rules. CHES is an electronic transfer and settlement system for transactions in securities quoted on the ASX under which transfers are effected in an electronic form.

When the MHI Australia Shares become approved financial products (as defined in the ASX Settlement Operating Rules), holdings will be able to be registered in one of two subregisters, an electronic CHES subregister or an issuer sponsored subregister. On Implementation, all MHI Australia Shares will be registered on the issuer sponsored subregister.

Following Implementation, Shareholders will be sent a holding statement that sets out the number of MHI Australia Shares that have been issued to them. This statement will also provide details of a MHI Australia Shareholder's Shareholder Reference Number (SRN).

MHI Australia Shareholders will subsequently receive statements showing any changes to their shareholding. Share certificates will not be issued. MHI Australia Shareholders will be sent subsequent statements during the first week of the following month if there has been a change to their holding on the register and as otherwise required under the ASX Listing Rules and the Corporations Act.

Additional statements may be requested at any other time through the MHI Australia share registry. MHI Australia and the share registry may charge a fee for these additional issuer sponsored statements.

If you subsequently transfer your shares to the electronic CHES subregister, you will be given a Holder Identification Number (HIN). You will also receive statements showing any changes to your shareholding, additional copies of which can be requested through MHI Australia Shareholder's sponsoring broker.