



## RETAIL ENTITLEMENT OFFER

1 for 6.60 pro rata accelerated renounceable entitlement offer of JB Hi-Fi Limited ordinary shares at an offer price of \$26.20 per New Share

Retail Entitlement Offer closes at 5.00 pm (AEST) on Friday 30 September 2016

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### NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES

This Retail Offer Booklet requires your immediate attention. It is an important document which is accompanied by a personalised Entitlement and Acceptance Form and both should be read in their entirety. This Retail Offer Booklet is not a prospectus under the Corporations Act 2001 (Cth) (**Corporations Act**) and has not been lodged with the Australian Securities & Investments Commission (**ASIC**). Please call your stockbroker, accountant or other professional adviser or the JB Hi-Fi Limited Information Line on 1300 302 417 (within Australia) or +61 3 9415 4136 (outside Australia) if you have any questions.



## IMPORTANT NOTICES

Defined terms used in these important notices have the meaning given in this Retail Offer Booklet.

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#### Future performance and forward looking statements

This Retail Offer Booklet contains certain 'forward looking statements'. Forward looking statements can generally be identified by the use of forward looking words such as 'expect', 'anticipate', 'likely', 'intend', 'propose', 'should', 'could', 'may', 'predict', 'plan', 'will', 'believe', 'forecast', 'estimate', 'target', and other similar expressions within the meaning of securities laws of applicable jurisdictions and include, but are not limited to, the outcome and effects of the Entitlement Offer and the use of proceeds. The forward looking statements contained in this Retail Offer Booklet involve known and unknown risks and uncertainties and other factors, many of which are beyond the control of JB Hi-Fi Limited (ABN 80 093 220 136) (**JB Hi-Fi**), and may involve significant elements of subjective judgement and assumptions as to future events which may or may not be correct.

Refer to Appendix A (Key Risks) of the JB Hi-Fi Investor Presentation included in Section 5 of this Retail Offer Booklet for a summary of certain general and JB Hi-Fi specific risk factors that may affect JB Hi-Fi. There can be no assurance that actual outcomes will not differ materially from these forward looking statements. A number of important factors could cause actual results or performance to differ materially from the forward looking statements. Investors should consider the forward looking statements contained in this Retail Offer Booklet in light of those disclosures.

The forward looking statements are based on information available to JB Hi-Fi as at the date of this Retail Offer Booklet. Except as required by law or regulation (including the Australian Securities Exchange (**ASX**) Listing Rules), JB Hi-Fi undertakes no obligation to provide any additional or updated information whether as a result of new information, future events or results or otherwise.

#### Past performance

Investors should note that past performance, including past share price performance, cannot be relied upon as an indicator of (and provides no guidance as to) future JB Hi-Fi performance including future share price performance.

#### Jurisdictions

This Retail Offer Booklet, or any accompanying ASX announcements or the Entitlement and Acceptance Form, do not constitute an offer to sell, or a solicitation of an offer to buy, any securities in the United States or to any person acting for the account or benefit of any person in the United States.

Neither this Retail Offer Booklet nor the Entitlement and Acceptance Form may be distributed or released in the United States. Neither the entitlements to subscribe for new ordinary shares in JB Hi-Fi pursuant to the Entitlement Offer described in this Retail Offer Booklet (**Entitlements**) nor the New Shares have been, nor will be, registered under the US Securities Act of 1933, as amended (**US Securities Act**), or the securities laws of any state or other jurisdiction of the United States. The Entitlements may not be purchased, traded, taken up or exercised by persons in the United States or by persons who are acting for the account or benefit of a person in the United States. Neither the Entitlements nor the New Shares may be offered, sold or resold in the United States or to persons acting for the account or benefit of a person in the United States except in a transaction exempt from, or not subject to, the registration requirements of the US Securities Act and applicable US State securities laws. In the Retail Entitlement Offer, the Entitlements and the New Shares will only be sold in 'offshore transactions' (as defined in Rule 902(h) under the US Securities Act) in compliance with Regulation S under the US Securities Act.

#### Withholding tax

This Retail Offer Booklet refers to the potential payment of a Retail Premium to certain investors. JB Hi-Fi may be required to withhold Australian tax in relation to any Retail Premium that is paid to those investors under applicable laws. References to the payment of the Retail Premium in this Retail Offer Booklet should be generally read as payments net of any applicable withholding taxes. If you are an Australian tax resident shareholder, and you have not previously provided your Tax File Number (**TFN**) or Australian Business Number (**ABN**) to JB Hi-Fi, you may wish to do so prior to the close of the Retail Entitlement Offer described in this Retail Offer Booklet to ensure that any withholding tax is not deducted from any proceeds payable to you at the current rate of 49%. You are able to provide your TFN or ABN online through the JB Hi-Fi share registry, Computershare Investor Services Pty Limited (**JB Hi-Fi Share Registry**) at [www.investorcentre.com](http://www.investorcentre.com).

### **References to 'you', 'your Entitlement' and 'your Entitlement and Acceptance Form'**

In this Retail Offer Booklet, references to 'you' are references to Eligible Retail Shareholders and references to 'your Entitlement' and 'your Entitlement and Acceptance Form' are references to the Entitlement (being the Retail Entitlement) and the Entitlement and Acceptance Form, respectively, of Eligible Retail Shareholders (as defined in Section 6.1).

### **Times and dates**

Times and dates in this Retail Offer Booklet are (except where historical) indicative only and subject to change. All times refer to Australian Eastern Standard Time (**AEST**). Refer to the 'Key Dates' section of this Retail Offer Booklet for more details.

### **Currency**

Unless otherwise stated, all dollar values in this Retail Offer Booklet are in Australian dollars (A\$).

### **Trading Entitlements and New Shares**

JB Hi-Fi and the Underwriter will have no responsibility and disclaim all liability (to the maximum extent permitted by law) to persons who trade Entitlements before they receive their Entitlement and Acceptance Form, whether on the basis of confirmation of the allocation provided by JB Hi-Fi or the JB Hi-Fi Share Registry or otherwise, or who otherwise trade or purport to trade Entitlements in error or which they do not hold or are not entitled to.

JB Hi-Fi and the Underwriter will have no responsibility and disclaim all liability (to the maximum extent permitted by law) to persons who trade New Shares they believe will be issued to them before they receive their holding statements, whether on the basis of confirmation of the allocation provided by JB Hi-Fi or the JB Hi-Fi Share Registry or otherwise, or who otherwise trade or purport to trade New Shares in error or which they do not hold or are not entitled to.

If you are in any doubt as to these matters, you should first consult with your stockbroker, accountant or other professional adviser.

Refer to Section 6 for more details.

# Retail Entitlement Offer

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## KEY DATES

Event	Date
Trading halt and announcement of the Offer	Tuesday, 13 September 2016
Institutional Entitlement Offer opens	Tuesday, 13 September 2016
Institutional Entitlement Offer closes	Wednesday, 14 September 2016
Institutional Shortfall Bookbuild	Thursday, 15 September 2016
Trading halt lifted – shares recommence trading on ASX on an “ex-entitlement” basis	Friday, 16 September 2016
Record Date for determining entitlement to subscribe for New Shares (7.00 pm (AEST))	Friday, 16 September 2016
Retail Entitlements commence trading on the ASX on a deferred settlement basis	Monday, 19 September 2016
Retail Entitlement Offer opens (9:00 am (AEST))	Wednesday, 21 September 2016
Retail Offer Booklet despatched and Retail Entitlements allotted	Wednesday, 21 September 2016
Retail Entitlements commence trading on the ASX on a normal settlement basis	Wednesday, 21 September 2016
Settlement of Institutional Entitlement Offer	Friday, 23 September 2016
Retail Entitlement trading on the ASX ends	Friday, 23 September 2016
Allotment and normal trading of New Shares under the Institutional Entitlement Offer	Monday, 26 September 2016
Retail Entitlement Offer closes <sup>1</sup> (5.00 pm (AEST))	Friday, 30 September 2016
Retail Shortfall Bookbuild	Thursday, 6 October 2016
Settlement of the Retail Shortfall Bookbuild	Monday, 10 October 2016
Allotment of New Shares under the Retail Entitlement Offer	Tuesday, 11 October 2016
Normal trading of New Shares issued under the Retail Entitlement Offer	Wednesday, 12 October 2016
Despatch of holding statements in respect of New Shares issued under the Retail Entitlement Offer	Thursday, 13 October 2016

The timetable above is (except where historical) indicative only and may be subject to change. JB Hi-Fi, in conjunction with the Underwriter (as defined in Section 6.14), reserves the right to amend any or all of these dates and times without notice, subject to the Corporations Act, the ASX Listing Rules and other applicable laws. In particular, JB Hi-Fi reserves the right to extend the closing date of the Retail Entitlement Offer, to accept late applications under the Retail Entitlement Offer (either generally or in particular cases) and to withdraw the Retail Entitlement Offer without prior notice. Any extension of the closing date will have a consequential effect on the issue date of New Shares.

The commencement of quotation of Entitlements and New Shares is subject to the discretion of ASX.

Cooling off rights do not apply to an investment in New Shares. You cannot withdraw your application once it has been accepted. Eligible Retail Shareholders wishing to participate in the Retail Entitlement Offer are encouraged to submit their Entitlement and Acceptance Form as soon as possible after the Retail Entitlement Offer opens.

### ENQUIRIES

If you have any questions, please call the JB Hi-Fi Shareholder Information Line on 1300 302 417 (within Australia) +61 3 9415 4136 (outside Australia), or consult your stockbroker, accountant or other professional adviser. The JB Hi-Fi Shareholder Information Line is open from 8.30 am to 5.30 pm (AEST), Monday to Friday.

<sup>1</sup> Eligible Retail Shareholders who wish to take up all or a part of their Entitlement can pay their Application Monies via Bpay® by following the instructions set out on the personalised Entitlement and Acceptance Form. The personalised Entitlement and Acceptance Form will be despatched to Eligible Retail Shareholders on or about Wednesday, 21 September 2016, or can be obtained by following the instructions at [www.investorcentre.com](http://www.investorcentre.com). If you are unable to pay by Bpay®, you are able to pay by cheque, bank draft or money order. Payment must be made by no later than 5.00 pm (AEST) on Friday, 30 September 2016. Eligible Retail Shareholders should refer to Section 3 for options available to them to deal with their Entitlement.

## LETTER FROM THE CHAIRMAN

16 September 2016

Dear Shareholder,

On 13 September 2016, JB Hi-Fi announced it had entered into a binding agreement to acquire 100% of The Good Guys (**The Good Guys**) for total cash consideration of \$870 million, subject to certain purchase price adjustments (including for working capital) (**Acquisition**).

JB Hi-Fi is proposing to partially fund the Acquisition by way of a 1 for 6.60 fully underwritten, pro-rata accelerated renounceable entitlement offer of new fully paid ordinary shares in JB Hi-Fi (**New Shares**) at an offer price of \$26.20 per New Share (**Offer Price**) for which JB Hi-Fi will, upon issue, seek quotation on the Australian Securities Exchange (**ASX**). The offer will comprise an accelerated underwritten institutional entitlement offer (**Institutional Entitlement Offer**) and an underwritten retail entitlement offer (**Retail Entitlement Offer**) (together, the **Offer**).

The directors of JB Hi-Fi are pleased to invite you to participate in the Retail Entitlement Offer.

It is intended that the gross proceeds raised as a result of the Offer will be approximately \$394 million, and will be used to partially fund the Acquisition, with the balance to be funded from existing debt facilities and a new multi-tranche debt facility.

### DETAILS OF THE ACQUISITION

The Acquisition of The Good Guys strengthens JB Hi-Fi's presence in the home appliances market.

The Acquisition is subject to completion conditions appropriate for a transaction of this size and scale and is expected to complete in late 2016 or early 2017.

### DETAILS OF THE RETAIL ENTITLEMENT OFFER

Under the Retail Entitlement Offer, eligible shareholders are entitled to acquire 1 New Share for every 6.60 existing JB Hi-Fi ordinary shares (**Shares**) held on the record date, being 7.00 pm (AEST) on Friday, 16 September 2016 (**Record Date**).

The Offer Price of \$26.20 per New Share represents a discount of 8.1% to the theoretical ex-rights price (**TERP**)<sup>2</sup> of \$28.50.

New Shares issued under the Retail Entitlement Offer will rank equally with existing Shares.

The pro rata nature of the Retail Entitlement Offer favours existing JB Hi-Fi shareholders in recognition of their continuing support, and provides an equitable mechanism for shareholders to maintain their level of ownership in JB Hi-Fi.

The Retail Entitlement Offer is expected to raise approximately \$135 million. This Retail Offer Booklet relates to the Retail Entitlement Offer and Entitlements allotted under it (**Retail Entitlements**).

### HOW TO APPLY?

Accompanying this Retail Offer Booklet is your personalised Entitlement and Acceptance Form which contains details of your Entitlement. Your Entitlement may have value and it is important that you determine whether to take up, sell, transfer or do nothing in respect of your Entitlement (see Section 3.6).

The Retail Entitlement Offer closes at 5.00 pm (AEST) on Friday, 30 September 2016. To participate, you should ensure that you have completed your application by paying the relevant application monies (**Application Monies**) by Bpay® before this time in the manner described in this Retail Offer Booklet. If you are unable to pay by Bpay® (for example if you are a New Zealand based shareholder without an Australian bank account), you are able to pay by cheque, bank draft or money order.

<sup>2</sup> TERP is the theoretical price at which Shares should trade immediately after the ex-date for the Offer. TERP is a theoretical calculation only and the actual price at which Shares traded immediately after the ex-date for the Offer depended on many factors and may not have been equal to TERP. TERP is calculated by reference to JB Hi-Fi's closing price of \$28.85 on 12 September 2016, being the last trading day prior to the announcement of the Offer.

If you do not wish to take up your Entitlement, you may sell all or part of your Entitlement on ASX from Monday, 19 September 2016 to Friday, 23 September 2016, or transfer all or part of your Entitlement directly to another person. The assignment, transfer and exercise of Retail Entitlements is restricted to persons meeting certain eligibility criteria, as described in Section 6.8. If holders of Retail Entitlements at the end of the trading period do not meet the eligibility criteria, they will not be able to exercise the Retail Entitlements and, as a result, they may receive no value for them. If you choose to do nothing, or are unable to do anything, in respect of all or part of your Entitlement, part or all (as applicable) of your Entitlement will be offered for sale for your benefit through a bookbuild process on Thursday, 6 October 2016 (**Retail Shortfall Bookbuild**). In this case, you will receive any proceeds in excess of the Offer Price (per underlying New Share) in respect of the part of your Entitlement sold to investors in the Retail Shortfall Bookbuild (**Retail Premium**), less any applicable withholding tax.

#### **FURTHER INFORMATION**

Further information on the Retail Entitlement Offer and JB Hi-Fi's business is detailed in this Retail Offer Booklet. You should carefully read this Retail Offer Booklet in its entirety and consult your stockbroker, accountant or other professional adviser before making your investment decision. In particular, you should read and consider Appendix A (Key Risks) of the JB Hi-Fi Investor Presentation included in Section 5 of this Retail Offer Booklet, which contains a summary of some of the key risks associated with an investment in JB Hi-Fi.

If you have any questions in respect of the Retail Entitlement Offer, please call the JB Hi-Fi Shareholder Information Line on 1300 302 417 (within Australia) or +61 3 9415 4136 (outside Australia) at any time from 8.30 am to 5.30 pm (AEST) Monday to Friday.

On behalf of JB Hi-Fi's Board of Directors, I thank you for your ongoing support of JB Hi-Fi.

Yours faithfully,



**Greg Richards**  
**Chairman**  
**JB Hi-Fi Limited**



## 1. IS THIS BOOKLET RELEVANT TO YOU?

This Retail Offer Booklet is relevant to you if you are an Eligible Retail Shareholder.

In this Retail Offer Booklet, references to 'you' are references to Eligible Retail Shareholders and references to 'your Entitlement' and 'your Entitlement and Acceptance Form' are references to the Entitlement (being the Retail Entitlement) and the Entitlement and Acceptance Form, respectively, of Eligible Retail Shareholders.

Eligible Retail Shareholders are those persons who:

- are registered as a holder of Shares as at the Record Date, being 7.00 pm (AEST) on Friday, 16 September 2016;
- have a registered address on the JB Hi-Fi Share register in Australia or New Zealand;
- are not in the United States and are not acting for the account or benefit of a person in the United States (to the extent such person holds Shares for the account or benefit of such person in the United States);
- were not invited to participate (other than as nominee, in respect of other underlying holdings) under the Institutional Entitlement Offer, and were not treated as an ineligible institutional shareholder under the Institutional Entitlement Offer; and
- are eligible under all applicable securities laws to receive an offer under the Retail Entitlement Offer.

Refer to Section 6.1 for further details.

## 2. SUMMARY OF OPTIONS AVAILABLE TO YOU

If you are an Eligible Retail Shareholder (as defined in Section 6.1), you may take any one of the following actions:

- (a) take up all or part of your Entitlement; or
- (b) sell all or part of your Entitlement:
  - (i) on ASX; or
  - (ii) by transferring it directly to another person; or
- (c) do nothing and let all or part of your Entitlement be sold into the Retail Shortfall Bookbuild.

If you are a retail shareholder as at the Record Date who is not an Eligible Retail Shareholder, you are an Ineligible Retail Shareholder. Ineligible Retail Shareholders will receive the Retail Premium (if any) less any applicable withholding tax, for the sale of Entitlements for their benefit through the Retail Shortfall Bookbuild.

OPTIONS AVAILABLE TO YOU	KEY CONSIDERATIONS
<p><b>1 Take up all or part of your Entitlement</b></p>	<ul style="list-style-type: none"> <li>• You may elect to subscribe for New Shares at the Offer Price (see Section 3.6.1 for instructions on how to take up your Entitlement).</li> <li>• The New Shares will be fully paid and rank equally in all respects with existing Shares.</li> <li>• The Retail Entitlement Offer closes at 5.00 pm (AEST) on Friday, 30 September 2016.</li> <li>• If you only take up part of your Entitlement, you may choose to sell or transfer the balance (see Option 2 below) or you may do nothing and let the balance be sold in the Retail Shortfall Bookbuild for your benefit (see Option 3 below).</li> <li>• Eligible Retail Shareholders are not able to apply for New Shares in excess of their Entitlement as set out in their personalised Entitlement and Acceptance Form.</li> </ul>
<p><b>2 Sell or transfer all or part of your Entitlement</b></p>	<ul style="list-style-type: none"> <li>• If you do not wish to take up all or part of your Entitlement, you may be able to sell all or part of your Entitlement on ASX through your broker (see Section 3.6.2) or transfer your Entitlement directly to another person (see Section 3.6.3).</li> <li>• Retail Entitlements may be traded on ASX from Monday, 19 September 2016 to Friday, 23 September 2016 (ASX Code: JBHR). You may incur brokerage costs if you sell all or part of your Entitlement on ASX.</li> <li>• For Eligible Retail Shareholders who hold their existing Shares on capital account, the proceeds of any sale of your Entitlements on ASX or directly to another person should be taken into account in determining any capital gains for Australian tax purposes (refer to Section 4).</li> <li>• If you sell your Entitlement in the Retail Entitlement trading period, you may receive a higher or lower amount than a shareholder who sells their Entitlement at a different time in the Retail Entitlement trading period or through the Retail Shortfall Bookbuild.</li> <li>• If you only sell or transfer part of your Entitlement, you may choose to take up the remainder (see Option 1 above) or you may do nothing and let that part be sold in the Retail Shortfall Bookbuild (see Option 3 below).</li> </ul>

**3 Do nothing and let all or part of your Entitlement be sold through the Retail Shortfall Bookbuild**

- To the extent you do not take up or do not sell all of your Entitlement on ASX (or via direct transfer), your Entitlement will be sold through the Retail Shortfall Bookbuild on Thursday, 6 October 2016, and you will receive any Retail Premium in respect of the Entitlement (see Section 3.6.4). There is no guarantee that there will be any Retail Premium.
- The Australian Taxation Office (**ATO**) has stated in Taxation Ruling TR 2012/1 (**TR 2012/1**) that in certain circumstances retail premiums will be taxed either as unfranked dividends (which may be subject to dividend withholding tax if you are not an Australian resident shareholder) or as ordinary income (and not as capital gains). Notably, however, the ATO's ruling is expressed to be inapplicable in the context of rights (such as the Entitlements) which are tradeable on the ASX.
- Notwithstanding this, the existence of TR 2012/1 has created uncertainty as to the correct Australian tax treatment applicable to retail premiums. In this regard, it is unclear as to whether any Retail Premium should be taxable in the hands of Eligible Retail Shareholders (who hold their existing Shares on capital account) as a capital gain or, instead, in accordance with the treatment applied by the ATO in TR 2012/1 (refer to Section 4.3).
- Accordingly, subject to any commercial considerations, Eligible Retail Shareholders who propose to allow their Entitlements to be sold into the Retail Shortfall Bookbuild may wish to consider instead selling their Entitlements on the ASX, the tax treatment for which is more certain (refer to Section 4.2).
- You will not incur brokerage costs on any Retail Premium received from the Retail Shortfall Bookbuild.
- By letting your Entitlement be sold through the Retail Shortfall Bookbuild, you will forgo any exposure to increases or decreases in the value of New Shares (or any value for that Entitlement which may have been achieved through its sale on ASX or otherwise). Your percentage shareholding in JB Hi-Fi will also be diluted.
- JB Hi-Fi may be required to withhold tax, if you are an Australian tax resident shareholder, and you have not previously provided your TFN or ABN to JB Hi-Fi. Accordingly, you may wish to provide your TFN or ABN prior to the close of the Retail Entitlement Offer to ensure that withholding tax is not deducted from any Retail Premium at the current rate of 49%. You are able to provide your TFN or ABN online through the JB Hi-Fi Share Registry at [www.investorcentre.com](http://www.investorcentre.com).

### 3. HOW TO APPLY

#### 3.1 OVERVIEW OF THE OFFER

JB Hi-Fi intends to raise approximately \$394 million under the Offer.

Eligible retail shareholders are being offered the opportunity to acquire 1 New Share for every 6.60 existing Shares held as at 7.00 pm (AEST) on Friday, 16 September 2016 (**Record Date**), at the Offer Price of \$26.20 per New Share.

The Offer comprises four components:

- (a) **Institutional Entitlement Offer** – Eligible Institutional Shareholders (as defined in Section 6.2) were given the opportunity to take up all or part of their Entitlements. Entitlements under the Institutional Entitlement Offer (**Institutional Entitlements**) were renounceable but were not able to be traded on ASX;
- (b) **Institutional Shortfall Bookbuild** – Institutional Entitlements not taken up were sold through a bookbuild process on Thursday, 15 September 2016 (**Institutional Shortfall Bookbuild**). The sale price (per Entitlement to each underlying New Share) achieved in respect of those Entitlements was \$4.05 (**Institutional Premium**). Eligible institutional shareholders who elected not to take up all of their Institutional Entitlements will receive the Institutional Premium in respect of the part of their Entitlements not taken up and sold into the Institutional Shortfall Bookbuild;
- (c) **Retail Entitlement Offer** – Eligible Retail Shareholders (as defined in Section 6.1) will be allotted Retail Entitlements under the Retail Entitlement Offer, which can be taken up in whole or in part, or traded on ASX (or transferred directly to another person) in whole or in part. This means that if you do not wish to take up all or part of your Entitlement, you may sell on ASX or transfer all or part of your Entitlement in order to realise value from your Entitlement. You may incur brokerage costs if you sell your Entitlement on ASX; and
- (d) **Retail Shortfall Bookbuild** – Retail Entitlements which are not taken up by the close of the Retail Entitlement Offer, and Entitlements that would have been issued to Ineligible Retail Shareholders (as defined in Section 3.7) had they been eligible to participate in the Retail Entitlement Offer, will be sold through the Retail Shortfall Bookbuild on Thursday, 6 October 2016. Any Retail Premium will be remitted proportionally to holders of those Retail Entitlements at the close of the Retail Entitlement Offer, and to Ineligible Retail Shareholders. The Retail Premium, if any, is expected to be paid on or about Thursday, 13 October 2016.

You have a number of decisions to make in respect of your Entitlement. These decisions may materially affect the value (if any) that may be received in respect of your Entitlement. You should read this Retail Offer Booklet carefully before making any decisions in relation to your Entitlement.

The Offer is fully underwritten by the Underwriter. Further details on the Retail Entitlement Offer and Retail Shortfall Bookbuild are set out below.

#### 3.2 INSTITUTIONAL ENTITLEMENT OFFER AND INSTITUTIONAL SHORTFALL BOOKBUILD

On 13 and 14 September 2016, JB Hi-Fi successfully conducted the Institutional Entitlement Offer at the Offer Price of \$26.20 per New Share.

On 15 September 2016, JB Hi-Fi successfully conducted the Institutional Shortfall Bookbuild.

The Institutional Entitlement Offer raised approximately \$259 million.

New Shares to be issued under the Institutional Entitlement Offer (including those subject to the Institutional Shortfall Bookbuild) are expected to be issued on Monday, 26 September 2016.

#### 3.3 THE RETAIL ENTITLEMENT OFFER

Under the Retail Entitlement Offer, Eligible Retail Shareholders are invited to apply for 1 New Share for every 6.60 existing Shares held as at the Record Date at the Offer Price of \$26.20 per New Share.

The offer ratio and Offer Price under the Retail Entitlement Offer are the same as for the Institutional Entitlement Offer.

The Retail Entitlement Offer opens at 9.00 am (AEST) on Wednesday, 21 September 2016 and will close at 5.00 pm (AEST) on Friday, 30 September 2016.

### **3.4 YOUR ENTITLEMENT**

Your Entitlement is set out on the accompanying personalised Entitlement and Acceptance Form and has been calculated as 1 New Share for every 6.60 existing Shares you held as at the Record Date (rounded up, if necessary, to the nearest whole number of New Shares).

If you have more than one registered holding of Shares, you will be sent more than one personalised Entitlement and Acceptance Form and you will have a separate Entitlement for each separate holding.

You can also view details of your Entitlement online at [www.investorcentre.com](http://www.investorcentre.com).

New Shares issued under the Retail Entitlement Offer will be fully paid and rank equally in all respects with existing Shares. See Sections 6.1, 6.8 and 6.13 for information on restrictions on participation.

### **3.5 CONSIDER THE RETAIL ENTITLEMENT OFFER CAREFULLY IN LIGHT OF YOUR PARTICULAR INVESTMENT OBJECTIVES AND CIRCUMSTANCES**

The Retail Entitlement Offer is being made pursuant to provisions of the Corporations Act which allow entitlement offers to be made without a prospectus. This Retail Offer Booklet does not contain all of the information which may be required in order to make an informed decision regarding an application for New Shares offered under the Retail Entitlement Offer. As a result, it is important for you to read carefully and understand the information on JB Hi-Fi and the Retail Entitlement Offer made publicly available, prior to deciding whether to take up all or part of your Entitlement, sell or transfer all or part of your Entitlement or do nothing in respect of your Entitlement. In particular, please refer to this Retail Offer Booklet and other announcements by JB Hi-Fi made available at [www.asx.com.au](http://www.asx.com.au) (including announcements which may be made by JB Hi-Fi after publication of this Retail Offer Booklet).

Please consult with your stockbroker, accountant or other professional adviser if you have any queries or are uncertain about any aspect of the Retail Entitlement Offer. You should also refer to Appendix A (Key Risks) of the JB Hi-Fi Investor Presentation included in Section 5 of this Retail Offer Booklet.

### **3.6 OPTIONS AVAILABLE TO YOU**

If you are an Eligible Retail Shareholder, you may take any of the following actions. Each of these options may have a materially different outcome on any value you receive in respect of your Entitlement. You may:

- (a) take up all or part of your Entitlement (see Section 3.6.1);
- (b) sell all or part of your Entitlement to persons meeting certain eligibility criteria:
  - on ASX (see Section 3.6.2); or
  - by transferring it directly to another person (see Section 3.6.3); or
  - do nothing and let your Entitlement be sold through the Retail Shortfall Bookbuild (see Section 3.6.4).

#### **3.6.1 If you wish to take up all or part of your Entitlement**

If you wish to take up all or part of your Entitlement, please pay your Application Monies via Bpay<sup>®</sup> by following the instructions set out on your personalised Entitlement and Acceptance Form. Payment is due by no later than 5.00 pm (AEST) on Friday, 30 September 2016. If you are unable to pay by Bpay<sup>®</sup>, please refer to Section 3.9.2 below.

If you take up and pay for all or part of your Entitlement before the close of the Retail Entitlement Offer, it is expected that you will be issued New Shares on Tuesday, 11 October 2016. JB Hi-Fi's decision on the number of New Shares to be issued to you will be final.

JB Hi-Fi also reserves the right (in its absolute discretion) to reduce the number of New Shares issued (or any Retail Premium paid) to Eligible Retail Shareholders, or persons claiming to be Eligible Retail Shareholders, if JB Hi-Fi believes their claims to be overstated or if they or their nominees fail to provide information to substantiate their claims to JB Hi-Fi's satisfaction.

Eligible Retail Shareholders are not able to apply for New Shares in excess of their Entitlements as set out in their personalised Entitlement and Acceptance Forms.

### **3.6.2 If you wish to sell all or part of your Entitlement on ASX**

If you wish to sell all or part of your Entitlement on ASX, you should instruct your stockbroker and provide details as requested from your personalised Entitlement and Acceptance Form or as accessed online at [www.investorcentre.com](http://www.investorcentre.com). Allow sufficient time for your instructions to be carried out by your stockbroker. Please note you may incur brokerage costs if you choose to sell your Entitlement on ASX.

Entitlement trading on ASX starts on a deferred settlement basis on Monday, 19 September 2016 (ASX Code: JBHR) until Tuesday, 20 September 2016, and from Wednesday, 21 September 2016 until Friday, 23 September 2016 on a normal settlement basis.

There is no guarantee that there will be a liquid market in traded Entitlements. A lack of liquidity may impact your ability to sell your Entitlement on ASX and the price you may be able to achieve.

This Retail Offer Booklet, along with your personalised Entitlement and Acceptance Form, will be despatched on Wednesday, 21 September 2016. If you have elected to receive communications from JB Hi-Fi electronically, this Retail Offer Booklet and your personalised Entitlement and Acceptance Form will be sent to you electronically on Wednesday, 21 September 2016. Notwithstanding any such election, you can also request a physical copy by calling the JB Hi-Fi Shareholder Information Line on 1300 302 417 (within Australia) or +61 3 9415 4136 (outside Australia) on or after Wednesday, 21 September 2016.

**JB Hi-Fi will have no responsibility and disclaims all liability (to the maximum extent permitted by law) to you if you trade your Entitlement before you receive your personalised Entitlement and Acceptance Form, whether on the basis of confirmation of the allocation provided by JB Hi-Fi or the JB Hi-Fi Share Registry or otherwise, or if you otherwise trade or purport to trade Entitlements in error or which you do not hold or are not entitled to.**

If you wish to sell part of your Entitlement on ASX and let the balance be sold into the Retail Shortfall Bookbuild, follow the procedures above in respect of the part of your Entitlement you wish to sell on ASX, and do nothing in respect of the balance. You will receive the Retail Premium (if any) in respect of the balance of your Entitlement sold through the Retail Shortfall Bookbuild.

Prices obtainable for Retail Entitlements may rise and fall over the Retail Entitlement trading period and will depend on many factors including the demand for and supply of Entitlements on ASX and the value of JB Hi-Fi's existing Shares relative to the Offer Price. If you sell your Entitlement in the Retail Entitlement trading period, you may receive a higher or lower amount than a shareholder who sells their Entitlement at a different time in the Retail Entitlement trading period or through the Retail Shortfall Bookbuild.

If you sell your Entitlement, you will forgo any exposure to increases or decreases in the value of the New Shares had you taken up that Entitlement. Your percentage shareholding in JB Hi-Fi will also be diluted.

### **3.6.3 If you wish to transfer all or part of your Entitlement other than on ASX**

If you wish to transfer all or part of your Entitlement other than on ASX, you must forward a completed Renunciation and Transfer Form to the JB Hi-Fi Share Registry in relation to the part of your Entitlement that you wish to transfer. The transferee and transferor must hold their shares in Issuer Sponsored accounts. If your stock is broker sponsored you will need to sell or transfer through your stockbroker.

If the transferee wishes to take up all or part of the Entitlement transferred to them, they must send their Application Monies together with the Entitlement and Acceptance Form relating to the Entitlement transferred to them to the JB Hi-Fi Share Registry.

You can obtain a Renunciation and Transfer Form through the JB Hi-Fi Shareholder Information Line on 1300 302 417 (within Australia) or +61 3 9415 4136 (outside Australia) or from your stockbroker. The Renunciation and Transfer Form as well as the transferee's Application Monies and the Entitlement and Acceptance Form relating to the Entitlement transferred to them must be received by the JB Hi-Fi Share Registry at the mail address in Section 3.10 no later than 5.00 pm (AEST) on Friday, 30 September 2016.

If the JB Hi-Fi Share Registry receives both a completed Renunciation and Transfer Form and a separate application for New Shares in respect of the same Entitlement, the transfer will take priority over the application.

If you wish to transfer part of your Entitlement and allow the balance to be sold into the Retail Shortfall Bookbuild, follow the procedures above in respect of the part of your Entitlement you wish to transfer, and do nothing in respect of the balance. You will receive the Retail Premium (if any) in respect of the balance of your Entitlement sold through the Retail Shortfall Bookbuild.

If you transfer your Entitlement, you will forgo any exposure to increases or decreases in the value of the New Shares had you taken up that Entitlement. Your percentage shareholding in JB Hi-Fi will also be diluted.

You may only transfer your Entitlement in this way to a purchaser who is an Eligible Retail Shareholder, whose address is in Australia or New Zealand or who is otherwise an 'Eligible Person' (see Section 6.8), and who is not in the United States and who is not acting for the account or benefit of a person in the United States. Persons who are in the United States or who are acting for the account or benefit of a person in the United States will not be eligible to purchase, trade, take up or exercise Entitlements. You should inform any transferee of these restrictions.

See Sections 6.1, 6.8 and 6.13 for more information on restrictions on participation.

#### **3.6.4 If you wish to let your Entitlement be sold through the Retail Shortfall Bookbuild**

Any part of your Entitlement which you do not take up, sell or transfer will be sold through the Retail Shortfall Bookbuild on Thursday, 6 October 2016 to eligible institutional investors. You will receive the Retail Premium (if any) in respect of the part of your Entitlement sold through the Retail Shortfall Bookbuild (see Section 3.8).

By allowing your Entitlement (in whole or part) to be sold through the Retail Shortfall Bookbuild, you will forgo any exposure to increases or decreases in the value of the New Shares had you taken up the relevant part of your Entitlement (or any value for the relevant part of your Entitlement which may have been achieved through its sale on ASX or otherwise). Your percentage shareholding in JB Hi-Fi will also be diluted.

#### **3.7 INELIGIBLE RETAIL SHAREHOLDERS**

Ineligible Retail Shareholders are retail shareholders as at the Record Date who are not Eligible Retail Shareholders.

Ineligible Retail Shareholders will receive the Retail Premium (if any) for Entitlements that have been sold on their behalf into the Retail Shortfall Bookbuild.

#### **3.8 THE RETAIL SHORTFALL BOOKBUILD**

Retail Entitlements which are not taken up by close of the Retail Entitlement Offer, and Retail Entitlements that would have been issued to Ineligible Retail Shareholders had they been eligible to participate in the Retail Entitlement Offer, will be sold through the Retail Shortfall Bookbuild.

Any Retail Premium will be remitted proportionally to such shareholders on or about Thursday, 13 October 2016, net of any applicable withholding tax. Retail Premium amounts, if any, will be paid in Australian dollars. Relevant retail shareholders will be paid by direct credit to their nominated bank account as noted on JB Hi-Fi's Share register or, if there is no nominated bank account, by cheque to their registered address. If you wish to advise or change your banking instructions with the JB Hi-Fi Share Registry, you may do so by going to [www.investorcentre.com](http://www.investorcentre.com).

The Retail Premium may be zero, in which case no payment will be made to holders of those Entitlements sold into the Retail Shortfall Bookbuild. The outcome of the Institutional Shortfall Bookbuild (including the Institutional Premium) is not an indication as to whether there will be a Retail Premium or what any Retail Premium may be.

The ability to sell Entitlements under the Retail Shortfall Bookbuild and the ability to obtain any Retail Premium will depend on various factors, including market conditions. If there is a Retail Premium, it may be less than, more than, or equal to the Institutional Premium or less than, more than or equal to any price or prices that Entitlements may be able to be sold on ASX or otherwise transferred. To the maximum extent permitted by law, JB Hi-Fi, the Underwriter and each of their respective related bodies corporate and affiliates, and each of their respective directors, officers, partners, employees, representatives and agents, disclaim all liability, including for negligence, for any failure to procure a Retail Premium under the Retail Shortfall Bookbuild, or for any difference between the Retail Premium and the Institutional Premium. JB Hi-Fi reserves the right to allocate Entitlements under the Retail Shortfall Bookbuild at its discretion.

You should note that if you sell or transfer all or part of your Entitlement or allow all or part of your Entitlement to be sold into the Retail Shortfall Bookbuild, then you will forgo any exposure to increases or decreases in the value of New Shares had you taken up the relevant part of your Entitlement (or any value for the relevant part of your Entitlement which may have been achieved through its sale on ASX or otherwise) and your percentage shareholding in JB Hi-Fi will be diluted to the extent of your non-participation in the Retail Entitlement Offer.

### **3.9 PAYMENT**

Payment should be made using Bpay® if possible. New Zealand shareholders who do not have an Australian bank account, and other shareholders who are unable to pay by Bpay®, will be able to pay by cheque, bank draft or money order (see below at Section 3.9.2).

Cash payments will not be accepted. Receipts for payment will not be issued.

JB Hi-Fi will treat you as applying for as many New Shares as your payment will pay for in full, up to your Entitlement.

Any Application Monies received for more than your final allocation of New Shares will be refunded as soon as practicable after the close of the Retail Entitlement Offer. No interest will be paid to applicants on any Application Monies received or refunded.

If you are unable to pay by Bpay®, please refer below to Section 3.9.2.

#### **3.9.1 Payment by Bpay®**

For payment by Bpay®, please follow the instructions on your personalised Entitlement and Acceptance Form or online at [www.investorcentre.com](http://www.investorcentre.com). You can only make payment via Bpay® if you are the holder of an account with an Australian financial institution that supports Bpay® transactions.

If you are paying by Bpay®, please make sure you use the specific Biller Code and your unique Customer Reference Number (**CRN**) on your personalised Entitlement and Acceptance Form or accessed online at [www.investorcentre.com](http://www.investorcentre.com). If you have multiple holdings and consequently receive more than one personalised Entitlement and Acceptance Form, when taking up your Entitlement in respect of one of those holdings only use the CRN specific to that holding. If you do not use the correct CRN specific to that holding, your application will not be recognised as valid.

Please note that by paying by Bpay®:

- you do not need to submit your personalised Entitlement and Acceptance Form but are taken to make the declarations, representations and warranties on that Entitlement and Acceptance Form and in Section 3.11 of this Retail Offer Booklet; and
- if you do not pay for your full Entitlement, you are deemed to have taken up your Entitlement in respect of such whole number of New Shares which is covered in full by your Application Monies.

It is your responsibility to ensure that your Bpay® payment is received by the JB Hi-Fi Share Registry by no later than 5 pm (AEST) on Friday, 30 September 2016. You should be aware that your financial institution may implement earlier cut-off times with regard to electronic payment, and you should therefore take this into consideration in the timing of when you make payment.

#### **3.9.2 If you are unable to pay by Bpay®**

If you are unable to pay by Bpay®, you are able to pay by cheque, bank draft or money order. JB Hi-Fi encourages payments by Bpay® if possible.

For payment by cheque, bank draft or money order, you should complete your personalised Entitlement and Acceptance Form in accordance with the instructions on the form and return it accompanied by the cheque, bank draft or money order in Australian currency for the amount of the Application Monies, payable to 'JB Hi-Fi Limited 2016 Offer' and crossed 'Not Negotiable'.

Your cheque, bank draft or money order must be:

- for an amount equal to \$26.20 multiplied by the number of New Shares that you are applying for; and
- in Australian currency drawn on an Australian branch of a financial institution. Payment cannot be made in New Zealand dollars. New Zealand resident shareholders must arrange for payment to be made in Australian dollars.

If paying by cheque, you should ensure that sufficient funds are held in relevant account(s) to cover the Application Monies as your cheque will be processed on the day of receipt. If the amount of your cheque, bank draft or money order for Application Monies (or the amount for which the cheque, bank draft or money order clears in time for allocation) is insufficient to pay in full for the number of New Shares you have applied for in your personalised Entitlement and Acceptance Form, you will be taken to have applied for such lower whole number of New Shares as your cleared Application Monies will pay for (and to have specified that number of New Shares on your personalised Entitlement and Acceptance Form). Alternatively, your application will not be accepted.



### 3.10 MAIL DELIVERY

To participate in the Retail Entitlement Offer, your payment must be received no later than the close of the Retail Entitlement Offer, being 5.00 pm (AEST) on Friday, 30 September 2016. If you are making payment via cheque, bank draft or money order, you should mail your completed personalised Entitlement and Acceptance Form together with Application Monies to:

Computershare Investor Services Pty Limited  
GPO Box 505  
Melbourne Victoria 3001 Australia

Personalised Entitlement and Acceptance Forms and Application Monies will not be accepted at JB Hi-Fi's registered or corporate offices, or other offices of the JB Hi-Fi Share Registry.

### 3.11 REPRESENTATIONS BY ACCEPTANCE

By completing and returning your personalised Entitlement and Acceptance Form or making a payment by Bpay<sup>®</sup>, you will be deemed to have represented to JB Hi-Fi that you are an Eligible Retail Shareholder and:

- acknowledge that you have read and understand this Retail Offer Booklet and your personalised Entitlement and Acceptance Form in their entirety;
- agree to be bound by the terms of the Retail Entitlement Offer, the provisions of this Retail Offer Booklet and JB Hi-Fi's constitution;
- authorise JB Hi-Fi to register you as the holder(s) of New Shares allotted to you;
- declare that all details and statements in the personalised Entitlement and Acceptance Form are complete and accurate;
- declare you are over 18 years of age and have full legal capacity and power to perform all of your rights and obligations under your personalised Entitlement and Acceptance Form;
- acknowledge that once JB Hi-Fi receives your personalised Entitlement and Acceptance Form or any payment of Application Monies via Bpay<sup>®</sup>, you may not withdraw your application or funds provided except as allowed by law;
- agree to apply for and be issued up to the number of New Shares specified in the personalised Entitlement and Acceptance Form, or for which you have submitted payment of any Application Monies via Bpay<sup>®</sup>, at the Offer Price per New Share;
- authorise JB Hi-Fi, the Underwriter, the JB Hi-Fi Share Registry and their respective officers or agents to do anything on your behalf necessary for New Shares to be issued to you, including to act on instructions of the JB Hi-Fi Share Registry upon using the contact details set out in your personalised Entitlement and Acceptance Form;
- declare that you were the registered holder(s) at the Record Date of the Shares indicated on the personalised Entitlement and Acceptance Form as being held by you on the Record Date;
- acknowledge that the information contained in this Retail Offer Booklet and your personalised Entitlement and Acceptance Form is not investment advice nor a recommendation that New Shares are suitable for you given your investment objectives, financial situation or particular needs;
- acknowledge that this Retail Offer Booklet is not a prospectus, does not contain all of the information that you may require in order to assess an investment in JB Hi-Fi and is given in the context of JB Hi-Fi's past and ongoing continuous and periodic disclosure announcements to ASX;
- acknowledge the statement of risks in Appendix A (Key Risks) of the JB Hi-Fi Investor Presentation contained in Section 5 of this Retail Offer Booklet, and that investments in JB Hi-Fi are subject to risk;
- acknowledge that none of JB Hi-Fi, the Underwriter, or their respective related bodies corporate and affiliates and their respective directors, officers, partners, employees, representatives, agents, consultants or advisers, guarantees the performance of JB Hi-Fi, nor do they guarantee the repayment of capital;
- agree to provide (and direct your nominee or custodian to provide) any requested substantiation of your eligibility to participate in the Retail Entitlement Offer and of your holding of Shares on the Record Date;
- authorise JB Hi-Fi to correct any errors in your personalised Entitlement and Acceptance Form or other form provided by you;
- represent and warrant (for the benefit of JB Hi-Fi, the Underwriter and their respective related bodies corporate and affiliates) that you did not receive an invitation to participate in the Institutional Entitlement Offer either directly or through a nominee, are not an Ineligible Retail Shareholder and are otherwise eligible to participate in the Retail Entitlement Offer;

- acknowledge and agree (for the benefit of JB Hi-Fi, the Underwriter and their respective related bodies corporate and affiliates) that determination of eligibility of investors for the purposes of the Institutional Entitlement Offer and the Retail Entitlement Offer was determined by reference to a number of matters, including legal and regulatory requirements, logistical and registry constraints and the discretion of JB Hi-Fi and/or the Underwriter, and each of JB Hi-Fi and the Underwriter and their respective related bodies corporate and affiliates disclaim any duty or liability (including for negligence) in respect of that determination and the exercise of that discretion to the maximum extent permitted by law;
- represent and warrant that the law of any place does not prohibit you from being given this Retail Offer Booklet and the personalised Entitlement and Acceptance Form, nor does it prohibit you from making an application for New Shares and that you are otherwise eligible to participate in the Retail Entitlement Offer;
- represent and warrant (for the benefit of JB Hi-Fi, the Underwriter and their respective related bodies corporate and affiliates) that you are not in the United States and you are not acting for the account or benefit of a person in the United States;
- understand and acknowledge that neither the Entitlements nor the New Shares have been, or will be, registered under the US Securities Act or the securities laws of any state or other jurisdiction in the United States. The Entitlements may not be acquired or exercised by persons in the United States or by persons who are acting for the account or benefit of a person in the United States. Neither the Entitlements nor the New Shares may be offered or sold, directly or indirectly, to persons in the United States or to persons acting for the account or benefit of a person in the United States, except in a transaction exempt from, or not subject to, the registration requirements of the US Securities Act and applicable US State securities laws;
- agree that you have not and will not send this Retail Offer Booklet, the Entitlement and Acceptance Form or any other materials relating to the Retail Entitlement Offer to any person in the United States or to any person acting for the account or benefit of a person in the United States; and
- agree that if in the future you decide to sell or otherwise transfer the New Shares, you will only do so in transactions where neither you nor any person acting on your behalf knows, or has reason to know, that the sale has been pre-arranged with, or that the purchaser is, a person in the United States or who is acting for the account or benefit of a person in the United States.

### **3.12 REPRESENTATIONS BY PURCHASERS OF RETAIL ENTITLEMENTS**

Investors who acquire Retail Entitlements on ASX or otherwise will, by acquiring those Retail Entitlements, and by applying to take up all or part of those Retail Entitlements, be deemed to agree to make and be subject to the representations, declarations, warranties and agreements in Section 3.11 above (with references to the personalised Entitlement and Acceptance Form to be read as including any other form provided or required to be provided to JB Hi-Fi, the JB Hi-Fi Share Registry or the person's stockbroker).

The Retail Entitlements may not be purchased, traded, taken up or exercised by persons in the United States or by persons who are acting for the account or benefit of persons in the United States.

Investors should note that if you purchase Retail Entitlements in a transaction on ASX or otherwise, in order to take up or exercise those Entitlements and subscribe for New Shares you:

- must be an Eligible Retail Shareholder (as defined in Section 6.1), a resident in Australia or New Zealand, or otherwise qualify as an 'Eligible Person'<sup>3</sup>; and
- must not be in the United States or acting for the account or benefit of a person in the United States.

If you do not satisfy the above conditions, you will not be entitled to take up Retail Entitlements or subscribe for New Shares.

It is the responsibility of purchasers of Entitlements to inform themselves of the eligibility criteria for exercise. If holders of Entitlements after the end of the trading period do not meet the eligibility criteria, they will not be able to exercise the Entitlements. In the event that holders are not able to take up their Entitlements, those Entitlements will be sold into the Retail Shortfall Bookbuild and holders may receive no value for them.

### **3.13 ENQUIRIES**

If you have not received or you have lost your personalised Entitlement and Acceptance Form, or have any questions, please contact the JB Hi-Fi Shareholder Information Line on 1300 302 417 (within Australia) or +61 3 9415 4136 (outside Australia). The JB Hi-Fi Shareholder Information Line is open from 8.30 am to 5.30 pm (AEST), Monday to Friday. If you have any further questions, you should contact your stockbroker, accountant or other professional adviser.

<sup>3</sup> An 'Eligible Person' means a person in Australia, Austria, Canada (British Columbia, Ontario and Quebec only), Denmark, France, Germany, Hong Kong, Ireland, Japan, Luxembourg, Malaysia, New Zealand, the Netherlands, Norway, Singapore, Switzerland, the US or the United Kingdom who satisfies the requirements set out in Appendix B (Offer Jurisdictions) in the JB Hi-Fi Investor Presentation included in Section 5 of this Retail Offer Booklet, and who would be eligible to receive the offer set out in this Retail Offer Booklet.

## 4. AUSTRALIAN TAXATION CONSIDERATIONS

This section provides a summary of the key Australian income tax, capital gains tax (**CGT**), goods and services tax (**GST**) and stamp duty implications of the Retail Entitlement Offer for certain Eligible Retail Shareholders. The comments in this section are general in nature and are based on the Australian taxation legislation and administrative practice in force as at the date of this Retail Offer Booklet.

Specifically, the comments only apply to Eligible Retail Shareholders who hold Shares (and will hold New Shares and Entitlements) on capital account for Australian income tax purposes and are a resident for Australian income tax purposes. Accordingly, the comments do not apply to Eligible Retail Shareholders who hold Shares, New Shares or Entitlements on revenue account or as trading stock (for example, where the Shares are acquired in connection with a business of share trading). Additionally, the comments in this section do not apply to Eligible Retail Shareholders who acquired Shares pursuant to an employee share scheme or are, themselves, the trustees of an employee share scheme. The comments also do not apply to you if you are not a resident for Australian income tax purposes.

Eligible Retail Shareholders that are not residents of Australia for tax purposes may wish to seek independent taxation advice.

It is also important to note that the Australian taxation implications of the Retail Entitlement Offer may vary depending upon an Eligible Retail Shareholder's individual facts and circumstances (aside from the tax residency status of the Eligible Retail Shareholder). As such, it is recommended that Eligible Retail Shareholders seek and rely upon independent taxation advice, which has regard to their particular facts and circumstances, before concluding on the Australian taxation treatment that may apply.

Neither JB Hi-Fi nor any of its officers or employees, nor its taxation or other advisers, accepts any liability or responsibility in respect of any statement concerning taxation consequences, or in respect of the taxation consequences themselves.

### 4.1 GRANT OF ENTITLEMENTS

The grant of an Entitlement should not of itself result in an amount being included in your assessable income on the basis that the Entitlement is granted because of your ownership of an existing Share.

For CGT purposes, the date on which the Entitlement is acquired should be the same as the date on which you acquired your existing Share.

### 4.2 SALE OF ENTITLEMENTS

If you sell your Entitlement on the ASX or otherwise, you should derive a capital gain to the extent that the sale proceeds exceed the cost base of the Entitlement (which should include certain incidental costs, such as costs associated with the sale).

Individuals, complying superannuation entities or trustees that have held their existing Shares for at least 12 months (not including the date of acquisition or disposal), should be entitled to discount the amount of a capital gain resulting from the sale of the Entitlement (following the application of any current year or carry forward capital losses) by the 'CGT discount'. The applicable discount factor is 50% for individuals and trustees, and 33 $\frac{1}{3}$ % for complying superannuation entities. The CGT discount is not available for companies (other than companies acting in the capacity of trustee). If you are a trustee, you should seek independent advice regarding the tax consequences arising to you (and your beneficiaries) as a result of the receipt of discount capital gains.

To the extent that the sale proceeds from the sale of your Entitlement are less than the reduced cost base of the Entitlement (which should broadly be determined in a similar manner to its cost base), you may incur a capital loss. Any capital loss may be offset against other capital gains you realise in the same income year or carried forward to be offset against future capital gains, subject to the satisfaction of applicable loss utilisation tests.

### 4.3 ENTITLEMENTS NOT TAKEN UP

Any Entitlements not taken up by you will be sold in the Retail Shortfall Bookbuild.

Any Retail Premium you receive in respect of the Entitlements will be remitted as a cash payment to you.

The Australian Commissioner of Taxation (**Commissioner**) expressed the view in Taxation Ruling TR 2012/1 'Income tax: retail premiums paid to shareholders where share entitlements are not taken up or are not available', that certain retail premiums received by shareholders are assessable as either an unfranked dividend or as ordinary income, and not as capital gains. However, TR 2012/1 states that it does not apply to share entitlements which are assignable, tradeable, or given to a nominee for disposal on behalf of Shareholders entitled to them.

As previously noted, the Entitlements issued by JB Hi-Fi are tradeable on the ASX, or may be transferred to another person. Consequently, it appears that TR 2012/1 may not be applicable in the context of the Retail Entitlement Offer.

Having regard to the manner in which the Retail Shortfall Bookbuild is to be conducted (the Entitlements are tradeable on ASX and Entitlements which are not exercised by Eligible Retail Shareholders will be offered for sale on their behalf in the Retail Shortfall Bookbuild), it is expected that:

- TR 2012/1 should not apply to Entitlements; and
- any Retail Premium received by Eligible Retail Shareholders should be treated as capital proceeds for the Entitlements sold on their behalf through the Retail Shortfall Bookbuild. Eligible Retail Shareholders whose Entitlements are sold in the Retail Shortfall Bookbuild should derive a capital gain that should be taxable under the CGT provisions – in the manner set out in the section above.

It is possible that the Commissioner may seek to treat an amount received through the Retail Shortfall Bookbuild as assessable (i.e. to apply the tax treatment set out in TR 2012/1 to Entitlements sold in the Retail Shortfall Bookbuild). In light of this uncertainty, shareholders may wish to seek advice from their own financial advisor or other professional advisor about the tax consequences of participating in the Retail Shortfall Bookbuild. In the event that the Commissioner provides guidance or advice that is considered by JB Hi-Fi to indicate that the Retail Premium should be treated otherwise than outlined above, JB Hi-Fi may take steps to follow such advice, including making withholding from the Retail Premium.

#### **4.4 TAKING UP OF ENTITLEMENTS**

No income tax or CGT liability should arise to an Australian resident Eligible Retail Shareholder or non-resident Eligible Retail Shareholder on the taking up of the Entitlement.

If you take up all or part of your Entitlement you will acquire New Shares. The cost base of each New Share for CGT purposes should be equal to the Offer Price plus any non-deductible incidental costs you incur in acquiring each New Share.

New Shares should be taken to have been acquired on the day you exercise the Entitlement. This is relevant when determining whether the CGT discount may apply on the subsequent disposal of New Shares; refer to Section 4.6 below.

#### **4.5 DIVIDENDS ON NEW SHARES AS A RESULT OF ENTITLEMENTS TAKEN UP**

Any future dividends or other distributions made in respect of New Shares should be subject to the same income taxation treatment as dividends or other distributions made on existing Shares held in the same circumstances.

#### **4.6 SALE OF NEW SHARES**

If you sell your New Shares, you should derive a capital gain to the extent that the sale proceeds exceed the cost base of the New Shares (which should also include any non-deductible transaction costs associated with the sale).

Individuals, trustees or complying superannuation entities that have held the New Shares for at least 12 months (not including the date of acquisition or disposal) should be entitled to the CGT discount; refer to Section 4.2 above.

To the extent that the sale proceeds from the disposal of your New Shares are less than the reduced cost base of the New Shares (which should broadly be determined in a similar manner to its cost base), you may incur a capital loss. Any capital loss may be offset against capital gains you realise in the same income year or carried forward to be offset against future capital gains, subject to the satisfaction of applicable loss utilisation tests.

#### **4.7 TAXATION OF FINANCIAL ARRANGEMENTS (TOFA)**

The TOFA provisions operate to make assessable or deductible, gains or losses arising from certain 'financial arrangements'. Importantly, the CGT discount is not available for any gain that is subject to the TOFA provisions.

An entitlement or right to receive a share is a 'financial arrangement'. However, depending on the circumstances of the particular taxpayer, the TOFA provisions may be effectively excluded from applying. Further, certain taxpayers (including many individuals) may be excluded from the application of the TOFA provisions unless they make a valid election for the provisions to apply.

As the application of the TOFA provisions is dependent on the particular facts and circumstances of the taxpayer, you should obtain independent taxation advice in relation to the potential applicability of the TOFA provisions, in light of your own individual facts and circumstances.

#### **4.8 OTHER AUSTRALIAN TAXES**

No Australian GST or stamp duty should generally be payable in respect of the issue, sale or taking up of Entitlements, or the acquisition of New Shares.

## 5. ASX ANNOUNCEMENTS

\* The Timetable outlined in the Investor Presentation and the ASX announcement: *Acquisition of The Good Guys - Company Announcement* dated 13 September 2016 is varied so that the date of the Retail Entitlements commencing trade on a deferred settlement basis will now be Monday, 19 September 2016. No other changes to the Timetable have been made.

# JB HI-FI

JB HI-FI LIMITED  
ABN: 80 093 220 136  
www.jbhifi.com.au

COMPANY ANNOUNCEMENT

13 September 2016

### Acquisition of The Good Guys and Capital Raising

#### Highlights:

- Acquisition of 100% of The Good Guys for total cash consideration of \$870 million representing 11.7x EV / FY16 pro forma normalised EBIT pre-synergies<sup>1</sup> (JB Hi-Fi trading on 13.2x EV / FY16 EBIT<sup>2</sup>)
- The Good Guys and JB Hi-Fi have highly complementary customer bases and product offerings and the acquisition strengthens JB Hi-Fi's presence in the home appliances market
- Each brand will have the support of the businesses' combined best-in-class practices whilst maintaining independent go-to-market strategies
- Strong strategic fit expected to deliver net synergies of \$15 - 20 million per annum to the combined business after a three year integration period, excluding one-off implementation costs
- Acquisition will be funded through a combination of a fully underwritten, pro-rata, accelerated, renounceable entitlement offer with retail entitlements trading of approximately \$394 million and \$500 million from new and existing debt facilities
- FY16 pro forma EPS accretion of approximately 11.6%, pre-synergies and before transaction and implementation costs<sup>3</sup>

#### Acquisition of The Good Guys

JB Hi-Fi Limited ("**JB Hi-Fi**") has entered into a binding agreement to acquire The Good Guys for total cash consideration of \$870 million, subject to certain purchase price adjustments at completion (including for working capital) ("**Acquisition**"). The Acquisition will be funded through a 1 for 6.60 fully underwritten, pro-rata, accelerated, renounceable entitlement offer of approximately \$394 million ("**Entitlement Offer**") with the balance funded through a combination of existing debt facilities plus a \$450 million new multi-tranche acquisition debt facility. The Acquisition is subject to closing conditions appropriate for a transaction of this size and scale including obtaining certain consents in relation to leases of The Good Guys and is expected to complete in late 2016 or early 2017.

The Good Guys is a leading retailer of home appliances and consumer electronics to the Australian market. Founded in 1952 and originally operating as Mighty Muirs, the company has subsequently grown into a network of 101 stores across Australia<sup>4</sup>. For the 12 months ended 30 June 2016, The Good Guys generated \$2.09 billion in revenue and \$74.2 million in pro forma normalised EBIT<sup>1</sup>.

<sup>1</sup> FY16 EBIT for The Good Guys of \$74.2 million based on The Good Guys audited special purpose accounts for the 12 months ended 30 June 2016, adjusted for certain pro forma adjustments and normalisations identified during JB Hi-Fi's due diligence. The Good Guys information has been prepared assuming all stores were 100% owned for the full FY16 year.

<sup>2</sup> Calculated using share price of \$28.85 per share as at close 12 September 2016.

<sup>3</sup> Increase in EPS of JB Hi-Fi assuming the Good Guys acquisition had come into effect from 1 July 2015.

In accordance with AASB 133, the JB Hi-Fi reported basic EPS for the year ended 30 June 2016 has been adjusted to reflect the bonus element in the Entitlement Offer.

<sup>4</sup> As at 30 June 2016.

## **JB HI-FI**

The acquisition of The Good Guys creates a best-in-class retailing combination with a strong strategic rationale:

- Combination of Australia's leading consumer electronics and home appliance retailers
- Aligned retailing philosophies and customer value propositions with a focus on great value everyday and exceptional customer service
- Complementary customer profiles, product offerings and store locations
- Significant expansion of JB Hi-Fi's capability in the attractive home appliances market
- Opportunities for growth for the combined business, including through store roll-out and continued market share gains
- Attractive financial metrics with potential for meaningful synergies

The Good Guys enjoys a strong market position in the \$4.6 billion home appliances category. The Good Guys and JB Hi-Fi also share close alignment in their customer value proposition by focusing on everyday low prices and an exciting customer experience.

The Acquisition will increase JB Hi-Fi's footprint to a total combined 295<sup>5</sup> stores in Australia and New Zealand and enhance JB Hi-Fi's growth platform through the opportunity to open new The Good Guys stores in currently underrepresented catchment areas. The acquisition will also provide JB Hi-Fi increased scale to optimise its supply chain and leverage the value from JB Hi-Fi and The Good Guys' combined investment in digital assets over time.

JB Hi-Fi CEO, Richard Murray, said "The Good Guys is a high quality Australian retailer with an excellent track record. We are very impressed by what the owners and management have achieved with the business since its establishment and the leading market position they have created."

"The acquisition is a very attractive strategic opportunity for JB Hi-Fi since The Good Guys is a highly complementary business which is aligned with our management philosophy and significantly enhances our offering in the \$4.6 billion home appliances market."

"Importantly, Michael Ford, CEO of The Good Guys, has agreed to continue his leadership of The Good Guys under JB Hi-Fi ownership. We are very pleased to welcome Michael and his executive team and look forward to working together to create a market leading consumer electronics and home appliance retail group."

Each brand will have the support of the businesses' combined best-in-class practices whilst maintaining independent go-to-market strategies. As a result, each business will maintain independent support offices.

JB Hi-Fi management estimates that the Acquisition will deliver net synergies of \$15 - 20 million per annum to the combined business after a three year integration period, excluding one-off implementation costs. These synergies are expected to be generated from a combination of buying synergies, logistics and supply chain efficiencies, procurement synergies and support function efficiencies.

Implementation costs are expected to be approximately \$10 - 12 million primarily in the first 12 months post-completion, including one-off costs associated with the corporatisation of The Good Guys and Joint Venture Partners ("JVPs") transition process.

The Acquisition is estimated to be approximately 11.6% FY16 pro forma EPS accretive, pre synergies and before transaction and implementation costs.<sup>3</sup>

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<sup>5</sup> As at 30 June 2016.

# JB HI-FI

## JB Hi-Fi sales update

August 2016 YTD consolidated total sales growth was +11.6% (August 2015 YTD: +7.4%) and consolidated comparable sales growth was +7.7% (August 2015 YTD: +5.7%).

The closure of DSE during the second half of FY16 has contributed positively to sales growth in the first two months of FY17. JB Hi-Fi anticipates this will continue to drive sales growth in the first half of FY17; however the impact will moderate as JB Hi-Fi cycles through DSE's decline and eventual market exit.

JB Hi-Fi reaffirms its FY17 JB Hi-Fi sales guidance of sales of circa \$4.25 billion.

## FY17 outlook

JB Hi-Fi notes The Good Guys is in the early stages of the JVP transition process. This transition, whilst critical to positioning the business for long term growth, is expected to result in The Good Guys FY17 sales and earnings being in line with FY16 results.

Consistent with previous years, JB Hi-Fi will provide FY17 earnings guidance in February 2017 post the important JB Hi-Fi Christmas trading period.

The Board expects to maintain the current dividend payout ratio of 65% of earnings.

## Funding

The Acquisition will be funded through a combination of the proceeds of approximately \$394 million raised from the Entitlement Offer, with the balance funded through a combination of existing debt facilities plus a \$450 million new multi-tranche acquisition debt facility.

The funding strategy for the Acquisition reflects JB Hi-Fi's commitment to maintain a strong balance sheet and financial flexibility. After completion of the Acquisition, JB Hi-Fi expects to maintain a pro forma net debt / FY16 EBITDA ratio of 1.6x<sup>6</sup> and a pro forma FY16 FCCR of 2.9x<sup>7</sup>.

## Entitlement Offer

Under the Entitlement Offer, eligible shareholders are invited to subscribe for 1 new JB Hi-Fi share ("**New Shares**") for every 6.60 existing JB Hi-Fi shares ("**Entitlement**") held as at 7:00pm (AEST<sup>8</sup>) on Friday, 16 September 2016 ("**Record date**").

All shares offered under the Entitlement Offer will be issued at a price of \$26.20 per New Share, which represents a:

- 9.2% discount to the last close price of \$28.85 on Monday, 12 September 2016
- 8.1% discount to the theoretical ex-rights price ("**TERP**")<sup>9</sup> of \$28.50

Approximately 15.0 million new JB Hi-Fi shares will be issued under the Entitlement Offer. Each New Share issued under the Entitlement Offer will rank equally with existing JB Hi-Fi shares on issue. JB Hi-Fi will, upon issue of the New Shares under the Entitlement Offer, seek quotation of the New Shares on the ASX.

<sup>6</sup> Calculated as net debt post acquisition divided by FY16 pro forma EBITDA of the combined group pre-synergies and before transaction and implementation costs.

<sup>7</sup> Fixed Charge Cover Ratio calculated as FY16 pro forma EBITDA pre-synergies plus rent expense divided by rent expense plus gross interest expense.

<sup>8</sup> Australian Eastern Standard Time.

<sup>9</sup> The theoretical ex-rights price is the theoretical price at which JB Hi-Fi shares should trade immediately after the ex-date for the Entitlement Offer. The TERP is a theoretical calculation only and the actual price at which JB Hi-Fi shares trade immediately after the ex-date for the Entitlement Offer may vary from TERP. TERP is calculated by reference to JB Hi-Fi's closing price of \$28.85 per share on Monday, 12 September 2016, being the last trading day prior to the announcement of the Entitlement Offer.

## **JB HI-FI**

### **Institutional Entitlement Offer**

Eligible institutional shareholders will be invited to participate in the institutional component of the Entitlement Offer ("**Institutional Entitlement Offer**") which is being conducted from Tuesday, 13 September 2016 to Wednesday, 14 September 2016.

Eligible institutional shareholders can choose to take up their Entitlement in whole, in part or not at all. Institutional Entitlements cannot be sold on the ASX. As the Entitlement Offer is renounceable, the New Shares that would have been issued in respect of Entitlements not taken up by eligible institutional shareholders by the close of the Institutional Entitlement Offer and the Entitlements of ineligible institutional shareholders (had such eligible institutional shareholders taken up their Entitlements and had such ineligible institutional shareholders been eligible and taken up their Entitlements) ("**Institutional Shortfall Shares**") together with the right to subscribe for those Institutional Shortfall Shares, will be offered through an institutional shortfall bookbuild to be conducted on Thursday, 15 September 2016 ("**Institutional Shortfall Bookbuild**"). Any premium over the \$26.20 per New Share offer price under the Entitlement Offer which is achieved from the offer of the Institutional Shortfall Shares (and the right to subscribe for those Institutional Shortfall Shares) through the Institutional Shortfall Bookbuild will be remitted proportionally to those institutional shareholders, less any applicable withholding tax. There is no guarantee that there will be any such premium remitted to those institutional shareholders as a result of the offer of the Institutional Shortfall Shares (and the right to subscribe for those Institutional Shortfall Shares) through the Institutional Shortfall Bookbuild.

JB Hi-Fi shares have been placed in a trading halt while the Institutional Entitlement Offer and Institutional Shortfall Bookbuild are undertaken.

### **Retail Entitlement Offer**

Eligible retail shareholders with a registered address in Australia or New Zealand on the Record Date will be invited to participate in the Retail Entitlement Offer. The Retail Entitlement Offer will open on Wednesday, 21 September 2016 and close at 5.00pm (AEST) on Friday, 30 September 2016. Eligible retail shareholders will have the opportunity to participate at the same offer price and offer ratio as the Institutional Entitlement Offer.

Eligible retail shareholders will be allotted Entitlements ("**Retail Entitlements**") which can be traded on the ASX. If eligible retail shareholders do not wish to take up all or part of their Retail Entitlements they can seek to sell all or part of their Retail Entitlements on the ASX or by transferring them directly to another person to realise value for those Retail Entitlements ahead of the retail shortfall bookbuild (referred to below). Retail Entitlements can be traded on the ASX by certain eligible shareholders from Friday, 16 September 2016 to Friday, 23 September 2016.

The New Shares that would have been issued in respect of Retail Entitlements not taken up by eligible retail shareholders by the close of the Retail Entitlement Offer and the Entitlements of ineligible retail shareholders (had such eligible retail shareholders taken up their Entitlements, and had such ineligible retail shareholders been eligible and taken up their Entitlements) ("**Retail Shortfall Shares**") together with the right to subscribe for the Retail Shortfall Shares, will be offered through a retail shortfall bookbuild to be conducted on Thursday, 6 October 2016 ("**Retail Shortfall Bookbuild**"). Any premium over the \$26.20 per New Share offer price under the Entitlement Offer which is achieved from the offer of the Retail Shortfall Shares (and the right to subscribe for those Retail Shortfall Shares) through the Retail Shortfall Bookbuild will be remitted proportionally to those retail shareholders, less any applicable withholding tax. There is no guarantee that there will be any such premium remitted to those retail shareholders as a result of the offer of the Retail Shortfall Shares (and the right to subscribe for those Retail Shortfall Shares) through the Retail Shortfall Bookbuild.



## **JB HI-FI**

Entitlements may only be exercised by eligible retail shareholders, being persons who have a registered address in Australia and New Zealand, and certain categories of institutional investors in other jurisdictions.

### **Key Dates\***

<b>Event</b>	<b>Date</b>
<b>Trading halt and announcement of Acquisition, Institutional Entitlement Offer opens</b>	<b>Tuesday, 13 September 2016</b>
Institutional Entitlement Offer closes	Wednesday, 14 September 2016
Institutional Shortfall Bookbuild	Thursday, 15 September 2016
Trading halt lifted – shares recommence trading on the ASX on an “ex-entitlement” basis	Friday, 16 September 2016
Retail Entitlements commence trading on the ASX on a deferred settlement basis	Friday, 16 September 2016
Record Date for determining entitlement to subscribe for New Shares	7:00pm (AEST) Friday, 16 September 2016
Retail Entitlement Offer opens	9:00am (AEST) Wednesday, 21 September 2016
Retail Offer Booklet despatched and Retail Entitlements allotted	Wednesday, 21 September 2016
Retail Entitlements commence trading on the ASX on a normal settlement basis	Wednesday, 21 September 2016
Settlement of Institutional Entitlement Offer	Friday, 23 September 2016
Retail Entitlement trading on the ASX ends	Friday, 23 September 2016
Allotment and normal trading of New Shares under the Institutional Entitlement Offer	Monday, 26 September 2016
Retail Entitlement Offer closes	5:00pm (AEST) Friday, 30 September 2016
Retail Shortfall Bookbuild	Thursday, 6 October 2016
Settlement of Retail Shortfall Bookbuild	Monday, 10 October 2016
Allotment of New Shares under the Retail Entitlement Offer	Tuesday, 11 October 2016
Normal trading of New Shares issued under the Retail Entitlement Offer	Wednesday, 12 October 2016
Despatch of holding statements in respect of New Shares issued under the Retail Entitlement Offer	Thursday, 13 October 2016

\* All dates and times are indicative only and subject to change. Unless otherwise specified, all times and dates refer to Australian Eastern Standard Time. JB Hi-Fi and the Underwriter reserve the right to amend any or all of these dates and times subject to the Corporations Act, the ASX Listing Rules and other applicable laws. In particular, JB Hi-Fi reserves the right to extend the closing date for the Retail Entitlement Offer, to accept late applications under the Retail Entitlement Offer without prior notice. Any extension of the closing date will have a consequential effect on the allotment date for New Shares under the Retail Entitlement Offer. Any changes to the timetable will be posted on JB Hi-Fi's website at [www.jbhi-fi.com.au](http://www.jbhi-fi.com.au).

## **JB HI-FI**

### **Cancellation of on-market share buy-back previously announced on 15 August 2016**

On 15 August 2016, JB Hi-Fi announced an intention to undertake an on-market share buy-back of up to 429,371 ordinary shares, with the buy-back intended to take place no earlier than 12 September 2016 and no later than 31 March 2017. It was noted in JB Hi-Fi's announcement made on 15 August 2016 that JB Hi-Fi would only buy-back shares at such times and in such circumstances it considers beneficial to the efficient capital management of JB Hi-Fi, and the buy-back was therefore dependent upon market conditions, volumes and other relevant factors.

In light of the Entitlement Offer, JB Hi-Fi no longer intends undertaking the on-market share buy-back which it previously announced on 15 August 2016.

### **Further information**

Further details of the Acquisition and the Entitlement Offer are set out in the Investor Presentation also provided to the ASX today. The Investor Presentation contains important information including key risks and foreign selling restrictions with respect to the Entitlement Offer.

Macquarie Capital (Australia) Limited is acting as exclusive financial adviser, sole lead manager, sole bookrunner and sole underwriter to JB Hi-Fi, KPMG is acting as transaction services and taxation adviser, PricewaterhouseCoopers is acting as legal adviser.

If you have any questions in relation to the Entitlement Offer, please contact the JB Hi-Fi Offer Information Line on 1300 302 417 (within Australia) or +61 3 9415 4136 (outside of Australia) between 8:30am and 5:30pm (AEST) Monday to Friday. For other questions, you should consult your broker, solicitor, accountant, financial adviser, or other professional adviser.

\*\*\*\*\*

<b>Media and investors</b>	<b>Investors</b>	<b>Media</b>
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## **JB HI-FI**

### **Forward looking statements**

This announcement contains forward looking statements, including statements of current intention, statements of opinion and predictions as to possible future events. Forward looking statements can generally be identified by the use of forward looking words such as "believe", "expect", "estimate", "will", "may", "target", "anticipate", "likely", "intend", "should", "could", "predict", "plan", "propose", "potential" and other similar expressions within the meaning of securities laws of applicable jurisdictions. Indications of, and guidance or outlook on, future earnings or financial position or performance are also forward looking statements. Such statements are not statements of fact and there can be no certainty of outcome in relation to the matters to which the statements relate. These forward looking statements involve known and unknown risks, uncertainties, assumptions and other important factors that could cause the actual outcomes to be materially different from the events or results expressed or implied by such statements. Those risks, uncertainties, assumptions and other important factors are not all within the control of JB Hi-Fi and cannot be predicted by JB Hi-Fi and include changes in circumstances or events that may cause objectives to change as well as risks, circumstances and events specific to the industry, countries and markets in which JB Hi-Fi operates. They also include general economic conditions, exchange rates, interest rates, competitive pressures, selling price, market demand and conditions in the financial markets which may cause objectives to change or may cause outcomes not to be realised.

None of JB Hi-Fi or any of its subsidiaries, advisors or affiliates (or any of their respective officers, employees or agents) makes any representation, assurance or guarantee as to the accuracy, likelihood of fulfilment or reasonableness of any forward looking statement or any outcomes expressed or implied in any forward looking statements. Statements about past performance are not necessarily indicative of future performance.



# Acquisition of The Good Guys

## 13 September 2016

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## Important notice and disclaimer

**JB HI-FI**

The following notice and disclaimer applies to this investor presentation ("Presentation") and you are therefore advised to read this carefully before reading or making any other use of this Presentation or any information contained in this Presentation. By accepting this Presentation you represent and warrant that you are entitled to receive the Presentation in accordance with the restrictions, and agree to be bound by the limitations, contained within it.

This Presentation has been prepared by JB HI-FI Limited ("JB HI-FI", ASX:JBH). This Presentation has been prepared in relation to:

- JB HI-FI's acquisition of The Good Guys (the "Acquisition"); and
- a fully underwritten 1 for 6.60, pro-rata, accelerated, renounceable entitlement offer of new ordinary fully paid shares in JB HI-FI ("New Shares") comprising an accelerated underwritten institutional entitlement offer ("Institutional Entitlement Offer") and an underwritten retail entitlement offer ("Retail Entitlement Offer") (together, the "Entitlement Offer") to be made under section 708AA of the Corporations Act as modified by ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84 and ASIC Corporations (Disregarding Technical Relief) Instrument 2016/73.

### Summary information

This Presentation contains summary information about JB HI-FI and its activities which is current only at the date of this Presentation. The information in this Presentation is of a general nature and does not purport to be complete nor does it contain all the information which a prospective investor may require in evaluating a possible investment in JB HI-FI or that would be required in a prospectus or product disclosure statement prepared in accordance with the requirements of the Corporations Act.

JB HI-FI's historical information in this Presentation is, or is based upon, information that has been released to the Australian Securities Exchange ("ASX"). This Presentation should be read in conjunction with JB HI-FI's other periodic and continuous disclosure information lodged with the ASX, which are available at [www.asx.com.au](http://www.asx.com.au). Certain information in this Presentation has been sourced from The Good Guys, its representatives or associates. While steps have been taken to review that information, no representation or warranty, expressed or implied, is made as to its fairness, accuracy, correctness, completeness or adequacy. Certain market and industry data used in connection with this Presentation may have been obtained from research, surveys or studies conducted by third parties, including industry or general publications. Neither JB HI-FI nor its representatives have independently verified any such market or industry data provided by third parties or industry or general publications.

### Not an offer

This Presentation is not a prospectus, product disclosure statement or other offering document under Australian law (and will not be lodged with the Australian Securities and Investments Commission ("ASIC") or any other law. This Presentation is for information purposes only and is not an invitation or offer of securities for subscription, purchase or sale in any jurisdiction. The retail offer booklet for the Retail Entitlement Offer ("Retail Offer Booklet") will be available following its lodgement with ASX. Any eligible retail shareholder who wishes to participate in the Retail Entitlement Offer should consider the Retail Offer Booklet in deciding whether to apply under the Retail Entitlement Offer.

The release, publication or distribution of this Presentation (including an electronic copy) outside Australia and New Zealand may be restricted by law. If you come into possession of this Presentation, you should observe such restrictions and should seek your own advice on such restrictions. Any non-compliance with these restrictions may contravene applicable securities laws. Refer to the "Offer jurisdictions" section in Appendix B of this Presentation for more information.

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### Not investment advice

This Presentation does not constitute investment or financial product advice (nor tax, accounting or legal advice) or any recommendation by JB HI-FI or its advisers to acquire entitlements or New Shares and does not and will not form any part of any contract for the acquisition of entitlements or New Shares. Each recipient of this Presentation should make its own enquiries and investigations regarding all information in this Presentation including but not limited to the assumptions, uncertainties and contingencies which may affect future operations of JB HI-FI and the impact that different future outcomes may have on JB HI-FI.

This Presentation has been prepared without taking account of any person's individual investment objectives, financial situation or particular needs. Before making an investment decision, prospective investors should consider the appropriateness of the information having regard to their own investment objectives, financial situation and needs and seek legal, accounting and taxation advice appropriate to their jurisdiction. JB HI-FI is not licensed to provide financial product advice in respect of JB HI-FI shares.

This Presentation and its contents are provided on the basis that recipients will not deal in the securities or the financial products of JB HI-FI in breach of applicable insider trading laws.

### Future performance

This Presentation contains certain 'forward looking statements', including but not limited to projections, guidance on future revenues, earnings, margin improvement, other potential synergies and estimates, the timing and outcome of The Good Guys acquisition, the outcome and effects of the Offer and the use of proceeds, and the future performance of JB HI-FI and The Good Guys post acquisition ("Combined Group"). Forward-looking statements can generally be identified by the use of forward looking words such as 'expect', 'anticipate', 'likely', 'intend', 'should', 'could', 'may', 'predict', 'plan', 'propose', 'will', 'believe', 'forecast', 'estimate', 'target', 'outlook', 'guidance', 'potential' and other similar expressions within the meaning of securities laws of applicable jurisdictions and include, but are not limited to, estimated annual net synergies after combination with The Good Guys and the outcome and effects of the Offer and the use of proceeds. The forward looking statements contained in this Presentation are not guarantees or predictions of future performance and involve known and unknown risks and uncertainties and other factors, many of which are beyond the control of JB HI-FI, its Directors and management, and may involve significant elements of subjective judgement and assumptions as to future events which may or may not be correct. Refer to the 'Key Risks' section in Appendix A of this Presentation for a summary of certain risks related to the acquisition of The Good Guys and a summary of general and JB HI-FI specific risk factors that may affect JB HI-FI. There can be no assurance that actual outcomes will not differ materially from these forward looking statements. A number of important factors could cause actual results or performance to differ materially from the forward looking statements, including the risk factors set out in this Presentation. Investors should consider the forward looking statements contained in this Presentation in light of those disclosures. No representation or warranty, express or implied, is made as to the accuracy, likelihood of achievement or reasonableness of any forecasts, prospects, returns or statements in relation to future matters contained in this Presentation. The forward looking statements are based on information available to JB HI-FI as at the date of this Presentation. Except as required by law or regulation (including the ASX Listing Rules), JB HI-FI undertakes no obligation to provide any additional or updated information whether as a result of new information, future events or results or otherwise. Indications of, and guidance or outlook on, future earnings or financial position or performance are also forward looking statements. Statements about past performance are not necessarily indicative of future performance.

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# Important notice and disclaimer (continued)

**JB HI-FI**

## Investment risk

All investment in JB HI-FI shares is subject to known and unknown risks, some of which are beyond the control of JB HI-FI. JB HI-FI does not guarantee any particular rate of return or the performance of JB HI-FI. Investors should have regard to the risk factors outlined in the 'Key Risks' section in Appendix A of this Presentation when making their investment decision.

## Financial data

All financial information in this Presentation is in Australian Dollars (\$) or AUD unless otherwise stated. Investors should note that this Presentation contains pro forma historical and forward looking financial information. The pro forma and forward looking financial information, and the historical information, provided in this Presentation is for illustrative purposes only and is not represented as being indicative of JB HI-FI's views on its future financial condition and/or performance. You should note that the pro forma financial information included in this Presentation does not purport to be in compliance with Article 11 of Regulation S-X of the rules and regulations of the U.S. Securities and Exchange Commission ("SEC").

The pro forma financial information has been prepared by JB HI-FI in accordance with the recognition and measurement principles of the Australian Accounting Standards. Financial information for The Good Guys contained in this Presentation has been derived from the audited special purpose financial report of The Good Guys for the year ended 30 June 2016 and other financial information made available by The Good Guys in connection with the Acquisition. Investors should also note that the pro forma financial information does not purport to be in compliance with Article 11 of Regulation S-X of the rules and regulations of the SEC, and such information does not purport to comply with Article 3-05 of Regulation S-X.

Investors should be aware that certain financial measures included in this presentation are 'non-IFRS financial information' under ASIC Regulatory Guide 230: 'Disclosing non-IFRS financial information' published by ASIC and also 'non-GAAP financial measures' within the meaning of Regulation G under the U.S. Securities Exchange Act of 1934, as amended, and are not recognised under Australian Accounting Standards ("AAS") and International Financial Reporting Standards ("IFRS"). The non-IFRS financial information/non-GAAP financial measures include Enterprise Value, EBITDA, EBIT and others, as shown on slides 5, 8, 20, 21. The disclosure of such non-GAAP financial measures in the manner included in this Presentation would not be permissible in a registration statement under the U.S. Securities Act. Such non-IFRS financial information/non-GAAP financial measures do not have a standardized meaning prescribed by AAS or IFRS. Therefore, the non-IFRS financial information may not be comparable to similarly titled measures presented by other entities, and should not be construed as an alternative to other financial measures determined in accordance with AAS or IFRS. Although JB HI-FI believes these non-IFRS financial measures provide useful information to investors in measuring the financial performance and condition of its business, investors are cautioned not to place undue reliance on any non-IFRS financial information/non-GAAP financial measures included in this Presentation.

## Effect of rounding

A number of figures, amounts, percentages, estimates, calculations of value and fractions in this Presentation are subject to the effect of rounding. Accordingly, the actual calculation of these figures may differ from the figures set out in this Presentation.

## Past performance

Investors should note that past performance, including past share price performance of JB HI-FI and pro forma historical information in this Presentation, is given for illustrative purposes only and cannot be relied upon as an indicator of (and provides no guidance as to) future JB HI-FI performance including future share price performance. The pro forma historical information is not represented as being indicative of JB HI-FI's views on its future financial condition and/or performance.

## Disclaimer

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Determination of eligibility of investors for the purposes of the institutional and retail components of the Entitlement Offer is determined by reference to a number of matters, including legal and regulatory requirements, logistical and registry constraints and the discretion of JB HI-FI and the underwriter. Each of JB HI-FI, the underwriter and their respective advisers, affiliates, related bodies corporate, directors, officers, partners, employees and agents disclaim any duty or liability (including for negligence) in respect of that determination and the exercise or otherwise of that discretion, to the maximum extent permitted by law.

## Acceptance, withdrawal and cooling-off

By attending an investor presentation or briefing, or accepting, accessing or reviewing this Presentation you acknowledge and agree to the terms set out in this 'Important Notice and Disclaimer'.

JB HI-FI reserves the right to withdraw, or vary the timetable for the Offer without notice.

Cooling-off rights do not apply to the acquisition of New Shares.

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**JB  
HI-FI**

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# 01 JB HI-FI

## Transaction overview

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## Transaction overview

**JB HI-FI**

JB Hi-Fi has agreed to purchase The Good Guys, a leading Australian retailer of home appliances and consumer electronics, for \$870 million

<b>Transaction details</b>	<ul style="list-style-type: none"> <li>• JB Hi-Fi to acquire 100% of The Good Guys for total cash consideration of \$870 million</li> <li>• Implied transaction multiple of approximately 11.7x EV / FY16 pro forma normalised EBIT pre-synergies<sup>1</sup> (JB Hi-Fi trading on 13.2x FY16 EV / EBIT<sup>2</sup>)</li> </ul>
<b>Strategic rationale</b>	<ul style="list-style-type: none"> <li>• Combination of Australia's leading consumer electronics and home appliance retailers</li> <li>• Aligned retailing philosophies and customer value propositions with a focus on great value everyday and exceptional customer service</li> <li>• Complementary customer profiles, product offerings and store locations</li> <li>• Significant expansion of JB Hi-Fi's capability in the attractive home appliances market</li> <li>• Opportunities for growth for the Combined Group, including through store roll-out and continued market share gains</li> <li>• Attractive financial metrics with potential for meaningful synergies</li> </ul>
<b>Funding</b>	<ul style="list-style-type: none"> <li>• Acquisition funded by:             <ul style="list-style-type: none"> <li>- a fully underwritten, pro-rata, accelerated, renounceable entitlement offer with retail entitlements trading to raise approximately \$394 million ("<b>Entitlement Offer</b>"); and</li> <li>- balance funded through a combination of existing debt facilities plus a \$450 million new multi-tranche acquisition debt facility</li> </ul> </li> </ul>
<b>Financial impacts</b>	<ul style="list-style-type: none"> <li>• FY16 pro forma EPS accretion of approximately 11.6%, pre-synergies and before transaction and implementation costs<sup>3</sup></li> <li>• Net synergies of \$15 - 20 million<sup>4</sup> per annum to the Combined Group after a three year integration period</li> <li>• Expected implementation costs of \$10 - 12 million<sup>5</sup> primarily in the first 12 months post-completion</li> <li>• Pro forma net debt / FY16 pro forma EBITDA 1.6x<sup>6</sup></li> </ul>

Notes: 1. FY16 EBIT for The Good Guys of \$74.2 million based on The Good Guys audited special purpose accounts for the 12 months ended 30 June 2016, adjusted for certain pro forma adjustments and normalisations identified during JB Hi-Fi's due diligence. The Good Guys information has been prepared assuming all stores were 100% owned for the full FY16 year. 2. Calculated using share price of \$28.85 per share as at close 12 September 2016. 3. Increase in EPS of JB Hi-Fi assuming the Good Guys acquisition had come into effect from 1 July 2015. In accordance with AASB 133, the JB Hi-Fi reported basic EPS for the year ended 30 June 2016 has been adjusted to reflect the bonus element in the Entitlement Offer. 4. Excludes one-off implementation costs. 5. Including one-off costs associated with the corporatisation of The Good Guys and Joint Venture Partners transition process. 6. Calculated as net debt post acquisition divided by FY16 pro forma EBITDA of the Combined Group pre-synergies and before transaction and implementation costs.

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# 02 JB HI-FI

## Overview of The Good Guys

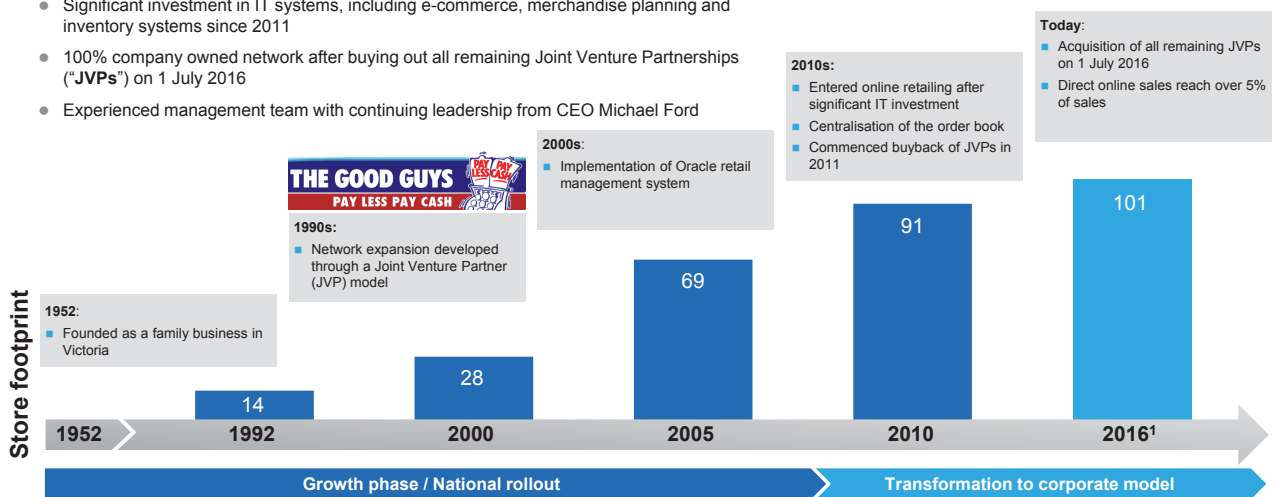
### History of The Good Guys



The Good Guys is a leading Australian retailer of home appliances and consumer electronics with a long and proud history as a family business since 1952

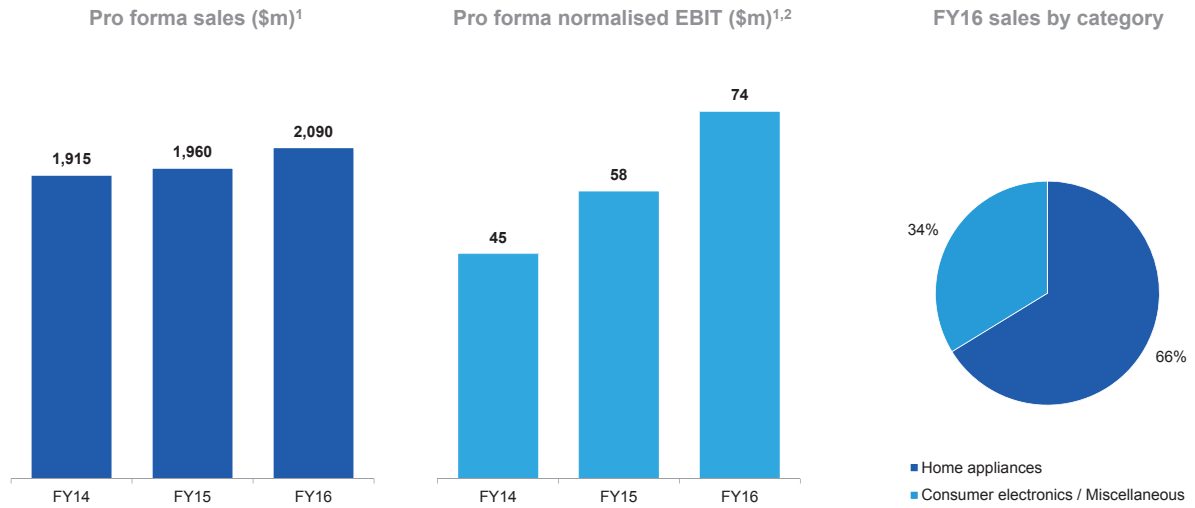
#### Overview

- Founded in 1952 as Mighty Muirs
- Network of 101 stores across Australia<sup>1</sup>
- Significant investment in IT systems, including e-commerce, merchandise planning and inventory systems since 2011
- 100% company owned network after buying out all remaining Joint Venture Partnerships ("JVPs") on 1 July 2016
- Experienced management team with continuing leadership from CEO Michael Ford



# The Good Guys financial overview

The Good Guys has exhibited steady sales growth, while successfully implementing key initiatives, including corporatisation, centralisation of its order book and diversification away from consumer electronics to focus on home appliances



Notes: 1. The Good Guys information has been prepared assuming all stores were 100% owned. 2. EBIT based on The Good Guys audited special purpose accounts, adjusted for certain pro forma adjustments and normalisations identified during JB Hi-Fi's due diligence.

## 03 JB HI-FI

A powerful combination



## A best-in-class combination

**JB HI-FI**

- 1 Dual-branded retail combination with complementary customer bases and product offerings
- 2 Aligned retail management philosophies, customer value propositions and customer service orientation
- 3 Enhanced market share from complementary product mix, store formats and locations
- 4 Significant opportunities for growth, including store roll-out of both brands and continued market share gains
- 5 Meaningful synergy benefits expected to be achieved over a three year integration period
- 6 FY16 pro forma EPS accretion of approximately 11.6%, pre-synergies and before transaction and implementation costs<sup>1</sup>

Notes: 1. Increase in EPS of JB Hi-Fi assuming the Good Guys acquisition had come into effect from 1 July 2015. In accordance with AASB 133, the JB Hi-Fi reported basic EPS for the year ended 30 June 2016 has been adjusted to reflect the bonus element in the Entitlement Offer.

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## Complementary customer bases and aligned retail philosophies

**JB HI-FI**

The Good Guys targets a core customer base of home-makers and families and uses retail philosophies that are aligned with JB Hi-Fi to promote customer loyalty

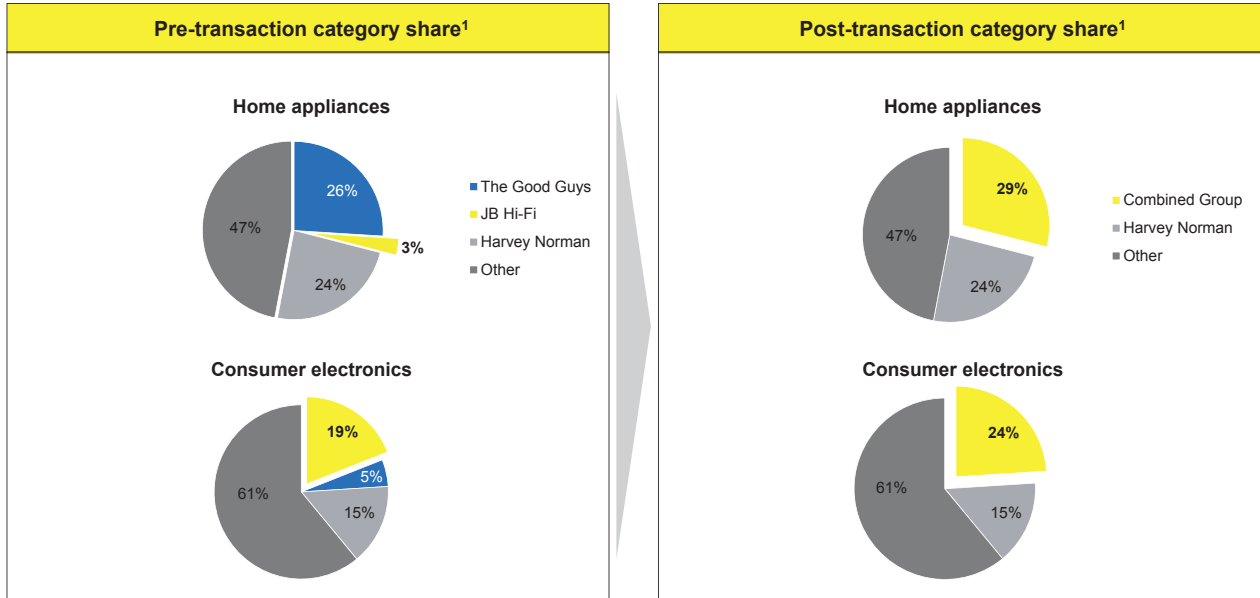
	<b>JB HI-FI</b>	<b>THE GOOD GUYS</b>
<b>Product offering</b>	Leading retailer of technology and consumer electronics	Leading retailer of home appliances and consumer electronics
<b>Target customer base / demographic</b>	Strong position with young/tech savvy demographics and Gen Ys/Millennials	Strong position with home-making demographic and families
<b>Value proposition</b>	Best brands at everyday low prices	
<b>Customer focus</b>	Exceptional customer service	
<b>Channels</b>	In-store, online, commercial	

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# A market leader

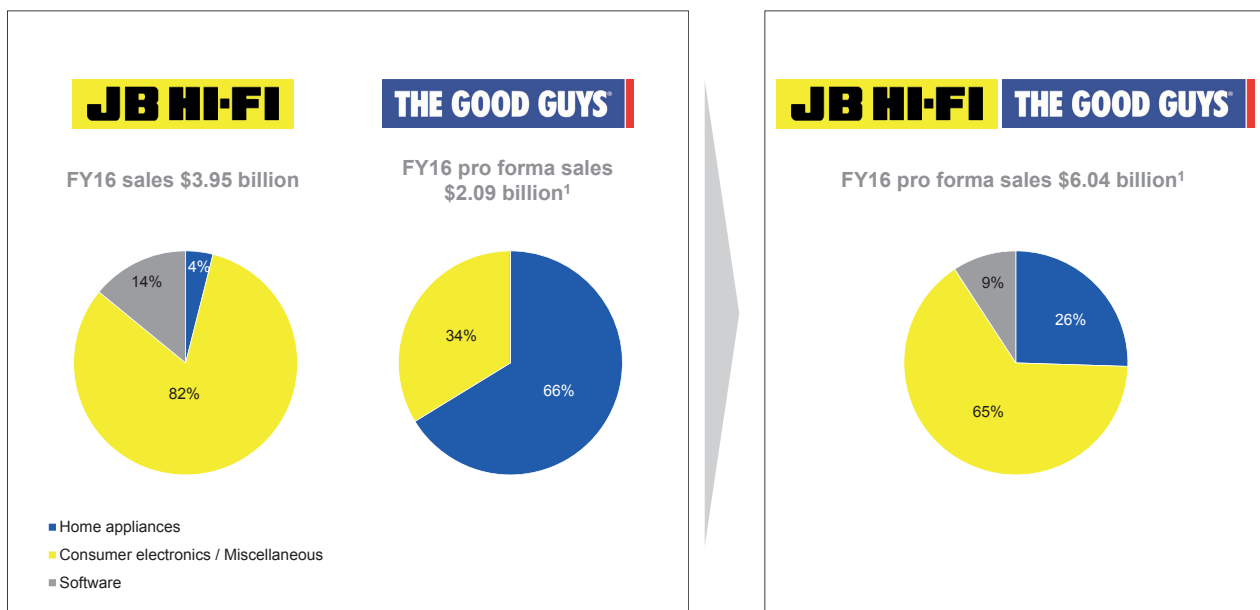
The Combined Group will be the market leader in both home appliances and consumer electronics



Notes: 1. Management analysis and estimates. Post-transaction category share assumes aggregation of the pre-transaction category shares.

# Genuine scale in home appliances

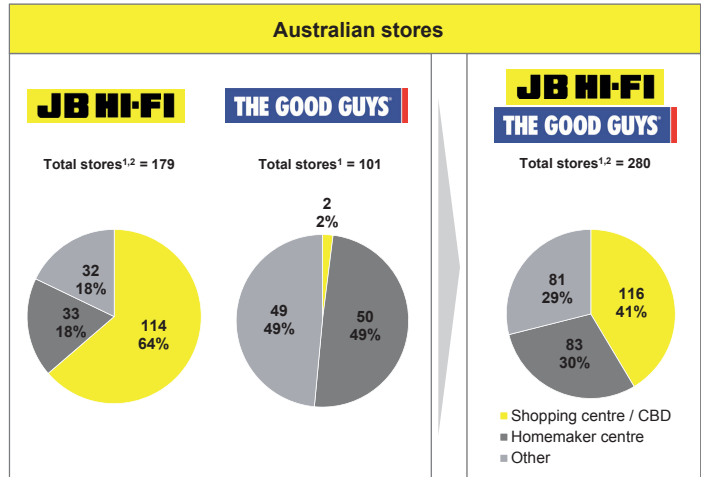
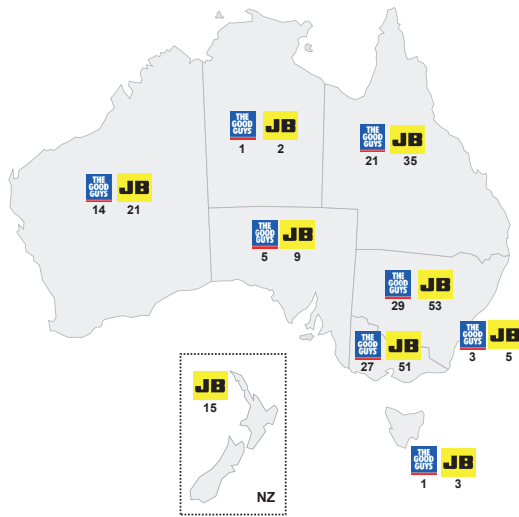
Delivers immediate scale in the \$4.6 billion home appliances category and a more diversified product mix



Notes: 1. The Good Guys information has been prepared assuming all stores were 100% owned.

# Diversified store locations and formats

The combination of JB Hi-Fi and The Good Guys has 280 stores in Australia, plus 15 JB Hi-Fi stores in New Zealand, with a balance of location and store format profiles across shopping centre and CBD locations, homemaker centres, and standalone sites

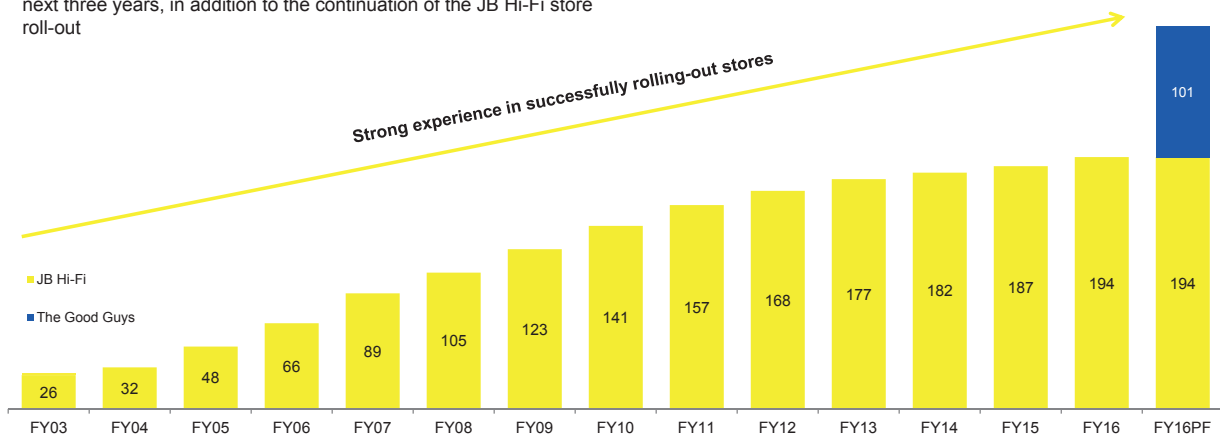


Notes: 1. As at 30 June 2016. 2. Only includes JB Hi-Fi stores in Australia. Including New Zealand JB Hi-Fi has a total of 194 stores and the Combined Group would have 295 stores (as at 30 June 2016).

# Continued store roll-out opportunities

Combined store portfolio of 295<sup>1</sup> stores across Australia and New Zealand with opportunities for continuation of the roll-out

- There are opportunities to roll-out The Good Guys branded stores in under represented catchment areas
- JB Hi-Fi's core competency of rolling-out stores will assist in driving an efficient roll-out program
- Potential for 4 - 5 The Good Guys store openings per year over the next three years, in addition to the continuation of the JB Hi-Fi store roll-out



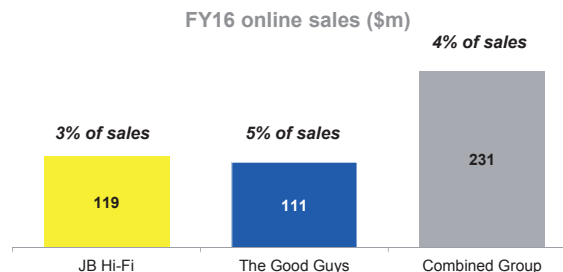
Notes: 1. Store numbers presented as at 30 June 2016.

## Strong multi-channel customer proposition

The acquisition adds scale to JB Hi-Fi's existing online customer proposition and The Goods Guys strength in home appliances adds depth to the JB Hi-Fi Solutions (commercial) offering

### Online

- Combined Group online sales of \$231 million to customers in FY16  
—Approximately 4% of total Combined Group FY16 sales
- The combination provides the ability to share best practice across the brands
- The increased scale provides the opportunity to leverage the value from our combined investment in digital assets over time



### Commercial

- The Good Guys has recently launched a commercial business  
—Previously the majority of commercial purchases were transacted within the store network
- JB Hi-Fi Solutions has a centralised commercial sales capability servicing B2B, government, education and insurance customers
- The combination of the commercial businesses is expected to drive continued growth as we offer clients a broader product range, scale and enhanced capability

## Meaningful synergy benefits

The acquisition of The Good Guys is expected to deliver annual net synergies of \$15 - 20 million<sup>1</sup> to the combined business after a three year integration period. One-off implementation costs are expected to be approximately \$10 - 12 million primarily in the first 12 months post-completion

### Synergies

<b>Buying synergies</b>	• Potential savings through enhanced buying capability over time
<b>Logistics and supply chain synergies</b>	• Opportunities to realise scale benefits and optimise logistics and supply chain over time
<b>Procurement synergies</b>	• Opportunities to leverage scale and best practices from each business across procurement functions over time
<b>Support functions efficiencies</b>	• Opportunities to realise support function efficiencies and share capability over time

### One-off implementation costs

<b>Implementation costs</b>	<ul style="list-style-type: none"> <li>• One-off costs associated with the three year integration plan</li> <li>• One-off costs associated with The Good Guys corporatisation and JVP transition process</li> </ul>
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Notes: 1. Excludes one-off implementation costs.

# 04 JB HI-FI

## Transaction funding, pro forma financials and terms

### Acquisition funding and terms

**JB HI-FI**

#### Acquisition terms

<b>Purchase price</b>	<ul style="list-style-type: none"> <li>Total cash consideration of \$870 million</li> <li>Purchase price adjustment mechanism relating to movements in working capital and debt like items (if any) at completion</li> </ul>
<b>Funding</b>	<ul style="list-style-type: none"> <li>Fully underwritten 1 for 6.60 Entitlement Offer to raise approximately \$394 million</li> <li>Balance funded through a combination of existing debt facilities plus a \$450 million new multi-tranche acquisition debt facility</li> </ul>
<b>Timing and closing conditions</b>	<ul style="list-style-type: none"> <li>The Acquisition is subject to closing conditions appropriate for a transaction of this size and scale including obtaining certain consents in relation to leases of The Good Guys and is expected to complete in late 2016 or early 2017</li> </ul>

#### Sources and uses of funding

Sources	\$m	Uses	\$m
Entitlement Offer	\$394 million	The Acquisition	\$870 million
Debt facilities	\$500 million	Transaction costs	\$24 million
<b>Total sources</b>	<b>\$894 million</b>	<b>Total uses</b>	<b>\$894 million</b>

# FY16 pro forma profit and loss

**JB HI-FI**

## FY16 pro forma profit and loss statement (pre-synergies and one-off costs associated with the transaction)

\$m	JB Hi-Fi	The Good Guys <sup>1</sup>	Adjustments for Acquisition	Pro forma Combined Group
<b>Sales</b>	<b>3,954.5</b>	<b>2,090.2</b>		<b>6,044.7</b>
<b>EBITDA</b>	<b>262.1</b>	<b>94.4</b>		<b>356.5</b>
Depreciation and amortisation	40.9	20.2		61.1 <sup>6</sup>
<b>EBIT</b>	<b>221.2</b>	<b>74.2</b>		<b>295.4</b>
<i>EBIT margin</i>	<i>5.59%</i>	<i>3.55%</i>		<i>4.89%</i>
<b>NPAT</b>	<b>152.2</b>	<b>52.0<sup>2</sup></b>	<b>(10.9)<sup>3</sup></b>	<b>193.2</b>
<b>Basic EPS (cps)</b>	<b>151.9<sup>4</sup></b>			<b>169.5<sup>5</sup></b>

Notes: 1. Based on The Good Guys audited special purpose accounts for the 12 months ended 30 June 2016, adjusted for certain pro forma adjustments and normalisations identified during JB Hi-Fi's due diligence, assuming all stores were 100% owned for the full FY16 year. 2. Assumes no interest and 30% tax rate for The Good Guys wholly owned group. 3. Net interest expense (post-tax) on \$500 million debt drawn to fund the acquisition. 4. In accordance with AASB 133, JB Hi-Fi standalone EPS restated based on an adjustment factor to take into account the bonus element in the Entitlement Offer (JB Hi-Fi unadjusted FY16 Basic EPS of 153.8 cents). 5. Basic pro forma EPS for the Combined Group calculated using the weighted average number of shares on issue for FY16 (as reported by JB Hi-Fi), plus the New Shares issued under the Entitlement Offer. 6. Reflects the current depreciation and amortisation charges recognised by The Good Guys. On completion a formal purchase price allocation exercise will be completed, which may give rise to a change in depreciation and amortisation costs.

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# Pro forma balance sheet

**JB HI-FI**

## Pro forma balance sheet as at 30 June 2016

\$m	JB Hi-Fi <sup>1</sup>	Adjustments for Acquisition <sup>2</sup>	Pro forma Combined Group
Cash	51.9		51.9
Receivables	98.1	14.3	112.4
Inventory	546.4	222.5	768.9
Fixed assets	183.6	28.6	212.2
Intangibles and goodwill	85.6	913.8 <sup>3</sup>	999.4
Other	26.8	78.0	104.8
<b>Total assets</b>	<b>992.4</b>	<b>1,257.1</b>	<b>2,249.5</b>
Payables	384.9	130.5	515.4
Borrowings	109.7	498.3 <sup>4</sup>	608.0
Other	93.0	252.7	345.7
<b>Total liabilities</b>	<b>587.6</b>	<b>881.5</b>	<b>1,469.1</b>
<b>Net assets</b>	<b>404.7</b>	<b>375.7<sup>5</sup></b>	<b>780.4</b>
<b>Net debt / (net cash)</b>	<b>57.9</b>	<b>498.3</b>	<b>556.2</b>
<b>Net debt / FY16 pro forma EBITDA<sup>6</sup></b>	<b>0.2x</b>		<b>1.6x</b>
<b>FCCR<sup>7</sup></b>	<b>3.5x</b>		<b>2.9x</b>

Notes: 1. JB Hi-Fi as reported at 30 June 2016. 2. Extracted from The Good Guys audited balance sheet at 30 June 2016 to reflect the assets and liabilities to be acquired (on a cash and debt free basis). 3. The purchase price accounting for the acquisition has been shown on an illustrative basis by allocating the difference between the purchase consideration and the carrying value of assets and liabilities in the 30 June 2016 consolidated balance sheet of The Good Guys to intangibles. The pro forma adjustments to reflect the estimated financial effect of the accounting for the business combination are illustrative only. Australian Accounting Standards require an allocation of fair value of assets and liabilities acquired. JB Hi-Fi will undertake a formal allocation of its acquisition subsequent to the date when the transaction completes. Accordingly that allocation may give rise to material differences in values allocated to the above balance sheet line items and may also give rise to fair value being allocated to other balance sheet items. 4. Represents incremental acquisition debt financing of \$500 million, net of total establishment fees of \$1.6 million. 5. Represents equity capital raised to fund the acquisition of The Good Guys, less transaction costs (net of tax). 6. Calculated as net debt post acquisition divided by FY16 pro forma EBITDA of the Combined Group pre-synergies and before transaction and implementation costs. 7. Fixed Charge Cover Ratio calculated as FY16 pro forma EBITDA pre-synergies plus rent expense divided by rent expense plus gross interest expense.

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# 05

## JB HI-FI

### Trading update and outlook

## Trading update and outlook

## JB HI-FI

### JB Hi-Fi sales update

- August 2016 YTD consolidated total sales growth was +11.6% (August 2015 YTD: +7.4%) and consolidated comparable sales growth was +7.7% (August 2015 YTD: +5.7%)
- The closure of DSE during the second half of FY16 has contributed positively to sales growth in the first two months of FY17. JB Hi-Fi anticipates this will continue to drive sales growth in the first half of FY17; however the impact will moderate as JB Hi-Fi cycles through DSE's decline and eventual market exit
- JB Hi-Fi reaffirms its FY17 JB Hi-Fi sales guidance of sales of circa \$4.25 billion

### FY17 outlook

- JB Hi-Fi notes The Good Guys are in the early stages of the JVP transition process. This transition, whilst critical to positioning the business for long term growth, is expected to result in The Good Guys FY17 sales and earnings being in line with FY16 results
- Consistent with previous years, JB Hi-Fi will provide earnings guidance in February post the important JB Hi-Fi Christmas trading period
- The Board expects to maintain the current dividend payout ratio of 65% of earnings

# 06 JB HI-FI

## Entitlement Offer summary

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### Details of the Entitlement Offer

**JB HI-FI**

<b>Offer structure and size</b>	<ul style="list-style-type: none"> <li>Fully underwritten 1 for 6.60 pro-rata, accelerated, renounceable entitlement offer with retail entitlements trading to raise approximately \$394 million</li> <li>Approximately 15.0 million New Shares to be issued (equivalent to approximately 15.2% of existing shares on issue)</li> </ul>
<b>Offer price</b>	<ul style="list-style-type: none"> <li>Entitlement Offer will be conducted at \$26.20 per New Share ("<b>Offer Price</b>") <ul style="list-style-type: none"> <li>- 9.2% discount to the last traded price of \$28.85 on Monday, 12 September 2016</li> <li>- 8.1% discount to TERP<sup>1</sup> of \$28.50</li> </ul> </li> </ul>
<b>Use of proceeds</b>	<ul style="list-style-type: none"> <li>Proceeds from the Entitlement Offer will be used to fund the Acquisition and pay associated transaction costs</li> </ul>
<b>Institutional investors</b>	<ul style="list-style-type: none"> <li>The Institutional Entitlement Offer will be conducted from Tuesday, 13 September 2016 to Wednesday, 14 September 2016. The Institutional Shortfall Shares<sup>2</sup>, together with the right to subscribe for those shares will be sold via an institutional shortfall bookbuild to be conducted on Thursday, 15 September 2016</li> </ul>
<b>Retail investors</b>	<ul style="list-style-type: none"> <li>The Retail Entitlement Offer will open on Wednesday, 21 September 2016 and close on Friday, 30 September 2016 with the retail shortfall bookbuild conducted on Thursday, 6 October 2016</li> <li>The retail entitlements can be traded on the ASX from Friday, 16 September 2016 to Friday, 23 September 2016</li> </ul>
<b>Ranking</b>	<ul style="list-style-type: none"> <li>New Shares issued will rank equally with existing fully paid ordinary shares from their time of issue</li> </ul>
<b>Underwriting</b>	<ul style="list-style-type: none"> <li>Entitlement Offer is fully underwritten by Macquarie Capital (Australia) Limited</li> </ul>

Notes: 1. The theoretical ex-rights price is the theoretical price at which JB Hi-Fi shares should trade immediately after the ex-date for the Entitlement Offer. The TERP is a theoretical calculation only and the actual price at which JB Hi-Fi shares trade immediately after the ex-date for the Entitlement Offer may vary from TERP. TERP is calculated by reference to JB Hi-Fi's closing price of \$28.85 per share on Monday, 12 September 2016, being the last trading day prior to the announcement of the Entitlement Offer. 2. Institutional Shortfall Shares are the new shares that would have been issued in respect of Entitlements not taken up by eligible institutional shareholders by the close of the Institutional Entitlement Offer and the Entitlements of ineligible institutional shareholders (had such eligible institutional shareholders taken up their Entitlements and had such ineligible institutional shareholders been eligible and taken up their Entitlements).

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# Entitlement Offer timetable

**JB HI-FI**

Event	Date <sup>1</sup>
<b>Trading halt and announcement of the Acquisition, Institutional Entitlement Offer opens</b>	<b>Tuesday, 13 September 2016</b>
Institutional Entitlement Offer closes	Wednesday, 14 September 2016
Institutional shortfall bookbuild	Thursday, 15 September 2016
Trading halt lifted – shares recommence trading on ASX on an “ex-entitlement” basis	Friday, 16 September 2016
Retail Entitlements commence trading on ASX on a deferred settlement basis	Friday, 16 September 2016
Record Date for determining entitlement to subscribe for New Shares	7:00pm (AEST) <sup>2</sup> Friday, 16 September 2016
Retail Entitlement Offer opens	9:00am (AEST) <sup>2</sup> Wednesday, 21 September 2016
Retail Entitlement Offer Booklet despatched and retail Entitlements allotted	Wednesday, 21 September 2016
Retail Entitlements commence trading on ASX on a normal settlement basis	Wednesday, 21 September 2016
Settlement of Institutional Entitlement Offer	Friday, 23 September 2016
Retail Entitlement trading on ASX ends	Friday, 23 September 2016
Allotment and normal trading of New Shares under the Institutional Entitlement Offer	Monday, 26 September 2016
Retail Entitlement Offer closes	5:00pm (AEST) <sup>2</sup> Friday, 30 September 2016
Retail shortfall bookbuild	Thursday, 6 October 2016
Settlement of retail shortfall bookbuild	Monday, 10 October 2016
Allotment of New Shares under the Retail Entitlement Offer	Tuesday, 11 October 2016
Normal trading of New Shares issued under the Retail Entitlement Offer	Wednesday, 12 October 2016
Despatch of holding statements in respect of New Shares issued under the Retail Entitlement Offer	Thursday, 13 October 2016

Notes: 1. All dates and times are indicative and subject to change without notice. 2. Australian Eastern Standard Time.

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**A**

**JB HI-FI**

Key risks

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## Key acquisition risks

**JB HI-FI**

Risk	Description
<b>Due diligence in relation to The Good Guys</b>	<p>JB Hi-Fi has undertaken a due diligence review in respect of the Acquisition. JB Hi-Fi has not been able to verify the accuracy, reliability or completeness of all the information provided against independent data.</p> <p>There is a risk that information provided by The Good Guys (including financial information) was incomplete, inaccurate or unreliable and there is no assurance that the due diligence was conclusive or identified all material issues in relation to The Good Guys business. Limited contractual representations and warranties have been obtained from the vendors of The Good Guys (the "Vendors") in the acquisition agreement relating to the Acquisition (the "Acquisition Agreement") regarding the accuracy of the materials disclosed during the due diligence process.</p>
<b>Risks associated with transition of The Good Guys to a wholly owned model</b>	<p>Immediately prior to 1 July 2016, The Good Guys' store network was comprised of: (i) 45 wholly owned stores; and (ii) a further 55 stores owned in joint venture structures with JVPs responsible for operating and managing these stores. On 1 July 2016, the interests owned by the JVPs were acquired by The Good Guys such that The Good Guys business moved to a model under which all stores are wholly owned. Some of the JVPs elected to leave the business as a result of this transition; other JVPs have elected to stay on as store manager employees of The Good Guys by accepting a 12 month fixed term management agreement which expires on 30 June 2017 (unless terminated earlier). This process of change has created risks that:</p> <ul style="list-style-type: none"> <li>• The Good Guys business is impacted by unforeseen disruption associated with the transition process;</li> <li>• The Good Guys is not able to identify and hire sufficient high quality and experienced store managers to replace outgoing JVPs; and</li> <li>• the JVPs who have elected to stay on as store manager employees of The Good Guys may not be sufficiently incentivised under their management agreements to the extent they were when the relevant stores were owned in joint venture structures. This may cause a decline in earnings performance of the relevant stores.</li> </ul> <p>JB Hi-Fi has reviewed the transition plan put in place by The Good Guys with respect to this process and will actively monitor its progress following completion of the Acquisition.</p> <p>Further, following the transition to a wholly-owned model, a number of legacy unit trusts and companies will form part of The Good Guys group that JB Hi-Fi will acquire as part of the Acquisition. Following the Acquisition, JB Hi-Fi will need to maintain or rationalise these legacy entities, which is likely to require significant time and costs to complete.</p>
<b>Analysis of acquisition opportunity</b>	<p>It is possible that the financial, operational, business and/or other analysis undertaken by JB Hi-Fi in relation to The Good Guys or the Acquisition, as well as its best estimates and forecasts, are inaccurate or are not realised in due course.</p> <p>To the extent that actual results achieved by The Good Guys are weaker than those assumed by JB Hi-Fi's analysis and forecasts, there is a risk that this may have an adverse impact on the financial position and financial performance of the Combined Group and/or JB Hi-Fi's share price.</p>
<b>Assumed liabilities</b>	<p>As part of the Acquisition, JB Hi-Fi will assume the liabilities of The Good Guys entities, including any actual contingent liabilities associated with The Good Guys' past operations. This includes exposure to possible taxation or legal claims. JB Hi-Fi, as part of its due diligence review has sought to identify the existence, scope and quantum of these potential liabilities and has sought to address the risk that these potential liabilities may eventuate through specific warranties and indemnities in the Acquisition Agreement.</p> <p>However, there is a risk that potential liabilities were not identified as part of JB Hi-Fi's due diligence review in relation to the Acquisition, or the scope or quantum of potential liabilities were not fully accounted for. If JB Hi-Fi assumes these new or additional potential liabilities, and such liabilities materialise, it may have an adverse impact on the Combined Group's financial position and financial performance and/or JB Hi-Fi's share price. Further, there is a risk that these new or additional potential liabilities are not covered by warranties or indemnities in the Acquisition Agreement and as such, JB Hi-Fi may be unable to recover any losses which occur following the Acquisition.</p>

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## Key acquisition risks (continued)

**JB HI-FI**

Risk	Description
<b>Warranty &amp; indemnity insurance</b>	<p>JB Hi-Fi has obtained warranty and indemnity insurance to cover claims for breach of certain warranties and indemnities, including a tax indemnity and an indemnity for breach of warranty, under the Acquisition Agreement. JB Hi-Fi's primary remedy for breach of warranties and claims under the relevant indemnities is to make a claim under the warranty and indemnity insurance policy. JB Hi-Fi is prevented from seeking recourse from the Vendors except in certain limited circumstances.</p> <p>The warranty and indemnity insurance policy is subject to certain exclusions and limitations on liability. Accordingly, there is a risk that JB Hi-Fi will not be able to fully recover losses arising from a breach of warranty or make claims under the relevant indemnity through the warranty and indemnity insurance, and will not have further recourse to recover from the Vendors.</p>
<b>Operational implementation risk and realisation of synergies</b>	<p>The integration of a business of the size of The Good Guys carries risk, including potential delays or costs in implementing necessary changes, and difficulties in integrating various operations. The success of the Acquisition and, in particular, the ability to realise the expected synergy benefits of the Acquisition outlined in this Presentation, will be dependent upon the effective and timely integration of The Good Guys business alongside the JB Hi-Fi business following completion of the Acquisition. While JB Hi-Fi has undertaken analysis in relation to the synergy benefits of the Acquisition outlined in this Presentation, they remain JB Hi-Fi's estimate of the synergy benefits expected to be achievable as part of the Acquisition, and there is a risk that the actual synergies able to be realised as part of the Acquisition may be less than expected or delayed, or that the expected synergy benefits of the Acquisition may not materialise at all. There is a risk that JB Hi-Fi's future profitability and prospects could be adversely affected if integration of The Good Guys business alongside the JB Hi-Fi business is not completed efficiently and effectively, with minimal disruption to the JB Hi-Fi and The Good Guys businesses. Although JB Hi-Fi and The Good Guys have progressed some of the integration planning, there remains a risk that unforeseen events may arise causing the expected synergy benefits of the Acquisition to be delayed, not be obtained, or cost more to achieve than originally expected. These risks include:</p> <ul style="list-style-type: none"> <li>• disruption to the ongoing operations of both businesses;</li> <li>• higher than anticipated integration costs;</li> <li>• unforeseen costs relating to the integration of some of the IT platforms, management information systems and financial and accounting systems of both businesses;</li> <li>• unintended loss of key personnel or expert knowledge or reduced employee productivity due to uncertainty arising as a result of the Acquisition;</li> <li>• unforeseen costs or disruption as a result of the transition of The Good Guys business to a wholly owned model; and</li> <li>• a failure to maintain key supplier relationships.</li> </ul>
<b>Termination of leases where landlord consents have not been obtained</b>	<p>It is possible that at the time of completion of the Acquisition, not all store landlord consents will have been obtained in accordance with the terms of the relevant lease, and that in due course some of these leases may not be renewed or may be terminated by the lessor. There is also a risk that the relevant landlord may seek concessional terms or increased rent.</p> <p>This may result in JB Hi-Fi losing revenue and/or incurring significant costs to obtain alternative store locations and re-locating the relevant store or increased leasing costs.</p>
<b>The Good Guys store roll-out risk</b>	<p>The future growth of The Good Guys business will depend, in part, on securing appropriate properties for new stores. If appropriate properties cannot be secured then there is a risk that The Good Guys will underperform the future expected growth assumed by JB Hi-Fi's analysis and forecasts underpinning JB Hi-Fi's valuation of The Good Guys.</p>

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## Key acquisition risks (continued)

**JB HI-FI**

Risk	Description
<b>Conditions to drawdown of debt financing</b>	<p>JB Hi-Fi has entered into financing arrangements pursuant to which its banks agree to provide additional debt financing to partly fund the Acquisition, subject to the terms and conditions of an amendment to JB Hi-Fi's existing debt financing agreement with its banks. If certain conditions are not all satisfied or certain events occur, the financiers would have the right to terminate the amended debt financing arrangements. Termination of the amended debt financing arrangements would have an adverse impact on JB Hi-Fi's sources of funding for the Acquisition.</p> <p>The key conditions/events are:</p> <ul style="list-style-type: none"> <li>• JB Hi-Fi has received subscriptions for equity sufficient to fund at least 40% of the Acquisition price;</li> <li>• the Acquisition agreement has not been terminated (before the Acquisition completes);</li> <li>• there is no change in control of any JB Hi-Fi group entity; and</li> <li>• each of the JB Hi-Fi group entities are solvent.</li> </ul>
<b>Guarantees required to be given by The Good Guys entities to JB Hi-Fi's banks</b>	<p>Under the terms of the bank facilities which will be used to partially fund the proposed Acquisition, after the Acquisition completes JB Hi-Fi is required to ensure that The Good Guys entities acquired give guarantees and other related financial assistance to JB Hi-Fi's banks (such as certain undertakings and warranties of the kind which JB Hi-Fi and its subsidiaries currently give to its banks) within 21 days of JB Hi-Fi's 2017 AGM or any earlier general meeting of JB Hi-Fi that occurs after JB Hi-Fi's 2016 AGM.</p> <p>This means that the shareholders of JB Hi-Fi will need to approve the giving of the guarantees and other financial assistance by The Good Guys entities by passing a special resolution at JB Hi-Fi's 2017 AGM or any earlier general meeting of JB Hi-Fi shareholders that occurs after JB Hi-Fi's 2016 AGM. If the giving of the guarantees and other financial assistance by The Good Guys entities is not approved by special resolution of JB Hi-Fi shareholders as required, then JB Hi-Fi will be in breach of its bank facilities. As a consequence of any such breach of its bank facilities, JB Hi-Fi may (at the option of its banks) be required to renegotiate the terms of its bank facilities or to refinance its bank facilities on terms that may be less advantageous than the current terms, or its banks may potentially terminate the bank facilities and require repayment of the amounts lent.</p>

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## Business risks

**JB HI-FI**

Risk	Description
<b>Competition risks</b>	The markets in which the Combined Group operates remain highly competitive and any increased competition from new and existing competitors may lead to a decline in sales and profitability.
<b>Reputation risk</b>	<p>A decline in the high level of loyalty and trust that the Combined Group enjoys with its customers could compromise its market leading position and adversely affect the Combined Group's operating and financial performance. This could occur as a result of a wide range of factors or events, including:</p> <ul style="list-style-type: none"> <li>• a loss or erosion of the Combined Group's reputation for price leadership and high levels of customer service;</li> <li>• a major information security breach of the Combined Group's IT systems;</li> <li>• a major workplace health and safety incident or customer injury occurring in one of the Combined Group's stores; or</li> <li>• a significant breach of regulatory or legislative requirements.</li> </ul>
<b>Changes in consumer spending</b>	The Combined Group is exposed to consumer spending cycles and changes in consumer demands. A reduction in consumer spending and demand may lead to a decline in sales and profitability.
<b>Online competition taking sales from the Combined Group</b>	The Combined Group is exposed to the risk of a growing number of online retailers competing for sales from the Combined Group. Such additional competition from online retailers may lead to further declining sales and profitability.
<b>Digitisation of physical software leading to a fall in traditional software sales</b>	JB Hi-Fi's product offering includes physical software, which will decline in sales as the digitisation of such physical software grows. This decline in traditional physical software sales will have an adverse impact on the Combined Group's financial performance and position if such decline is not offset against sales growth in other existing or new product categories. JB Hi-Fi intends maintaining a physical software product offering in-store while the category is still providing solid returns.
<b>Failure to maintain key supplier relationships</b>	Failure to maintain key supplier relationships could adversely impact on the Combined Group's operating and financial performance, which may in turn impact on JB Hi-Fi's share price.
<b>Increasing cost of doing business</b>	Certain costs of doing business are outside of the Combined Group's control. For example JB Hi-Fi's cost of doing business is impacted by the annual Fair Work Award wage reviews (which have resulted in increases totalling 15.3% over the past 5 years to 30 June 2016).
<b>Price deflation</b>	This has always been a feature of consumer electronics retail and may lead to a decline in sales and profitability.
<b>Leasing arrangements</b>	The ability to identify suitable sites and negotiate suitable leasing terms for new and existing stores is key to the Combined Group's ongoing growth and profitability, and failure to secure appropriate new store sites or the renewal of existing store sites could adversely impact on the Combined Group's operating and financial performance and position.
<b>Loss of, or inability to attract and retain, key staff</b>	The Combined Group's ability to attract and retain talented staff is critical to its operating and financial performance, and loss of key staff and the inability to attract talented staff would have a detrimental impact.
<b>IT systems</b>	The Combined Group's increasing reliance on IT systems means that outages and disruptions could have a detrimental impact on its operating and financial performance, and any failure to maintain and upgrade its IT systems over time has the potential to inhibit the achievement of the Combined Group's business initiatives.

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## Business risks (continued)

**JB HI-FI**

<b>Risk</b>	<b>Description</b>
<b>Changes in regulatory environment</b>	Changes in the regulatory environment in which the Combined Group operates may increase compliance costs, and even (in extreme cases) affect the ability of the Combined Group to sell certain types of products and services or conduct certain activities.
<b>Tax/accounting risk</b>	The Australian Accounting Standards are set by the Australian Accounting Standards Board (AASB). Changes to the Australian Accounting Standards issued by AASB could materially adversely affect the financial performance and position reported in the Combined Group's financial statements.
<b>Interest rate risk</b>	The Combined Group will be subject to the risk of rising interest rates associated with borrowing on a floating rate basis. The Combined Group seeks to manage all or part of its exposure to adverse fluctuations in floating interest rates through interest rate hedging arrangements, including derivative financial instruments. Such arrangements involve risk, such as the risk that counterparties may fail to honour their obligations under these arrangements, and that such arrangements may not be effective in reducing exposure to movements in interest rates. To the extent that the Combined Group does not hedge effectively (or at all) against movements in interest rates, such interest rate movements may adversely affect the Combined Group's results.
<b>Litigation</b>	Legal proceedings and claims may arise from time to time in the ordinary course of the Combined Group's business and may result in high legal costs, adverse monetary judgments and/or damage to the Combined Group's reputation which could have an adverse impact on the Combined Group's financial position and financial performance and the price of JB Hi-Fi shares.

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## General risks

**JB HI-FI**

<b>Risk</b>	<b>Description</b>
<b>General market and share price risks</b>	The operating and financial performance of the Combined Group is influenced by a variety of general economic and business conditions, including levels of consumer spending, inflation, interest and exchange rates, access to debt and capital markets, and government fiscal, monetary and regulatory policies. A prolonged deterioration in general economic conditions, including an increase in interest rates or a decrease in consumer and business demand, may have an adverse impact on the Combined Group's business or financial condition. These factors may cause the price of JB Hi-Fi shares to trade below the price at which they are offered under the Offer, notwithstanding the Combined Group's financial or operating performance.
<b>Other risks</b>	The above risks should not be taken as a complete list of the risks associated with an investment in JB Hi-Fi. The risks outlined above and other risks not specifically referred to may in the future materially adversely affect the value of JB Hi-Fi shares and their performance. Accordingly, no assurance or guarantee of future performance or profitability is given by JB Hi-Fi in respect of JB Hi-Fi shares.

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# Share and Entitlement Offer risks

**JB HI-FI**

Risk	Description
<b>Risks associated with an investment of shares</b>	<p>There are general risks associated with investments in equity capital such as JB Hi-Fi shares. The trading price of JB Hi-Fi shares may fluctuate with movements in equity capital markets in Australia and internationally. This may result in the market price for the New Shares being less or more than the Offer Price. Generally applicable factors which may affect the market price of shares include:</p> <ul style="list-style-type: none"> <li>• general movements in Australian and international stock markets;</li> <li>• investor sentiment;</li> <li>• Australian and international economic conditions and outlook;</li> <li>• changes in interest rates and the rate of inflation;</li> <li>• changes in government legislation and policies, in particular taxation laws;</li> <li>• announcement of new technologies; and</li> <li>• geo-political instability, including international hostilities and acts of terrorism.</li> </ul> <p>No assurances can be given that the New Shares will trade at or above the Offer Price. None of JB Hi-Fi, its directors or any other person guarantees the market performance of the New Shares.</p> <p>Further, the effect of these conditions on JB Hi-Fi's ability to refinance its debt obligations, and the terms on which any such refinancing can be obtained, is uncertain. If these conditions result in JB Hi-Fi being unable to refinance its debt obligations, or to do so on reasonable terms, this may have an adverse effect on the financial position and performance of the Combined Group and JB Hi-Fi's share price.</p> <p>The operational and financial performance and position of the Combined Group and JB Hi-Fi's share price may be adversely affected by a worsening of general economic conditions in Australia, as well as international market conditions and related factors. It is also possible new risks might emerge as a result of Australian or global markets experiencing extreme stress or existing risks may manifest themselves in ways that are not currently foreseeable.</p>

# Share and Entitlement Offer risks (continued)

**JB HI-FI**

Risk	Description
<b>Underwriting risk</b>	<p>JB Hi-Fi has entered into an underwriting agreement under which Macquarie Capital (Australia) Limited ("<b>Macquarie</b>") has agreed to fully underwrite the Offer, subject to the terms and conditions of the underwriting agreement between Macquarie and JB Hi-Fi (the "<b>Underwriting Agreement</b>"). Macquarie's obligation to underwrite the Offer is conditional on certain customary matters, including JB Hi-Fi delivering certain shortfall certificates, sign-offs and opinions. Further, if certain events occur, Macquarie may terminate the Underwriting Agreement. Termination of the Underwriting Agreement would have an adverse impact on the amount of proceeds raised under the Offer and JB Hi-Fi's ability to pay the purchase price for the Acquisition. If the Underwriting Agreement is terminated, JB Hi-Fi will not be entitled to terminate the Acquisition Agreement. In these circumstances, JB Hi-Fi would need to find alternative funding to meet its contractual obligations under the Acquisition Agreement to pay the purchase price. Termination of the Underwriting Agreement could materially adversely affect JB Hi-Fi's business, cash flow, financial performance, financial condition and share price.</p> <p>Macquarie's rights to terminate the Underwriting Agreement if certain events occur include, if:</p> <ul style="list-style-type: none"> <li>• the Acquisition Agreement, or JB Hi-Fi's debt financing agreement in relation to the Acquisition is breached, withdrawn, revoked or varied in any material respect;</li> <li>• the ASX/S&amp;P 200 Index falls by a prescribed level from its level at market close on the day immediately prior to the date of the open of the Institutional Entitlement Offer and is at or below that level at the close of trading on 2 consecutive business days from (and including) the date of the open of the Institutional Entitlement Offer to the day of the close of the institutional shortfall bookbuild, and the parties are unable to agree a revised offer price, timetable or number of New Shares to be issued under the Offer;</li> <li>• ASX announces that JB Hi-Fi is delisted, removed from quotation or its ordinary shares are suspended from trading or quotation;</li> <li>• any of the offer information documents (including this Presentation, the ASX announcement and the cleansing notice) omit certain material required by the Corporations Act, or contain a statement that is misleading or deceptive;</li> <li>• JB Hi-Fi fails to perform any of its obligations under the Underwriting Agreement;</li> <li>• JB Hi-Fi contravenes the Corporations Act or the Listing Rules;</li> <li>• JB Hi-Fi's directors commit certain offences; or</li> <li>• the ASX or ASIC withdraws or revokes any waivers or modifications granted to JB Hi-Fi.</li> </ul> <p>In some cases, Macquarie's ability to terminate the Underwriting Agreement will depend on whether the event has or is likely to have a materially adverse effect on the marketing, success or settlement of the Offer, or has given or is likely to give rise to a contravention by Macquarie of any applicable law.</p>

## Share and Entitlement Offer risks (continued)

**JB HI-FI**

Risk	Description
<b>Risk of renouncing retail entitlements under the Offer</b>	<p>If a JB Hi-Fi shareholder is an eligible retail shareholder, and they do not take up some or all of their Entitlements under the Offer and those Entitlements are not sold or transferred to another person or entity other than on the ASX during the relevant entitlement trading period, then those Entitlements will be treated as renounced and will be offered (together with the New Shares that would have been issued had those Entitlements been taken up) in the retail bookbuild and any premium over the Offer Price per New Share under the Entitlement Offer which is achieved in the retail bookbuild will be paid to them. However, there is no guarantee that any such premium will be achieved in the retail bookbuild, or that any value will be received by such eligible retail shareholders for their renounced entitlements through the retail bookbuild process.</p> <p>The ability to sell New Shares under the retail bookbuild and the ability to obtain any premium will be dependent upon various factors, including market conditions. Further, the bookbuild price may not be the highest price available – the bookbuild price will be determined having regard to a number of factors, including having binding and bona fide offers which, in the reasonable opinion of Macquarie (as the underwriter), will, if accepted, result in acceptable allocations of all renounced entitlements.</p> <p>To the maximum extent permitted by law, JB Hi-Fi, Macquarie and the respective related bodies corporate, affiliates or the directors, officers, employees or advisers of any of them, will not be liable, including for negligence, for any failure to procure applications under the retail bookbuild at a price in excess of the Offer Price. If there is a retail premium achieved on the retail bookbuild, it may be less than, more than, or equal to any premium achieved on the institutional bookbuild. Accordingly, it is possible that retail shareholders who do not take up their full entitlements under the Offer will receive less value than their institutional shareholders, or no value at all.</p>
<b>Risk of selling or transferring retail entitlements under the Offer</b>	<p>If a JB Hi-Fi shareholder is an eligible retail shareholder and does not wish to take up their entitlements, they can sell them on ASX or transfer them to another person or entity during the retail entitlements trading period.</p> <p>Prices obtainable for retail entitlements may rise and fall over the retail entitlements trading period and liquidity may vary. If an eligible retail shareholder sells or transfers their entitlements at one point in time during the retail entitlements trading period, they may receive a higher or lower price than a shareholder who sells or transfers their entitlements at a different point in time during the retail entitlement trading period or if the shareholder renounces their entitlements and those renounced entitlements are sold through the retail bookbuild (as described above).</p> <p>There is no guarantee that there will be a viable market during, or on any particular day in, the retail entitlement trading period, on which to sell retail entitlements on ASX. Eligible retail shareholders who wish to sell their entitlements may be unable to do so at an acceptable price, or at all, if insufficient liquidity exists in the market for entitlements under the Offer.</p>
<b>Dilution risk of selling or transferring retail entitlements under the Offer</b>	<p>Eligible shareholders should also note that if they do not take up their full entitlements under the Offer, then their percentage shareholding in JB Hi-Fi will be diluted by not participating to the full extent of their entitlement under the Offer. This will be the case regardless of whether eligible retail shareholders choose to sell or transfer their entitlements to another person or entity on the ASX during the retail entitlements trading period or renounce their entitlements, which are then sold through the retail bookbuild.</p>
<b>Sell-down by existing shareholders</b>	<p>There is a risk that existing substantial shareholders (including directors) may seek to sell-down their shareholdings in JB Hi-Fi. A significant sale of shares, or a perception that a sell-down may occur, could adversely affect the price of JB Hi-Fi shares.</p>
<b>Tax consequences of entitlements</b>	<p>The tax consequences from selling Entitlements or from doing nothing may be different. Before selling Entitlements or choosing to do nothing in respect of Entitlements, a JB Hi-Fi shareholder should seek independent tax advice and may wish to refer to the "Australian Tax Considerations" section contained in the Retail Offer Booklet which will provide further information on potential taxation implications for Australian shareholders.</p>

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**JB HI-FI**

Offer jurisdictions

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# Offer jurisdictions

**JB HI-FI**

## International Offer Restrictions

This Presentation does not constitute an offer of entitlements ("Entitlements") or New Shares in any jurisdiction in which it would be unlawful. In particular, this Presentation may not be distributed to any person, and the New Shares may not be offered or sold, in any country outside Australia except to the extent permitted below.

### Canada (British Columbia, Ontario and Quebec provinces)

This Presentation constitutes an offering of Entitlements and New Shares only in the Provinces of British Columbia, Ontario and Quebec (the "Provinces") and to those persons to whom they may be lawfully distributed in the Provinces, and only by persons permitted to sell such Entitlements and New Shares. This Presentation is not, and under no circumstances is to be construed as, an advertisement or a public offering of securities in the Provinces. This Presentation may only be distributed in the Provinces to persons that are "accredited investors" within the meaning of National Instrument 45-106 – Prospectus Exemptions ("NI 45-106"), of the *Canadian Securities Administrators*, or section 73.3(2) of the *Securities Act (Ontario)*.

No securities commission or similar authority in the Provinces has reviewed or in any way passed upon this document, the merits of the Shares or the offering of Shares and any representation to the contrary is an offence.

No prospectus has been, or will be, filed in the Provinces with respect to the offering of Entitlements or New Shares or the resale of such securities. Any person in the Provinces lawfully participating in the offer will not receive the information, legal rights or protections that would be afforded had a prospectus been filed and received by the securities regulator in the applicable Province. Further, JB Hi-Fi is not a "reporting issuer" (as such term is defined under applicable Canadian securities legislation) in any province or territory of Canada and it does not expect to become a reporting issuer in any province or territory of Canada in the future. As a result, the resale or transfer of the Entitlements or the New Shares will be subject to a restriction period that may never expire. Any resale of the Entitlements or the New Shares in the Provinces must be made in accordance with applicable Canadian securities laws which may require resales to be made in accordance with exemptions from dealer registration and prospectus requirements. These resale restrictions may in some circumstances apply to resales of the Shares outside Canada and, as a result, Canadian purchasers should seek legal advice prior to any resale of the Shares.

JB Hi-Fi, and the directors and officers of JB Hi-Fi, may be located outside Canada, and as a result, it may not be possible for Canadian purchasers to effect service of process within Canada upon JB Hi-Fi or its directors or officers. All or a substantial portion of the assets of JB Hi-Fi and such persons may be located outside Canada, and as a result, it may not be possible to satisfy a judgement against JB Hi-Fi or such persons in Canada or to enforce a judgement obtained in Canadian courts against JB Hi-Fi or such persons outside Canada.

Any financial information contained in this Presentation has been prepared in accordance with the Australian Accounting Standard and also complies with International Financial Reporting Standards and interpretations issued by the International Accounting Standards Board. Unless stated otherwise, all dollar amounts contained in this document are in Australian dollars.

**Statutory rights of action for damages or rescission.** Securities legislation in certain of the Provinces may provide purchasers with, in addition to any other rights they may have at law, rights of rescission or to damages, or both, when an offering memorandum that is delivered to purchasers contains a misrepresentation. These rights and remedies must be exercised within prescribed time limits and are subject to the defences contained in applicable securities legislation. Prospective purchasers should refer to the applicable provisions of the securities legislation of their respective Province for the particulars of these rights or consult with a legal adviser.

The following is a summary of the statutory rights of rescission or to damages, or both, available to purchasers in Ontario. In Ontario, every purchaser of the Entitlements or the New Shares purchased pursuant to this Presentation (other than (a) a "Canadian financial institution" or a "Schedule III bank" (each as defined in NI 45-106), (b) the Business Development Bank of Canada or (c) a subsidiary of any person referred to in (a) or (b) above, if the person owns all the voting securities of the subsidiary, except the voting securities required by law to be owned by the directors of that subsidiary) shall have a statutory right of action for damages and/or rescission against JB Hi-Fi if this Presentation or any amendment thereto contains a misrepresentation. If a purchaser elects to exercise the right of action for rescission, the purchaser will have no right of action for damages against JB Hi-Fi. This right of action for rescission or damages is in addition to and without derogation from any other right the purchaser may have at law. In particular, section 130.1 of the *Securities Act (Ontario)* provides that, if this Presentation contains a misrepresentation, a purchaser who purchases the Entitlements or the New Shares during the period of distribution shall be deemed to have relied on the misrepresentation if it was a misrepresentation at the time of purchase and has a right of action for damages or, alternatively, may elect to exercise a right of rescission against JB Hi-Fi, provided that (a) JB Hi-Fi will not be liable if it proves that the purchaser purchased the Entitlements or the New Shares with knowledge of the misrepresentation, (b) in an action for damages, JB Hi-Fi is not liable for all or any portion of the damages that JB Hi-Fi proves does not represent the depreciation in value of the Shares as a result of the misrepresentation relied upon, and (c) in no case shall the amount recoverable exceed the price at which the Shares were offered.

Section 138 of the *Securities Act (Ontario)* provides that no action shall be commenced to enforce these rights more than (a) in the case of any action for rescission, 180 days after the date of the transaction that gave rise to the cause of action or (b) in the case of any action, other than an action for rescission, the earlier of (i) 180 days after the purchaser first had knowledge of the fact giving rise to the cause of action or (ii) three years after the date of the transaction that gave rise to the cause of action. These rights are in addition to and not in derogation from any other right the purchaser may have.

**Certain Canadian income tax considerations.** Prospective purchasers of the Shares should consult their own tax adviser with respect to any taxes payable in connection with the acquisition, holding or disposition of the Shares as any discussion of taxation related matters in this document is not a comprehensive description and there are a number of substantive Canadian tax compliance requirements for investors in the Provinces.

**Language of documents in Canada.** Upon receipt of this document, each investor in Canada hereby confirms that it has expressly requested that all documents evidencing or relating in any way to the sale of the Entitlements or the New Shares (including for greater certainty any purchase confirmation or any notice) be drawn up in the English language only. *Par la réception de ce document, chaque investisseur canadien confirme par les présentes qu'il a expressément exigé que tous les documents faisant foi ou se rapportant de quelque manière que ce soit à la vente des valeurs mobilières décrites aux présentes (incluant, pour plus de certitude, toute confirmation d'achat ou tout avis) soient rédigés en anglais seulement.*

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# Offer jurisdictions (continued)

**JB HI-FI**

## European Economic Area – Austria and Germany

The information in this Presentation has been prepared on the basis that all offers of Entitlements and New Shares will be made pursuant to an exemption under the Directive 2003/71/EC ("Prospectus Directive"), as amended and implemented in Member States of the European Economic Area (each a "Relevant Member State"), from the requirement to produce a prospectus for offers of securities.

An offer to the public of Entitlements and New Shares has not been made, and may not be made, in a Relevant Member State except pursuant to one of the following exemptions under the Prospectus Directive as implemented in that Relevant Member State:

- to any legal entity that is authorised or regulated to operate in the financial markets or whose main business is to invest in financial instruments;
- to any legal entity that satisfies two of the following three criteria: (i) balance sheet total of at least €20,000,000, (ii) annual net turnover of at least €40,000,000, and (iii) own funds of at least €2,000,000 (as shown on its last annual consolidated or consolidated financial statements);
- to any person or entity who has requested to be treated as a professional client in accordance with the EU Markets in Financial Instruments Directive (Directive 2004/39/EC, MiFID); or
- to any person or entity who is recognised as an eligible counterparty in accordance with Article 24 of the MiFID.

## European Economic Area – Denmark, Luxembourg and Netherlands

The information in this Presentation has been prepared on the basis that all offers of Entitlements and New Shares will be made pursuant to an exemption under the Prospectus Directive from the requirement to produce a prospectus for offers of securities.

An offer of Entitlements or New Shares to the public has not been made, and may not be made, in a Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "Relevant Member State") except pursuant to one of the following exemptions under the Prospectus Directive as implemented in that Relevant Member State:

- at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
  - at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive); or
  - at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,
- provided that no such offer of Entitlements or New Shares referred to in (a) to (c) above shall require JB Hi-Fi to publish a prospectus pursuant to Article 3 of the Prospectus Directive, or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer of Entitlements or New Shares to the public" in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the Offer and the Entitlements and the New Shares to be offered so as to enable an investor to decide to purchase or subscribe the Entitlements and the New Shares, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Relevant Member State.

## France

This Presentation is not being distributed in the context of a public offering of financial securities (*offre au public de titres financiers*) in France within the meaning of Article L.411-1 of the *French Monetary and Financial Code (Code monétaire et financier)* and Articles 211-1 et seq. of the General Regulation of the French Autorité des marchés financiers ("AMF"). The Entitlements and New Shares have not been offered or sold and will not be offered or sold, directly or indirectly, to the public in France.

This Presentation and any other offering material relating to the Entitlements or New Shares have not been, and will not be, submitted to the AMF for approval in France and, accordingly, may not be distributed (directly or indirectly) to the public in France. Such offers, sales and distributions have been and shall only be made in France to qualified investors (*investisseurs qualifiés*) acting for their own account, as defined in and in accordance with Articles L.411-2-II-2, D.411-1, L.533-16, L.533-20, D.533-11, D.533-13, D.744-1, D.754-1 and D.764-1 of the *French Monetary and Financial Code* and any implementing regulation, unless the qualified investors, at their own initiative or per their client's request, shall opt to be treated as non-professionals (*client non professionnel*) pursuant to Articles D.533-12 and D.533-14 of the *French Monetary and Financial Code*.

Pursuant to Article 211-3 of the General Regulation of the AMF, investors in France are informed that the Entitlements and New Shares cannot be distributed (directly or indirectly) to the public by the investors otherwise than in accordance with Articles L.411-1, L.411-2, L.412-1 and L.621-8 to L.621-8-3 of the *French Monetary and Financial Code*.

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## Offer jurisdictions (continued)

**JB HI-FI**

### Hong Kong

WARNING: This Presentation has not been, and will not be, registered as a prospectus under the *Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong)*, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("SFO"). No action has been taken in Hong Kong to authorise or register this Presentation or to permit the distribution of this Presentation or any documents issued in connection with it. Accordingly, the Entitlements and the New Shares have not been and will not be offered or sold in Hong Kong other than to "professional investors" (as defined in section 1 of Part 1 of Schedule 1 to the SFO (including professional investors falling within paragraph (j) of the definition of professional investor in that section)).

No advertisement, invitation or document relating to the Entitlements or the New Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Entitlements and New Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors (as defined in the SFO and any rules made under that ordinance). No person allotted Entitlements or New Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this Presentation have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this Presentation, you should obtain independent professional advice.

### Ireland

This Presentation does not constitute a prospectus for the purposes of Article 5.4 of Directive 2003/71/EC on prospectuses, the Irish Companies Act 2014, the Irish Prospectus ("Directive 2003/71/EC") Regulations 2005, as amended ("Irish Prospectus Regulations") or the Prospectus Rules issued by the Central Bank of Ireland. This Presentation has not been prepared in accordance with Directive 2003/71/EC or any measures under that directive or the Irish Prospectus Regulations.

This Presentation has not been filed with or approved by the Central Bank of Ireland or any other Irish regulatory authority and may not contain all of the information required where a document is prepared pursuant to the Irish Prospectus Regulations and other relevant Irish securities laws.

The Entitlements and New Shares may not be, and have not been, offered or sold, and will not be offered, sold or delivered directly or indirectly to the public in Ireland, except that the Entitlements and New Shares may be offered or sold in Ireland by way of a private placement made solely to "qualified investors" as defined in Regulation 2(1) of the Irish Prospectus Regulations.

### Japan

The Entitlements and the New Shares have not been and will not be registered for the public offering pursuant to Article 4, Paragraph 1 of the *Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended)* (the "FIEA") and, accordingly, may not be offered or sold, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (as defined under Article 6, Paragraph 1, Item 5 of the *Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended)*, and the same applies hereinafter), or others for reoffering or resale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

### Malaysia

No approval from, or recognition by, the Securities Commission of Malaysia has been or will be obtained in relation to any offer of Entitlements or New Shares. The Entitlements and New Shares may not be offered or sold in Malaysia except pursuant to, and to persons prescribed under, Part I of Schedule 6 and/or Part I of Schedule 7 of the *Malaysian Capital Markets and Services Act*.

### New Zealand

This Presentation has not been registered, filed with or approved by any New Zealand regulatory authority under the *Financial Markets Conduct Act 2013 ("FMC Act")*.

The Entitlements and the New Shares in the entitlement offer are not being offered to the public within New Zealand other than to existing shareholders of JB Hi-Fi with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the transitional provisions of the *FMC Act and the Securities Act (Overseas Companies) Exemption Notice 2013*.

### Norway

This Presentation has not been approved by, or registered with, any Norwegian securities regulator under the *Norwegian Securities Trading Act* of 29 June 2007. Accordingly, this Presentation shall not be deemed to constitute an offer to the public in Norway within the meaning of the *Norwegian Securities Trading Act* of 2007.

The Entitlements and the New Shares may not be offered or sold, directly or indirectly, in Norway except to "professional clients" (as defined in Norwegian Securities Regulation of 29 June 2007 no. 876, including to non-professional clients having met the criteria for being deemed to be professional and for which an investment firm offering the Entitlements or the New Shares has accepted such client's request for waiver of the protection applicable to non-professional clients, in accordance with the procedures and requirements set forth in the aforementioned regulation).

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## Offer jurisdictions (continued)

**JB HI-FI**

### Singapore

Consent has not been obtained for the circulation of this Presentation as a public offer within the Republic of Singapore under the Securities and Futures Act (Chap 289) of Singapore (the "SFA"). This Presentation and any other materials relating to the Entitlements or the New Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this Presentation and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of the Entitlements or the New Shares, may not be issued, circulated or distributed, nor may the Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the SFA, or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This Presentation has been given to you on the basis that you are (i) an existing holder of JB Hi-Fi's shares, (ii) an "institutional investor" (as defined in the SFA) or (iii) a "relevant person" (as defined in section 275(2) of the SFA). In the event that you are not an investor falling within any of the categories set out above, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the Entitlements or the New Shares being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire Entitlements or New Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly. By accepting this Presentation, the recipient hereof represents and warrants that he is entitled to receive it in accordance with the on-sale restrictions and agrees to be bound by the limitations contained herein. Any failure to comply with these limitations may constitute a violation of law.

### Switzerland

The Entitlements and the New Shares may not be publicly offered, distributed or redistributed in Switzerland and will not be listed on the SIX Swiss Exchange ("SIX") or on any other stock exchange or regulated trading facility in Switzerland. This Presentation has been prepared without regard to the disclosure standards for issuance prospectuses under art. 652a or art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither this Presentation nor any other offering or marketing material relating to the Entitlements and New Shares may be publicly distributed or otherwise made publicly available in Switzerland in any way that could constitute a public offering within the meaning of art. 652a or art. 1156 of the Swiss Code of Obligations. The Entitlements and the New Shares will only be offered to qualified investors being regulated financial intermediaries such as banks, securities dealers, insurance institutions and fund management companies as well as institutional investors with professional treasury operations.

Neither this Presentation nor any other offering or marketing material relating to the Entitlements or the New Shares has been or will be filed with or approved by any Swiss regulatory authority. In particular, this Presentation will not be filed with, and the offer of Entitlements or New Shares will not be supervised by, the Swiss Financial Market Supervisory Authority ("FINMA").

This Presentation is personal to the recipient only and not for general circulation in Switzerland. It may not be copied, reproduced, distributed or passed on to others without JB Hi-Fi's prior written consent.

### United Kingdom

Neither the information in this Presentation nor any other document relating to the offer has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the *Financial Services and Markets Act 2000*, as amended ("FSMA")) has been published or is intended to be published in respect of the Entitlements or the New Shares. This Presentation is issued on a confidential basis to "qualified investors" (within the meaning of section 86(7) of the FSMA) in the United Kingdom, and the Entitlements and the New Shares may not be offered or sold in the United Kingdom by means of this Presentation, any accompanying letter or any other document, except in circumstances which do not require the publication of a prospectus pursuant to section 86(1) of the FSMA. This Presentation should not be distributed, published or reproduced, in whole or in part, nor may its contents be disclosed by recipients to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received in connection with the issue or sale of the Shares has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of the FSMA does not apply to JB Hi-Fi.

In the United Kingdom, this Presentation is being distributed only to, and is directed at, persons (i) who have professional experience in matters relating to investments falling within Article 19(5) (investment professionals) of the *Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 ("FPO")*, (ii) who fall within the categories of persons referred to in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO or (iii) to whom it may otherwise be lawfully communicated (together, "relevant persons"). The investments to which this Presentation relates are available only to, and any invitation, offer or agreement to purchase will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

### United States

This Presentation may not be distributed or released in the United States or to a person who are acting for the account or benefit of persons in the United States. This Presentation does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States or in any other jurisdiction in which such an offer would be illegal. Neither the entitlements nor the New Shares have not been, or will be, registered under the U.S. Securities Act or the securities laws of any state or other jurisdiction of the United States. Accordingly, neither the Entitlements nor the New Shares may be offered or sold, directly or indirectly, in the United States or to a person acting for the account or benefit of a person in the United States, unless they have been registered under the U.S. Securities Act (which JB Hi-Fi has no obligation to do or procure), or are offered and sold in a transaction exempt from, or not subject to, the registration requirements of the U.S. Securities Act and any other applicable state securities laws.

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JB HI-FI LIMITED  
ABN: 80 093 220 136  
www.jbhifi.com.au

## COMPANY ANNOUNCEMENT

16 September 2016

### JB Hi-Fi successfully completes Institutional Entitlement Offer

JB-Hi-Fi Limited ("**JB Hi-Fi**") today announces the successful completion of the institutional component of its fully underwritten 1 for 6.60 pro rata accelerated renounceable entitlement offer ("**Entitlement Offer**") of new JB Hi-Fi ordinary shares ("**New Shares**") at an offer price of \$26.20 per New Share ("**Offer Price**").

- The institutional component of the Entitlement Offer ("**Institutional Entitlement Offer**") has been successfully completed to raise \$259 million
- The Institutional Entitlement Offer attracted strong demand, with approximately 94% take-up by eligible institutional shareholders at the Offer Price
- Balance of Institutional Entitlement Offer cleared through the bookbuild at \$30.25 per New Share representing a premium of \$4.05 per entitlement above the Offer Price ("**Institutional Shortfall Bookbuild**")
- The retail component of the Entitlement Offer ("**Retail Entitlement Offer**") to open on Wednesday, 21 September 2016 at the same Offer Price to raise the remaining \$135 million of the \$394 million equity raising
- JB Hi-Fi is expected to come out of trading halt on Friday, 16 September 2016
- Retail Entitlements may be traded on the ASX on a deferred settlement basis from Monday, 19 September 2016 to Tuesday, 20 September 2016. From Wednesday, 21 September 2016 to Friday 23 September 2016, Retail Entitlements may be traded on the ASX on a normal settlement basis. The Retail Entitlements cannot be acquired or exercised by investors in the United States or that are acting for the account or benefit of investors in the United States.
- The Timetable outlined in the Investor Presentation and the ASX announcement: *Acquisition of The Good Guys - Company Announcement* dated 13 September 2016 is varied so that the date the Retail Entitlements will commence trade on a deferred settlement basis will now be Monday, 19 September 2016. No other changes to the Timetable have been made.

Completion of the Institutional Entitlement Offer represents the first stage of JB Hi-Fi's \$394 million equity raising, announced on Tuesday, 13 September 2016. The Institutional Entitlement Offer has raised gross proceeds of approximately \$259 million.

JB Hi-Fi's CEO, Richard Murray said, "The offer attracted strong demand from JB Hi-Fi's institutional shareholders who took up approximately 94% of the new shares available to them as part of the Institutional Entitlement Offer. The success of the institutional component of the equity raising demonstrates strong support for the acquisition of The Good Guys."

Approximately 0.6 million New Shares were available in the Institutional Shortfall Bookbuild, which was conducted on Thursday, 15 September 2016. The Institutional Shortfall Bookbuild was well supported with a clearing price of \$30.25 per New Share. This represents a premium of \$4.05 above the Offer Price of \$26.20.

Accordingly, institutional shareholders who elected not to take up their entitlements will receive \$4.05 for each New Share not taken up (less any applicable withholding tax).

New Shares taken up under the Institutional Entitlement Offer and the Institutional Shortfall Bookbuild are expected to be issued on Monday, 26 September 2016, and commence trading on the ASX on the same day.

# JB HI-FI

## Retail Entitlement Offer

The Retail Entitlement Offer will raise approximately \$135 million. The Retail Entitlement Offer will open at 9.00am (AEST<sup>1</sup>) on Wednesday, 21 September 2016 and close at 5.00pm (AEST) on Friday, 30 September 2016.

For further information about the Retail Entitlement Offer including a timetable, please see the Retail Offer Booklet separately lodged with the ASX today. The Retail Offer Booklet will be also be dispatched to eligible retail shareholders, together with the personalised Entitlement and Acceptance form, on or around Wednesday, 21 September 2016.

## Further information

If you have any questions in relation to the Entitlement Offer, please contact the JB Hi-Fi Offer Information Line on 1300 302 417 (within Australia) or +61 3 9415 4136 (outside of Australia) between 8:30am and 5:30pm (AEST) Monday to Friday. For other questions, you should consult your broker, solicitor, accountant, financial adviser, or other professional adviser.

\*\*\*\*\*

Media and investors	Investors	Media
Richard Murray	Nick Wells	Miche Paterson
Chief Executive Officer	Chief Financial Officer	Partner, Newgate Communications
03 8530 7333	03 8530 7333	M +61 400 353 762

## NOT FOR RELEASE OR DISTRIBUTION IN THE UNITED STATES

This announcement has been prepared for publication in Australia and may not be released or distributed in the United States. This announcement does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States or any other jurisdiction in which such an offer would be illegal. Any securities described in this announcement have not been, and will not be, registered under the U.S. Securities Act of 1933 ("**US Securities Act**") as amended or the securities laws of any state or other jurisdiction of the United States. Accordingly, no securities described in this announcement may be offered or sold, directly or indirectly, in the United States or to a person acting for the account or benefit of a person in the United States, unless they have been registered under the U.S. Securities Act (which JB Hi-Fi has no obligation to do or procure), or are offered and sold in a transaction exempt from, or not subject to, the registration requirements of the US Securities Act and any applicable US state securities laws.

## Forward looking statements

This announcement contains forward looking statements, including statements of current intention, statements of opinion and predictions as to possible future events. Forward looking statements can generally be identified by the use of forward looking words such as "believe", "expect", "estimate", "will", "may", "target", "anticipate", "likely", "intend", "should", "could", "predict", "plan", "propose", "potential" and other similar expressions within the meaning of securities laws of applicable jurisdictions. Indications of, and guidance or outlook on, future earnings or financial position or performance are also forward looking statements. Such statements are not statements of fact and there can be no certainty of outcome in relation to the matters to which the statements relate. These forward looking statements involve known and unknown risks, uncertainties, assumptions and other important factors that could cause the actual outcomes to be materially different from the events or results expressed or implied by such statements. Those risks, uncertainties, assumptions and other important factors are not all within the control of JB Hi-Fi and cannot be predicted by JB Hi-Fi and include changes in circumstances or events that may cause objectives to change as well as risks, circumstances and events specific to the industry, countries and markets in which JB Hi-Fi operates. They also include general economic conditions, exchange rates, interest rates, competitive pressures, selling price, market demand and conditions in the financial markets which may cause objectives to change or may cause outcomes not to be realised.

None of JB Hi-Fi or any of its subsidiaries, advisors or affiliates (or any of their respective officers, employees or agents) makes any representation, assurance or guarantee as to the accuracy, likelihood of fulfilment or reasonableness of any forward looking statement or any outcomes expressed or implied in any forward looking statements. Statements about past performance are not necessarily indicative of future performance.

<sup>1</sup> Australian Eastern Standard Time.

## 6. IMPORTANT INFORMATION

This Retail Offer Booklet (including the ASX announcements in Section 5) and the enclosed personalised Entitlement and Acceptance Form (**Information**) have been prepared by JB Hi-Fi.

This Information is dated 16 September 2016 (other than the JB Hi-Fi Investor Presentation and the ASX Announcement dated 13 September 2016). This Information remains subject to change without notice and JB Hi-Fi is not responsible for updating this Information.

There may be additional announcements made by JB Hi-Fi after the date of this Retail Offer Booklet and throughout the period that the Retail Entitlement Offer is open that may be relevant to your consideration of whether to take up, sell, transfer or do nothing in respect of your Entitlement. Therefore, it is prudent that you check whether any further announcements have been made by JB Hi-Fi (by visiting the ASX website at [www.asx.com.au](http://www.asx.com.au)) before submitting your application to take up your Entitlement, or selling or transferring your Entitlement.

No party other than JB Hi-Fi has authorised or caused the issue of this Information, or takes any responsibility for, or makes, any statements, representations or undertakings in this Information.

### **This Information is important and requires your immediate attention.**

You should read this Information carefully and in its entirety before deciding how to deal with your Entitlement. In particular, you should consider the risk factors outlined in Appendix A (Key Risks) of the JB Hi-Fi Investor Presentation included in Section 5 of this Retail Offer Booklet, any of which could affect the operating and financial performance of JB Hi-Fi or the value of an investment in JB Hi-Fi.

You should consult your stockbroker, accountant or other professional adviser to evaluate whether or not to participate in the Retail Entitlement Offer.

### **Trading of Entitlements and New Shares**

It is expected that trading of Retail Entitlements on ASX will commence on Monday, 19 September 2016 (ASX Code: JBHR) on a deferred settlement basis until Tuesday, 20 September 2016 and from Wednesday, 21 September 2016 until Friday, 23 September 2016 on a normal settlement basis. Following this, it is expected that trading on ASX of New Shares to be issued under the Retail Entitlement Offer will commence on Wednesday, 12 October 2016 (ASX Code: JBH) on a normal settlement basis.

JB Hi-Fi and the Underwriter will have no responsibility and disclaim all liability (to the maximum extent permitted by law) to persons who trade Entitlements before they receive their personalised Entitlement and Acceptance Form, whether on the basis of confirmation of the allocation provided by JB Hi-Fi or the JB Hi-Fi Share Registry or otherwise, or who otherwise trade or purport to trade Entitlements in error or which they do not hold or are not entitled to.

**JB Hi-Fi and the Underwriter will have no responsibility and disclaim all liability (to the maximum extent permitted by law) to persons who trade New Shares they believe will be issued to them before they receive their holding statements, whether on the basis of confirmation of the allocation provided by JB Hi-Fi or the JB Hi-Fi Share Registry or otherwise, or who otherwise trade or purport to trade New Shares in error or which they do not hold or are not entitled to.**

**If you are in any doubt as to these matters, you should first consult with your stockbroker, accountant or other professional adviser.**

### **6.1 ELIGIBLE RETAIL SHAREHOLDERS**

This Information contains an offer of New Shares to Eligible Retail Shareholders in Australia or New Zealand and has been prepared in accordance with section 708AA of the Corporations Act as notionally modified by ASIC.

Eligible Retail Shareholders are those persons who:

- are registered as a holder of Shares as at the Record Date, being 7.00 pm (AEST) on Friday, 16 September 2016;
- have a registered address on the JB Hi-Fi Share register in Australia or New Zealand;
- are not in the United States and are not acting for the account or benefit of a person in the United States (to the extent such person holds Shares for the account or benefit of such person in the United States);

- were not invited to participate (other than as nominee, in respect of other underlying holdings) under the Institutional Entitlement Offer, and were not treated as an ineligible institutional shareholder under the Institutional Entitlement Offer; and
- are eligible under all applicable securities laws to receive an offer under the Retail Entitlement Offer.

Retail shareholders as at the Record Date who are not Eligible Retail Shareholders are Ineligible Retail Shareholders. JB Hi-Fi reserves the right to determine whether a shareholder is an Eligible Retail Shareholder or an Ineligible Retail Shareholder.

By returning a completed personalised Entitlement and Acceptance Form or making a payment by Bpay®, you will be taken to have represented and warranted that you satisfy each of the criteria listed above to be an Eligible Retail Shareholder.

Nominees, trustees or custodians are therefore advised to seek independent professional advice as to how to proceed.

JB Hi-Fi may (in its absolute discretion) extend the Retail Entitlement Offer to any institutional shareholder that was eligible to participate in the Institutional Entitlement Offer but was not invited to participate in the Institutional Entitlement Offer (subject to compliance with relevant laws).

JB Hi-Fi has decided that it is unreasonable to make offers under the Retail Entitlement Offer to shareholders who have registered addresses outside Australia and New Zealand, having regard to the number of such holders in those places and the number and value of the New Shares that they would be offered, and the cost of complying with the relevant legal and regulatory requirements in those places. JB Hi-Fi may (in its absolute discretion) extend the Retail Entitlement Offer to shareholders who have registered addresses outside Australia and New Zealand (except the United States) in accordance with applicable law.

## **6.2 ELIGIBLE INSTITUTIONAL SHAREHOLDERS**

Eligible Institutional Shareholders are institutional shareholders to whom the Underwriter made an offer on behalf of JB Hi-Fi under the Institutional Entitlement Offer.

## **6.3 RANKING OF NEW SHARES**

New Shares issued under the Retail Entitlement Offer will be fully paid and rank equally in all respects with existing Shares. The rights and liabilities attaching to the New Shares are set out in JB Hi-Fi's constitution, a copy of which is available at <https://www.jbhifi.com.au/General/Corporate/Shareholder-Matters/Corporate-Governance/>.

## **6.4 RISKS**

The JB Hi-Fi Investor Presentation included in Section 5 of this Retail Offer Booklet details important factors and risks that could affect the financial and operating performance of JB Hi-Fi. You should refer to Appendix A (Key Risks) of the JB Hi-Fi Investor Presentation. You should consider these factors in light of your personal circumstances, including financial and taxation issues, before making a decision in relation to your Entitlement.

## **6.5 RECEIPT OF EXCESS RETAIL PREMIUM**

If you receive a Retail Premium payment in excess of the Retail Premium payment to which you were actually entitled based on that part of your Entitlement under the Retail Entitlement Offer which remains held by you (and not taken up) as at the close of the Retail Entitlement Offer at 5.00 pm (AEST) on Friday, 30 September 2016, then, in the absolute discretion of JB Hi-Fi, you may be required to repay JB Hi-Fi the excess Retail Premium.

By taking up or transferring your Entitlement, or accepting the payment to you of a Retail Premium, you irrevocably acknowledge and agree to repay any excess payment of the Retail Premium as set out above as required by JB Hi-Fi in its absolute discretion. In this case the amount required to be repaid will be net of any applicable withholding tax. You also acknowledge that there is no time limit on the ability of JB Hi-Fi to require repayment as set out above and that where JB Hi-Fi exercises its right to correct your Entitlement, you are treated as continuing to have taken up, transferred or not taken up any remaining part of the Entitlement.

## **6.6 NO COOLING OFF RIGHTS**

Cooling off rights do not apply to an investment in New Shares. You cannot withdraw your application once it has been accepted.

## **6.7 ROUNDING OF ENTITLEMENTS**

Where fractions arise in the calculation of an Entitlement, they will be rounded up to the nearest whole number of New Shares.

## 6.8 TRADING OF RETAIL ENTITLEMENTS

Entitlements of Eligible Retail Shareholders under the Retail Entitlement Offer are tradeable and can be sold or transferred. They are expected to be quoted on and tradeable on ASX from Monday, 19 September 2016 to Friday, 23 September 2016 (ASX Code: JBHR). You may sell your Entitlement (to the extent that you do not wish to take it up or let it be sold into the Retail Shortfall Bookbuild) in order to realise value which may attach to the relevant part of your Entitlement if sold at that time. If you let your Entitlement be sold into the Retail Shortfall Bookbuild, you have the opportunity to receive any Retail Premium (see Section 3.8). There is no guarantee that there will be a liquid market in traded Entitlements. A lack of liquidity may impact the ability to sell Entitlements on ASX and the price able to be achieved.

Prices obtainable for Retail Entitlements may rise and fall over the Retail Entitlement trading period and will depend on many factors including the demand for and supply of Entitlements on ASX and the value of JB Hi-Fi's existing Shares relative to the Offer Price. If you sell your Entitlement, you may receive a higher or lower amount than a shareholder who sells their Entitlement at a different time in the Retail Entitlement trading period or through the Retail Shortfall Bookbuild.

If you decide not to take up all or part of your Entitlement, you should consider whether to sell all or part of your Entitlement or allow all or part of it to be sold into the Retail Shortfall Bookbuild. Information on how Entitlements may be sold or transferred is set out in Section 3.6 and information on the Australian taxation considerations is set out in Section 4.

Institutional Entitlements under the Institutional Entitlement Offer were not quoted on or tradeable on ASX nor privately transferable.

Retail Entitlements may not be purchased, traded, taken up or exercised by persons in the United States or by persons who are acting for the account or benefit of persons in the United States.

Investors should note that if you purchase Retail Entitlements on ASX or otherwise, in order to take up or exercise those Retail Entitlements and subscribe for New Shares you:

- must be an Eligible Retail Shareholder (as defined in section 6.1), a resident in Australia or New Zealand, or otherwise qualify as an 'Eligible Person'<sup>4</sup>; and
- must not be in the United States or acting for the account or benefit of a person in the United States.

If you do not satisfy the above conditions, you will not be entitled to take up Retail Entitlements or subscribe for New Shares.

It is the responsibility of purchasers of Entitlements to inform themselves of the eligibility criteria for exercise. If holders of Entitlements after the end of the trading period do not meet the eligibility criteria, they will not be able to exercise the Entitlements. In the event that holders are not able to take up their Entitlements, they may receive no value for them.

## 6.9 NOTICE TO NOMINEES AND CUSTODIANS

If JB Hi-Fi believes you hold Shares as a nominee or custodian you will have received, or will shortly receive, a letter in respect of the Retail Entitlement Offer. Nominees and custodians should consider carefully the contents of that letter and note in particular that the Retail Entitlement Offer is not available to, and they must not sell or transfer Entitlements in respect of or purport to accept the Retail Entitlement Offer in respect of, Eligible Institutional Shareholders who were invited to participate in the Institutional Entitlement Offer (whether they accepted their Entitlement or not) and institutional shareholders who were treated as ineligible institutional shareholders under the Institutional Entitlement Offer.

Persons acting as nominees for other persons must not take up any Entitlements on behalf of, or send any documents related to the Retail Entitlement Offer to, any person in the United States or any person that is acting for the account or benefit of a person in the United States. Persons in the United States and persons acting for the account or benefit of persons in the United States will not be able to purchase or trade Retail Entitlements on ASX or otherwise, or take up or exercise Retail Entitlements purchased on ASX or otherwise, and may receive no value for any such Entitlements held.

JB Hi-Fi is not required to determine whether or not any registered holder or investor is acting as a nominee or custodian or the identity or residence of any beneficial owners of existing Shares or Entitlements. Where any person is acting as a nominee or custodian for a foreign person, that person, in dealing with its beneficiary, will need to assess whether indirect participation in the Retail Entitlement Offer by the beneficiary, including following acquisition of Entitlements on ASX or otherwise, complies with applicable foreign laws. JB Hi-Fi is not able to advise on foreign laws.

<sup>4</sup> An 'Eligible Person' means a person in Australia, Austria, Canada (British Columbia, Ontario and Quebec only), Denmark, France, Germany, Hong Kong, Ireland, Japan, Luxembourg, Malaysia, New Zealand, the Netherlands, Norway, Singapore, Switzerland, the US or the United Kingdom who satisfies the requirements set out in Appendix B (Offer Jurisdictions) in the JB Hi-Fi Investor Presentation included in Section 5 of this Retail Offer Booklet, and who would be eligible to receive the offer set out in this Retail Offer Booklet.

## **6.10 NOT INVESTMENT ADVICE**

This Retail Offer Booklet is not a prospectus under the Corporations Act and has not been lodged with ASIC. It is also not financial product advice and has been prepared without taking into account your investment objectives, financial circumstances or particular needs. JB Hi-Fi is not licensed to provide financial product advice in respect of the New Shares.

This Information does not purport to contain all the information that you may require to evaluate a possible application for New Shares, nor does it purport to contain all the information which would be required in a prospectus prepared in accordance with the requirements of the Corporations Act. It should be read in conjunction with JB Hi-Fi's other periodic statements and continuous disclosure announcements lodged with ASX, which are available at [www.asx.com.au](http://www.asx.com.au).

Before deciding whether to apply for New Shares, you should consider whether they are a suitable investment for you in light of your own investment objectives and financial circumstances and having regard to the merits or risks involved. If, after reading the Information, you have any questions about the Retail Entitlement Offer, you should contact your stockbroker, accountant or other professional adviser or call the JB Hi-Fi Shareholder Information Line on 1300 302 417 (within Australia) or +61 3 9415 4136 (outside Australia) between 8.30 am and 5.30 pm (AEST) Monday to Friday.

Nominees and custodians may not distribute any part of this Retail Offer Booklet in the United States or in any other country outside Australia and New Zealand except (i) Australian and New Zealand nominees may send this Retail Offer Booklet and related offer documents to beneficial shareholders who are professional or institutional shareholders in other countries (other than the United States) listed in, and to the extent permitted under, Appendix B (Offer Jurisdictions) of the JB Hi-Fi Investor Presentation included in Section 5 of this Retail Offer Booklet and (ii) to beneficial shareholders in other countries (other than the United States) where JB Hi-Fi may determine it is lawful and practical to make the Retail Entitlement Offer.

## **6.11 QUOTATION AND TRADING**

JB Hi-Fi has applied to the ASX for official quotation of the New Shares in accordance with the ASX Listing Rule requirements. If ASX does not grant quotation of the New Shares, JB Hi-Fi will repay all Application Monies (without interest).

Subject to approval being granted, it is expected that trading of New Shares to be issued under the Retail Entitlement Offer will commence on Wednesday, 12 October 2016 (ASX Code: JBH).

## **6.12 INFORMATION AVAILABILITY**

If you are in Australia or New Zealand, you can obtain a copy of this Retail Offer Booklet during the offer period at [www.JBHiFiEntitlementOffer.com.au](http://www.JBHiFiEntitlementOffer.com.au) or by calling the JB Hi-Fi Shareholder Information Line on 1300 302 417 (within Australia) or +61 3 9415 4136 (outside Australia) between 8.30 am and 5.30 pm (AEST) Monday to Friday.

A replacement Entitlement and Acceptance Form can also be requested by calling the JB Hi-Fi Shareholder Information Line or at [www.investorcentre.com](http://www.investorcentre.com).

If you access the electronic version of this Retail Offer Booklet, you should ensure that you download and read the entire Retail Offer Booklet. The electronic version of this Retail Offer Booklet on the JB Hi-Fi website will not include an Entitlement and Acceptance Form.

## **6.13 FOREIGN JURISDICTIONS**

This Information has been prepared to comply with the requirements of the securities laws of Australia and New Zealand. To the extent that you hold Shares or Entitlements on behalf of another person resident outside Australia or New Zealand, it is your responsibility to ensure that any participation (including for your own account or when you hold Shares or Entitlements beneficially for another person) complies with all applicable foreign laws and that each beneficial owner on whose behalf you are submitting the personalised Entitlement and Acceptance Form or trading Entitlements is not in the United States and not acting for the account or benefit of a person in the United States.

This Retail Offer Booklet does not constitute an offer in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer. No action has been taken to register or qualify the Retail Entitlement Offer, the Entitlements or the New Shares, or otherwise permit the public offering of the New Shares, in any jurisdiction other than Australia and New Zealand.

The distribution of this Information (including an electronic copy) outside Australia and New Zealand may be restricted by law. If you come into possession of this Information, you should observe such restrictions and should seek your own advice on such restrictions. See Appendix B (Offer Jurisdictions) of the JB Hi-Fi Investor Presentation included in Section 5 of this Retail Offer Booklet for more information.

Any non-compliance with these restrictions may contravene applicable securities laws.

### 6.13.1 New Zealand

The Entitlements and the New Shares are not being offered to the public within New Zealand other than to existing shareholders of JB Hi-Fi with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the transitional provisions of the *Financial Markets Conduct Act 2013* (New Zealand) and the *Securities Act (Overseas Companies) Exemption Notice 2013* (New Zealand). The offer of New Shares is renounceable in favour of members of the public.

This document has been prepared in compliance with Australian law and has not been registered, filed with or approved by any New Zealand regulatory authority. This document is not a product disclosure statement under New Zealand law and is not required to, and may not, contain all the information that a product disclosure statement under New Zealand law is required to contain.

### 6.13.2 United States

This Retail Offer Booklet, and any accompanying ASX announcements and the Entitlement and Acceptance Form, do not constitute an offer to sell, or a solicitation of an offer to buy, any securities to any person in the United States or to any person acting for the account or benefit of a person in the United States, or in any other jurisdiction in which such an offer would be illegal. Neither this Retail Offer Booklet nor the Entitlement and Acceptance Form may be distributed or released in the United States.

The Entitlements and New Shares have not been and will not be registered under the US Securities Act or the securities laws of any state or other jurisdiction in the United States. The Entitlements may not be purchased, traded, taken up or exercised by persons in the United States or by persons who are acting for the account or benefit of persons in the United States. Neither the Entitlements nor the New Shares may be offered, sold or resold to persons in the United States or to persons who are acting for the account or benefit of persons in the United States except in a transaction exempt from, or not subject to, the registration requirements of the US Securities Act and applicable US State securities laws. In the Retail Entitlement Offer, the Entitlements and the New Shares will be only sold in 'offshore transactions' (as defined in Rule 902(h) under the US Securities Act) in compliance with Regulation S under the US Securities Act. Because of these legal restrictions, you must not distribute, release or send copies of this Retail Offer Booklet or any other material relating to the Retail Entitlement Offer to any person in the United States.

## 6.14 UNDERWRITING OF THE OFFER

JB Hi-Fi has entered into an underwriting agreement (**Underwriting Agreement**) with Macquarie Capital (Australia) Limited (the **Underwriter**), who has agreed to manage and fully underwrite the Offer. As is customary with these types of arrangements:

- JB Hi-Fi has agreed, subject to certain carve-outs, to indemnify the Underwriter, its affiliates and related bodies corporate, and each of their directors, officers, employees, agents and advisers against any losses they may suffer or incur in connection with the Offer;
- JB Hi-Fi and the Underwriter have given certain representations, warranties and undertakings in connection with (among other things) the Offer, the Underwriting Agreement or any acts or omissions of the indemnified parties in relation to the Underwriting Agreement;
- the Underwriter may (in certain circumstances, having regard to the materiality of the relevant event) terminate the Underwriting Agreement and be released from its obligations under it on the occurrence of certain events, including (but not limited to) where:
  - JB Hi-Fi cannot or chooses not to proceed with the Acquisition or the Offer;
  - the Offer documents or the Underwriting Agreement contain (whether by omission or otherwise) a statement, representation or warranty by JB Hi-Fi which is or becomes misleading, deceptive, untrue or incorrect;
  - the Offer or any aspect of the Offer does not comply with the Corporations Act, the ASX Listing Rules, any waiver of the ASX Listing Rules granted by the ASX, any exemption from or modification to the Corporations Act granted by ASIC or any other applicable law or regulation; or any necessary approval from a government agency in relation to the Offer is withdrawn, revoked or amended;
  - JB Hi-Fi is removed from the official list of ASX, its Shares are suspended from trading or quotation or cease to be quoted, or approval for quotation of the New Shares is not given by ASX or is withdrawn;

- ASIC applies for an order or gives notice of an intention to hold a hearing or investigation under particular sections of the Corporations Act or the *Australian Securities and Investments Commission Act 2001* (Cth) in relation to the Offer or any aspect of it and the existence of such action has become publicly available;
- JB Hi-Fi becomes insolvent;
- there are certain delays in the timetable for the Offer without the Underwriter's consent;
- there is an alteration to (or any agreement or proposal to alter) capital structure of any member of the JB Hi-Fi group that has not been disclosed to ASX and is not permitted by the Underwriting Agreement;
- there is a change to the Chairperson, Chief Executive Officer or Chief Financial Officer of JB Hi-Fi, or if any of the aforementioned are charged with a criminal offence relating to any financial or corporate matter or are disqualified from managing a corporation under the Corporations Act; and
- there are material disruptions in financial or economic conditions in key markets, or hostilities commence or escalate involving certain key countries.

See Appendix A (Key Risks) of the JB Hi-Fi Investor Presentation included in Section 5 of this Retail Offer Booklet for more information regarding termination events under the Underwriting Agreement.

The Underwriter will be paid up to 2.00% of the total proceeds of the Institutional Entitlement Offer (excluding GST) and up to 2.00% of the total proceeds of the Retail Entitlement Offer in the form of fees for providing services and will be reimbursed for certain expenses.

None of the Underwriter nor any of its related bodies corporate and affiliates, nor any of their respective directors, officers, partners, employees, representatives or agents have authorised or caused the issue of this Information and they do not take any responsibility for this Information or any action taken by you on the basis of such information. To the maximum extent permitted by law, the Underwriter and each of its related bodies corporate and affiliates and each of their respective directors, officers, partners, employees, representatives or agents exclude and disclaim all liability for any expenses, losses, damages or costs incurred by you as a result of your participation in the Offer and this Information being inaccurate or incomplete in any way for any reason, whether by negligence or otherwise. None of the Underwriter nor any of its related bodies corporate and affiliates nor respective directors, officers, partners, employees, representatives or agents make any recommendations as to whether you or your related parties should participate in the Offer nor do they make any representations or warranties to you concerning the Offer, or any such information and you represent, warrant and agree that you have not relied on any statements made by the Underwriter or any of its related bodies corporate and affiliates or any of their respective directors, officers, partners, employees, representatives or agents in relation to the New Shares or the Offer generally.

JB Hi-Fi will arrange for Entitlements which are not taken up by close of the Retail Entitlement Offer to be sold to eligible institutional investors through the Retail Shortfall Bookbuild. JB Hi-Fi has engaged the Underwriter to assist in selling Entitlements through the Retail Shortfall Bookbuild (including Entitlements that would have been issued to Ineligible Retail Shareholders had they been eligible to participate in the Retail Entitlement Offer). However, it is important to note that the Underwriter will be acting for and providing services to JB Hi-Fi in this process and will not be acting for or providing services to shareholders or any other investor. The engagement of the Underwriter by JB Hi-Fi is not intended to create any agency, fiduciary or other relationship between the Underwriter and the shareholders or any other investor.

#### **6.15 GOVERNING LAW**

This Information, the Offer and the contracts formed on acceptance of the Entitlement and Acceptance Forms are governed by the laws applicable in Victoria, Australia. Each applicant for New Shares submits to the non-exclusive jurisdiction of the courts of Victoria, Australia.

#### **6.16 DISCLAIMER OF REPRESENTATIONS**

No person is authorised to give any information, or to make any representation, in connection with the Retail Entitlement Offer that is not contained in this Information.

Any information or representation that is not in this Information may not be relied on as having been authorised by JB Hi-Fi, or its related bodies corporate, in connection with the Retail Entitlement Offer. Except as required by law, and only to the extent so required, none of JB Hi-Fi, nor any other person, warrants or guarantees the future performance of JB Hi-Fi or any return on any investment made pursuant to this Information or its content.



No entity (other than JB Hi-Fi) referred to in the Corporate Directory of this Retail Offer Booklet, nor any of their respective related bodies corporate, nor any of their respective directors, officers, partners, employees, representatives or agents, have authorised or caused the issue of this Information and they do not take any responsibility for this Information or any action taken by you on the basis of such information. None of those persons has made or purports to make any statement in this Retail Offer Booklet and there is no statement in this Retail Offer Booklet which is based on any statement by any of them. To the maximum extent permitted by law, each of those persons exclude and disclaim all liability for any expenses, losses, damages or costs incurred by you as a result of your participation in the Retail Entitlement Offer and this Information being inaccurate or incomplete in any way for any reason, whether by negligence or otherwise.

#### **6.17 WITHDRAWAL OF THE OFFER**

JB Hi-Fi reserves the right to withdraw all or part of the Offer and this Information at any time, subject to applicable laws, in which case JB Hi-Fi will refund Application Monies in relation to New Shares not already issued in accordance with the Corporations Act and without payment of interest. In circumstances where allotment under the Institutional Entitlement Offer has occurred, JB Hi-Fi may only be able to withdraw the Offer with respect to New Shares to be issued under the Retail Entitlement Offer.

To the fullest extent permitted by law, you agree that any Application Monies paid by you to JB Hi-Fi will not entitle you to receive any interest and that any interest earned in respect of Application Monies will belong to JB Hi-Fi.

#### **6.18 PRIVACY**

As a shareholder, JB Hi-Fi and the JB Hi-Fi Share Registry have already collected certain personal information from you.

If you apply for New Shares, JB Hi-Fi and the JB Hi-Fi Share Registry may update that personal information or collect additional personal information. Such information may be used to assess your acceptance of the New Shares, service your needs as a shareholder, provide facilities and services that you request and carry out appropriate administration.

To do that, JB Hi-Fi and the JB Hi-Fi Share Registry may disclose your personal information for purposes related to your shareholdings to their agents, contractors or third party service providers to whom they outsource services, in order to assess your application for New Shares, the JB Hi-Fi Share Registry for ongoing administration of the register, printers and mailing houses for the purposes of preparation of the distribution of shareholder information and for handing of mail, or as otherwise permitted under the *Privacy Act 1988* (Cth).

If you do not provide us with your personal information we may not be able to process your application. In most cases you can gain access to your personal information held by (or on behalf of) JB Hi-Fi or the JB Hi-Fi Share Registry. We aim to ensure that the personal information we retain about you is accurate, complete and up to date. To assist us with this please contact us if any of the details you have provided change. If you have concerns about the completeness or accuracy of the information we have about you, we will take steps to correct it. You can request access to your personal information by telephoning or writing to JB Hi-Fi through the JB Hi-Fi Share Registry as follows:

Computershare Investor Services Pty Limited  
1300 302 417 (within Australia)  
+61 3 9415 4136 (outside Australia)  
452 Johnston Street  
Abbotsford VIC 3036 Australia

## 7. CORPORATE DIRECTORY

### **JB Hi-Fi Limited (ABN 80 093 220 136)**

Registered Office  
Level 4, Office Tower 2  
Chadstone Place, Chadstone Shopping Centre  
1341 Dandenong Road  
Chadstone VIC 3148  
[www.jbhifi.com.au](http://www.jbhifi.com.au)

### **JB Hi-Fi Shareholder Information Line**

1300 302 417 (within Australia)  
+61 3 9415 4136 (outside Australia)  
Open between 8.30 am to 5.30 pm (AEST) Monday to Friday

### **JB HI-FI SHARE REGISTRY**

#### **Computershare Investor Services Pty Limited (ABN 48 078 279 277)**

GPO Box 505  
Melbourne VIC 3001 Australia  
[www.investorcentre.com](http://www.investorcentre.com)

### **UNDERWRITER**

#### **Macquarie Capital (Australia) Limited (ABN 79 123 199 548)**

Level 4, 50 Martin Place  
Sydney NSW 2000 Australia

### **AUSTRALIAN LEGAL ADVISER**

#### **PricewaterhouseCoopers (ABN 52 780 433 757)**

Freshwater Place, 2 Southbank Boulevard  
Southbank VIC 3006 Australia



**JB**  
**HI-FI**

[jbhifi.com.au](http://jbhifi.com.au)