

28 November 2018

Dear Shareholder

Guidance on voting and participation matters

Further to Phileo’s announcement on 19 November 2018, you will have recently received:

- the Explanatory Memorandum and Notices of Meeting in relation to the Capital Return, the Delisting and the 2018 Annual General Meeting;
- three separately coloured Proxy Forms for each of the three Meetings to be held on 20 December 2018; and
- a white Opt-Out Election Form in relation to the Capital Return.

Capitalised terms used in this letter have the same meaning as in the Explanatory Memorandum and Notices of Meeting.

Voting and participation guidance forms

The Independent Directors recognise that the materials you have recently received are voluminous and that some Shareholders may benefit from succinct guidance on what they should do next.

In essence, you now need to determine:

- (a) how you intend to vote on each of the resolutions to be considered at the Meetings; and
- (b) whether you wish to participate in, or opt-out of, the Capital Return.

In light of the Independent Expert’s conclusion that the Capital Return is **fair and reasonable** to Shareholders as a whole and the Independent Directors continuing to **unanimously** recommend that Shareholders vote **in favour of** the Proposed Transaction,¹ Phileo has prepared the enclosed guidance to assist you in completing the Proxy Forms to vote in favour of the Proposed Transaction. The enclosed guidance also sets out whether you should simply ignore the Opt-Out Election Form or whether you need to complete the Opt-Out Election Form, to give effect to your choice about your participation in the Capital Return.

Summary

If you support the Capital Return and Delisting, your three principal choices are as follows:

If you wish to...	Follow enclosed guidance form number...
Participate in the Capital Return in full and <u>have all of your Phileo shares cancelled in exchange for \$12.66 per cancelled share</u>	#1
Fully opt out of the Capital Return, <u>retain all of your Phileo shares and receive no payment</u>	#2
Partially opt-out of the Capital Return, <u>retaining at least 10,000 of your Phileo shares, and receive \$12.66 per share for your other Phileo shares which will be cancelled</u>	#3

You are of course not obliged to follow the recommendation of the Independent Directors and are therefore entitled to vote against the Proposed Transaction.² If you wish to vote against the Proposed Transaction and are unsure how to complete the Proxy Forms and/or Opt-Out Election Form, please contact Phileo’s Company Secretary by email at phileo@palltd.com.au.

General

Each enclosed guidance form outlines what steps to take to give effect to your choice, assuming you wish to vote by proxy. You are of course welcome to attend the Meetings and vote in person if you prefer.

We have also included an extra reply paid envelope with this letter so that, if you intend to opt-out of the Capital Return either fully or partially, and vote by proxy, you can separately return your Opt-Out Election Form and Proxy Forms.

The Independent Directors recommend that you read the Explanatory Memorandum in full, including the Independent Expert’s Report, before making any decision in relation to your Phileo shareholding.

If you have any questions relating to the Capital Return, the Delisting or the 2018 Annual General Meeting, including voting at those Meetings and/or participation in the Capital Return, please contact Phileo’s Company Secretary by email at phileo@palltd.com.au.

Yours sincerely



Graham Homes
 Chairman, Phileo Australia Limited

1. Subject to no Superior Proposal emerging before the Meetings, and the Independent Expert maintaining its recommendation.
 2. If you do not support the Proposed Transaction, you should vote against the Capital Return Resolutions and the Delisting Resolution at the Meetings. You should also lodge an Opt-Out Election Form if you do not want your Shares to be cancelled if the Capital Return is approved and implemented. If you do not return an Opt-Out Election Form by **7.00pm on Tuesday, 11 December 2018** and, if the Capital Return Resolutions are approved by the requisite majorities at the first two Meetings, you will be deemed to be an Exiting Shareholder and all of your Phileo Shares will be cancelled for \$12.66 per Share.

GUIDANCE FORM #1: IF YOU WISH TO PARTICIPATE IN THE CAPITAL RETURN AND RECEIVE \$12.66 PER SHARE FOR ALL OF YOUR PHILEO SHARES

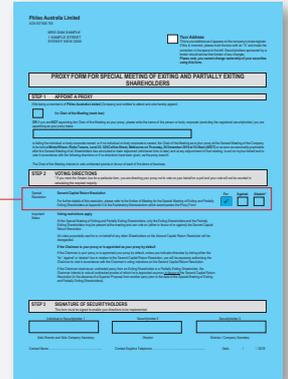
PART A: OPT-OUT ELECTION FORM

1. **IGNORE** the **WHITE** Opt-Out Election Form.

PART B: PROXY FORMS

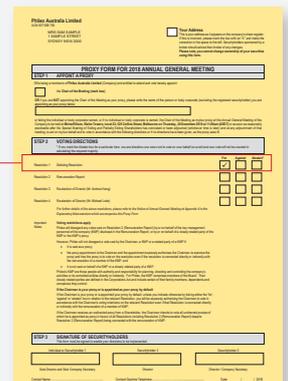
2. **IGNORE** the **GREEN** Proxy Form for the General Meeting of all Shareholders.
3. Tick the '**FOR**' box on the **BLUE** Proxy Form for the Special Meeting of Exiting and Partially Exiting Shareholders. See illustrative extract below:

Special Resolution	Second Capital Return Resolution	For	Against	Abstain*
	For further details of this resolution, please refer to the Notice of Meeting for the Special Meeting of Exiting and Partially Exiting Shareholders at Appendix 3 to the Explanatory Memorandum which accompanies this Proxy Form	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>



4. Tick the '**FOR**' box on the **YELLOW** Proxy Form for the Annual General Meeting – Delisting Resolution. See illustrative extract below:

Resolution 1	Delisting Resolution	For	Against	Abstain*
		<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>



5. Vote as you would like on the other resolutions on the **YELLOW** Proxy Form for the Annual General Meeting.
6. Return the Proxy Forms that you have completed **before 7.00pm on Tuesday, 18 December 2018** using your reply paid envelope, or as follows:

BY FAX
+61 2 9290 9655

BY MAIL
Boardroom Pty Limited
GPO Box 3993
Sydney NSW 2000
Australia

IN PERSON
Boardroom Pty Limited
Level 12, 225 George Street
Sydney NSW 2000
Australia

GUIDANCE FORM #2: IF YOU WISH TO FULLY OPT OUT OF THE CAPITAL RETURN AND RETAIN ALL OF YOUR PHILEO SHARES

PART A: OPT-OUT ELECTION FORM

1. Tick the box under Part A of the **WHITE** Opt-Out Election Form. See illustrative extract below:

Part A – Fully Opt-Out

By ticking the box in this Part A and by signing and returning this Form, I/we confirm that I/we want to retain all my/our Phileo Shares and will not receive the \$12.66 payable per Cancelled Share. I/we will remain as shareholder(s) in Phileo which (subject to the Capital Return Resolutions and the Delisting Resolution being approved) will no longer be listed on the Australian Securities Exchange.



2. Return your completed **WHITE** Opt-Out Election Form **before 7.00pm on Tuesday, 11 December 2018** using your reply paid envelope (or by any other methods set out in item 7 below).

PART B: PROXY FORMS

3. Tick the '**FOR**' box on the **GREEN** Proxy Form for the General Meeting of all Shareholders. See illustrative extract below:

Special Resolution	First Capital Return Resolution	For	Against	Abstain*
	For further details of this resolution, please refer to the Notice of Meeting for the General Meeting of all Shareholders at Appendix 2 to the Explanatory Memorandum which accompanies this Proxy Form.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

4. **IGNORE** the **BLUE** Proxy Form for the Special Meeting of Exiting and Partially Exiting Shareholders.

5. Tick the '**FOR**' box on the **YELLOW** Proxy Form for the Annual General Meeting – Delisting Resolution. See illustrative extract below:

Resolution 1	Delisting Resolution	For	Against	Abstain*
		<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

6. Vote as you would like on the other resolutions on the **YELLOW** Proxy Form for the Annual General Meeting.

7. Return the Proxy Forms that you have completed **before 7.00pm on Tuesday, 18 December 2018** using your reply paid envelope, or as follows:

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GUIDANCE FORM #3: IF YOU WISH TO PARTIALLY OPT-OUT OF THE CAPITAL RETURN

NOTE: TO BE ELIGIBLE TO PARTIALLY OPT OUT YOU MUST ALREADY HOLD AT LEAST 10,000 SHARES. IF YOU DO NOT HOLD AT LEAST 10,000 SHARES THEN YOU MAY ONLY EITHER FULLY OPT OUT AND RETAIN ALL OF YOUR SHARES, OR FULLY PARTICIPATE AND HAVE ALL OF YOUR SHARES CANCELLED.

PART A: OPT-OUT ELECTION FORM

1. Tick the box under Part B of the **WHITE** Opt-Out Election Form.
2. Nominate the number of Phileo shares you wish to retain under Part B of the **WHITE** Opt-Out Election Form (NOTE: THIS MUST BE AT LEAST 10,000 SHARES). See illustrative extract below:

Part B – Partially Opt-Out

By ticking the box in this Part B and by signing and returning this Form, I/we confirm that I/we want to retain **some** of my/our Phileo Shares as indicated in the box below and will not receive the \$12.66 payable per Cancelled Share in respect of those shares. I/we will remain as shareholder(s) in Phileo which (subject to the Capital Return Resolutions and the Delisting Resolution being approved) will no longer be listed on the Australian Securities Exchange.

Number of Phileo shares that I/we wish to retain (Note: This amount must be at least 10,000 Shares)

E.g. 15,000

3. Return your completed **WHITE** Opt-Out Election Form **before 7.00pm on Tuesday, 11 December 2018** using your reply paid envelope (or by any other methods set out in item 8 below).

PART B: PROXY FORMS

4. **IGNORE** the **GREEN** Proxy Form for the General Meeting of all Shareholders.
5. Tick the '**FOR**' box on the **BLUE** Proxy Form for the Special Meeting of Exiting and Partially Exiting Shareholders. See illustrative extract below:

Special Resolution	Second Capital Return Resolution	For	Against	Abstain*
	For further details of this resolution, please refer to the Notice of Meeting for the Special Meeting of Exiting and Partially Exiting Shareholders at Appendix 3 to the Explanatory Memorandum which accompanies this Proxy Form	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

6. Tick the '**FOR**' box on the **YELLOW** Proxy Form for the Annual General Meeting – Delisting Resolution. See illustrative extract below:

Resolution 1	Delisting Resolution	For	Against	Abstain*
		<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

7. Vote as you would like on the other resolutions on the **YELLOW** Proxy Form for the Annual General Meeting.

8. Return the Proxy Forms that you have completed **before 7.00pm on Tuesday, 18 December 2018** using your reply paid envelope, or as follows:

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