

ASX ANNOUNCEMENT

22 November 2017

Redflex Holdings Limited | ABN 96 069 306 216

Redflex 

Retail Entitlement Offer

NOT FOR RELEASE OR DISTRIBUTION IN THE UNITED STATES

Attached are the following documents which will be mailed to eligible shareholders in relation to the retail component of Redflex Holdings Limited's fully underwritten A\$16.4 million accelerated non-renounceable pro-rata 1 for 3 entitlement offer as announced on Wednesday, 15 November 2017:

- (a) Retail Entitlement Offer Booklet; and
- (b) Entitlement and Acceptance Form.

Also **attached** is a letter of notification to ineligible retail shareholders.

About Redflex

The Redflex Group has established itself as a world leader in traffic enforcement products and services, developing world leading enforcement camera technology and owning and operating one of the largest networks of digital speed and red-light cameras in the world. Redflex develops and manufactures a wide range of digital photo enforcement solutions including red light camera, speed camera and school bus stop arm camera systems all utilising the most advanced sensor and image capture technologies.

The Redflex Group runs its own systems engineering operations, system integration technologies and innovation centre for research and development. With our continuous development of new safety products, the Redflex Group has been helping to reduce collisions and to save lives for more than 20 years.

Redflex Holdings Limited was listed on the Australian Securities Exchange in January 1997.

For further information:

Mark J. Talbot
Group Chief Executive Officer
Redflex Holdings Limited
mtalbot@redflex.com
+61 3 9093 3324

Craig Durham
Group General Counsel & Company Secretary
Redflex Holdings Limited
craig.durham@redflex.com.au
+61 3 9093 3324

Redflex Holdings Limited

31 Market Street (P.O. Box 720), South Melbourne, Victoria, Australia 3205 t: +613 9093 3324
e: redflexholdingslimited@redflex.com.au

www.redflex.com

Redflex Holdings Limited

ABN 96 069 306 216

Retail Entitlement Offer

Details of a fully underwritten 1 for 3 accelerated pro rata non-renounceable entitlement offer of new ordinary shares (**New Shares**) in Redflex Holdings Limited (**Redflex**) at an offer price of A\$0.44 per New Share.

This Retail Entitlement Offer closes at 5.00pm (Melbourne time) on Wednesday, 6 December 2017.

This is an important document and requires your immediate attention. You should read this Retail Offer Booklet in its entirety before deciding whether to apply for New Shares. If you do not understand any part of this Retail Offer Booklet, or are in any doubt as to how to deal with your entitlement, you should consult your financial or other professional adviser

THIS RETAIL OFFER BOOKLET IS NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION IN THE UNITED STATES

Important Notice

About this document

This Retail Offer Booklet contains information relating to a proposed retail entitlement offer to be undertaken by Redflex Holdings Limited ABN 96 069 306 216 (**Redflex**).

This Retail Offer Booklet is important and requires your immediate attention. You should read this Retail Offer Booklet carefully and in its entirety, with emphasis on the risk factors detailed in Section 3.7, have regard to your own investment parameters, and if required, obtain independent professional investment advice, before deciding to invest in Redflex.

The Entitlement Offer is being made in accordance with Section 708AA of the Corporations Act (Non-Traditional Rights Issues) Instrument 2016/84. Accordingly, this document is not a prospectus (and has not been, and will not be, lodged with ASIC) and does not contain all information which an investor may require to make an informed investment decision.

Forward-looking statements

Forward looking statements, opinions and estimates provided in this Retail Offer Booklet are based on assumptions and contingencies which are subject to change without notice, as are statements about market and industry trends, which are based on the interpretation of current market conditions. Forward looking statements including projections, guidance on future revenues, earnings and estimates are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance.

Forward looking statements in this Retail Offer Booklet speak only as at the date of the Retail Offer Booklet. Subject to any continuing obligations under applicable law or the ASX Listing Rules, Redflex does not, in providing this information, undertake any obligation to publicly update or revise any of the forward-looking statements for any change in events, conditions or circumstances on which any statement is based. Accordingly, you are cautioned not to place undue reliance on forward-looking statements contained in this document.

Neither Redflex nor any other person, gives any representation, warranty, assurance or guarantee that the occurrence of the events expressed or implied in any forward looking statement will occur.

Information about Reflex

The Investor Presentation lodged with ASX on 15 November 2017 includes important information about Redflex and its current activities as at the date stated on it. It is information in summary form and does not purport to be complete. It should be read in conjunction with this Retail Offer Booklet and Redflex's other periodic continuous disclosure announcements including Redflex's full-year report for FY17 lodged with ASX and Redflex's other announcements to ASX available at www.asx.com.au or www.redflex.com.

Past performance

Investors should note that Redflex' past performance, including past share price performance, cannot be relied upon as an indicator of (and provides no guarantee or guidance as to) Redflex's future performance including Redflex's future financial position or share price performance.

Foreign offer restrictions

This Offer 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. The distribution by you of this Retail Offer Booklet (including an electronic copy outside Australia and New Zealand) may be restricted by law. You should observe such restrictions. Any non-compliance with these restrictions may contravene applicable securities law. Please refer to Section 3.15 "Foreign jurisdictions", of this Retail Offer Booklet for more information.

New Zealand

The New Shares are not being offered to the public within New Zealand other than to existing shareholders of Redflex with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the provisions of the *Financial Markets Conduct Act 2013* (New Zealand) and the *Financial Markets Conduct (Incidental Offers) Exemption Notice 2016* (New Zealand).

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.

United States disclaimer

This Retail Offer Booklet and the accompanying Entitlement and Acceptance Form do not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States. Neither this Retail Offer Booklet (or any part of it) nor the Entitlement and Acceptance Form may be distributed to persons in the United States.

The 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 of the United States and, accordingly, may not be offered or sold in the United States or to, or for the account or benefit of, persons in the United States, except in transactions exempt from, or not subject to, the registration requirements of the US Securities Act and any other applicable securities laws.

Nominees

Nominees and custodians may not distribute this document, and may not permit any beneficial shareholder to participate in the Entitlement Offer, in any country outside Australia and New Zealand except, with the consent of Redflex, to beneficial Shareholders resident in certain other countries where Redflex may determine it is lawful and practical to make the Entitlement Offer.

Disclaimer of representations

No person is authorised to give any information, or to make any representation in connection with the Entitlement Offer that is not contained in this Retail Offer Booklet or in the Investor Presentation. Any information or representation that is not contained in this Retail Offer Booklet or in the Investor Presentation may not be relied on as having been authorised by Redflex in connection with the Entitlement Offer. Except as required by law, and only to the extent so required, none of Redflex, or any other person, warrants or guarantees the future performance of Redflex on any return on any investment made pursuant to the Entitlement Offer.

No financial product advice

This Retail Offer Booklet is not financial product advice, does not purport to contain all the information that you may require to make an investment decision, and has been prepared without taking into account your personal investment objectives, financial situation or needs.

Before deciding whether to apply for New Shares under the Entitlement Offer, 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 this Retail Offer Booklet, you have any questions about the Entitlement Offer, you should contact your financial or other professional adviser.

Definition and references to time

Capitalised words and expressions in this Retail Offer Booklet have the meanings given in Section 4. A reference to time in this Retail Offer Booklet is to Melbourne, Australia time, unless otherwise stated.

All financial amounts in this Retail Offer Booklet are references to Australian currency, unless otherwise stated.

Date of this Retail Offer Booklet

This Retail Offer Booklet is dated 22 November 2017.

For any enquiries please contact the Redflex Holdings Limited Offer Information Line on 1300 850 505 or +61 3 9415 4000 (from outside Australia) between 8.30am and 5.00pm (Melbourne time) Monday to Friday, or contact your stockbroker, accountant or other professional adviser.

Letter from the Group Chief Executive Officer

22 November 2017

Dear Shareholder

On Wednesday, 15 November 2017, Redflex Holdings Limited announced a fully underwritten accelerated pro rata non-renounceable entitlement offer to institutional and retail shareholders to raise a total of approximately \$16.4 million. The institutional component of the Entitlement Offer (**Institutional Entitlement Offer**) successfully completed on Friday, 17 November 2017, raising approximately \$9.4 million.

On behalf of the Board of Redflex, I am pleased to invite you as a retail shareholder to participate in a pro rata non-renounceable entitlement offer of 1 new fully paid ordinary share in Redflex (**New Share**) for every 3 shares held by you on the Record Date (being, 7.00pm (Melbourne time) on Friday, 17 November 2017) at an issue price of \$0.44 per New Share (**Entitlement Offer**).

The proceeds of the Entitlement Offer will be used by Redflex to invest in its photo enforcement technology, products and services, its global sales pipeline of opportunities and its people. More detail is provided in the Investor Presentation lodged with the Australian Securities Exchange (**ASX**) on Wednesday, 15 November 2017.

Overview of the Entitlement Offer

Under the Retail Entitlement Offer, eligible retail shareholders have the opportunity to subscribe for 1 New Share for every 3 Shares of which they are the registered holder on the Record Date at the price of A\$0.44 per New Share (**Issue Price**). Eligible Shareholders are also invited to apply for additional New Shares in excess of their entitlement, up to a maximum of 20% of their entitlement, under the Top-Up Facility, if there is a shortfall between applications received from Eligible Shareholders and the number of New Shares proposed to be issued under the Retail Entitlement Offer. Please refer to Section 1 of this Retail Offer Booklet for more information.

The Entitlement Offer is fully underwritten by Baillieu Holst Ltd (the **Underwriter**).

Further information about Redflex and the Entitlement Offer is contained in the Investor Presentation prepared in connection with the Entitlement Offer, which was lodged with ASX on 15 November 2017.

Action you should take

The Retail Entitlement Offer closes at 5.00pm (Melbourne time) on Wednesday, 6 December 2017. If you wish to subscribe for New Shares, you must ensure that your completed Entitlement and Acceptance Form and Application Monies are received by the Share Registry by this time in accordance with the instructions set out in Section 2 of this Retail Offer Booklet. Personalised Entitlement and Acceptance Forms along with this Retail Offer Booklet may be downloaded at the Redflex website www.redflex.com.

This Retail Offer Booklet contains important information regarding the Entitlement Offer, and I encourage you to read it carefully before making any investment decision. If you have any questions, you should also consult your stockbroker, solicitor, accountant or other professional adviser.

For any enquiries please contact the Redflex Holdings Limited Offer Information Line on 1300 850 505 (within Australia) or +61 3 9415 4000 (from outside Australia) between 8.30am and 5.30pm (Melbourne time) Monday to Friday, or contact your stockbroker, solicitor, accountant or other professional adviser.

On behalf of the Board of Redflex, I thank you for your ongoing support.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Mark J. Talbot', written in a cursive style.

Mark J. Talbot
Group Chief Executive Officer

Summary of the Retail Entitlement Offer

Issue Price	\$0.44
Your entitlement	1 New Share for every 3 Shares held on the Record Date

Key Dates (2017)*

Record Date	7.00pm (Melbourne time), Friday, 17 November 2017
Retail Entitlement Offer opens	Wednesday, 22 November 2017
Retail Entitlement Offer closes	5.00pm (Melbourne time), Wednesday, 6 December 2017
Issue of New Shares under the Retail Entitlement Offer	Wednesday, 13 December 2017
Quotation of New Shares issued under the Retail Entitlement Offer expected to commence on ASX	Thursday, 14 December 2017
Dispatch of holding statements	Friday, 15 December 2017

*Dates and times are indicative only and subject to change without notice. All times refer to Melbourne, Australia time.

Redflex, in consultation with the Underwriter, reserves the right to extend these dates without prior notice subject to the Corporations Act, ASX Listing Rules and other applicable laws. In particular, Redflex reserves the right to extend the Closing Date and/or accept late Applications under the Entitlement Offer without prior written notice. Any extension of the Closing Date may have a consequential impact on the date that the New Shares are issued and commence trading on the ASX. Applicants are encouraged to submit their personalised Entitlement and Acceptance Forms as soon as possible after the Entitlement Offer opens.

Enquiries

For any enquiries please contact the Redflex Holdings Limited Offer Information Line on 1300 850 505 (within Australia) or +61 3 9415 4000 (from outside Australia) between 8.30am and 5.00pm (Melbourne time) Monday to Friday, or contact your stockbroker, solicitor, accountant or other professional adviser.

1. THE RETAIL ENTITLEMENT OFFER

1.1 Summary

The Entitlement Offer is a pro rata offer at A\$0.44 per New Share.

Eligible Retail Shareholders are being offered the opportunity to subscribe for 1 New Share for every 3 Shares held by them on the Record Date, being 7.00pm (Melbourne time) on Friday, 17 November 2017, at the Issue Price per New Share.

The Entitlement Offer is non-renounceable, which means that to the extent that any entitlement under the Entitlement Offer is not taken up by any Eligible Shareholder prior to the Closing Date, the entitlement will lapse.

The choices available to Eligible Shareholders in respect of the Entitlement Offer are described in Section 2.

The Entitlement Offer is currently scheduled to close at 5.00pm (Melbourne time) on Wednesday, 6 December 2017.

1.2 Eligible Shareholders

Unless the Company otherwise determines, the Entitlement Offer is being made to those Shareholders who:

- are registered as a holder Shares on the Record Date, being 7.00pm (Melbourne time) on Friday, 17 November 2017, excluding those Shareholders who were entitled to participate in the institutional component of the Entitlement Offer that has already completed;
- have a registered address on the Redflex share register in Australia or New Zealand;
- are not in the United States and are not acting for the benefit or account of any U.S. Person; and
- are eligible under all applicable securities laws to receive an offer under the Retail Entitlement Offer.

Retail shareholders who do not satisfy the above criteria are ineligible retail shareholders.

Redflex is of the view that it is unreasonable to make an offer under the Entitlement Offer to retail shareholders outside of Australia and New Zealand having regard to:

- the number of Shareholders outside of those jurisdictions as a proportion of total Shareholders in Redflex;
- the number and value of the New Shares that would have been offered to those Shareholders outside of those jurisdictions; and
- the cost of complying with the legal requirements and requirements of regulatory authorities in the overseas jurisdictions.

Redflex is not required to make offers under the Entitlement Offer to retail Shareholders outside of Australia and New Zealand (although Redflex may, at its absolute discretion, make offers under the Entitlement Offer to investors in certain other jurisdictions to whom it is lawful to make such an offer, subject to the provisions of Section 3.15 "Foreign jurisdictions").

1.3 What is the entitlement of an Eligible Shareholder?

The number of New Shares to which you are entitled under the Entitlement Offer is set out on the accompanying personalised Entitlement and Acceptance Form which accompanies this Retail Offer Booklet. In calculating each Eligible Shareholder's entitlement, fractional entitlements to New Shares have been rounded up to the nearest whole number of New Shares. Eligible Shareholders can subscribe for all, or part of, their pro rata entitlement under the Entitlement Offer. Detailed instructions on how to accept all, or part of, your pro rata entitlement are set out in Section 2.

Please note that if you choose not to take up your pro rata entitlement, your percentage shareholding in Redflex will be diluted to the extent that the Entitlement Offer is taken up by other persons.

1.4 Top-Up Facility

Eligible Retail Shareholders may, in addition to taking up their entitlements in full, apply for additional New Shares in excess of their Entitlement (**Additional Shares**), up to a maximum of 20% of their Entitlement, at the same Issue Price (**Top-Up Facility**). Additional Shares will only be available where there is a shortfall between Applications received from Eligible Shareholders and the number of New Shares proposed to be issued under the Retail Entitlement Offer (**Shortfall**).

Redflex proposes to adopt the following policy in relation to allocating Shortfall:

- (a) If there is a Shortfall, each Eligible Shareholder who has applied for Additional Shares through the Top-Up Facility will be entitled to be allocated their pro rata share of the Shortfall, up to a maximum of 20% of their Entitlement, having regard to their holdings at the Record Date (if an Eligible Shareholder has made an application for Additional Shares for an amount less than the amount of Additional Shares that the Eligible Shareholder would otherwise be allocated under this process, the Eligible Shareholder will be allocated the amount applied for).
- (b) If, following the allocation process above, there is a remaining Shortfall, and accordingly, not all New Shares proposed to be issued under the Retail Entitlement Offer have been allocated, the Underwriter will procure subscriptions (including, in accordance with Section 3.4), or will subscribe, for the remaining Shortfall.
- (c) Directors of Redflex will not be eligible to participate in the Top-Up Facility for Additional Shares.

For the avoidance of any doubt, the prohibitions on certain acquisitions of relevant interests in voting shares as set out in Section 606 of the Corporations Act applies to limit the acquisition of Additional Shares through the Top-Up Facility.

Accordingly, Eligible Shareholders who apply for Additional Shares may be allocated a lesser number of Additional Shares than applied for in which case excess Application Monies will be refunded without interest. If you wish to subscribe for Additional Shares in addition to your Entitlement then you should nominate the maximum number of Additional Shares you wish to subscribe for (such number of Additional Shares not exceeding 20% of your Entitlement) on the Entitlement and Acceptance Form and make corresponding payment for your full Entitlement plus the Additional Shares.

1.5 No Entitlements trading

Entitlements under the Entitlement Offer are non-renounceable and will not be tradeable on the ASX or otherwise transferable. Shareholders who do not take up their entitlement in full will not receive any value in respect of that part of the entitlement that they do not take up.

1.6 Entitlement Offer fully underwritten

The Entitlement Offer is lead managed and underwritten by Baillieu Holst Ltd.

1.7 Ranking of New Shares (and Additional Shares)

When issued, the New Shares (and Additional Shares) will rank equally in all respects with Shares on issue. The rights and liabilities attaching to the New Shares (and Additional Shares) are set out in Redflex's constitution, a copy of which is available at www.asx.com.au.

1.8 Withdrawal of the Entitlement Offer

Redflex reserves the right to withdraw all or part of the Entitlement Offer and this Retail Offer Booklet at any time, subject to applicable laws. In that case, Redflex will refund Application Monies in relation to New Shares not already issued in accordance with the Corporations Act and without payment of interest.

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

1.9 Effect of the Entitlement Offer on the control of Redflex

The potential effect the Entitlement Offer will have on the control of Redflex is as follows:

- (a) if all Eligible Shareholders take up their Entitlements under the Entitlement Offer, then the Entitlement Offer will not result in any change to the control of Redflex;
- (b) if some Eligible Shareholders do not take up all of their Entitlements under the Entitlement Offer, then the interests of those Eligible Shareholders will be diluted; and
- (c) the proportional interests of Shareholders who are not Eligible Shareholders will be diluted because such Shareholders are not eligible to participate in the Entitlement Offer,

having regard to:

- (d) the composition of the Redflex share register; and
- (e) the terms of the Entitlement Offer.

Given the structure of the Entitlement Offer as a fully underwritten pro rata offer and the current levels of holdings of substantial security holders, Redflex does not believe that any person will increase their voting power in Redflex pursuant to the Entitlement Offer in a way that will have any material control or consequence on Redflex.

2. HOW TO APPLY

2.1 Your choices

Before taking any action, you should read this Retail Offer Booklet in its entirety and, if you have any questions, consult your financial or other professional adviser. If you are an Eligible Shareholder, the following choices are available to you:

- (a) Take up all or part of your entitlement under the Entitlement Offer – See section 2.2(a);
- (b) Take up all of your entitlement under the Entitlement Offer and apply for Additional Shares under the Top-Up Facility – See Section 2.2(b); or
- (c) Take no action – See Section 2.6

2.2 How to participate in the Entitlement Offer

(a) Taking up all or part of your entitlement

To subscribe for New Shares offered to you under your pro rata allocation, please complete the accompanying Entitlement and Acceptance Form according to the instructions on the form for all, or that part, of your pro rata entitlement you wish to subscribe for.

(b) Applying for Additional Shares under the Top-Up Facility

If you wish to apply for Additional Shares in excess of your Entitlement (up to a maximum of 20% of your Entitlement), please complete your personalised Entitlement and Acceptance Form accordingly and follow the instructions set out on the Entitlement and Acceptance Form or below.

Your application for Additional Shares may not be successful (wholly or partially). The decision in relation to the number of Additional Shares in excess of your entitlement to be allocated to you is at the discretion of Redflex and will be final. No interest will be paid on any Application Monies received and returned.

2.3 Payment

The Application Monies are payable in full on application.

Application Monies must be received by the Closing Date and must be in Australian currency and made by:

- (a) Cheque drawn on and payable in any Australian bank;
- (b) Bank draft or money order drawn on and payable at Australian Bank; or
- (c) BPAY®.

Payment by BPAY®

If you wish to pay by BPAY®, you do not need to return the Entitlement and Acceptance Form. You simply need to follow the instructions on the Entitlement and Acceptance Form. You can only make a payment via BPAY® if you are the holder of an account with an Australian financial institution that supports BPAY® transactions. You should be aware that your financial institution may implement earlier cut-off times with regards to electronic payment and you should therefore take this into consideration when making payment. It is your responsibility to

ensure that your BPAY® payment is received by the Share Registry by no later than the Closing Date.

If you are paying by BPAY®, please make sure to use the specific Biller Code and unique Customer Reference Number on the back of your personalised Entitlement and Acceptance Form. If you receive more than one personalised Entitlement and Acceptance Form, please only use the Customer Reference Number specific to the Entitlement on that form. If you inadvertently use the same Customer Reference Number for more than one of your Entitlements, you will be deemed to have applied only for New Shares (and Additional Shares) on the Entitlement to which that Customer Reference Number applies.

Redflex will treat you as applying for as many New Shares (and any Additional Shares) as your Application Monies will pay for in full.

Payment by cheque, bank draft or money order

If you wish to pay 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 a cheque, bank draft or money order in Australian currency for the amount of the application monies, payable to "Redflex Holdings Limited" and crossed "Not Negotiable".

Your cheque, bank draft or money order must be:

- for an amount equal to \$0.44 multiplied by the number of New Shares (and if applicable, Additional Shares) that you are applying for; and
- in Australian currency drawn on an Australian branch of a financial institution.

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

Application Monies will be held on trust in a subscription account until New Shares are issued.

2.4 Return completed Entitlement and Acceptance Form and payment

Shareholders who make payment via cheque, bank draft or money order should mail their completed personalised Entitlement and Acceptance Form together with Application Monies using the reply paid or self-addressed envelope provided with this Retail Offer Booklet to or, if you are outside Australia or do not use the prepaid envelope, by mail addressed to:

Redflex Holdings Limited
C/o - Computershare Investor Services Pty Limited
GPO Box 505
Melbourne VIC 3001

Redflex will not be responsible for any postal or delivery delays in the receipt of your Entitlement and Acceptance Form or Application Monies.

Please note that all acceptances, once received, are irrevocable.

2.5 Representations you will be taken to make by acceptance

By completing and returning your personalised Entitlement and Acceptance Form with application monies or making a payment by BPAY®, you will be deemed to have:

- (a) acknowledged that you have fully read and understood this Retail Offer Booklet and the Entitlement and Acceptance Form in their entirety and you acknowledge the matters and make the warranties and representations and agreements contained in this Retail Offer Booklet and the Entitlement and Acceptance Form;

- (b) agree to be bound by the terms of the Entitlement Offer, the provisions of this Retail Offer Booklet and Redflex's constitution;
- (c) authorised Redflex to register you as a holder of the New Shares allotted to you;
- (d) declared that you are over 18 years of age and have full legal capacity and power to perform all your rights and obligations under the Entitlement Offer;
- (e) acknowledged that once Redflex receives your Entitlement and Acceptance Form or any payment of Application Monies via BPAY®, you may not withdraw your application or funds provided except as allowed by law;
- (f) acknowledged that you have a registered address in Australia or New Zealand or certain other jurisdictions as explicitly consented to by Redflex as at the Record Date;
- (g) agreed to apply for and be issued up to the number of New Shares and Additional Shares (with any such application and issue of Additional Shares being up to a maximum of 20% of your Entitlement) specified in the Entitlement and Acceptance Form, or for which you have submitted payment of any Application Monies via BPAY®, at the Issue Price per New Share;
- (h) authorised Redflex, the Share Registry and their respective officers, employees or agents to do anything on your behalf necessary for New Shares (and any Additional Shares) to be issued to you;
- (i) declared that you were the registered holder at the Record Date of the Shares indicated in the Entitlement and Acceptance Form as being held by you on the Record Date;
- (j) acknowledged that the information contained in this Retail Offer Booklet and your Entitlement and Acceptance Form is not investment advice not a recommendation that the New Shares are suitable for you given your investment objectives, financial situation or particular needs;
- (k) acknowledged 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 Redflex and is given in the context of Redflex's past and ongoing continuous disclosure announcements to the ASX;
- (l) acknowledged the risk factors detailed in Section 3.7 of this Retail Offer Booklet, the Section headed "Risks Section" in the Investor Presentation lodged with ASX on 15 November 2017, and that investments in Redflex are subject to risks;
- (m) acknowledged that none of Redflex or its related bodies corporate, affiliates and none of its or their respective directors, officers, partners, employees, representatives, agents, consultants or advisers, guarantees the performance of Redflex, nor do they guarantee the repayment of capital;
- (n) agreed to provide any requested substantiation of your eligibility to participate in the Entitlement Offer and your holding of Shares on the Record Date; and
- (o) authorised Redflex to correct any errors in your Entitlement and Acceptance Form.

By completing and returning your Entitlement and Acceptance Form or making a payment by BPAY®, you will also be deemed to have acknowledged, represented and warranted on behalf of each person on whose account you are acting that:

- (p) you are not in the United States and are not acting for the account or benefit of a person in the United States;
- (q) you acknowledge that the 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 of the United States, and accordingly, the New Shares may not be offered, sold or otherwise transferred except in accordance with an available exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and any other applicable securities laws; and
- (r) you have not and will not send any materials relating to the Entitlement Offer to any person in the United States or a person acting for the account or benefit of a person in the United States.

2.6 If you do nothing

If you do not apply for New Shares pursuant to the Entitlement Offer, your entitlement under the Entitlement Offer will lapse.

If you do not apply for New Shares pursuant to the Entitlement Offer, your percentage ownership in Redflex will be diluted because the issue of New Shares to other Eligible Shareholders under the Entitlement Offer will increase the total number of Shares on issue.

3. FUTHER INFORMATION

3.1 This Retail Offer Booklet is not a prospectus

The Entitlement Offer is being conducted in accordance with Section 708AA of the Corporations Act (as modified by ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84). In general terms, Section 708AA of the Corporations Act relates to rights issues by certain companies that do not require the preparation of a prospectus or other disclosure document. Accordingly, the level of disclosure in this Retail Offer Booklet is less than the level of disclosure required in a prospectus.

As a result, in deciding whether or not to accept the Entitlement Offer, you should rely on your own knowledge of Redflex, refer to disclosures made by Redflex to the ASX (which are available for inspection on the ASX website www.asx.com and on the Redflex website at www.redflex.com) and seek the advice of your professional adviser.

3.2 Holding statements and trading of New Shares

Redflex participates in the Clearing House Electronic Sub-Register System (**CHESS**), in accordance with ASX Listing Rules and operates an electronic issuer-sponsored sub-register and an electronic CHESS sub-register. The two sub-registers together make up Redflex's principal register. Consequently, Redflex will not issue certificates to security holders but they will be provided with a holding statement, which will set out a number of New Shares allotted to them under this Entitlement Offer.

It is your responsibility to determine your holding of New Shares before trading to avoid the risk of selling New Shares you do not own. To the maximum extent permitted by law, Redflex disclaims any liability to any persons who trade New Shares before they receive their holding statements, whether on the basis of confirmation of the allocation provided by Redflex or the 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.

3.3 Underwriting

The Company has entered into an underwriting agreement (**Underwriting Agreement**) with Baillieu Holst Ltd (**Underwriter**) who has agreed to lead manage and underwrite the Entitlement Offer.

Customary with these types of arrangements:

- (a) Redflex has provided various representations and warranties to the Underwriter;
- (b) Redflex has agreed to indemnify the Underwriter and its affiliates against any Loss they may incur in connection with the Entitlement Offer;
- (c) the Underwriting Agreement includes a number of termination events; and
- (d) the Underwriter will be paid an underwriting and management fee of 5% of the gross proceeds of the Entitlement Offer.

3.4 Ineligible Retail Shareholders

Pursuant to section 615 of the Corporations Act, following the close of the Retail Entitlement Offer, Holdex Nominees Pty Ltd ACN 004 816 200 as nominee (**Nominee**) will invite institutional investors to bid for New Shares in respect of Entitlements which would have been offered to ineligible retail Shareholders had they been entitled to participate in the Retail Entitlement Offer. If the price at which the Entitlements are sold is above the Issue Price, then the Nominee will work with Redflex and the Underwriter to distribute to ineligible retail Shareholders their proportion of the proceeds of sale that exceed the Issue Price (net of expenses and taxes). In conducting this process, the Nominee is not providing services or acting as agent or sub-agent on behalf of, for or to any ineligible retail Shareholder or accepting any duties (whether fiduciary or otherwise) to any ineligible retail Shareholder.

3.5 Continuous disclosure

Redflex is a disclosing entity for the purposes of the Corporations Act. As such, it is subject to regular reporting and disclosure obligations including an obligation under the ASX Listing Rules (subject to certain exceptions) to disclose to the ASX any information of which it is, or becomes, aware of concerning Redflex and which a reasonable person would expect to have a material effect on the price or the value of shares. All such disclosures are available at www.asx.com.au. You have the opportunity to access any information about Redflex which has previously been disclosed to the ASX. In particular, please refer to Redflex's Annual Report for the year ended 30 June 2017. You should also have regard to any further announcements which may be made by Redflex to the ASX after the date of this Retail Offer Booklet.

3.6 Notice to nominees and custodians

Nominees and custodians which hold Shares as nominees or custodians will have received, or will shortly receive, a letter in respect of the 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 eligible institutional Shareholders who were invited to participate in the Institutional Entitlement Offer (whether they accepted their Entitlements or not) and institutional Shareholders who were treated as ineligible institutional Shareholders under the Institutional Entitlement Offer.

3.7 Risk factors

Redflex's activities are subject to a number of risks which may impact future financial performance and the market price at which New Shares trade. Some of these risks can be mitigated by the use of safeguards and appropriate controls. However, others are outside

Redflex's control and cannot be mitigated. Therefore, investors who acquire New Shares may be exposed to a number of risks. Broadly, these risks can be classified as risks that are general to investing in the share market and risks specific to an investment in Shares and Reflex's underlying business.

A detailed list of the key risks associated with investing in New Shares is contained in the Investor Presentation.

This list is not exhaustive and investors should read this Retail Offer Booklet and the Investor Presentation in their entirety before making an investment decision. Investors should also have regard to their own investment objectives and financial circumstances, and should consider seeking appropriate independent investment advice before deciding whether to invest in New Shares.

3.8 Taxation

You should be aware that there may be taxation implications associated with participating in the Retail Entitlement Offer and receiving New Shares (and Additional Shares).

Shareholders should consult their professional tax adviser in connection with subscribing for New Shares (and Additional Shares) under this Retail Offer Booklet.

3.9 Rounding of Entitlements

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

3.10 No cooling off rights

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

3.11 No minimum subscription

There is no minimum subscription for an Eligible Shareholder under the Entitlement Offer.

3.12 Privacy

By submitting an Entitlement and Acceptance Form, you will be providing personal information to Redflex (directly or through the Share Registry). Redflex collects, holds and will use that information to assess and process your Application, administer your shareholding in Redflex and to provide related services to you. Redflex may disclose your personal information for purposes related to your shareholding in Redflex, including to the Share Registry, Redflex's related bodies corporate, agents, contractors and third party service providers, including mailing houses and professional advisers, and to ASX and regulatory bodies. You can obtain access to personal information that Redflex holds about you. To make a request for access to your personal information held by (or on behalf of) Redflex, please contact Redflex through the Share Registry.

3.13 Governing law

This Retail Offer Booklet, the Entitlement 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 (and Additional Shares) submits to the non-exclusive jurisdiction of the courts of Victoria, Australia.

3.14 Optionholders

Existing optionholders of Redflex will not be entitled to participate in the Entitlement Offer unless they:

- (a) have become entitled to exercise their existing options under the terms of their issue and do so, so that they are registered as holders of Shares prior to the Record Date, being 7.00pm (Melbourne time) on Friday, 17 November 2017; and
- (b) participate in the Entitlement Offer as a result of being a holder of existing Shares registered on the register of Redflex at 7.00pm (Melbourne time) on Friday, 17 November 2017.

3.15 Foreign jurisdictions

- (a) General restrictions

This Retail Offer Booklet and the accompanying Entitlement and Acceptance Form do not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer. The distribution of this Retail Offer Booklet in jurisdictions outside Australia and New Zealand may be restricted by law and persons who come into possession of this Retail Offer Booklet outside of Australia and New Zealand should observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. No action has been taken to register or qualify the New Shares or to otherwise permit an offering of New Shares outside Australia and New Zealand and the New Shares may not be offered outside of Australia or New Zealand except to the extent permitted below.

Return of the Entitlement and Acceptance Form or payment of Application Monies will be taken by Redflex as a representation by you that there has been no breach of any such laws.

Nominees and custodians may not distribute this document, and may not permit any beneficial shareholders to participate in the Entitlement Offer, in any country outside Australia and New Zealand except, with the consent of Redflex, to beneficial shareholders resident in certain other countries where Redflex may determine it is lawful and practical to make the Entitlement Offer.

- (b) New Zealand

The New Shares are not being offered to the public within New Zealand other than to existing Shareholders of Redflex with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the provisions of the *Financial Markets Conduct Act 2013* (New Zealand) and the *Financial Markets Conduct (Incidental Offers) Exemption Notice 2016* (New Zealand).

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.

4. GLOSSARY

In this Retail Offer Booklet, the following words have the following meanings unless the context requires otherwise:

Additional Shares	New Shares applied for by an Eligible Shareholder under the Top-Up Facility that are in excess of the Eligible Shareholder's entitlement
Announcement Date	15 November 2017
Applicant	A Shareholder as at the Record Date applying for New Shares under this Entitlement Offer
Application Monies	The sum of the relevant New Shares applied for under the Entitlement Offer and any Additional Shares multiplied by the Issue Price
ASIC	Australian Securities and Investments Commission
ASX	ASX Limited or, as the context requires, the financial market known as the Australian Securities Exchange operated by it
ASX Listing Rules	The official listing rules of the ASX as amended or replaced from time to time
Board	The Board of directors of Redflex
Business Day	Means a day which is not a Saturday, Sunday or a public holiday in Victoria
Closing Date	The deadline for accepting the Entitlement Offer, being 5.00pm (Melbourne time) on Wednesday, 6 December 2017 (subject to change)
Company or Redflex	Redflex Holdings Limited ABN 96 069 306 216
Corporations Act	Corporations Act 2001 (Cth)
Directors	The directors of Redflex
Eligible Shareholder	Has the meaning given in Section 1.2
Entitlement and Acceptance Form	The personalised entitlement and acceptance form to subscribe for New Shares (and any Additional Shares) accompanying this Retail Offer Booklet
Entitlement Offer	The pro rata non-renounceable offer of New Shares to Eligible Shareholders in accordance with the terms of this Retail Offer Booklet
Investor Presentation	The investor presentation prepared in connection with the Entitlement Offer lodged with ASX on 15 November 2017
Issue Price	The price payable for each New Share under the Entitlement Offer, being \$0.44
New Shares	The Shares offered pursuant to the Entitlement Offer
Record Date	7.00pm (Melbourne time) on 17 November 2017
Retail Offer Booklet	This Entitlement Offer booklet
Share	A fully paid ordinary share in the capital of Redflex

Shareholder	A registered holder of Shares
Share Registry	Computershare Investor Services Pty Limited
Shortfall	The shortfall between applications received from Eligible Shareholders and the number of New Shares proposed to be issued under the Retail Entitlement Offer
Subsidiary	A body corporate that is a subsidiary of Redflex within the meaning of the Corporations Act
Top-Up Facility	The mechanism by which Eligible Shareholders can apply for Additional Shares as described in Section 1.4
Underwriter	Baillieu Holst Ltd
United States	United States of America, its territories and possessions, any State of the United States of America and the District of Columbia
US Securities Act	The United States Securities Act of 1933, as amended

CORPORATE DIRECTORY

Head Office

31 Market Street
South Melbourne, VIC 3205

Directors

Mr Adam Gray, Non-Executive Chairman
Mr Robert DeVincenzi, Non-Executive Director
Mr Herman Schwarz, Non-Executive Director
Mr Clark Davey, Non-Executive Director
Mr David McIntyre, Non-Executive Director
Mr Terence Winters, Non-Executive Director

Group Chief Executive Officer

Mr Mark Talbot

Company Secretary

Mr Craig Durham

Legal Adviser

KPMG Law
International Towers Sydney 3,
300 Barangaroo Avenue
Sydney NSW 2000

Underwriter

Baillieu Holst Ltd
Level 26, 360 Collins St
Melbourne VIC 3000

Registry

Computershare Investor Services Pty Limited
452 Johnston Street
Abbotsford VIC 3067

Shareholder enquiries:

Telephone: 1300 850 505 or (outside Australia) +61 3 9415 4000

Website: www.investorcentre.com/contact



Redflex Holdings Limited

ABN 96 069 306 216

For all enquiries:

Phone:



(within Australia) 1300 850 505

(outside Australia) +61 3 9415 4000

Web:



www.investorcentre.com/contact

RDF

MR SAM SAMPLE
123 SAMPLE STREET
SAMPLETOWN VIC 3000

Make your payment:



See overleaf for details of the Offer and how to make your payment

Accelerated Non-Renounceable Entitlement Offer - Entitlement and Acceptance Form

 **Your payment must be received by 5:00pm (Melbourne time) Wednesday 6 December 2017**

This is an important document that requires your immediate attention. It can only be used in relation to the shareholding represented by the details printed overleaf. If you are in doubt about how to deal with this form, please contact your financial or other professional adviser.

Step 1: Registration Name & Offer Details

Details of the shareholding and entitlements for this Offer are shown overleaf.

Please check the details provided and update your address via www.investorcentre.com if any of the details are incorrect.

If you have a CHESS sponsored holding, please contact your Controlling Participant to notify a change of address.

Step 2: Make Your Payment

You can apply to accept either all or part of your Entitlement. If you accept your full Entitlement, you can also apply for Additional New Shares. Enter the number of New Shares you wish to apply for and the amount of payment for those New Shares.

By making your payment you confirm that you agree to all of the terms and conditions as detailed in the Retail Offer Booklet dated 22 November 2017.

Choose one of the payment methods shown below.

BPAY®: See overleaf. Do not return the payment slip with BPAY payment.

By Mail: Complete the reverse side of the payment slip and detach and return with your payment. Make your cheque, bank draft or money order payable in Australian dollars to "**Redflex Holdings Limited**" and cross "**Not Negotiable**". The cheque must be drawn from an Australian bank. Cash is not accepted.

Payment will be processed on the day of receipt and as such, sufficient cleared funds must be held in your account as cheques received may not be re-presented and may result in your Application being rejected. Paperclip (do not staple) your cheque(s) to the payment slip. Receipts will not be forwarded. Funds cannot be debited directly from your account.

Entering your contact details is not compulsory, but will assist us if we need to contact you.

Turn over for details of the Offer →

Redflex Holdings Limited Accelerated Non-Renounceable Entitlement Offer
Payment must be received by 5:00pm (Melbourne time) Wednesday 6 December 2017

© Registered to BPAY Pty Limited ABN 69 079 137 518

916CR_0_Sample_CA/000001/000001/i

Entitlement and Acceptance Form with Additional Shares

X 9999999991

IND

STEP 1 Registration Name & Offer Details

 For your security keep your SRN/HIN confidential.

Registration Name: MR SAM SAMPLE
123 SAMPLE STREET
SAMPLETOWN VIC 3000

Entitlement No: 12345678

Offer Details: Existing shares entitled to participate as at 7.00pm (Melbourne time) Friday 17 November 2017:
Entitlement to New Shares on a 1 for 3 basis:
Amount payable on full acceptance at A\$0.44 per New Share:

4,000
1
\$0.01

STEP 2 Make Your Payment

	Biller Code: 277772 Ref No: 1234 5678 9123 4567 89
--	---

Pay by Mail:

 Make your cheque, bank draft or money order payable to "Redflex Holdings Limited" and cross "Not Negotiable".
Return your cheque with the below payment slip to:
Computershare Investor Services Pty Limited
GPO BOX 505 Melbourne Victoria 3001 Australia

Contact your financial institution to make your payment from your cheque or savings account.

Lodgement of Acceptance

If you are applying for New Shares and your payment is being made by BPAY, you do not need to return the payment slip below. Your payment must be received by no later than 5:00pm (Melbourne time) Wednesday 6 December 2017. Applicants should be aware that their own financial institution may implement earlier cut off times with regards to electronic payment, and should therefore take this into consideration when making payment. Neither Computershare Investor Services Pty Limited (CIS) nor Redflex Holdings Limited accepts any responsibility for loss incurred through incorrectly completed BPAY payments. It is the responsibility of the applicant to ensure that funds submitted through BPAY are received by this time.
If you are paying by cheque, bank draft or money order the payment slip below must be received by CIS by no later than 5:00pm (Melbourne time) Wednesday 6 December 2017. You should allow sufficient time for this to occur. A reply paid envelope is enclosed for shareholders in Australia. Other Eligible Shareholders will need to affix the appropriate postage. Return the payment slip below with cheque attached. Neither CIS nor Redflex Holdings Limited accepts any responsibility if you lodge the payment slip below at any other address or by any other means.

Privacy Notice

The personal information you provide on this form is collected by Computershare Investor Services Pty Limited (CIS), as registrar for the securities issuers (the issuer), for the purpose of maintaining registers of securityholders, facilitating distribution payments and other corporate actions and communications. In addition, the issuer may authorise us on their behalf to send you marketing material or include such material in a corporate communication. You may elect not to receive marketing material by contacting CIS using the details provided above or emailing privacy@computershare.com.au. We may be required to collect your personal information under the Corporations Act 2001 (Cth) and ASX Settlement Operating Rules. We may disclose your personal information to our related bodies corporate and to other individuals or companies who assist us in supplying our services or who perform functions on our behalf, to the issuer for whom we maintain securities registers or to third parties upon direction by the issuer where related to the issuer's administration of your securityholding, or as otherwise required or authorised by law. Some of these recipients may be located outside Australia, including in the following countries: Canada, India, New Zealand, the Philippines, the United Kingdom and the United States of America. For further details, including how to access and correct your personal information, and information on our privacy complaints handling procedure, please contact our Privacy Officer at privacy@computershare.com.au or see our Privacy Policy at <http://www.computershare.com/au>.

[Detach here](#)

Redflex Holdings Limited Acceptance Payment Details

Entitlement taken up:

Number of Additional New Shares applied for:

Amount enclosed at A\$0.44 per New Share: **A\$**



Entitlement No: 12345678

Payment must be received by 5:00pm (Melbourne time) Wednesday 6 December 2017

MR SAM SAMPLE
123 SAMPLE STREET
SAMPLETOWN VIC 3000

Contact Details

Contact Name _____ Daytime Telephone _____

Cheque Details

Drawer	Cheque Number	BSB Number	Account Number	Amount of Cheque
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	A\$ <input type="text"/>

123456789123456789+0000000001-3051+14

22 November 2017

[Name]
[Address Line 1]
[Address Line 2]
[Address Line 3]
[Address Line 4]

NOT FOR RELEASE OR DISTRIBUTION IN THE UNITED STATES

Dear Shareholder

Redflex Holdings Limited Entitlement Offer - Notification to Ineligible Shareholders

On 15 November 2017, Redflex Holdings Limited (**Redflex**) announced a fully underwritten accelerated pro-rata non-renounceable entitlement offer (**Entitlement Offer**) of new fully paid ordinary shares in Redflex (**New Shares**) at an offer price of \$0.44 per New Share (**Offer Price**) to raise approximately \$16.4 million.

Under the Entitlement Offer, Redflex will offer eligible existing shareholders (**Eligible Shareholders**) the opportunity to subscribe for 1 New Share for every 3 existing Redflex shares held on the Record Date of 7.00pm (Melbourne time) on 17 November 2017 (**Record Date**).

The Entitlement Offer is lead managed and fully underwritten by Baillieu Holst Limited (**Underwriter**).

Why are we sending you this letter?

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

No action required

This letter is not an offer to issue entitlements or New Shares to you, nor an invitation for you to apply for entitlements or New Shares. **You are not required to do anything in response to this letter.**

Details of the Offer

The Entitlement Offer will raise approximately \$16.4 million. The proceeds from the Entitlement Offer will be used by Redflex to invest in its photo enforcement technology, products and services, its global sales pipeline of opportunities and its people, as further detailed in the Investor Presentation lodged by Redflex with ASX on 15 November 2017.



The Entitlement Offer comprises an offer to eligible institutional shareholders (**Institutional Entitlement Offer**) and an offer to eligible retail shareholders (**Retail Entitlement Offer**) to participate in the Entitlement Offer at the same Offer Price and offer ratio.

The Entitlement Offer is being made pursuant to section 708AA of the Corporations Act 2001 (Cth) (**Corporations Act**) (as modified by ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84) meaning that no prospectus is required to be prepared in relation to the Entitlement Offer. The Institutional Entitlement Offer has already been completed and raised approximately \$9.4 million.

Details and eligibility of the Retail Entitlement Offer

The Retail Entitlement Offer is being made to Eligible Retail Shareholders (as defined below) on the basis of 1 New Share for every 3 existing Redflex shares held at 7.00pm (Melbourne time) on the Record Date. An information booklet in relation to the Retail Entitlement Offer (**Retail Offer Booklet**) will be despatched to Eligible Retail Shareholders on or around 22 November 2017.

Eligible Retail Shareholders are those persons who:

- are registered as a holder of existing Redflex shares as at 7.00pm (Melbourne time) on the Record Date;
- as at the Record Date, have a registered address 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 Redflex 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) in the Institutional Entitlement Offer and were not treated as ineligible institutional investors under the Institutional Entitlement Offer; and
- are eligible under all applicable securities laws to receive an offer under the Retail Entitlement Offer without any requirement for a prospectus or offer document to be lodged or registered in the jurisdiction in which the shareholder resides.

Shareholders who are not Eligible Retail Shareholders and who did not participate in the Institutional Entitlement Offer are ineligible retail shareholders, and are consequently unable to participate in the Retail Entitlement Offer.

The restrictions upon eligibility to participate in the Retail Entitlement Offer arise because of legal and regulatory limitations in some countries other than Australia and New Zealand and the potential costs to Redflex of complying with these legal and regulatory requirements compared with the relatively small number of shareholders in these countries, the relatively small number of existing Redflex shares the shareholders in these countries hold and the relatively low value of New Shares to which those shareholders would otherwise be entitled under the Retail Entitlement Offer. Redflex has determined, pursuant to Listing Rule 7.7.1(a) of the ASX Listing Rules and section 9A(3) of the Corporations Act, that it would be unreasonable to make or extend offers to Redflex shareholders in all countries in connection with the Retail Entitlement Offer.

Unfortunately, according to our records, you do not satisfy the eligibility criteria stated above to qualify as an Eligible Retail Shareholder. Accordingly, in compliance with ASX Listing Rule 7.7.1(b) and

section 9A(3)(b) of the Corporations Act, Redflex wishes to notify you that Redflex will not be extending the Retail Entitlement Offer to you and you will not be able to subscribe for New Shares under the Retail Entitlement Offer. Under the terms of the Retail Entitlement Offer, you are not eligible to apply for New Shares and you will not be sent a copy of the Retail Offer Booklet or any other offering materials relating to the Retail Entitlement Offer.

The Entitlement Offer is non-renounceable, which means that your entitlements are non-transferable and cannot be sold or traded.

Treatment of ineligible retail Shareholders

Pursuant to section 615 of the Corporations Act, following the close of the Retail Entitlement Offer, Holdex Nominees Pty Ltd ACN 004 816 200 as nominee (**Nominee**) will invite institutional investors to bid for New Shares in respect of Entitlements which would have been offered to ineligible retail Shareholders had they been entitled to participate in the Retail Entitlement Offer. If the price at which the entitlements are sold is above the Offer Price, then the Nominee will work with Redflex and the Underwriter to distribute to ineligible retail Shareholders their proportion of the proceeds of sale that exceed the Offer Price (net of expenses and taxes). In conducting this process, the Nominee is not providing services or acting as agent or sub-agent on behalf of, for or to any ineligible retail Shareholder or accepting any duties (whether fiduciary or otherwise) to any ineligible retail Shareholder.

If you have any queries regarding the Retail Entitlement Offer or if you believe you are an Eligible Retail Shareholder, please call the Redflex Holdings Limited Offer Information Line on 1300 850 505 (within Australia) or +61 3 9415 4000 (outside Australia) between 8.30am to 5.30pm (Melbourne time) Monday to Friday during the Retail Entitlement Offer period. For other questions, you should consult your stockbroker, accountant or other professional adviser.

On behalf of the Board of Redflex, thank you for your continued support.

Yours sincerely



Craig Durham
Company Secretary

Important Information

This letter is issued by Redflex Holdings Limited. This letter is not a prospectus, product disclosure statement, or any other disclosure document under Australian law or under any other law. It is for information purposes only and does not constitute an offer, invitation or recommendation to subscribe for, retain or purchase any securities in Redflex in any jurisdiction. This letter does not constitute financial product advice and has been prepared without taking account of the investment objectives, financial situation or needs of any particular investor. This letter does not and will not form any part of any contract for the acquisition of Redflex shares.

This letter does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States or to any person acting for the account or benefit of any person in the United States, or in any other jurisdiction in which such an offer or solicitation would be illegal. No action has been or will be taken to register, qualify or otherwise permit an offering of the New Shares in any jurisdiction outside Australia and New Zealand (except, with the express consent of Redflex, to shareholders in certain other jurisdictions where Redflex has determined it is lawful and practical to make the Entitlement Offer). This letter may not be distributed or released in the United States.

The New Shares have not been and will not be registered under the U.S. Securities Act of 1933 as amended (the U.S. Securities Act) or the securities laws of any state or other jurisdiction of the United States. Accordingly, the New Shares may not be offered and sold in the United States except in transactions registered under the U.S. Securities Act or transactions exempt from, or not subject to, the registration requirements of the U.S. Securities Act and applicable state and securities laws.