



68 Moss Street
Slacks Creek, QLD 4127

5 October 2017

Dear Shareholder

MotorCycle Holdings Limited Rights Issue – notification to eligible shareholders

MotorCycle Holdings Limited (**Company**) is in the process of raising \$67,000,000 of new equity capital through a pro-rata renounceable Rights Issue (**Rights Issue**). Details are as announced to the Australian Securities Exchange (**ASX**) on 4 October 2017. Under the Rights Issue, new MotorCycle Holdings Limited shares (**New Shares**) are being offered at an offer price of \$3.85 per New Share.

The Rights Issue is fully underwritten by Morgans Corporate Limited (**Underwriter**). Details of the underwriting agreement and potential impact on the control of the Company as a result of the Rights Issue will be provided in the offer document.

Eligible Shareholders

Shareholders who are eligible to participate in the Rights Issue (**Eligible Shareholders**) are shareholders who:

- (a) were registered as a MotorCycle Holdings Limited shareholder as at 7.00 pm (AEDT) on Monday, 9 October 2017 (**Record Date**);
- (b) have a registered address in Australia or New Zealand; and
- (c) are not in the United States and are not “U.S. persons” (as defined under Regulation S under the *United States Securities Act of 1933*, as amended) (**U.S. Persons**) and are not acting for the account or benefit of U.S. Persons; and
- (d) are eligible under all applicable securities laws to receive an offer under the Rights Issue.

Why are there restrictions on eligibility?

There are restrictions on eligibility because of:

- (a) the legal limitations in some countries;
- (b) the relatively small number of shareholders in some countries;
- (c) the small number of shares those shareholders hold; and
- (d) the potential cost of complying with regulatory requirements in those countries.

MotorCycle Holdings Limited has determined, pursuant to Listing Rule 7.7.1(a) of the ASX Listing Rules, that it would be unreasonable to make offers to shareholders in all countries in connection with the Rights Issue.

Do you need to do anything?

Before taking any action, you should read the offer document, which will be dispatched on 11 October 2017.

You may either:

- Take up your entitlement in full or in part;
- Sell all or some of your rights on ASX;
- Transfer all or some of your rights to another person other than on ASX; or
- Allow some or all of your rights to lapse.

Entitlements may have value and it is important that Eligible Shareholders determine whether to take up in whole or part, sell or transfer, or do nothing, in respect of their entitlement. If you do not wish to take up your entitlement, you may sell all or part of your entitlement on ASX from Friday, 6 October 2017 to Friday, 13 October 2017 or transfer all or part of your entitlement directly to another person.

If you choose to do nothing in respect of all or a part of your entitlement, part or all (as applicable) of your entitlement will lapse and you will receive no benefit.

Eligible Shareholders should note that there is no guarantee that there will be a liquid market on the ASX in traded entitlements. A lack of liquidity may impact the ability to sell entitlements on the ASX and the price able to be achieved. Prices obtainable for entitlements on the ASX may rise and fall over the entitlement trading period and will depend on many factors including the demand for and supply of entitlements on ASX and the value of the Company's existing Shares relative to the offer price.

If you sell your entitlement in the entitlement trading period, you may receive a higher or lower amount than a shareholder who sells their entitlement at a different time in the entitlement trading period.

The assignment, transfer and exercise of entitlements trading on ASX will be restricted to persons meeting eligibility criteria. In particular, persons in the United States and persons acting for the account or benefit of persons in the United States will not be eligible to purchase or trade entitlements or to exercise entitlements they acquire. If you buy entitlements during the trading period, but you do not meet the eligibility criteria, you will not be able to take up or exercise those entitlements and, as a result, you may receive no value for them.

Ineligible Shareholders

Shareholders who are not Eligible Shareholders (**Ineligible Shareholders**) are not entitled participate in the Rights Issue, or to trade or exercise their entitlement to be issued New Shares. As the Rights Issue is renounceable, the Company has arranged for the entitlements of Ineligible Shareholders to be offered for sale on the ASX by a nominee, Berne No 132 Nominees Pty Ltd (ACN 010 413 591) (**Berne**).

Berne will arrange for the net proceeds (if any), net of expenses, to be sent to the Company's share registry, Computershare Limited, to facilitate pro rata payments of any net proceeds to Ineligible Shareholders. Berne will have the absolute and sole discretion to determine the timing and the price at which the entitlements may be sold and the manner of any sale. Neither the Company nor Berne will be subject to any liability for the failure to sell the entitlements or to sell them at a particular price.

If, in the reasonable opinion of the Underwriter, there is not a viable market for the entitlements that would have been offered to the Ineligible Shareholders or a surplus over the expenses of sale cannot be obtained for those entitlements, then the entitlements will be allowed to lapse and they will form part of the shortfall issued to the Underwriter, in which case the Ineligible Shareholders will not receive any proceeds.

Rights Issue Details

The Rights Issue is being made by MotorCycle Holdings Limited in accordance with section 708AA of the *Corporations Act 2001*.

The Rights Issue is being made to Eligible Shareholders, as outlined above, on the basis of 11 New Share for every 24 existing shares held at 7.00 pm (AEDT) on the Record Date.

Full details of the Rights Issue are set out in an offer document which will be dispatched to eligible shareholders on 11 October 2017. The offer document will be accompanied by a personalised entitlement and acceptance form and instructions on how eligible shareholders may accept their entitlement. Any shareholder who wishes to acquire New Shares under the Rights Issue will need to complete the personalised entitlement and acceptance form that will accompany the Rights Issue offer document.

Use of Funds

The Rights Issue will raise approximately \$67 million, before costs.

The net proceeds of the Rights Issue will be approximately \$63.7 million and will be used (in conjunction with debt and the issue of Shares in the Company) to acquire all of the shares in the motorcycle distribution and retail business of Cassons Pty Limited.

Timetable

Event	Date
Announcement of the Rights Issue	Wednesday, 4 October 2017
Lodgement of Cleansing Notice with ASX	Wednesday, 4 October 2017
Notice sent to Eligible Shareholders and Ineligible Shareholders	Thursday, 5 October 2017
Ex Date Start of Rights trading	Friday, 6 October 2017
Record Date	7.00 pm (AEDT) on Monday, 9 October 2017
Offer document and entitlement and acceptance forms dispatched to eligible shareholders	Wednesday, 11 October 2017
Rights Issue opens	Wednesday, 11 October 2017
Last day of Rights trading	Friday, 13 October 2017
Closing date – last date for lodgement of entitlement and acceptance forms and application money	5.00 pm (AEDT) Friday, 20 October 2017
Shortfall Notification Date Company notifies ASX and Underwriter of under-subscriptions	Tuesday, 24 October 2017
Shortfall Settlement Date Settlement of the New Shares	Thursday, 26 October 2017
Issue Date Issue of New Shares	Friday, 27 October 2017
Trading Date New Shares commence trading on ASX and despatch of holding statements	Monday, 30 October 2017

Subject to the Listing Rules, the Company reserves the right to vary the timetable without prior notice in consultation with the Underwriter, including by extending the Closing Date or closing the Rights Issue early.

Further information

The Company anticipates that approximately 17,393,750 shares will be issued. Upon completion of the Rights Issue, the issued capital of the Company will comprise approximately 61,707,387 ordinary fully paid shares.

If you have any questions in relation to the Rights Issue and this letter, please seek professional advice or contact the MotorCycle Holdings Limited Rights Issue Information Line on 1300 552 270 (from within Australia) or +61 3 9415 4000 (from outside Australia).

On behalf of the Directors, I thank you for your continued support and I commend the Rights Issue to you.

Yours faithfully



Lisa Dalton

Company Secretary

MotorCycle Holdings Limited

IMPORTANT INFORMATION

This letter is issued by MotorCycle Holdings Limited.

This letter is not a prospectus or 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 MotorCycle Holdings Limited in any jurisdiction. This letter does not constitute financial product advice and does not take into account your investment objectives, financial situation or needs. This letter does not and will not form any part of any contract for the acquisition of shares in MotorCycle Holdings Limited.

NOT FOR DISTRIBUTION OR RELEASE INTO THE UNITED STATES

This letter does not constitute an offer to sell, or a solicitation of an offer to buy, any securities in the United States. Neither the entitlements nor the new shares to be issued under the Rights Issue have been, nor will be, registered under the U.S. Securities Act of 1933 as amended (**U.S. Securities Act**) or under the securities laws of any state or other jurisdiction of the United States. The entitlements and the new shares may not be issued to, purchased or traded by, or taken up or exercised by, any person in the United States or any person acting for the account or benefit of a person in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws.