14 December 2023

Markets Announcements Office
ASX Limited

Notice of Meeting and Other Information for General Meeting of Shareholders to Approve Acquisition of Dealership Group in Victoria

Attached is the following material for the General Meeting of shareholders of Eagers Automotive Limited (ASX:APE) scheduled for 30 January 2024:

1. Instructions on attending and voting at the meeting.

2. Notice of Meeting including:
    a. Online Meeting Guide.
    b. Voting/Proxy Form.
    c. Independent Expert's Report.

These documents are given to the ASX under listing rule 3.17.

-ENDS-

Authorised for release by the Board.

For more information:

Keith Thornton
Chief Executive Officer
(07) 3608 7110

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Domestique Consulting
0477 946 068

www.eagersautomotive.com.au

eagers automotive

ABN 87 009 680 013

Need assistance?

Phone:
1300 850 505 (within Australia)
+61 3 9415 4000 (outside Australia)

Online:
www.investorcentre.com/contact

APE

MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Eagers Automotive Limited General Meeting

The Eagers Automotive Limited General Meeting will be held on Tuesday, 30 January 2024 at 10:00am (QLD time). You are encouraged to participate in the meeting using the following options:

MAKE YOUR VOTE COUNT

To lodge a proxy, vote directly or access the Notice of Meeting and other meeting documentation visit www.investorvote.com.au and use the below information:

Control Number: 999999

SRN/HIN: I9999999999

PIN: 99999

For Intermediary Online subscribers (custodians) go to www.intermediaryonline.com

For your direct vote or proxy appointment to be effective it must be received by 10:00am (QLD time) on Sunday, 28 January 2024.

ATTENDING THE MEETING VIRTUALLY

To watch the webcast, ask questions and vote on the day of the meeting, please visit:
https://meetnow.global/MDGYSPV

For instructions refer to the online user guide www.computershare.com.au/virtualmeetingguide

ATTENDING THE MEETING IN PERSON

The meeting will be held at:
5 Edmund Street, Newstead, Queensland

You may elect to receive meeting-related documents, or request a particular one, in electronic or physical form and may elect not to receive annual reports. To do so, contact Computershare.

Eagers Automotive Limited
ABN 87 009 680 013

Notice of General Meeting

A General Meeting of Eagers Automotive Limited (**Eagers** or the **Company**) will be held on **30 January 2024 at 10.00 am (Qld time)**.

It will be held as a hybrid meeting, thereby giving Shareholders an opportunity to attend either online or in person.

Shareholders are invited to attend the General Meeting online at https://meetnow.global/MDGYSPV.

Shareholders may do this electronically by using a compatible web browser on their computer, tablet or smartphone.

Attending the General Meeting online will provide Shareholders with the ability to participate in the proceedings of the meeting by webcast. It will allow Shareholders to cast votes their votes during the General Meeting in real time.

Alternatively, Shareholders may choose to attend in person at 5 Edmund Street, Newstead, Queensland.

Further instructions on how to attend the General Meeting are contained in the Online Meeting Guide in the **Annexure** to this Notice of General Meeting. This includes information on how to vote and ask questions online during the General Meeting.

BUSINESS OF GENERAL MEETING

1. Approval of Acquisition

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

That approval be given for the purposes of Chapter 2E of the Corporations Act, ASX Listing Rule 10.1, ASX Listing Rule 10.11 and all other purposes for the Company (or its Related Bodies Corporate) to acquire the Dealerships and the Properties, and to enter into the Leases and to issue the Consideration Shares, on the terms and conditions summarised in the Explanatory Notes.

ADDITIONAL INFORMATION

Independent Expert's Report

Shareholders should consider the Independent Expert's Report included as an **Annexure** to this Notice of General Meeting. **The Independent Expert has considered that the Acquisition and the Leases are fair and reasonable to Shareholders not associated with the Vendors.**

Explanatory Notes

Please refer to the Explanatory Notes for more information on the voting procedure and the Resolution.

By Order of the Board
14 December 2023

Denis Stark

Denis Stark
Company Secretary

VOTING

1. Poll

In accordance with Article 40 of the Company's constitution, the Chair intends to call a poll in respect of the Resolution. The results of the voting on the Resolution will be announced to the ASX promptly after the General Meeting.

2. Entitlement to Vote

You will be eligible to vote at the General Meeting if you are a registered holder of ordinary shares in the Company as at 6.00 pm (Qld time) on 28 January 2024. A Shareholder who is entitled to attend and vote at the General Meeting may do so by:

- casting a direct vote prior to the General Meeting;
- casting a vote online or in person during the General Meeting; or
- appointing a proxy or representative to vote on their behalf.

3. Direct Voting prior to the General Meeting

In accordance with Article 37(b) of the Company's constitution, the Board has determined that Shareholders entitled to attend and vote at the General Meeting may do so without attending the General Meeting or appointing a proxy. Voting in this manner is referred to as "direct voting".

If you do not attend the General Meeting either in person or online, you may cast a direct vote prior to the General Meeting by following the instructions set out in the **enclosed** Voting Form or online at www.investorvote.com.au. Direct votes must be lodged at least 48 hours before the General Meeting commences (i.e. no later than 10.00 am (Qld time) on 28 January 2024).

4. Voting during to the General Meeting

Shareholders attending the General Meeting online or in person may cast a vote during the General Meeting in real time. Details of how to attend and vote at the General Meeting online are set out in the Online Meeting Guide.

5. Proxies and Representatives

If you are a Shareholder entitled to attend and vote at the General Meeting, you may appoint a proxy to attend and vote on your behalf. You may direct the proxy how to vote. A proxy may be an individual or a body corporate but need not be a Shareholder of the Company.

To appoint a proxy, you must follow the instructions set out in the Voting Form or online at www.investorvote.com.au. Proxy appointments must be received at least 48 hours before the General Meeting commences (ie. No later than 10.00 am (Qld time) on 28 January 2024).

If a proxy is appointed by a Shareholder under power of attorney, the original or a certified copy of the power of attorney must also be received by the Company's share registry at least 48 hours before the General Meeting commences (ie. No later than 10.00 am (Qld time) on 28 January 2024).

If you are entitled to cast two or more votes, you may appoint either one or two proxies. To appoint a second proxy, follow the instructions on the Voting Form or online at www.investorvote.com.au.

A body corporate that is a Shareholder, or that has been appointed as a proxy, is entitled to appoint any person to act as its representative at the General Meeting. The body corporate or representative must provide a ‘certificate of appointment of corporate representative’ prior to the representative's admission to the General Meeting confirming its authority to act as the body corporate's representative. The Company's share registry can provide a form of the certificate on request.

6. Chair's voting intentions and Undirected Proxies

The Chair intends to vote all available proxies in favour of the Resolution. An undirected proxy may be voted as the proxy chooses.

SHARE REGISTRY’S CONTACT DETAILS

Lodge votes by mail, fax or online:

Mail: Computershare Investor Services Pty Limited
GPO Box 242 Melbourne
Victoria 3001 Australia

Fax: (within Australia) 1800 783 447
(outside Australia) +61 3 9473 2555

Online: www.investorvote.com.au

Intermediary Online Subscribers: www.intermediaryonline.com

All enquiries:

Phone: (within Australia) 1300 850 505
(outside Australia) +61 3 9415 4000

EXPLANATORY NOTES

These Explanatory Notes are included in, and form part of, the Notice of General Meeting dated 14 December 2023.

ACQUISITION OVERVIEW

On 10 October 2023, Eagers announced that it had agreed to acquire a portfolio of dealerships and key strategic properties located across Melbourne and the Mornington region of Victoria from a group of companies associated with Mr Nick Politis for a combination of cash and shares in Eagers (the **Acquisition**). As a consequence of the Acquisition, Mr Politis' investment in Eagers will increase, demonstrating his ongoing commitment to the Company and its future growth and development.

The Dealerships to be acquired pursuant to the Acquisition (the **N G P Victoria Dealership Group**) comprises a high quality, well-balanced portfolio of leading brands including BMW, Jaguar, Land Rover, Mercedes-Benz, MG, Mini, Mitsubishi, Nissan, Renault, Skoda, Volkswagen and Volvo situated in the key locations of Brighton, Essendon, Mornington, Mulgrave, Port Melbourne and Toorak in Victoria.

As part of the Acquisition, Eagers will acquire the freehold title to three strategic properties from the Vendors, with the balance of the premises from which the N G P Victoria Dealership Group operates to be leased or sub-leased on commercial terms from the Vendors and third parties. Eagers' decision to lease certain properties from the Vendors which are used by the NGP Victoria Dealership Group, rather than acquire the freehold title to them, has been based upon Eagers' assessment as to whether their acquisition would otherwise be consistent with, or enhance, its Next100 Strategy. Where it has been assessed by Eagers that an acquisition of a property owned by the Vendors would not enhance or complement its Next100 Strategy, Eagers has decided that it is more appropriate to lease those properties from Vendors instead (albeit on terms and rentals consistent with, and reflecting, arm's length terms as described in, and confirmed by, the Independent Expert's Report).

The N G P Victoria Dealership Group's core business is consistent with Eagers' current core business of operating a diversified portfolio of automotive brands. The Acquisition is expected to provide additional scale to, and increase the geographic footprint of, Eagers' existing business as well as providing opportunities for future growth.

Eagers is seeking Shareholder approval for the purposes of Chapter 2E of the Corporations Act, ASX Listing Rule 10.1 and all other purposes in respect of the Acquisition. Shareholder approval is required for the Acquisition as the Vendors are entities associated with, or controlled by, Mr Nick Politis. Mr Politis is a Director and has a Substantial Holding.

Shareholder approval is also sought for the purposes of ASX Listing Rule 10.1 in respect of the Leases and for the purposes of ASX Listing Rule 10.11 in respect of the issue of the Consideration Shares.

ABOUT EAGERS AUTOMOTIVE LIMITED

Eagers Automotive Limited is Australia's oldest listed automotive retail group with over 110 years of automotive retail experience.

Founded in 1913, the Company has a proud history of being at the forefront of the automotive retail industry. The transformational merger with Automotive Holdings Group Limited in 2019 created a unique geographic scale and breadth of brand representation which has enabled Eagers to become one of the leading automotive retail groups in Australia and New Zealand.

Through the Next100 Strategy, the Company is well positioned to capitalise on the ongoing changes in the automotive retail industry. By providing innovative, customer centric solutions to business partners, on a lower and more sustainable cost base, Eagers will be best positioned to lead industry transformation and consolidation while striving to always remain a preferred partner for OEMs.

Eagers Automotive currently represents in excess of 50 new vehicle car and truck brands across both Australia and New Zealand, with approximately 7,600 employees.

ABOUT THE N G P VICTORIA DEALERSHIP GROUP

The N G P Victoria Dealership Group's core business is the ownership and management of authorised motor vehicle dealerships, providing full service facilities covering new motor vehicle sales, used motor vehicle sales, servicing, spare parts and the facilitation of allied consumer finance.

The N G P Victoria Dealership Group comprises a high quality, well-balanced portfolio of leading brands including BMW, Jaguar, Land Rover, Mercedes-Benz, MG, Mini, Mitsubishi, Nissan, Renault, Skoda, Volkswagen and Volvo situated in the key locations of Brighton, Essendon, Mornington, Mulgrave, Port Melbourne and Toorak in Victoria.

SUMMARY OF THE ACQUISITION AND THE LEASES

Pursuant to the Acquisition, Eagers (or its Related Bodies Corporate) will acquire the Dealerships and the Properties from the Vendors, being:

- N G P Essendon Pty Ltd;
- N G P Ingles Pty Ltd;
- N G P Lorimer Pty Ltd;
- N G P Melbourne Pty Ltd
- N G P Toorak Pty Ltd; and
- N G P Investments (No 2) Pty Ltd.

In addition, Eagers and certain of the Vendors will also enter into:

- leases in respect of certain properties owned by the Vendors (the **Owned Leased Properties**); and
- sub-leases in respect of certain properties leased by the Vendors from third parties (the **Sub-Lease Properties**),

on commercial terms (together, the **Leases**).

The Vendors are each associated with, or controlled by, Mr Nick Politis. Mr Politis is a Director and has a Substantial Holding in Eagers.

A summary of the material terms of the Acquisition and the Leases is set out below.

Material Terms of the Acquisition

Material Term	Description
Summary	Pursuant to the Acquisition, the Company (or its Related Bodies Corporate) will acquire: ▪ the assets and business of the Dealerships; and ▪ the Properties, and will enter into the Leases.
Purchase Price	Approximately $241 million, subject to customary post-Completion adjustments apportioned as follows: ▪ goodwill - $111 million; ▪ the net assets and business of the Dealerships - $30 million; and ▪ the Properties - $100 million. The portion of the Purchase Price attributed to goodwill be paid by the issue of $25 million worth of Shares (**Consideration Shares**) with the balance to be paid in cash. 1,783,727 Consideration Shares will be issued pursuant to the Acquisition, based on the volume weighted average price of Shares traded on the ASX over the 20 trading days prior to the announcement of the Acquisition, being $14.0156 per Share. In addition, a further $7 million will be payable to the Vendors subject to the satisfaction of certain post-Completion milestones. Details of this earnout are set out in the Terms of the Proposed Transaction described on pages 28 and 29 of the Independent Expert's Report. The payment of the earnout will depend upon satisfaction of milestones, including nominated dealerships achieving certain profit outcomes.
Conditions Precedent	Completion of the Acquisition is subject to a number of conditions precedents. As at the date of the Notice of General Meeting, the following conditions precedent remain outstanding: ▪ the Acquisition being approved by Shareholders for the purposes of Chapter 2E of the Corporations Act and ASX Listing Rule 10.1 and the issue of the Consideration Shares being approved by the Shareholders for the purposes of ASX Listing Rule 10.11; ▪ Eagers (or its Related Bodies Corporate) having obtained all necessary licences required to operate the Dealerships; ▪ each Manufacturer consenting to the Acquisition (either unconditionally or on conditions satisfactory to Eagers, acting reasonably) and entering into a new dealer agreement with Eagers (or its Related Bodies Corporate) on terms satisfactory to Eagers; ▪ the lessor and each mortgagee of the Leased Properties consenting to the assignment of the relevant lease to Eagers (or its Related Bodies Corporate); ▪ the headlessor of the Sub-Lease Properties consenting to the parties entering into the Sub-Lease; and ▪ there being no material adverse change affecting the Dealerships, or the financial or trading position or prospects of the Dealerships.
Completion	Completion is expected to take place on or about 29 February 2024. Completion of the acquisition of the Dealerships, the purchase of the Properties and the entry into of the Leases is inter-conditional.

<table>
<tr><th>Material Term</th><th>Description</th></tr>
<tr><td>Properties</td><td>The Dealerships operate from the following locations:
<table>
<tr><th>Location</th><th>Dealership / Use</th><th>Area</th></tr>
<tr><td colspan="3">Properties</td></tr>
<tr><td>972-988 Nepean Highway</td><td>Mercedes-Benz Brighton, Brighton Volkswagen and Brighton Autobody</td><td>Moorabbin</td></tr>
<tr><td>565-571 Springvale Road and 573-577 Springvale Road</td><td>Waverley Motor Group (Volkswagen, Nissan, Mitsubishi, MG, Renault, Skoda and Volvo)</td><td>Mulgrave</td></tr>
<tr><td colspan="3">Leased Properties</td></tr>
<tr><td>29 Madden Grove</td><td>Mercedes-Benz Toorak</td><td>Richmond</td></tr>
<tr><td>328 sqm in front of 1A Village Court

Village Green Hotel Parking</td><td>Signage and Motor Vehicle Storage and Parking</td><td>Mulgrave</td></tr>
<tr><td>Lorimer Street</td><td>Used Car Yard</td><td>Port Melbourne</td></tr>
<tr><td>332 Plummer Street</td><td>Predelivery, Storage and Service Centre</td><td>Port Melbourne</td></tr>
<tr><td>1 Centro Circuit</td><td>Essendon BMW & Mini</td><td>Essendon Fields</td></tr>
<tr><td colspan="3">Sub-Lease Properties</td></tr>
<tr><td>351 Ingles Street and 353-387 Ingles Street</td><td>Melbourne City Volvo, Melbourne City Jaguar Land Rover, Melbourne City MG, Melbourne City Volkswagen</td><td>Port Melbourne</td></tr>
<tr><td colspan="3">Owned Leased Properties</td></tr>
<tr><td>33-35 Mornington-Tyabb Road and 5-7 Diane Street</td><td>Mercedes-Benz Mornington</td><td>Mornington</td></tr>
<tr><td>19-25 York Street</td><td>Predelivery and Storage</td><td>Airport West</td></tr>
<tr><td>220 Boundary Road</td><td>Predelivery and Storage</td><td>Braeside</td></tr>
<tr><td>1303-1315 Malvern Road</td><td>Malvern Jaguar Land Rover</td><td>Malvern</td></tr>
<tr><td>42 Glenvale Crescent</td><td>Predelivery, Parts Warehouse and Storage</td><td>Mulgrave</td></tr>
</table>
Note: The Properties are to be acquired by Eagers (or its Related Bodies Corporate) pursuant to the Acquisition.

The Leased Properties are leased from unrelated third parties and the existing commercial leases will be transferred to Eagers (or its Related Bodies Corporate), subject to necessary consents as noted above.

The Sub-Lease Properties are leased by N G P Lorimer Pty Ltd under its head lease from an unrelated third party. Eagers (or its Related Body Corporate) will enter into a Sub-Lease from N G P Lorimer Pty Ltd, as the sublessor, in respect of the Sub-Lease Properties.

The Owned Leased Properties are owned by the Lessors and will be leased by Eagers (or its Related Bodies Corporate) on commercial terms.</td></tr>
</table>

Material Terms of the Leases

Owned Leased Property	33-35 Mornington-Tyabb Road, Mornington
Lessor	N G P Investments (No 2) Pty Ltd
Rent	$532,840 per annum (excluding GST and outgoings), with a 3.5% annual increase on each anniversary of the commencement date.
Term	From the date of Completion to 31 December 2025
Options for renewal or extension	3 options, each of 5 years

Owned Leased Property	5-7 Diane Street, Mornington
Lessor	N G P Investments (No 2) Pty Ltd
Rent	$94,922 per annum (excluding GST and outgoings), with a 3.5% annual increase on each anniversary of the commencement date.
Term	From the date of Completion to 31 December 2025
Options for renewal or extension	3 options, each of 5 years

Owned Leased Property	19-25 York Street, Airport West
Lessor	N G P Investments (No 2) Pty Ltd
Rent	$288,615 per annum (excluding GST and outgoings), with a 3.5% annual increase on each anniversary of the commencement date.
Term	5 years
Options for renewal or extension	3 options, each of 5 years

Owned Leased Property	220 Boundary Road, Braeside
Lessor	N G P Investments (No 2) Pty Ltd
Rent	$504,150 per annum (excluding GST and outgoings), with a 3.5% annual increase on each anniversary of the commencement date.
Term	5 years
Options for renewal or extension	3 options, each of 5 years

Owned Leased Property	1303-1315 Malvern Road, Malvern
Lessor	N G P Investments (No 2) Pty Ltd
Rent	$1,290,845 per annum (excluding GST and outgoings), with a 3.5% annual increase on each anniversary of the commencement date.
Term	5 years
Options for renewal or extension	3 options, each of 5 years

Owned Leased Property	42 Glenvale Crescent, Mulgrave
Lessor	N G P Investments (No 2) Pty Ltd
Rent	$420,790 per annum (excluding GST and outgoings), with a 3.5% annual increase on each anniversary of the commencement date.
Term	5 years
Options for renewal or extension	3 options, each of 5 years

Sub-Lease Property	351 Ingles Street, Port Melbourne
Head Lessor	Cojas Holdings Pty Ltd and Belsize Nominees Proprietary Limited as trustee for The Brill Family Settlement
Sublessor	N G P Lorimer Pty Ltd
Rent	$1,341,924 per annum (excluding GST and outgoings), with a CPI review to take place on each anniversary of the Commencement date.
Term	From the date of Completion to 31 December 2035
Options for renewal or extension	4 options, each of 5 years

Sub-Lease Property	353-387 Ingles Street, Port Melbourne
Head Lessor	Ingles Street Pty Ltd as trustee for The Ingles Street Unit Trust
Sublessor	N G P Lorimer Pty Ltd
Rent	$551,323 per annum (excluding GST and outgoings), with a CPI review to take place on each anniversary of the Commencement date.
Term	From the date of Completion to 31 December 2035
Options for renewal or extension	4 options, each of 5 years

Please refer to the Independent Expert's Report for further information on the Leases. In particular, the rent payable under each of the Leases reflects the market assessment of rental provided as by JLL (and referred to in the Independent Expert's Report) for each of those properties. Consistent with the adoption of those rental assessments, the Independent Expert has opined (on page 48 of the Independent Expert's Report) that the interest in the Leases (together with the Leasehold Interest) have a nil value (i.e. the Leases are on terms which reflect the current market). The rentals which have been adopted by the parties for the purposes of this transaction (in reliance upon the JLL market assessment), are reduced from the rentals which the Vendors are presently applying for the leasing of those properties from their related entities.

The annual increase in rent of 3.5% for the Leases has been benchmarked by Eagers against leases currently in place in relation to properties leased at arm's length from third parties in Victoria.

Costs of the Acquisition and the Leases

Eagers expects to incur transaction costs of approximately $7.0 million in connection with the Acquisition and the Leases, predominately comprising taxes and stamp duty, valuation costs, legal and other professional fees (including the costs associated with the preparation of the Independent Expert's Report).
These costs will be paid to parties unrelated to the Vendors.

Funding the Acquisition and the Leases

Eagers has cash reserves and substantial available facilities with both Syndicate and Captive financing partners. Eagers expects to fund 100% of the cash component of the Purchase Price and stamp duty through these existing facilities and cash reserves. Eagers is presently targeting to fund the goodwill and net asset components of the Purchase Price by a mix of debt and from its existing cash reserves. With regards to the Properties, 100% of the Purchase Price is expected to be funded by way of debt. The extent to which cash reserves are used will depend upon the level of available reserves as at Completion. The balance of the associated Acquisition costs will be paid from Eagers' available cash reserves.

The acquisition of new vehicle inventory and eligible demonstrator and used vehicle inventory held by the Dealerships on the date of Completion will be funded through bailment financing arrangements (as is customary for the automotive retail industry).

Rent and other amounts payable in respect of the Leases will be funded from Eagers' available working capital.

Anticipated Financial Impact of the Acquisition and the Leases

The acquisition of the assets and business of the Dealerships, and the Properties, are anticipated to be accretive for the 2024 financial year, and result in an uplift in Eagers' statutory profit before tax of $18.0 million net of borrowing costs, and 4.1 cents per share accretion (on a full financial year equivalent basis).

The payment at Completion (excluding the earnout) is anticipated to be approximately $241.4 million. Of this payment, $216.4 million is to be funded from a combination of available facilities with Syndicate and Captive financing partners and cash reserves. The remaining $25.0 million will be settled by the issue of the Consideration Shares. To the extent funding of the Purchase Price is sourced from existing debt facilities, the gearing position for Eagers will increase relative to current levels. Regardless of this increase, any additional debt utilised for the payment of the Acquisition will not result in a gearing level that would, in the Board's view, be considered to be highly leveraged. The Board's view is consistent with the opinion expressed by the Independent Expert in the Independent Expert's Report at page 54.

Timetable for Completion of the Acquisition and the Leases

Eagers anticipates Completion of the Acquisition will be in accordance with the following timetable:

Event	Date
Notice of General Meeting dispatched to Shareholders	14 December 2023
General Meeting to approve the Acquisition and the Leases	30 January 2024
Completion of Acquisition and commencement of the Leases	On or about 29 February 2024

The above dates are indicative only, and are subject to change.

Consideration Shares

The Vendors currently have voting power in Eagers' of approximately 27.48%. Pursuant to the Acquisition, the Consideration Shares (being 1,783,727 Shares, representing approximately 0.69% of the number of Shares currently on issue) will be issued to the Vendors. Immediately following the Acquisition, the Vendors will have voting power in Eagers of approximately 27.98%.[1]

The issue of the Consideration Shares, and the corresponding increase in the voting power of the Vendors (and their associates) will not have any meaningful impact on the control of Eagers. The Consideration Shares:

- requires Shareholder approval for the purposes of ASX Listing Rule 10.11 (discussed below); and
- will be acquired by the Vendors in reliance on item 9 of section 611 of the Corporations Act.

ADVANTAGES, DISADVANTAGES AND RISKS OF THE ACQUISITION

Advantages

Benefits to Eagers from the Acquisition are anticipated to include the following:

- The majority of the Purchase Price will be settled in cash and will not result in a material control impact. In addition, settlement of part of the Purchase Price by way of the issue of the Consideration Shares will offset the impact of higher gearing associated with the remainder cash and debt funding of the Proposed Acquisition.
- The expansion of the Company's automotive retail operations in Victoria.
- An opportunity to access the Company's scale and geographic diversity in order to capture synergies and cost savings and to leverage the Company's technologies to drive improvements in productivity.
- The portfolio of high quality, well-balanced brands to be acquired pursuant to the Acquisition provides a balanced representation within the Melbourne and Mornington region of Victoria and is complementary to the Company's existing portfolio across Australia and New Zealand.
- The opportunity to acquire the select strategic Properties is consistent with the Company's Next100 Strategy and will provide the Company with greater control over future business expansion or consolidation activities.
- The Company will have the ability to further develop and improve the Properties in a manner to enhance their utility for the Company's business over time and benefit from any increase in market value of the Properties over time.
- The Acquisition provides a platform to expand the Company's parallel independent used cars business in Victoria, easyauto123 and Carlins, providing greater souring opportunities.
- The Acquisition is anticipated to be earnings per share accretive on a full year basis, before and after synergies.

[1] Based on the number of Shares on issue as at the date of the Notice of Meeting, being 256,900,410 Shares and only taking into account the issue of the Consideration Shares. Additional factors, including any cancellation of Shares bought back pursuant to the on-market buy-back announced on 30 June 2023, may alter this number.

Disadvantages

Disadvantages for the Company from the Acquisition could include the following:

- The timing of the Acquisition coincides with a time where market conditions for the automotive retail industry and commercial property are strong.
- The Company will fund the cash component of the Purchase Price (and associated acquisition costs) through a mix of external debt and cash reservices, which will effectively result in increased gearing and additional financial risk for Eagers.
- Transaction costs of approximately $7.0 million, predominantly comprising of stamp duty, will be incurred in relation to the Acquisition. These costs would, however, be payable irrespective of whether the Acquisition involved a related party.

Potential Risks Associated with the Acquisition

While not an exhaustive list, the following potential risk factors may arise from the Acquisition:

- An inability to successfully integrate the Dealerships into the Company's existing operations in Victoria may create additional costs, and have a negative impact on the financial return for the Company.
- The value of each Property may be impacted by a number of factors affecting the Australian property market. A downturn in the value of the Properties may have a negative impact on the financial return for the Company.

INDEPENDENT EXPERT'S REPORT

The Independent Expert has prepared the Independent Expert's Report, a copy of which is included as an **Annexure** to the Notice of General Meeting, which sets out an independent examination of the Acquisition and the Leases, to assist non-associated Shareholders assess the merits of, and to decide whether to approve, the Resolution.

The Independent Expert has concluded that both the Acquisition and the Leases are fair and reasonable to Shareholders not associated with the Vendors.

Shareholders are urged to carefully consider the Independent Expert's Report, including the assumptions, qualifications and disclaimers on which the Independent Expert's conclusions are based.

ASX LISTING RULE 10.1 AND ASX LISTING RULE 10.11

ASX Listing Rule 10.1

ASX Listing Rule 10.1 provides that a listed company must not acquire or agree to acquire, a substantial asset from, or dispose of or agree to dispose of, a substantial asset to:

- a related party;
- a child entity;
- a person who is, or was at any time in the six months before the relevant transaction, a substantial (10%+) holder in the company;
- an associate of a person referred to above; or
- a person whose relationship with the company, or a person referred to above, is such that, in ASX's opinion, the transaction should be approved by shareholders,

unless it obtains the approval of its shareholders.

The Acquisition falls within ASX Listing Rule 10.1, as:

- the Vendors are entities associated with, or controlled by, Mr Nick Politis – who is a Director and has a Substantial Holding – and are therefore both related parties and substantial (10+%) holders for the purposes of the ASX Listing Rules; and
- the Acquisition involves the acquisition of a "substantial asset" for the purposes of the ASX Listing Rules (as the Purchase Price payable by the Company is 5% or more of the equity interests of the Company, as set out in the Company's most recent annual report).

It therefore requires the approval of Shareholders under ASX Listing Rule 10.1.

The Leases fall within ASX Listing Rule 10.1, as:

- the Lessor is an entity associated with, or controlled by Mr Nick Politis – who is a Director and has a Substantial Holding – and are therefore both related parties and substantial (10+%) holders for the purposes of the ASX Listing Rules; and
- the Leases are a "substantial asset" for the purposes of the ASX Listing Rules (as the aggregate total rental payments under the Leases over their terms, including the options to renew, is 5% or more of the equity interests of the Company, as set out in the Company's most recent annual report).

The entry into of the Leases therefore requires the approval of Shareholders under ASX Listing Rule 10.1. Entry into any renewal or extension of those Leases upon exercise of an option contained in them may also require the approval of Shareholders under ASX Listing Rule 10.1 and, therefore, out of an abundance of caution have been included within the Resolution.

ASX Listing Rule 10.11

ASX Listing Rule 10.11 provides that, unless an exception applies, a listed company must not issue or agree to issue equity securities to any of the following persons without the approval of its shareholders:

- a related party;
- a person who is, or was at any time in the six months before the issue or agreement, a substantial (30%+) holder in the company;
- a person who is, or was at any time in the six months before the issue or agreement, a substantial (10%+) holder in the company and who has nominated a director to the board of the company pursuant to a relevant agreement which gives them a right or expectation to do so;
- an associate of a person referred to above; or
- a person whose relationship with the company, or a person referred to above, is such that, in ASX's opinion, the issue or agreement should be approved by shareholders.

The issue of the Consideration Shares falls within ASX Listing Rule 10.11 as the Vendors are entities associated with, or controlled by, Mr Nick Politis – who is a Director and has a Substantial Holding – and are therefore both related parties and substantial (10%+) holders for the purposes of the ASX Listing Rules.

As no relevant exception applies, the issue of the Consideration Shares requires approval of Shareholders under ASX Listing Rule 10.11.

Consequences of the Resolution being passed (or not passed)

If the Resolution is passed, the Company will be able to proceed with the Acquisition and the Leases, and also the issue of the Consideration Shares, which are anticipated to have the advantages summarised above. If the Resolution is not passed, the Company will not be able to proceed with the Acquisition or the Leases, but will have incurred transaction costs associated with the Acquisition and the Leases. In those circumstances, the Company will continue to invest in organic growth and pursue other identified strategic acquisition opportunities.

Further, an issue of securities that is made with the approval of shareholders under ASX Listing Rule 10.11 is an exception to ASX Listing Rule 7.1 Accordingly, if the Resolution is passed, the Consideration Shares will not count towards Eagers' placement capacity under ASX Listing Rule 7.1.

Additional Information Required by ASX Listing Rule 10.13

- The Consideration Shares (being 1,783,727 fully paid ordinary shares in the capital of Eagers) will be issued to the Vendors on Completion of the Acquisition.
- The Consideration Shares will be issued no more than 3 months after the date of the General Meeting.

  Ordinarily, ASX Listing Rule 10.13.5 would require the Consideration Shares to be issued no more than 1 month after the date of the General Meeting. However, ASX has provided a waiver to allow the Consideration Shares to be issued no later than 3 months after the date of the General Meeting, subject to Eagers confirming to ASX (and ASX accepting) that its circumstances have not materially changed since the date of the General Meeting.
- The Consideration Shares will be issued as part of the Purchase Price for the Acquisition. The number of Consideration Shares has been determined based on the volume weighted average price of Shares traded on the ASX over the 20 trading days prior to the announcement of the Acquisition, being $14.0156 per Share.
- A summary of the material terms of the Acquisition is set out above.

CHAPTER 2E OF THE CORPORATIONS ACT

Section 208 of the Corporations Act provides that the giving of a financial benefit by a public company to a related party requires Shareholder approval, unless an exception applies.

The Acquisition and the Leases fall within section 208 of the Corporations Act, as:

- each of the Vendors is a related party of the Company for the purposes of section 228 of the Corporations Act, as they are ultimately controlled by Mr Nick Politis, who is a Director; and
- the acquisition of an asset from, or the lease of an asset from, a related party constitutes the giving of a financial benefit for the purposes of section 229 of the Corporations Act.

It therefore requires the approval of Shareholders under Chapter 2E of the Corporations Act, unless a relevant exception applies. Relevantly, in accordance with section 210 of the Corporations Act, Shareholder approval is not needed to give a financial benefit on terms that:

- would be reasonable in the circumstances, if the company and the related party were dealing at arm's length; or
- are less favourable to the related party than the terms referred to above.

The Board considers that both the Acquisition and the Leases are on arm's length terms, such that the exception will apply. However, it has nevertheless determined that it is appropriate for Shareholders to approve the Acquisition and the Leases for the purposes of Chapter 2E of the Corporations Act. The Board's assessment that the Purchase Price (as described on page 4 of these Explanatory Notes) is on arm's length terms reflects the following:

- $111m for goodwill = Eagers' assessment of the maintainable profit before tax for the Dealerships (as set out in the Independent Expert's Report, pages 34 and 35) multiplied by a factor set by reference to a number of relevant historical transactions (details of some relevant comparable transactions are set out in appendix B to the Independent Expert's Report);
- $30m for net assets = an estimate for net assets included in the Acquisition calculated according to market standard metrics / accounting principles which are outlined in the transaction documents and consistent with the principles applied in similar transactions; and
- $100m for Properties = the opinion of the market value for those properties set out in the formal independent valuations obtained by the parties (further details of which are set out in section 9.7 of Independent Expert's Report, at page 47).

Identify of the Related Party and Nature of the Financial Benefit

Related Parties	Nature of Relationship	Nature of Financial Benefit
N G P Essendon Pty Ltd N G P Ingles Pty Ltd N G P Lorimer Pty Ltd N G P Melbourne Pty Ltd N G P Toorak Pty Ltd N G P Investments (No 2) Pty Ltd N G P Investments (No 1) Pty Ltd Sitil Management Pty Ltd Mr Nick Politis	Mr Nick Politis, a Director: ▪ is a director of each of the Vendors; and ▪ has indirect control of each of the Vendors. N G P Investments (No 1) Pty Ltd is the ultimate holding company of each of the Vendors. Sitil Management Pty Ltd is the sole shareholder of N G P Investments (No 1) Pty Ltd.	The Vendors are selling the Dealerships and the Properties to the Company (or its Related Bodies Corporate) in exchange for payment of the Purchase Price (including the Consideration Shares).

Directors' Interests in the Acquisition

Mr Nick Politis, a Director, is also a director of each of the Vendors and has indirect control of each of the Vendors. Mr Politis has disclosed this interest to the Board. In addition, Mr Daniel Ryan, a Director, is also a director of each of the Vendors. Mr Ryan does not have a direct or indirect interest in the Vendors. Mr Ryan has disclosed this interest to the Board.

The Board (other than Mr Nick Politis and Mr Daniel Ryan) have resolved that Mr Nick Politis and Mr Daniel Ryan:

- should not participate in Board discussions or decisions relating to the Acquisition or the Leases; and
- should abstain from making or participating in any recommendation to Shareholders in relation to the Acquisition, the issue of the Consideration Shares or the Leases.

Accordingly, neither Mr Nick Politis nor Mr Daniel Ryan have participated in discussions or decisions of the Board in relation to the Acquisition, the issue of the Consideration Shares or the Leases, and will continue to abstain from any such discussions or decisions.

The Company will disregard any votes cast by the Vendors, Mr Nick Politis (or any of their associates – including Mr Daniel Ryan) on the Resolution (except where the vote is cast as a directed proxy on behalf of a Shareholder who is eligible to vote on the Resolution).

Otherwise, the Directors have no interest in the Acquisition, other than as Shareholders.

Voting Exclusion

The Company will disregard any votes cast in favour of the Resolution by or on behalf of:

- the Vendors and any other person who will obtain a material benefit as a result of the Acquisition, the Consideration Shares or the Leases (other than a benefit solely by reason of being a Shareholder); or
- any of their associates.

However, this does not apply to a vote cast in favour of the Resolution by:

- a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way;
- the Chair of the General Meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- a Shareholder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided that the following conditions are met:

- the beneficiary provides written confirmation to the Shareholder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
- the Shareholder votes on the Resolution in accordance with directions given by the beneficiary to the Shareholder to vote in that way.

In addition to the above, certain related parties of the Company (and their associates) are prohibited from voting on the Resolution (in any capacity) in accordance with section 224 of the Corporations Act, unless they are voting as a directed proxy on behalf of a Shareholder who is entitled to vote.

Directors' Recommendation

Based on the Directors' consideration and assessment of the Acquisition, the issue of the Consideration Shares and the Leases, and taking into account the advantages, disadvantages and risks described above, and considering the opinion of the Independent Expert, the Directors (other than Mr Nick Politis and Mr Daniel Ryan) unanimously recommend that Shareholders vote **in favour** of the Resolution. Neither Mr Politis nor Mr Ryan has provided a recommendation given their personal interests arising from each being a director of each of the Vendors and, in the case of Mr Politis, having indirect control of the Vendors

All Directors (other than Mr Nick Politis and Mr Daniel Ryan) intend to vote all their shares (and shares they control) in favour of the Resolution.

GLOSSARY

In the Notice of General Meeting and these Explanatory Notes, unless the context otherwise requires:

Acquisition	means the acquisition of the Dealerships and the Properties by the Company (or its Related Bodies Corporate) from the Vendors, as described in these Explanatory Notes.
ASX Listing Rules	means the listing rules of ASX Limited.
Board	means the board of Directors of the Company.
Chair	means the chair of the General Meeting.
Company or **Eagers**	means Eagers Automotive Limited.
Completion	means completion of the Acquisition.
Consideration Shares	means 1,783,727 Shares to be issued to the Vendors as part of the Purchase Price for the Acquisition.
Corporations Act	means the *Corporations Act 2001* (Cth).
Dealerships	means the motor vehicle dealerships to be acquired pursuant to the Acquisition, being the BMW, Jaguar, Land Rover, Mercedes-Benz, MG, Mini, Mitsubishi, Nissan, Renault, Skoda, Volkswagen and Volvo dealerships operated by the Vendors located in Brighton, Essendon, Mornington, Mulgrave, Port Melbourne and Toorak in Victoria.
Director	means a director of the Company.
Explanatory Notes	means these explanatory notes, which form part of the Notice of General Meeting.
General Meeting	means the general meeting of Shareholders to be held on 30 January 2024 at 10.00 am (Qld time).
Independent Expert	means PriceWaterhouseCoopers Securities Limited.
Independent Expert's Report	means the report prepared by the Independent Expert in respect of the Acquisition and the Leases, a copy of which is included as an **Annexure** to the Notice of General Meeting.
Leased Properties	means those properties that are subject to a commercial lease, as set out in these Explanatory Notes.
Leases	means the leases in respect of the Owned Leased Properties to be entered into by Eagers (or its Related Bodies Corporate) and the Lessor, as set out in these Explanatory Notes, and includes the Sub-Leases.
Lessor	means N G P Investments (No 2) Pty Ltd.
Manufacturer	means each of BMW, Jaguar, Land Rover, Mercedes-Benz, MG, Mini, Mitsubishi, Nissan, Renault, Skoda, Volkswagen and Volvo.

N G P Victoria Dealership Group	means the Dealerships.
Notice of General Meeting	means the notice of meeting for the General Meeting.
Owned Leased Properties	means those properties that are owned by the Vendors which are the subject of the Leases, as set out in these Explanatory Notes.
Properties	means each of the freehold properties to be acquired pursuant to the Acquisition, as set out in these Explanatory Notes.
Purchase Price	means the purchase price for the Acquisition, being approximately $241 million, subject to adjustments and the earn-out details of which are set out in the Independent Expert's Report.
Related Body Corporate	has the meaning given to that term in the Corporations Act.
Resolution	means the resolution to approve the Acquisition and the Leases, and the issue of the Consideration Shares, as set out in the Notice of General Meeting.
Share	means a fully paid ordinary share in the capital of the Company.
Shareholder	means a holder of a Share.
Sub-Leases	means the sub-leases in respect of the Sub-Lease Properties to be entered into by Eagers (or its Related Body Corporate) (as sub lessee) and N G P Lorimer Pty Ltd (as sublessor), as set out in the Explanatory Notes.
Sub-Lease Properties	means the properties the subject of a commercial lease that are to be the subject of the Sub-Lease, as set out in these Explanatory Notes.
Substantial Holding	has the meaning given to that term in the Corporations Act.
Vendors	means each of: ▪ N G P Essendon Pty Ltd; ▪ N G P Ingles Pty Ltd; ▪ N G P Lorimer Pty Ltd; ▪ N G P Melbourne Pty Ltd; ▪ N G P Toorak Pty Ltd; and ▪ N G P Investments (No 2) Pty Ltd.

ONLINE
MEETING GUIDE

GETTING STARTED

If you choose to participate online you will be able to view a live webcast of the meeting, ask the Directors questions online and submit your votes in real time. To participate online visit **https://meetnow.global/MDGYSPV** on your smartphone, tablet or computer. You will need the latest versions of Chrome, Safari, Edge or Firefox. Please ensure your browser is compatible.

TO LOG IN, YOU MUST HAVE THE FOLLOWING INFORMATION:

Australian Residents

SRN or HIN and postcode of your registered address.

Overseas Residents

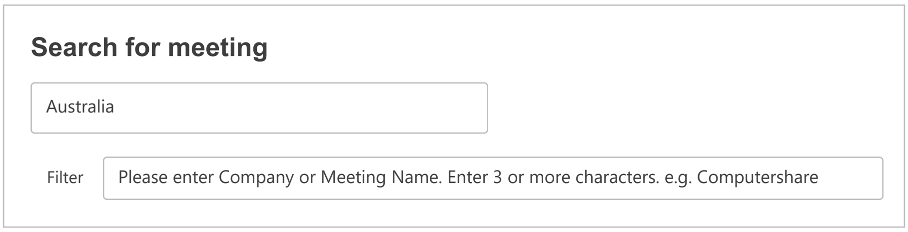
SRN or HIN and country of your registered address.

Appointed Proxies

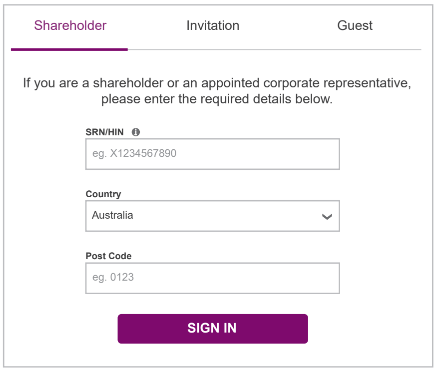
Please contact Computershare Investor Services on +61 3 9415 4024 to request your unique email invitation link prior to the meeting day.

PARTICIPATING AT THE MEETING

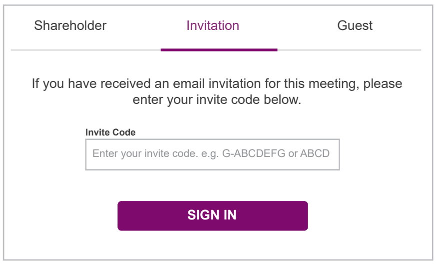
To participate in the online meeting, visit **https://meetnow.global/au**. Then enter the company name in the 'Filter' field. Select and click on the displayed meeting.



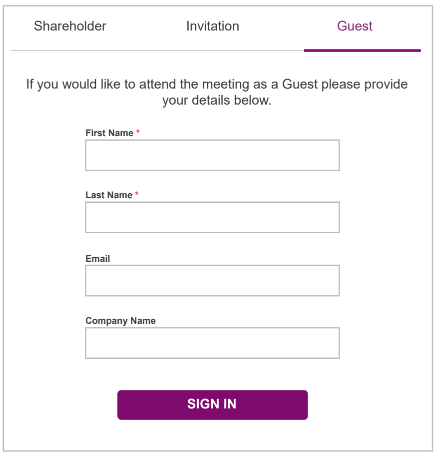
To register as a shareholder
Select 'Shareholder', enter your SRN or HIN and select your country. If Australia, also enter your post code.



or **To register as a proxyholder**
To access the meeting, click on the link in the invitation e-mail sent to you. Or select 'Invitation' and enter your invite code provided in the e-mail.

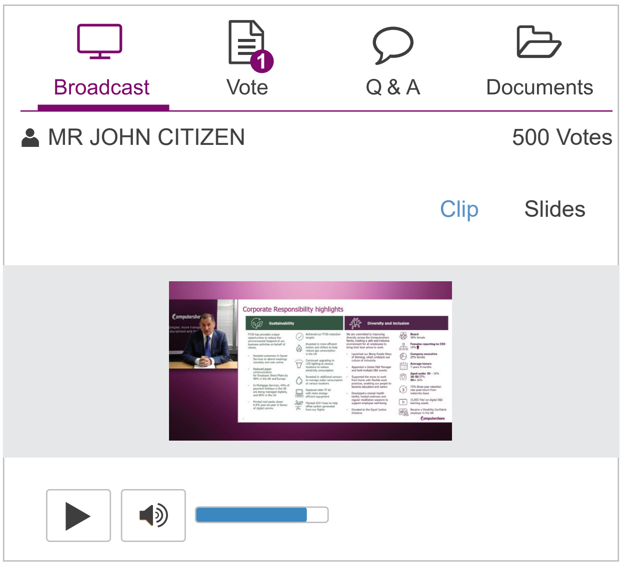


or **To register as a guest**
Select 'Guest' and enter your details.



Broadcast

The webcast will appear automatically once the meeting has started. If the webcast does not start automatically, press the play button and ensure the audio on your computer or device is turned on.

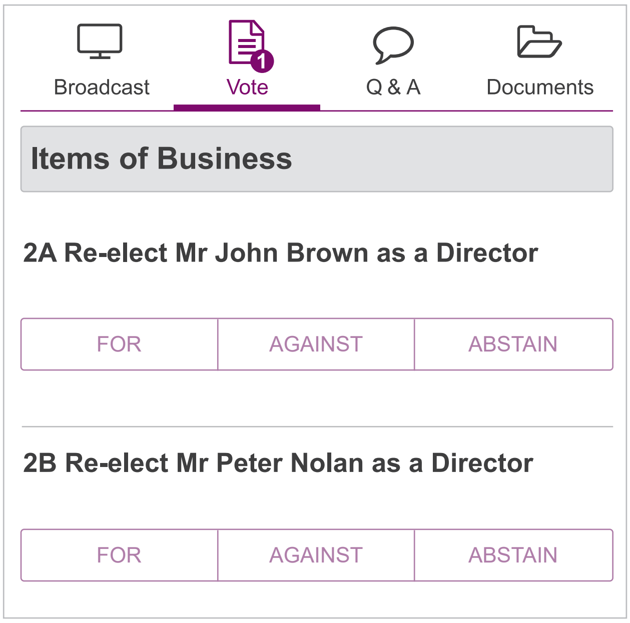


Vote

When the Chair declares the poll open, select the 'Vote' icon and the voting options will appear on your screen.

To vote, select your voting direction. A tick will appear to confirm receipt of your vote.

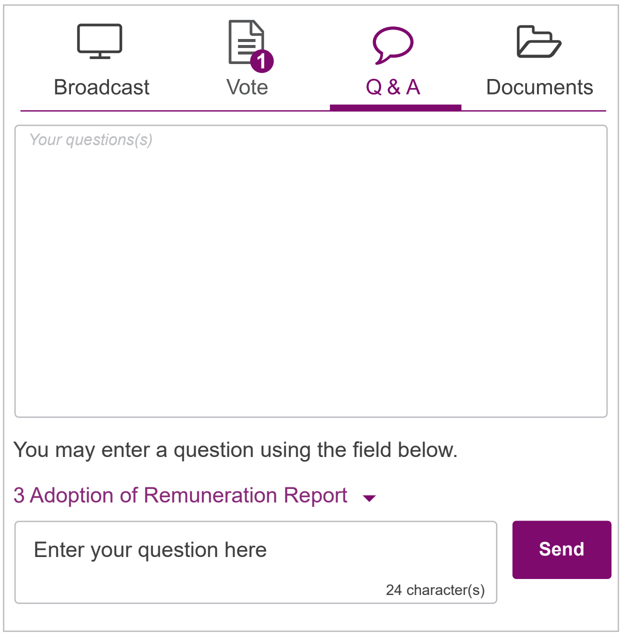
To change your vote, select 'Click here to change your vote' and press a different option to override.



Q & A

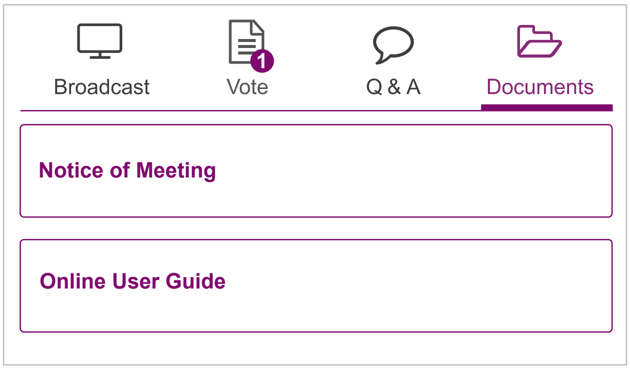
To ask a question select the 'Q & A' icon, select the topic your question relates to. Type your question into the chat box at the bottom of the screen and press 'Send'.

To ask a verbal question, follow the instructions on the virtual meeting platform.



Documents

To view meeting documents select the 'Documents' icon and choose the document you wish to view.



FOR ASSISTANCE

If you require assistance before or during the meeting please call +61 3 9415 4024.

eagers automotive

ABN 87 009 680 013

Need assistance?

Phone:
1300 850 505 (within Australia)
+61 3 9415 4000 (outside Australia)

Online:
www.investorcentre.com/contact

APE

MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

YOUR VOTE IS IMPORTANT

For your vote to be effective it must be received by **10:00am (QLD time) on Sunday, 28 January 2024.**

Voting Form

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

VOTE DIRECTLY

Voting 100% of your holding: Mark either the For, Against or Abstain box opposite each item of business. Your vote will be invalid on an item if you do not mark any box OR you mark more than one box for that item.
Voting a portion of your holding: Indicate a portion of your voting rights by inserting the number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement.

APPOINTMENT OF PROXY

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.
Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.
Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

SIGNING INSTRUCTIONS FOR POSTAL FORMS

Individual: Where the holding is in one name, the securityholder must sign.
Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.
Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.
Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

PARTICIPATING IN THE MEETING

Corporate Representative
If a representative of a corporate securityholder or proxy is to participate in the meeting you will need to provide the appropriate “Appointment of Corporate Representative”. A form may be obtained from Computershare or online at www.investorcentre.com/au and select "Printable Forms".

Lodge your Form:

XX

Online:

Lodge your vote online at www.investorvote.com.au using your secure access information or use your mobile device to scan the personalised QR code.

Your secure access information is

Control Number: 999999

SRN/HIN: I9999999999

PIN: 99999

For Intermediary Online subscribers (custodians) go to www.intermediaryonline.com

By Mail:

Computershare Investor Services Pty Limited
GPO Box 242
Melbourne VIC 3001
Australia

By Fax:

1800 783 447 within Australia or
+61 3 9473 2555 outside Australia

PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

You may elect to receive meeting-related documents, or request a particular one, in electronic or physical form and may elect not to receive annual reports. To do so, contact Computershare.

MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

☐ **Change of address.** If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with '**X**') should advise your broker of any changes.

I 9999999999 IND

Voting Form

Please mark ☒ to indicate your directions

Step 1 Indicate How Your Vote Will Be Cast *Select one option only*

XX

At the General Meeting of Eagers Automotive Limited to be held at 5 Edmund Street, Newstead, Queensland and virtually via https://meetnow.global/MDGYSPV on Tuesday, 30 January 2024 at 10:00am (QLD time) and at any adjournment or postponement of that meeting, I/We being member/s of Eagers Automotive Limited direct the following:

A Vote Directly ☐ Record my/our votes strictly in accordance with directions in Step 2.

PLEASE NOTE: *A Direct Vote will take priority over the appointment of a Proxy. For a valid Direct Vote to be recorded you must mark FOR, AGAINST, or ABSTAIN on each item.*

OR

B Appoint a proxy to vote on your behalf

I/We hereby appoint:

☐ **The Chairman of the Meeting** **OR** ______

PLEASE NOTE: *Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).*

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit).

Step 2 Items of Business

PLEASE NOTE: If you have appointed a proxy and you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority. If you are directly voting and you mark the **Abstain** box for an item, it will be treated as though no vote has been cast on that item and no vote will be counted in computing the required majority.

		For	Against	Abstain
1	Approval of Acquisition	☐	☐	☐

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

Step 3 Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1	Securityholder 2	Securityholder 3	
			/ /
Sole Director & Sole Company Secretary	Director	Director/Company Secretary	Date

Update your communication details *(Optional)*

By providing your email address, you consent to receive future Notice of Meeting & Proxy communications electronically

Mobile Number	Email Address

Computershare

www.pwc.com.au

Eagers Automotive Limited

Independent Expert's Report

15 November 2023

Strictly private and confidential

The Directors not associated with NGP
Eagers Automotive Limited
5 Edmund Street
NEWSTEAD QLD 4006

15 November 2023

Dear Directors not associated with NGP

Independent Expert's Report on the prospective acquisition of a portfolio of Dealerships and associated Properties

Eagers Automotive Limited (Eagers or the Company) is seeking to acquire a portfolio of dealerships, related businesses and the freehold title to three strategic properties (Dealerships and Properties) and to lease or sublease properties used in connection with the Dealerships from entities which are controlled by or associated with Mr Nick Politis (the Vendors) who is a director and substantial shareholder of Eagers (the Proposed Transaction). The Proposed Transaction requires the approval of the non-associated shareholders of Eagers (Non-Associated Shareholders).

Please find enclosed our assessment as to whether the Proposed Transaction is Fair and Reasonable for the Non-Associated Shareholders of Eagers under Chapter 2E of the Corporations Act and Australian Securities Exchange (ASX) Listing Rule 10.1, having regard to the Australian Securities and Investments Commission (ASIC) Regulatory Guide 76 (RG 76), ASIC Regulatory Guide 111 (RG 111) and ASIC Regulatory Guide 112 (RG 112).

As detailed in the body of this report (Report), in our opinion, the Proposed Transaction is Fair and Reasonable to the Non-Associated Shareholders of Eagers. This assessment should not be read in isolation of the detail contained in the body of this Report.

Yours faithfully,

Campbell Jaski
Authorised Representative
PricewaterhouseCoopers Securities Ltd

PricewaterhouseCoopers Securities Ltd, ACN 003 311 617, ABN 54 003 311 617, Holder of Australian Financial Services Licence No 244572
One International Towers Sydney, Watermans Quay, Barangaroo NSW 2000, GPO BOX 2650 Sydney NSW 2001
T: +61 2 8266 0000, F: +61 2 8266 9999, www.pwc.com.au

Contents

1 Summary of opinion

In PricewaterhouseCoopers Securities Ltd.'s (PwCS) opinion, the Proposed Transaction is **Fair and Reasonable** to Eagers' Non-Associated Shareholders. We have formed this opinion for the reasons set out below.

Value of the Dealerships and Properties

As set out in Section 9, we have assessed the value of 100% of the Dealerships and Properties being acquired to be in the range of **$254.8 million and $275.0 million**.

Purchase Consideration

The proposed total consideration of approximately $248.4 million (Purchase Consideration), is to be settled in cash and Eagers' shares. Included in the Purchase Consideration is an earn-out arrangement capped at $7.0 million (Earn-out). The details of the Purchase Consideration are set out in Table 7.1.

Fairness

Pursuant to ASIC RG 111, the Proposed Transaction is "Fair" if the value of the 100% interest in the Dealerships and Properties being acquired is equal to, or greater than the value of the Purchase Consideration being paid.

As the value of the 100% interest in the Dealerships and Properties to be acquired exceeds the Purchase Consideration to be paid, the Proposed Transaction is fair to Eagers' Non-Associated Shareholders.

Reasonableness

Pursuant to RG 111, a transaction is Reasonable if it is Fair. Consequently, the Proposed Transaction is also "Reasonable" to Eagers Non-Associated Shareholders.

The following factors are relevant to the reasonableness of the Proposed Transaction:

Advantages

Majority of the Purchase Consideration will be settled in cash and will not result in a material control impact.

The proposed upfront consideration includes the issuance of c.1.78 million Eagers shares (valued at $25 million), which represents c.0.7% of Eagers' total number of shares outstanding as at 6 November 2023 (after accounting for the additional shares to be issued). Mr Nick Politis' resultant ownership interest in Eagers will not increase substantially and therefore the Proposed Transaction does not create a control transaction. In addition, the scrip issued as part of the consideration will offset the impact of higher gearing associated with the remainder cash and debt funding of the acquisition.

Expansion of Eagers' automotive retail operations in Victoria

As discussed in Section 4, Victoria represents approximately 27% of new vehicle sales in Australia. Eagers has approximately 4% of new vehicle sales in Victoria[1] and the Vendors have approximately 3% of new vehicle sales in Victoria.

The Dealerships represent a portfolio of high quality, well-balanced brands, which adds to Eagers' existing portfolio of brands

The Dealerships comprises a high quality, well-balanced portfolio of 12 leading brands, comprising BMW, Jaguar, Land Rover, Mercedes-Benz (MB), MG, MINI, Mitsubishi, Nissan, Renault, Skoda, Volkswagen (VW) and Volvo. Eagers currently has 11 brands in Victoria across 16 locations, with five brands overlapping the

[1] Eagers Board Presentation

Vendors' brands (and therefore largely complimentary to Eagers' existing portfolio). The Proposed Transaction would increase Eagers' Victorian brand portfolio to 18 brands across Melbourne and the Mornington region of Victoria, which will further diversify returns from the portfolio over time.

The Dealerships' owned and leased Victorian property portfolio provides flexibility for Eagers to manage the businesses in a cost-efficient way and is aligned with the Next100 Strategy

Three select strategic properties (Properties) will be acquired as part of the Proposed Transaction. Eagers has an existing strategy (known as the Next100 Strategy) of acquiring selected strategic properties to allow it to transform and consolidate its automotive retail formats, to deliver an enhanced customer experience on a lower cost base. The acquisition of the Properties will provide flexibility to further pursue this strategy in Victoria and further develop and improve the use of the Properties in a way that Eagers is expected to benefit through increases in Fair Market Value (FMV) of the Properties over time.

The Proposed Transaction gives Eagers a channel to expand its parallel businesses and provide additional growth

Eagers has a number of business operations which operate in parallel with its existing dealership operations, such as its independent used cars business in Victoria, easyauto123 and Carlins. easyauto123 is a used car business focused on selling used cars at a fixed price, offering consumers a way of buying a used car without the traditional 'haggling' that can take place over the price. easyauto123 currently has a physical presence in New South Wales (NSW), Victoria (VIC), Queensland (QLD), South Australia (SA), Western Australia (WA), Tasmania (TAS) and three New Zealand locations. Carlins is a dealer-only auction company with auctions weekly in Melbourne, Sydney, Brisbane and Perth. The acquisition of the Dealerships and Properties will provide Eagers with a platform to expand its parallel businesses, provide greater sourcing opportunities of used vehicles and provides a more efficient way for the Dealerships to sell their used stock whilst creating additional space for new cars.

On an earnings per share (EPS) basis the acquisition is expected to be accretive, before and after synergies

The Dealerships and Properties to be acquired are expected to add approximately $0.9 billion to Eagers' revenue (approximately 11% of Eagers' FY22 sales) and contribute approximately $27.0 million in maintainable net profit before taxes (NPBT) to Eagers, based on our estimate of maintainable earnings (PwCS ME) which includes a notional rent charge on owned Properties of approximately $5.5 million. This is approximately 5.5% of Eagers' FY22 Adjusted EBIT[2] (which is equivalent to the Vendors' NPBT). On an EPS basis post the Proposed Transaction, the acquisition is expected to be accretive before synergies (taking into account the NPBT contributed from the Vendors and the additional 1.78 million shares to be issued).

Disadvantages

Majority of the Purchase Consideration will be settled in cash and debt and will therefore increase the gearing of Eagers

The proposed upfront consideration, excluding the Earn-out, is approximately $241.4 million. Of this, $216.4 million is to be settled in debt and cash and the remaining $25.0 million is to be settled in ordinary shares of Eagers. As Eagers is expected to fund the Purchase Consideration through a mix of external debt and cash reserves, this will effectively result in increased gearing for Eagers and additional financial risk for Eagers. As at 30 June 2023, Eagers had borrowings (excluding bailment finance liabilities[3] and lease liabilities and related Right of Use (ROU) assets) of approximately $471 million against total assets of approximately $3.8 billion (excluding ROU assets). The additional debt arrangements as a result of the Proposed Transaction, will not

[2] Adjusted EBIT means EBIT less bailment interest.

[3] Bailment finance means a financing option particularly for car dealers to finance their stock. Dealers pay lenders for stock once sold. Also known as floorplan finance.

result in a gearing level that would be considered highly leveraged (as the resultant gearing would be less than c.20%).

Timing of the market

The timing of the Proposed Transaction coincides with a time where market conditions for the automotive retail industry and commercial property are relatively strong. Although supply constraints over the past three years, due to the impact of the novel Coronavirus disease (COVID-19), have limited volume growth in new vehicle sales, there has been recent reduced waiting time for some original equipment manufacturers (OEMs). New car deliveries are on track for a market record in 2023, due to easing supply issues and strong commitments from major OEMs, with cars being sold from the existing order book. However, the market is also experiencing a rising inflation and interest rate environment, which has the potential to negatively impact the performance of the Dealerships.

Integration risk and costs

There are risks that the integration of the Dealerships into the Eagers structure (particularly the brands that will be newly added to Eagers' brand portfolio) may result in unforeseen challenges, the associated integration costs might be higher than envisaged (and/or the synergies lower than expected) and the time required to integrate the operations may take longer than expected. These risks are somewhat mitigated because the Dealerships are currently run on a largely autonomous basis, and because Eagers has acquired significant experience in acquisition integration over recent years. In addition to these risks and any associated costs, transaction costs of approximately $7.0 million, predominantly comprising of stamp duty of $6.5 million, will be incurred in relation to the Proposed Transaction.

Value of the Properties will be impacted by market factors, such as rising interest rate affecting the Australian property market

Although the current Australian cash rate is at a relatively high level compared to the five-year historical rate, there is still a risk of future increases in the cash rate and other market factors, which could adversely impact the nationwide property market. Eagers' financial performance may be negatively impacted by a downturn in the value of the Properties. However, considering that the FMV of the Eagers' properties relative to Eagers' Enterprise Value (EV) (prior to and post the Proposed Transaction) is approximately 10%, the negative impact on Eagers' financial return is unlikely to be material.

2 Introduction and background

2.1 Proposed Transaction summary

Eagers has agreed to acquire a portfolio of dealerships, related businesses and the freehold title to three strategic properties which are owned by the NGP Group (NGP). The balance of the properties from which NGP operates the dealerships and related businesses are to be leased or subleased from either NGP or third parties. The Proposed Transaction will be executed via an asset sale agreement, land sale contracts and lease and sublease agreements, with Eagers acquiring 100% of the business and assets.

The Purchase Consideration of approximately $248.4 million, comprises $216.4 million in cash, $25.0 million in ordinary shares of Eagers and an Earn-out arrangement capped at $7.0 million. The number of shares to be issued is calculated as $25.0 million divided by the 20-day Volume Weighted Average Price (VWAP) prior to the announcement of the Proposed Transaction.

The various entities selling the Dealerships and Properties (Vendors[4]) are controlled by, or associated with, Mr Nick Politis. Mr Politis owns approximately 28% of Eagers shares and is also a director of Eagers. In addition, Mr Daniel Ryan is a director of Eagers and is also a director of the Vendors.

2.2 Valuation Requirements

Eagers is listed on the ASX.

Chapter 10.1 of the ASX Listing Rules requires that when a purchase of a substantial asset from a related party or an associate of a related party is proposed, a report by an Independent Expert is to be prepared stating whether the Proposed Transaction is Fair and Reasonable to the Non-Associated Shareholders. The directors of Eagers not associated with NGP (Non-Associated Directors) have determined that the Proposed Transaction requires the approval of Non-Associated Shareholders as it involves the acquisition of a substantial asset from a related party.

The Non-Associated Directors consider that as the Proposed Transaction is on arm's length terms, approval is not required under Chapter 2E of the Corporations Act. However, it has nonetheless determined that it is appropriate for Non-Associated Shareholders to approve the Proposed Transaction for the purposes of Chapter 2E of the Corporations Act.

The Non-associated Directors of Eagers have engaged PwCS to provide an Independent Expert's Report advising whether, in our opinion, the Proposed Transaction is Fair and Reasonable to the Non-Associated Shareholders of Eagers.

This Report is to be included in the notice of meeting and explanatory statement to approve the Proposed Transaction (the Explanatory Notes to Notice of Meeting), which will be sent to the shareholders of Eagers and has been prepared for the exclusive purpose of assisting the Non-Associated Shareholders in their consideration of the Proposed Transaction.

Neither PricewaterhouseCoopers (PwC), nor PwCS or any member or employee thereof, undertakes responsibility to any person, other than the Non-Associated Shareholders and Eagers, in respect of this Report, including any errors or omissions however caused.

4 Vendors' mean each of N G P Essendon Pty Ltd, N G P Ingles Pty Ltd, N G P Lorimer Pty Ltd, N G P Melbourne Pty Ltd, N G P Toorak Pty Ltd (collectively, Sellers of the Dealerships), and N G P Investments (No 2) Pty Ltd (Seller of the Properties).

3 Purpose of report and basis of evaluation

3.1 Scope of Independent Expert's Report

The Company is required to obtain Non-Associated Shareholder's approval under ASX Listing Rule 10.1 and for Chapter 2E of the Corporations Law.

Chapter 2E of the Corporations Law sets the rules for an entity to obtain member approval for related party benefit. It defines *related parties* as:

a) controlling entities

b) directors and their spouses

c) relatives of director and spouses

d) entities controlled by other related parties

e) related party in previous six months

f) entity that has reasonable grounds to believe it will become related party in future

g) acting in concert with related party.

It also provides examples of *giving a financial benefit* to a related party as follows:

a) giving or providing the related party finance or property

b) buying an asset from or selling an asset to the related party

c) leasing an asset from or to the related party

d) supplying services to or receiving services from the related party

e) issuing securities or granting an option to the related party

f) taking up or releasing an obligation of the related party.

However, Section 210 of Chapter 2E of the Corporations Law provides an exemption for member approval to give a financial benefit on terms that, amongst other things, would be reasonable in the circumstances if the Eagers and the related party were dealing at arm's length. Relevantly, the Non-associated Directors consider that the Proposed Transaction is on arm's length terms.

ASX Listing Rule 10.1 deals with the transactions between an entity (or any of its subsidiaries) and persons in a position to influence the entity.

ASX Listing Rule 10.1 provides that an entity (or any of its subsidiaries) must not acquire a substantial asset from, or dispose of a substantial asset to, any of the following persons without the approval of holders of the entity's ordinary securities. These persons include:

a) a related party

b) a subsidiary

c) a substantial holder, if the person and the person's associates have a relevant interest, or had a relevant interest at any time in the six months before the transaction, in at least 10% of the total votes attached to the voting securities

d) an associate of a person referred to in (a), (b) or (c) above

e) a person whose relation to the entity is such that, in ASX's opinion, the transaction should be approved by security holders.

ASX Listing Rule 10.2 states that an asset is substantial if its value, or the value of the consideration or in the ASX's opinion, is 5% or more of the equity interest of the entity as set out in the latest financial statement provided to the ASX. The consideration in the Proposed Transaction is more than 5% of Total Equity as reported by Eagers as at 30 June 2023, the latest reporting date.

Having regard to the above, Eagers is required to seek approval of shareholders under ASX Listing Rule 10.1 for the Proposed Transaction on the basis that Mr Politis is a:

a) related party, being a Director of Eagers

b) Substantial Shareholder of Eagers, with approximately 28% ownership.

3.2 Guidance

We have prepared this report having regard to Chapter 2E of the Corporations Law, Chapter 10 of the Listing Rules and ASIC RG 76, ASIC RG 111 and ASIC RG 112.

3.2.1 ASX Listing Rule 10

The Listing Rules do not provide a definition of what constitutes Fair and Reasonable. Accordingly, Fair and Reasonable must be capable of broad interpretation to meet the particular circumstances of a transaction. This involves judgement on the part of the expert as to the appropriate basis of evaluation to adopt given the particular circumstances of the transaction.

3.2.2 RG 111 RG 112

RG 111 provides guidance in relation to the content of Independent Expert's reports prepared for a range of transactions. RG 111 notes that a related party transaction is:

- **Fair**, when the value of the financial benefit being offered by the entity to the related party is equal to or less than the value of the benefit being received. In valuing the financial benefit given and the consideration received by the entity, an expert should take into account all material terms of the Proposed Transaction.
- **Reasonable**, if it is Fair, or, despite not being Fair, after considering other significant factors, shareholders should vote in favour of the Proposed Transaction.

RG 112 primarily focuses on the independence of experts and provides little guidance on evaluating transactions.

3.2.3 RG 76

According to RG 76, a related party transaction is any transaction through which a public company provides a financial benefit to a related party. As noted in paragraph RG 76.1, related party transactions involve conflicts of interest because related parties are often in a position to influence the decision of whether the benefit is provided to them, and the terms of its provision.

RG 76 refers to RG 111 and RG 112 for guidance and criteria as to an expert's independence and how the expert should assess related party transactions.

3.3 Basis of evaluation

In evaluating whether or not the Proposed Transaction is Fair and Reasonable to the Non-Associated Shareholders, pursuant to Listing Rule 10.1, we have made a separate assessment of whether, or not, the Proposed Transaction is 'Fair' and 'Reasonable', as required by RG 111.56.

We have taken into account the following factors in determining whether, or not, the Proposed Transaction is Fair and Reasonable to the Non-Associated Shareholders.

3.3.1 Fairness

RG 111 defines a transaction as being fair if the value of the financial benefit to be provided to the entity by the related party is equal to or less than the value of the consideration being provided to the entity, with the comparison being made assuming a knowledgeable and willing, but not anxious buyer, and a knowledgeable and willing, but not anxious, seller, and irrespective of type of consideration offered.

Accordingly, we have assessed whether the Proposed Transaction is Fair by evaluating whether the FMV (defined below) of the Dealerships and Properties is at least equal to or greater than the Purchase Consideration. Notwithstanding the Dealerships and Properties are proposed to be acquired under separate contracts, it is appropriate to consider them in aggregate rather than separately as the Proposed Transaction will only proceed if both Dealerships and Properties can be acquired.

3.3.2 Reasonableness

RG 111 considers a transaction to be Reasonable if either:

- the transaction is Fair
- despite not being Fair, the expert believes there are sufficient reasons for shareholders to vote for in favour of the Proposed Transaction.

Factors the expert should consider in evaluating reasonableness if the transaction is not fair include:

a) the financial situation and solvency of the entity, including the factors set out in RG 111.26 if the consideration for the financial benefit is cash

b) opportunity costs

c) the alternative options available to the entity and the likelihood of those options occurring

d) the entity's bargaining position

e) whether there is selective treatment of any security holder, particularly the related party

f) any special value of the transaction to the purchaser

g) the liquidity of the market in the entity's securities.

3.4 Definition of Value

For the purpose of our opinion, we have referred to the concept of FMV. FMV is defined as *"the price which would reasonably be negotiated by an informed, willing but not anxious purchaser and an informed, willing but not anxious seller acting at arm's length and within a reasonable time frame".*

We have also considered the concept of Market Value (MV), which is defined in the International Valuation Standards (IVS) as *"The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".*

In the context of this Report, we consider that these terms have equivalent meaning, and in practice, the terms FMV and MV are often used interchangeably.

Adopted assessment of Fair and Reasonable

Given the above, in our opinion, the most appropriate basis upon which to evaluate whether the Proposed Transaction is "Fair and Reasonable" to the Non-Associated Shareholders is to consider the following:

Fair

a) the FMV of the Dealerships and Properties proposed to be acquired

b) the related Purchase Consideration

c) the extent to which (a) and (b) differ in order to assess whether the Proposed Transaction is "Fair".

Reasonable

a) The advantages and disadvantages of the Proposed Transaction from the perspective of Eagers' Non-Associated Shareholders.

b) The Proposed Transaction will be Reasonable to Eagers' Non-Associated Shareholders if it is Fair. If it is not Fair, it may be Reasonable if the advantages of the Proposed Transaction outweigh the disadvantages from the perspective of Eagers Non-Associated Shareholders.

4 Industry overview

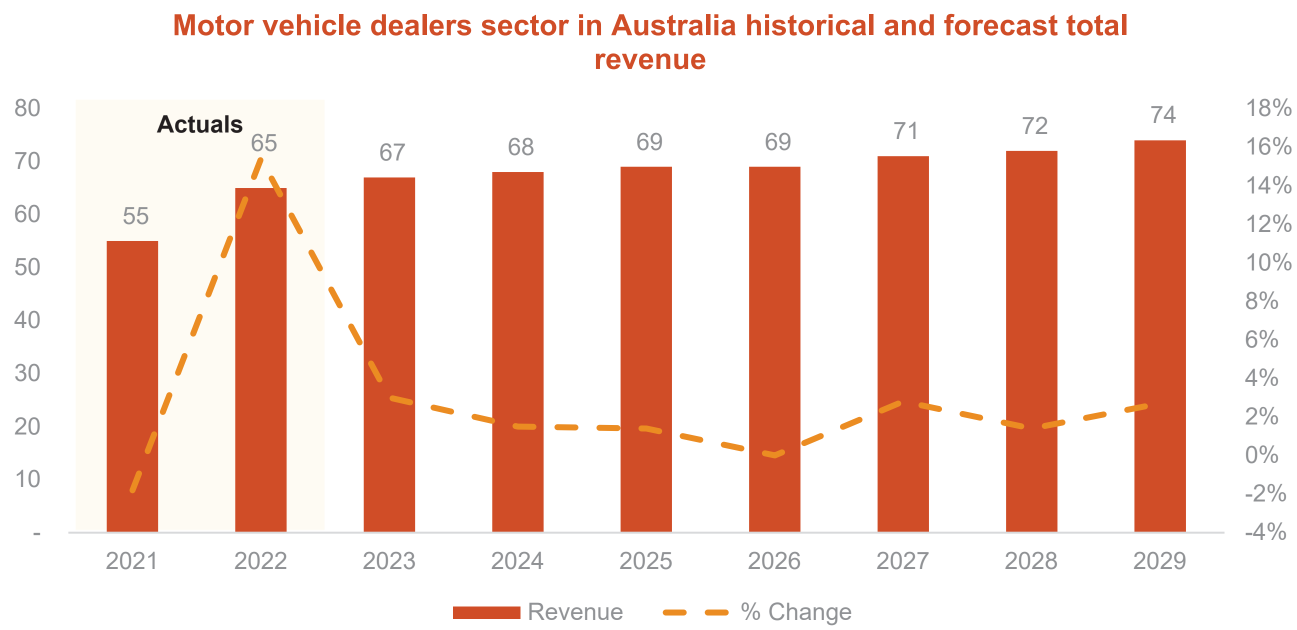
Eagers and the Dealerships operate in the automotive industry, both of which consist of a portfolio of motor vehicle dealers. Whilst the automotive industry is made up of a range of segments, Eagers and the Dealerships' participation in the industry primarily relates to the sale of new vehicles, used (also called pre-owned or certified pre-owned) vehicles and commercial vehicles, along with servicing, spare parts sales and distribution as well as facilitating consumer finance solutions for customers.

4.1 Motor vehicle dealers' sector in Australia

The automotive industry consists of various segments including motor vehicle manufacturers, wholesalers, retailers, parts and suppliers, and mechanics, that design, research, develop, manufacture, sell and maintain motor vehicles and parts.

The motor vehicle dealers' sector is a subset of the automotive industry and encompasses dealerships selling new or used motor vehicles to consumers, companies, and government entities, along with providing after-sale services for various vehicle types including SUV's, utility vehicles, commercial vehicles, passenger cars, and other vehicles. Figure 4.1 presents historical and forecast total revenue of the motor vehicle dealers' sector in Australia.

Figure 4.1



Source: IBISWorld Motor Vehicle Dealers in Australia Report June 2023

In 2022, approximately 1.08 million new motor vehicles were sold in Australia, representing growth of over 3% on the corresponding 12-month period in 2021.

The 2022 unit sales volumes are down 9% on the record volume achieved in 2017, with the Australian automotive retail market supply and demand adversely impacted since 2017 by 3-years of COVID-19 disruptions and tighter lending dynamics (amongst other factors).

Demand and supply and other market trends have impacted the sector:

- The global automotive market has particularly been impacted by supply chain issues the last 2-years caused by COVID-19 related disruptions, such as sourcing microchip for vehicles in the manufacturing process and congested ports delaying shipments.

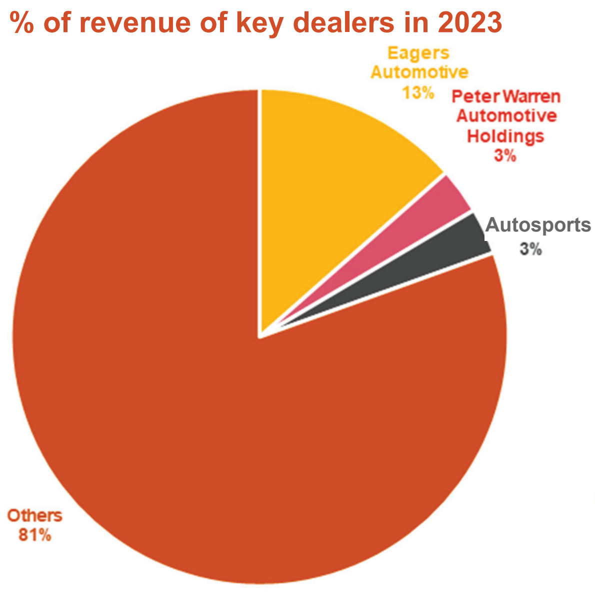
- The motor vehicle industry is experiencing consolidation, with major dealers acquiring other companies to expand and enter new markets. Eagers and Peter Warren Automotive (Peter Warren), among others, have made significant acquisitions to bolster their portfolios and market presence.
- Consumer preferences in the Australian vehicle market continues to evolve. SUVs are the top selling segment, representing over 55% of new vehicle sales in August 2023. Additionally, SUVs like the Toyota Hilux and Ford Ranger represent the top selling vehicles.
- The growth in the electric vehicle industry (which represents c.7% of sales in 2023) is likely to be supported by attractive Federal and State Government incentives and growing environmental awareness.

Strong consumer demand and the easing of manufacturing and supply chains constraints has seen Australian automotive retail market sell just above 1 million new motor vehicles for the 10 months of year 2023 a growth of 12% over the corresponding 10 months period in 2022. Over the next 4 years, the industry is expected to grow at a compound annual growth rate (CAGR) of 6.23%.[5]

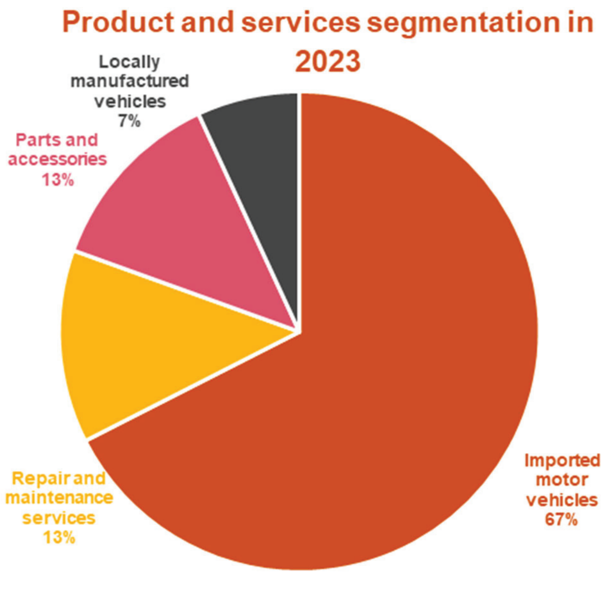
4.2 Key dealerships in Australia

Publicly listed dealerships in Australia include Eagers, Peter Warren and Autosports Automotive Group (Autosports). Other unlisted large dealerships based on number of rooftops[6] are Tony White Group, Autopact Group and WFM Motors / NGP Group[7]. According to IBISWorld[8]. Eagers has a c.13% of revenue in Australia followed by Peter Warren and Autosports both with 3%. The IBISWorld report focuses exclusively on motor vehicles and excludes the motorcycle sector.

Figure 4.2



Source: IBISWorld Motor Vehicle Dealers in Australia Report June 2023



Source: IBISWorld Motor Vehicle Dealers in Australia Report June 2023

[5] Passenger Cars – Australia, Statista market forecast (CAGR 2023-2027) Note IBISWorld is forecast that the industry is expected to grow at a compound annual growth rate (CAGR) of approximately 2% over the years 2023 to 2029.
[6] Rooftops are defined as the number of new car showroom locations where multiple franchises can occupy the same premises.
[7] Peter Warren Automotive Holdings Independent Expert Report dated 5 June 2023
[8] IBISWorld Motor Vehicle Dealers in Australia Report June 2023

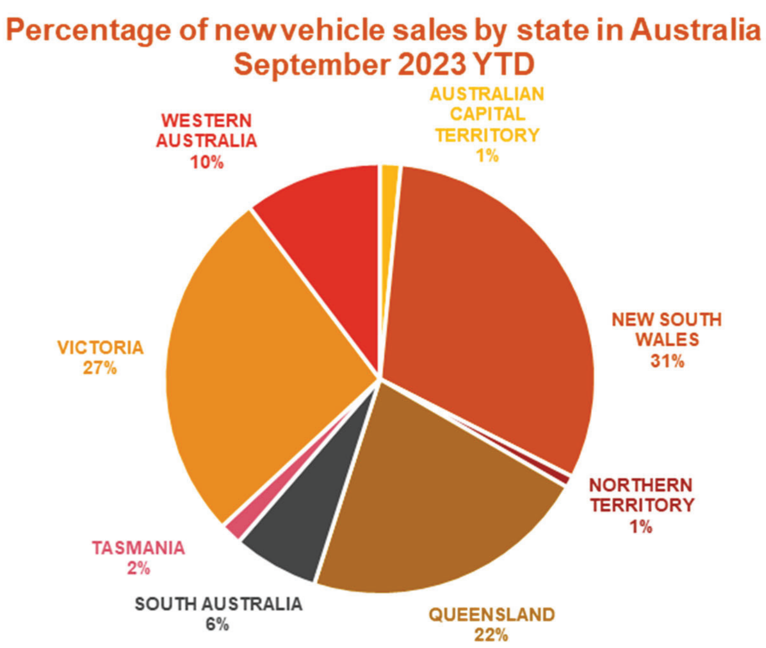
4.3 Key trends and drivers

- **Increasing Mergers and Acquisitions (M&A)**
  - As the industry is consolidating, larger companies such as Eagers and Peter Warren engage in high levels of acquisitions to generate growth.
  - Eagers position themselves as the most active dealers in Australia after recent acquisitions of seven and 14 dealerships across 2021 and 2022, respectively.
- **Revenue and profit growth impacted by vehicle shortages and logistics**
  - COVID-19 impacted supply chains and manufacturing capacity of the industry.
  - Supply constraints during COVID-19 resulted in pent-up demand and scarcity of vehicles which contributed to increased margins for the vehicle retailers.
- **Restricted electric vehicle growth**
  - Increased environmental consciousness and the move by state and federal governments for transition to electric vehicles has increased the demand for electric vehicles.
  - The Australian government has recently made a move to increase demand for electric vehicles by passing fringe benefits tax cuts for electric vehicles (after meeting certain criteria).

4.4 Performance by state and in Victoria

Figure 4.3 shows new vehicle sales by state based on September 2023 9-month year to date (YTD) VFACTS[9] data. The Victorian region ranked as the second-largest market, closely following NSW, driven by its high population and income levels.

Figure 4.3

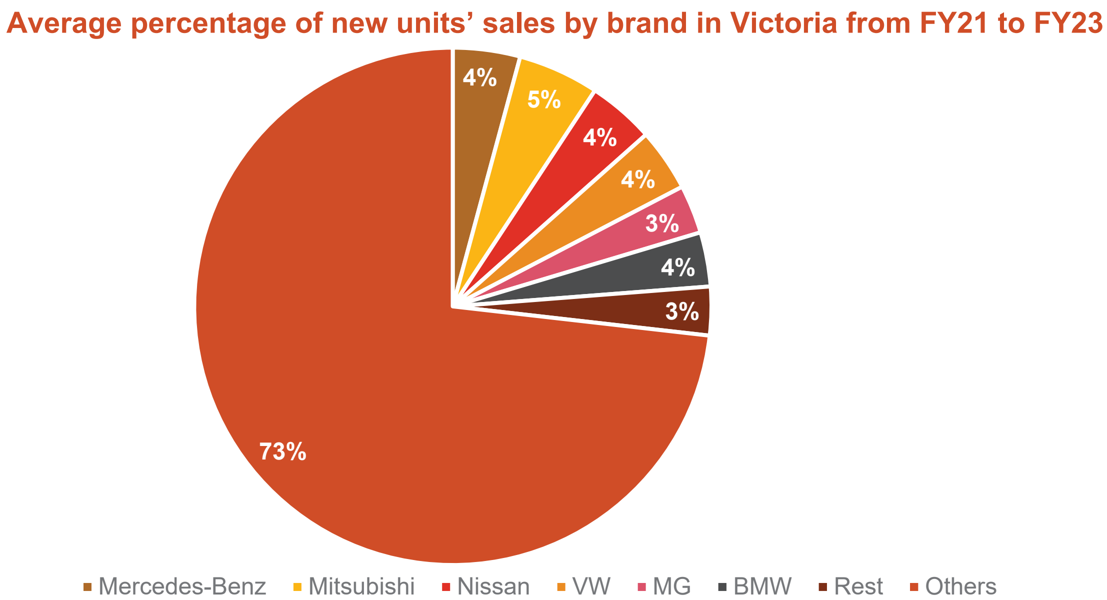


Source: VFACTS

[9] Statistics produced by the Federal Chamber of Automotive Industries (FCAI) that reports the numbers of new motor vehicle sales by dealers and direct sales by OEMs throughout Australia.

The 12 brands represented in the Vendors' brand portfolio collectively accounted for 27% of new unit sales from financial year (FY)21 to FY23 in Victoria, as illustrated in Figure 4.4 (which presents the total unit sales in Victoria). MB, Mitsubishi, Nissan, VW, BMW, and MG each had between approximately 3% and 5% of total unit sales. Smaller players such as Land Rover, Jaguar, Skoda, Renault, and Volvo each accounted for less than 1% of new unit sales in Victoria.

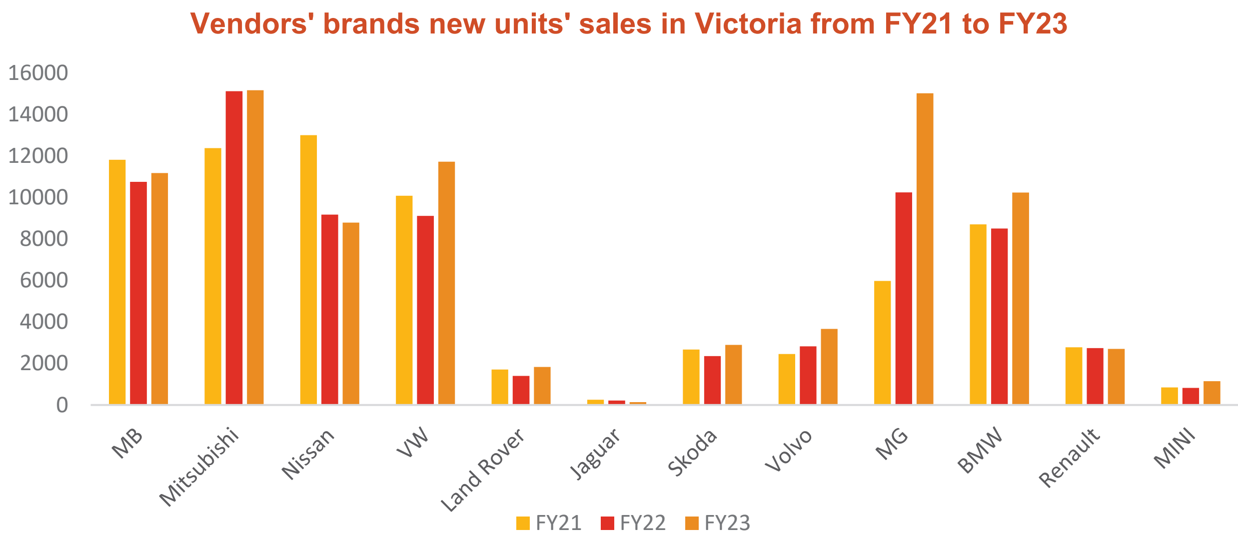
Figure 4.4



Source: VFACTS
Note: The Vendors' brand portfolio, "Rest 4%," consists of Land Rover, Jaguar, Skoda, Volvo, Renault, and MINI.

Figure 4.5 shows the annual new units' sales by each of the Vendors' brands from FY21 to FY23.

Figure 4.5

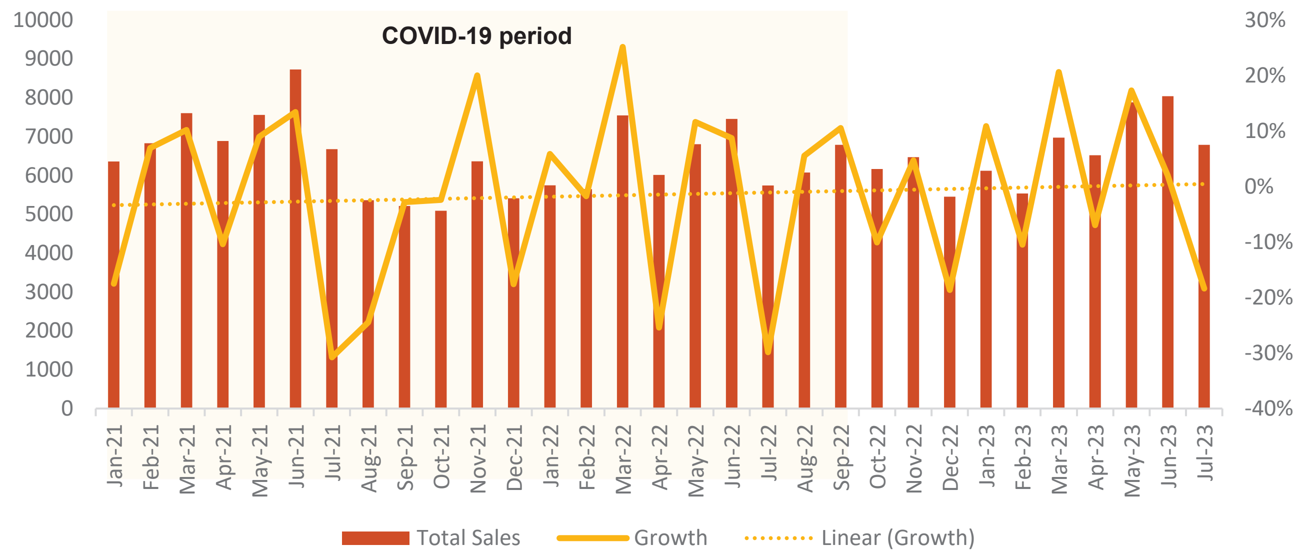


Source: VFACTS

Sales of MG cars showed a steep growth trajectory over the analysed years. On the contrary, Nissan saw sales deteriorating with a sharp drop in FY22.

Monthly total unit sales for the Vendors' brand portfolio in Victoria are presented in Figure 4.6. Excluding COVID-19 affected months in Victoria until October 2022, sales fluctuated between approximately 5,000 and 8,000 per month, with sales in July 2023 returning to pre-COVID-19 levels.

Figure 4.6



Source: VFACTS

4.5 External factors and key risks

External environment

- **Russia – Ukraine conflict:** Ongoing conflict in Ukraine has affected the Australian vehicle industry by , generating market uncertainties and impacting several manufacturers' supply lines, particularly those based in Europe.
- **Consumer sentiment index and spending power:** The consumer sentiment index is deteriorating, with an expected 6.2-point drop in 2023. The decrease in real household discretionary income may impact the automotive sector by potentially reducing consumer purchasing power, which can lead to delaying car upgrades or deciding for cheaper (volume brand) options.
- **Electric Vehicles and environmental rules:** The growth of electric vehicles in Australia is expected to continue, driven by government financial incentives, and improving national electric vehicles infrastructure. While Australia lacks a national fuel efficiency standard, the adoption of such a standard would likely boost electric vehicle sales, depending on stock availability. Manufacturers are enhancing electric vehicle battery efficiency to extend driving ranges, reducing consumer range anxiety. Additionally, OEM are improving battery production cost efficiency, making electric vehicles more affordable. The Federal Government's "Future Fuels and Vehicle Strategy" from November 2021 predicts that battery electric and plug-in hybrid vehicles will comprise 30% of annual passenger and light commercial vehicle sales by 2030.

Franchised Retail Motor Industry Structure

Dealerships operate as franchisee retailers with a formal franchise agreement with the OEM they represent. This agreement provides the relevant dealership with the exclusive right to trade under the OEM brand in a defined prime market area usually represented by a range of post codes.

Typically, the franchise agreement length ranges from one to five years, and there are limits and restrictions on what a dealer can do with the brand corporate identity. Wholesale purchase and retail pricing is typically structured by the franchisor OEM with the franchisee dealer left to negotiate the final sale price with the end customer at the point of sale.

One of the potential changes to the franchise model going forward is manufacturers moving to an agency model where manufactures own and control stock and sell vehicles at fixed prices. Honda has moved to such a model, as has MB.

Code of Conduct

Brand dealerships generally operate under a franchise model, where a dealership owner such as Eagers, Peter Warren or Autosports will be the franchisee. The Federal Franchising Code of Conduct (FFCC) ensures that franchisors do not provide misleading or deceptive information before entering a franchise agreement. This code is applicable from 1 July 2021 onwards.

5 Dealerships profile

5.1 Overview of the Dealerships

The Dealerships that Eagers proposes to acquire operate in Victoria and comprises a portfolio of volume and luxury brands (see Figure 5.1 below). According to Eagers' analysis of the Proposed Transaction, NGP currently accounts for 3.0% of new vehicle sales in Victoria. The Dealerships are located across various locations (see Table 5.1). The Vendors own and operate nine properties and lease six properties. Three out of the nine owned properties are to be acquired as part of the Proposed Transaction. The three properties to be acquired are dedicated to MB and VW Brighton showrooms, a multi franchise showroom in Mulgrave/Waverly and service centres in Brighton and Waverly[10]. The Vendors also operate an additional 11 leased properties (six leased from NGP and five externally) which consist of a showroom, service centres, pre-delivery and storage yards.

The Dealerships' annual turnover for FY23 was $788.2 million. The Dealerships have approximately 774 employees.

The Vendors hold a:

- 100% interest in N G P Melbourne Pty Ltd (franchising Brighton VW and MB, Mornington MB, and Waverly Motor group)
- 100% interest in N G P Lorimer Pty Ltd (franchisee for Melbourne City JLR[11], Malvern JLR, and Melbourne City Volvo)
- 100% interest in N G P Toorak (franchising MB Toorak)
- 70% interest in N G P Ingles Pty Ltd (franchising Melbourne City VW and MG)
- 90% interest in N G P Essendon Pty Ltd (franchising Essendon BMW).

The Vendors have arrangements in place with the minority interests in the entities listed above so that a 100% interest in each of the operations will be acquired by Eagers if the Proposed Transaction proceeds. All of the financial information included in this report is on a 100% ownership basis.

The brand portfolios acquired by Eagers are classified as volume, prestige or luxury as set out in Figure 5.1 below.

Figure 5.1

	Volume	Prestige	Luxury
Vendors' brands			

Source: Eagers

[10] Brighton, Waverly, Mornington and Toorak are suburbs in Victoria, Australia.

[11] JLR – Jaguar and Land Rover

5.2 Business Operations

The Dealerships operate in Victoria, primarily in Brighton, Waverly, and Melbourne City locations. The Dealerships' footprint across Victoria is summarised in Table 5.1.

Table 5.1.

Location	Brands
Brighton	MB
Mornington	MB
Toorak	MB
Waverley/Malvern	Nissan Renault, VW, JLR, Mitsubishi, Skoda, Volvo and MG
Brighton	VW, Autobody
Melbourne City	JLR, Volvo, VW, MG
Essendon	BMW & MINI

Source: Eagers

5.3 Key financial performance

The consolidated historical financials for the acquired Dealerships are summarised in Table 5.2 below.

Table 5.2

A$ 'million	FY21	FY22	FY23(2)	FY24 YTD(1)
Total sales	**784.7**	**739.1**	**788.2**	**229.8**
Gross Profit	125.9	138.6	145.1	39.1
Other income	15.8	6.1	5.2	1.2
Direct expenses	(65.2)	(71.1)	(84.9)	(24.4)
Indirect expenses	(41.7)	(44.9)	(48.5)	(12.7)
NPBT(3)	**34.8**	**28.7**	**16.9**	**3.1**
Total units(4)	10,545	9,889	11,014	3,100
Sales growth	0.5%	-5.8%	6.6%	n/a
Gross profit margin	16.0%	18.8%	18.4%	17.0%
Return on Sales (ROS)(5)	4.4%	3.9%	2.1%	1.4%
Costs per unit in $	(10.1)	(11.7)	(12.1)	(12.0)

Source: Vendors' management accounts, PwCS Analysis
(1) FY24YTD represents July – September 2023 results.
(2) The FY23 estimated full year result is in the process of audit. We have confirmed with NGP's auditors and note there are no issues identified and no adjustments required at this stage.
(3) NPBT includes the government Job Keeper payment for FY21.
(4) Total units include total new cars sold and total used cars retail sold.
(5) ROS is equivalent to NPBT margin.

The key components of the historical financials for the acquired Dealerships are as follows.

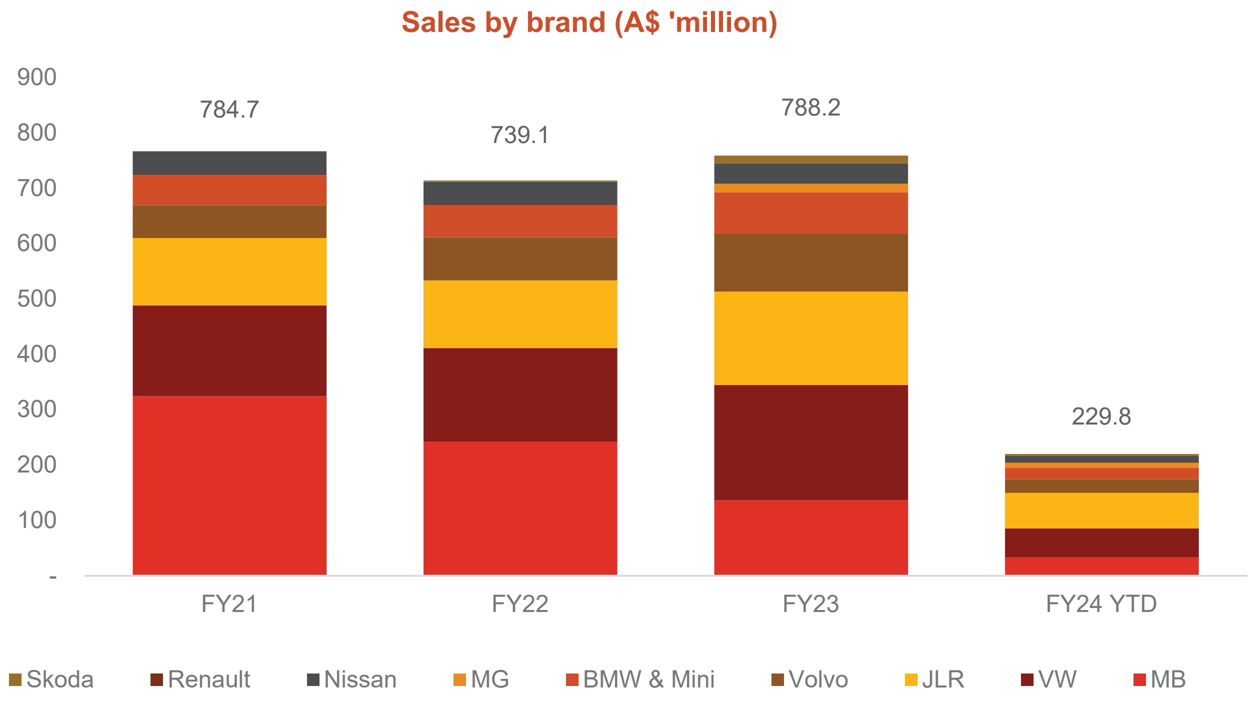
- **Total sales:** The Dealerships' total sales declined in FY22 driven largely by a decline in MB sales, changes in the method of revenue recognition, and the continued impact of COVID-19 related lockdowns. Turnover subsequently grew in FY23 with no COVID-19 related lockdowns and the full year contribution from the Waverley Skoda and Waverley Volvo greenfield sites, partially offset by further declines in MB sales.

- **Gross profit:** The gross profit margin has improved each year over the period between FY21 and FY22, driven by strong margins across all departments, consistent with growth in industry margins over this period. FY24YTD margins are below FY21 and FY22 given the period does not include annual incentives and / or volume bonuses from the OEMs.
- **NPBT:** Overall, net profit has declined year on year since FY21, primarily due to the performance of MB over this period (and noting that FY21 included government support payments). All other Dealerships grew strongly in FY22 benefiting from strong margins. FY23 performance is relatively consistent with FY22 with increased turnover and gross profit offset by rising underlying interest rates impacting finance costs. The rise in finance costs have also impacted ROS in FY23 and YTD24 relative to FY21 and FY22.

Financial performance by brand

The Vendors' historical sales by brand are presented in Figure 5.2 below:

Figure 5.2



Source: Vendors' management Accounts, PwCS Analysis

VW Historical sales showed resilience during COVID-19 impacted periods and were relatively flat from FY21 to FY22.

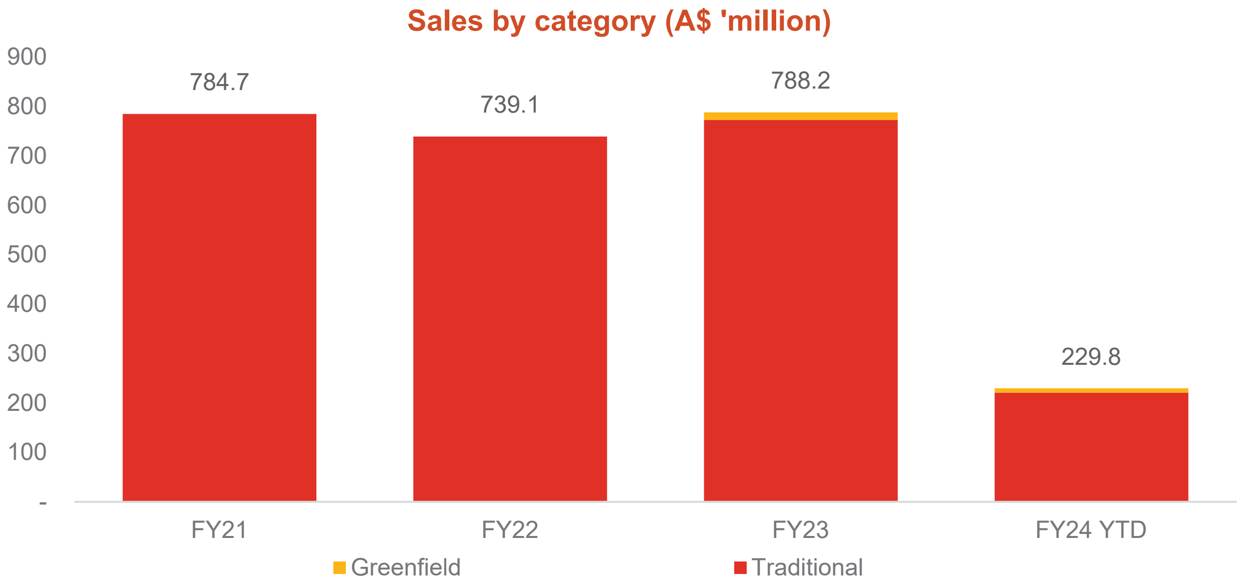
JLR sales were low in FY21 (in total $ value and as a % of total sales) due to the impact of COVID-19 and other supply constraints. FY22 sales remained relatively flat from the prior year before recovering in FY23.

MB total sales have declined since FY21. MB's sales are, however, anticipated to recover in FY24 as shown in the YTD performance in FY24 YTD.

Financial performance by category

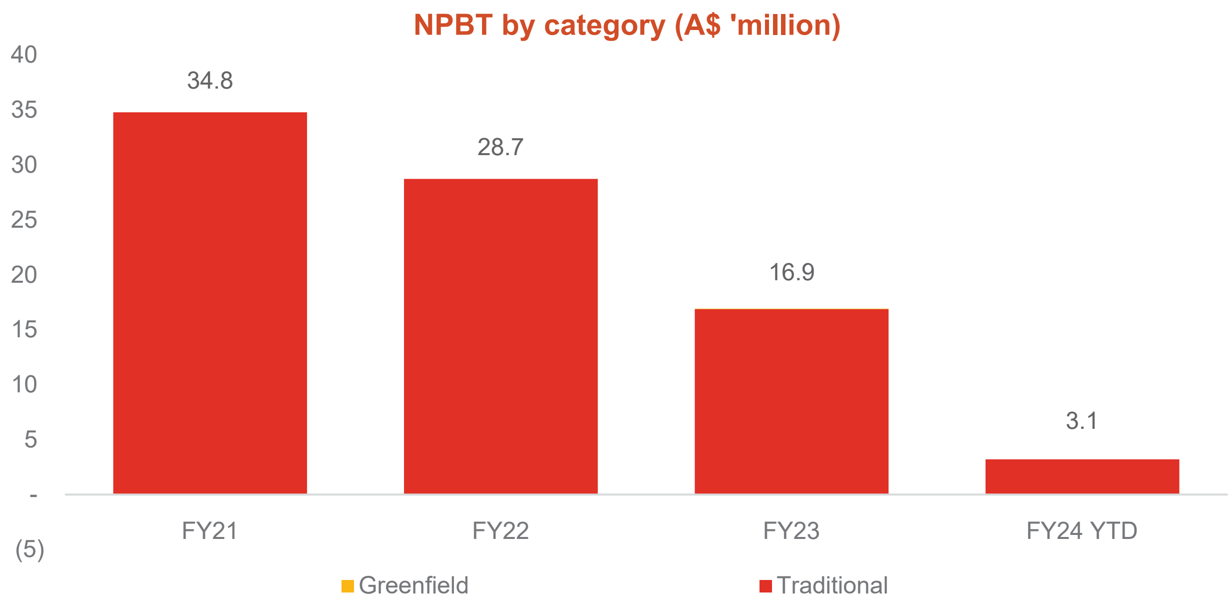
The Vendors' historical financial performance by category is as presented in Figures 5.3 and 5.4 below:

Figure 5.3



Source: Vendors' management accounts, PwCS Analysis

Figure 5.4



Source: Vendors' management accounts, PwCS Analysis
Note: NPBT for the Greenfield Dealerships is small relative to the total NPBT and therefore is not visible in the chart above.

Traditional Dealerships include all Dealerships other than the two MG dealerships considered as Greenfield Dealerships. Traditional Dealerships contributed the majority sales and NPBT. Total sales have fluctuated between c.$740 million and $790 million, over the period FY21 to FY23. The decline in NPBT in FY22 and FY23 was mainly attributed to MB which is anticipated to improve in FY24 as shown in the FY24YTD performance. The NPBT for Traditional Dealerships other than MB remained relatively stable.

Greenfield Dealerships include Waverly and Melbourne City MG started from FY23. In FY23. Greenfield Dealerships only accounted for 1.9% of total sales and 0.3% of NPBT. The low NPBT is attributable to MG sites operating as satellite dealerships where properties were still under development and costs are allocated as if they were operating onsite.

Net assets being acquired

Eagers is proposing to acquire the assets and assume the liabilities of the Dealerships as defined in the Term Sheet[12]. The net asset items and the balances that will transfer (other than properties) as at June 2023 are set out in Table 5.3 below.

Table 5.3

In A$ 'million	Balance Sheet Items
Inventory	163.9
Floorplan[13]	(119.6)
Provisions for obsolesce	(0.7)
Customer deposits	(5.8)
Total Working Capital	**37.8**
Property, plant and equipment	18.5
Employee Provisions	(10.2)
Total Net Assets	**46.1**
Adjusted Net Assets	**30.5**

Source: Eagers

The value of actual net assets transferred will be updated as at the completion date.

[12] Project Stuart II Term Sheet signed by NGP (Seller) as at 9 October 2023.

[13] Relates to inventory financing for vehicles which is repaid when the inventory (vehicles) is sold

6 Acquirer company profile

6.1 Overview of Eagers

Eagers, formerly known as A.P. Eagers Limited, is an automotive company with a diversified group of automotive brands across Australia and New Zealand. In 2019, it merged with another large Australian automotive company, Automotive Holdings Group Limited (AHG). Eagers is a public company listed on the ASX that operates automotive retail dealerships across Australia with approximately 8,000 employees and is headquartered in Newstead, Queensland.

Eagers has a long history of operating in car retailing, property, and investments, with its main operations in Brisbane, regional Queensland, Adelaide, Darwin, Melbourne, Perth, Sydney, the Newcastle/Hunter Valley region in New South Wales, Tasmania, and Auckland. Eagers was originally founded as a family automotive business in 1913 and has expanded through organic growth and acquisitions. Developments since 2012 are summarised below:

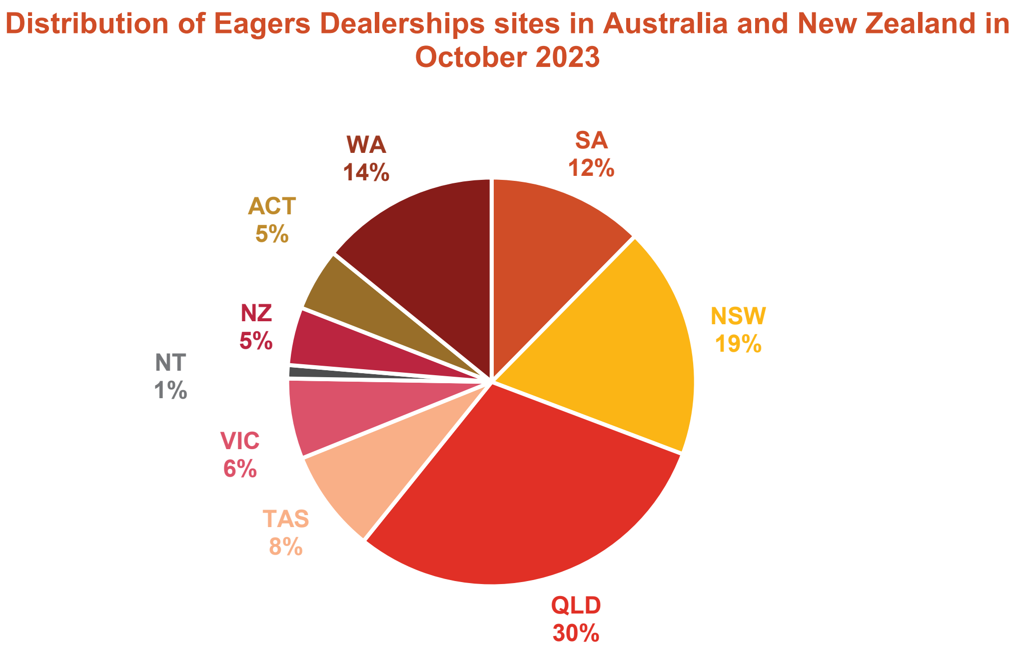
- **2012** – Eagers obtained a 16.33% share stake in Automotive Holdings Group Limited.
- **2013** – The Main North Nissan and Renault and the Unley Nissan and Renault dealerships in Adelaide were acquired to further support the Company's strong performance for the South Australian car division. Eagers established a new business, Precision Automotive Technology, to source and distribute in-house car care products under the brand names, Perfexion and 365+.
- **2014** – Eagers purchased the Black Group and Boettcher Motors with the main businesses operated in Ipswich and south-west and central Queensland.
- **2016** – Eagers continued to expand through acquisitions of Crampton Automotive, Tony Ireland Group and Birrell Motors Group.
- **2017** – Eagers acquired Porsche Centre Adelaide.
- **2018** – Several sales of Eagers' assets including Eagers Kia, Surfers City Holden and Brisbane Volvo took place. Meanwhile, Eagers also obtained Kia and Mitsubishi franchises from Toowoomba Motor Group and acquired Brisbane Metro Nissan and Southern Vales Nissan in Adelaide.
- **2019** – Eagers sold its three properties in Newstead, Brisbane to Marquette Property Group with a seven-year lease-back arrangement. Eagers also completed the sale of Kloster Motor Group to Tony White Group in October. In the same year, Eagers acquired Automotive Holdings Group Limited through an off-market takeover offer and acquired Adelaide BMW and MINI.
- **2020** – Eagers changed its registered name from A.P. Eagers Limited to Eagers Automotive Limited to better showcase the Company's position in the automotive industry. Eagers also sold the AHG Refrigerated Logistics business to Anchorage Capital partners. In addition, Eagers acquired a portfolio of eight properties and sold two non-core properties.
- **2021** – Eagers divested Daimler Truck operations and an associated property. Eagers also acquired 10 properties and sold 11 non-core properties. The acquisitions of Armstrong Ford and Westpoint VW in QLD and Kelly Trotter and Heritage dealership groups in Maitland and Cardiff were completed. Eagers sold Doncaster JLR in Victoria in the same year.
- **2022** – Eagers expanded its presence in Australia with the inauguration of AutoMall West at Indooroopilly Shopping Centre. The company has acquired multiple dealerships in the ACT, which added geographic diversification of the Eagers business. Furthermore, Eagers acquired a multi-franchised dealership in Adelaide, which included brands such as RAM, MG and Kia, operating across various owned and leased properties. Eagers acquired a 49% equity stake in a joint venture with BYD in Australia, establishing it as the exclusive national dealership retailer for this electric and hybrid vehicle manufacturer.
- **2023** – Eagers acquired an additional 31% ownership stake in EV Dealer Group Pty Ltd for A$70 million, raising its total ownership to 80%. This move strengthens Eagers' exclusive retail partnership with BYD in Australia, consolidating its position in the electric vehicle market. Additionally, in May 2023 Eagers acquired F.R Ireland Cairns consisting of Mitsubishi, Isuzu Truck, RAM and Jeep dealerships.

6.2 Business operations

Eagers owns and operates a car dealership network across Australia and New Zealand, which it has strategically expanded through a series of acquisitions in recent years. Eagers reported a statutory net profit after tax of $324.3 million in FY22[14].

Eagers currently owns 283 dealerships compared to 238 dealerships in 2022. A total of 270 dealerships are located in Australia and 13 are located in New Zealand (versus 228 and 10 in 2022, respectively). Figure 6.1 shows Eagers' national dealership distribution, demonstrating that Eagers has a wide national footprint across Australia with the expansion into the ACT in 2021.

Figure 6.1



Source: Eagers' company website, as at 20 October 2023, PwCS Analysis

Eagers owns properties in Brisbane, Sydney, Melbourne, Adelaide, Newcastle, regional Queensland and Perth which, are primarily used for its motor dealership operations.

[14] Eagers Annual Report, December 2022

6.3 Key financial performance

Eagers' key financial statistics for calendar year (CY)20 half year (HY)23 are summarised below:

Table 6.1 Key financial statistics

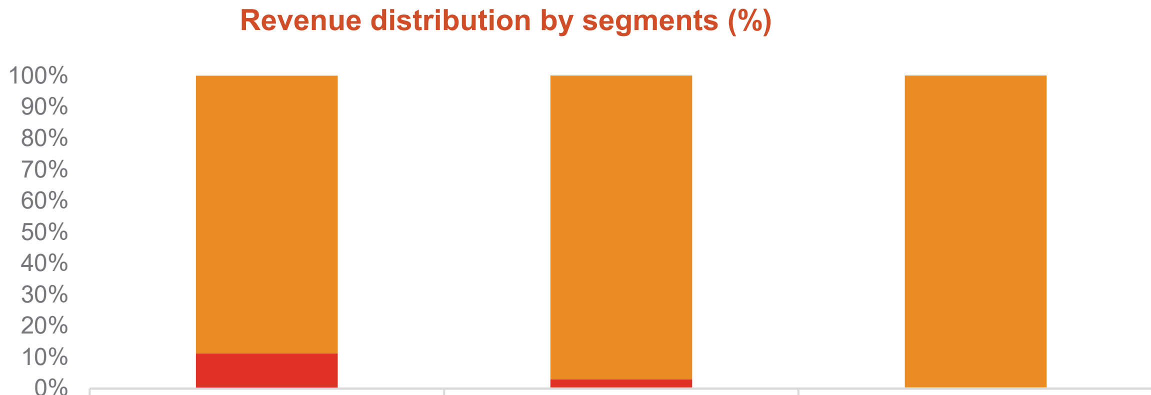
(A$ 'million)	CY20	CY21	CY22	HY23
Total revenue	8,749.7	8,663.5	8,541.5	4,817.6
EBITDAI	625.5	651.6	652.4	326.2
D&A	(166.3)	(120.4)	(116.6)	(57.5)
Impairment & Revaluation	(90.7)	(5.2)	(16.7)	-
EBIT	368.5	526.1	519.1	268.7
Bailment interest	(22.2)	(17.0)	(25.5)	(25.6)
Adjusted EBIT	346.3	509.1	493.6	243.1
Adjusted interest expense	(66.2)	(52.3)	(51.4)	(27.0)
Income tax expenses	(88.6)	(118.0)	(117.9)	(65.5)
Earnings from Continuing Operations	**191.5**	**338.8**	**324.3**	**150.5**
Revenue growth%	*50.4%*	*(1.0%)*	*(1.4%)*	*14.3%*
EBITDAI margin%	*7.1%*	*7.5%*	*7.6%*	*6.8%*
EBIT margin%	*4.2%*	*6.1%*	*6.1%*	*5.6%*
Adjusted EBIT margin%	*4.0%*	*5.9%*	*5.8%*	*5.0%*
Adjusted EBIT interest coverage	*5.2x*	*9.7x*	*9.6x*	*9.0x*

Source: Eagers annual reports, Eagers, PwCS Analysis
Note:
1. Eagers' financial year ends on 31 December
2. EBITDAI is Earning before Interest, Tax, Depreciation Amortisation and Impairment. D&A is Depreciation and Amortisation.
3. EBIT is Earning before Interest and Tax
4. Adjusted EBIT is EBIT less bailment interest, which is equivalent to Vendors NPBT as there is no interest other than bailment interest considered for NPBT.
5.Adjusted interest expense is interest expense less bailment interest.

Eagers' revenue has decreased by (1.4%) from CY21 as a result of the divestment in the Bill Buckles Group in June 2022 and constraints for new vehicle supply. The ACT dealerships acquisition partially offset the decrease in revenue. The CY22 EBITDAI was relatively flat compared with EBITDAI in CY21, however, earnings from continuing operations declined by approximately 4.3%. This decline was primarily caused by the gains on sale of assets (i.e., dealerships and properties), whilst the underlying profit (which excludes the gains from the sale of assets), increased in comparison to CY21.

Car retailing is the primary source of revenue and accounted for 99.99% of Eagers' revenues in CY22. This is an increase from approximately 97% in CY21 as a result of Eagers' divestment of the Daimler Truck business in April 2021 (See Figure 6.2 below).

Figure 6.2



	CY20	CY21	CY22
Car Retailing	88.70%	97.10%	99.99%
Truck Retailing	11.10%	2.60%	0.00%
Property	0.20%	0.40%	0.42%
Investments	0.00%	0.00%	0.00%

Source: Eagers annual reports, PwCS Analysis
Note: The revenue distribution may not sum to 100% due to eliminations or adjustments

6.4 Company ownership and key shareholders

As at 6 November 2023, Eagers had 256,900,410 reported ordinary shares outstanding with the substantial shareholders set out below:

Table 6.2 Substantial shareholders

	No. of shares	% of issued shares
WFM Motors Pty Ltd[15]	70,193,037	27.3%
Wheatley FAICD, Vernon Charles	12,392,976	4.8%
The Vanguard Group, Inc.	8,791,131	3.4%
Washington H. Soul Pattison and Company Limited	6,795,986	2.7%
Argo Investments Limited	6,083,588	2.4%
Total	**104,256,718**	**40.6%**

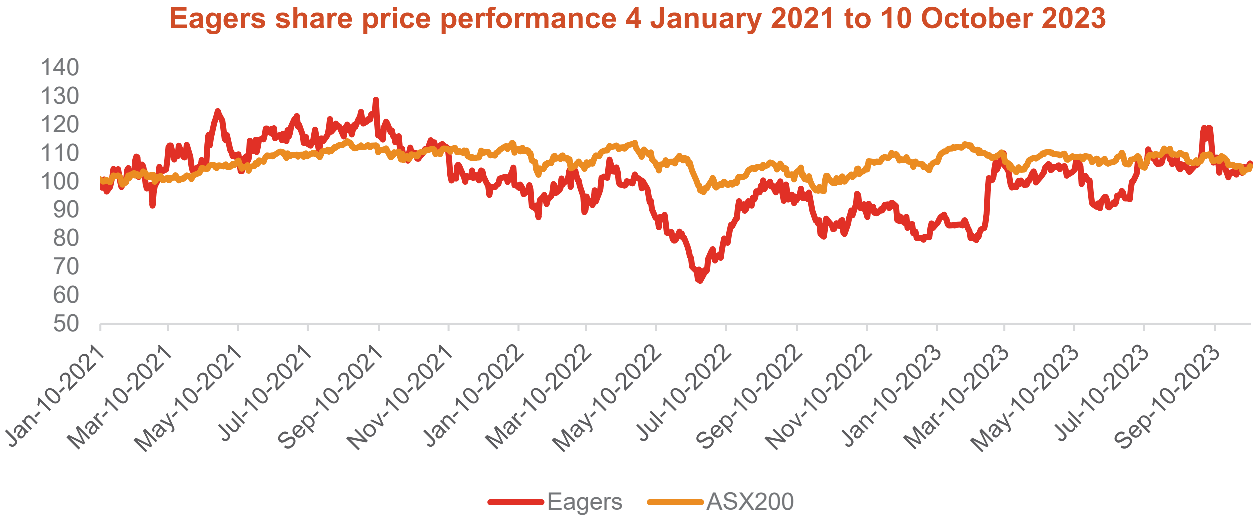
Source: Capital IQ, PwCS Analysis

6.5 Performance of Eagers shares before and after the Proposed Transaction announcement

Figure 6.3 shows Eagers' share price performance over the two-year period prior to the Proposed Transaction announcement versus the performance of the ASX 200 index.

[15] Mr Nick Politis is an executive chairman at WFM Motors Pty Ltd, who is also the director of Eagers, i.e., the related party of the Proposed Transaction.

Figure 6.3



Source: Capital IQ, PwCS Analysis
Note: 1) The relative performance of Eagers to the ASX 200 takes share price and index as at 4 January 2021 as the base value set at 100 for both.

Performance of Eagers shares pre- and post the Proposed Transaction announcement

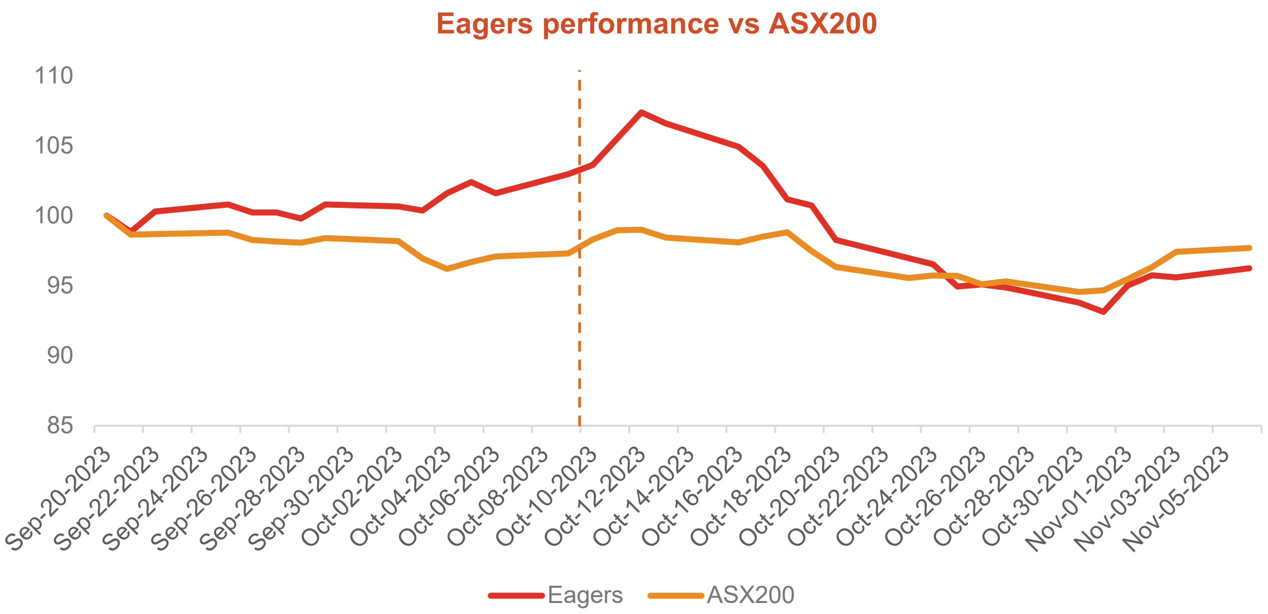
The value of the Proposed Transaction represents approximately 7% of Eagers' market capitalisation as at 6 November. The comparison of Eagers share price to the market (ASX 200) and its key identified peers is set out in Figures 6.4 and 6.5 for 20 days pre the announcement and 20 days post the announcement.

The Proposed Transaction announcement was made at 8:15 am (AEDT) on 10 October 2023. The Eagers share price outperformed the market and its peers on the announcement date of 10 October 2023. However, the share price declined after few days and Figure 6.4 shows that the decline in the Eagers share price in the days post the announcement is directionally consistent with the decline of the overall market (as measured by the ASX200). We consider this movement was likely driven by macro-economic and geopolitical events impacting the whole market rather than the Company's individual performance. As shown in Figure 6.5, Peter Warren shares also traded lower between 20 September 2023 and 6 November 2023 and Autosport group shares were relatively flat over that period.

The market analyst sentiment for the Proposed Transaction (as reported by equity analysts) was overall positive, acknowledging the positive impact on the increase in the overall size of Eagers and its presence in the Victorian market. The analysts highlighted the scale which the Proposed Transaction can provide further network optimisation, improved supply for EasyAuto123 and provision of further scope for organic/inorganic expansion[16], that the Proposed Transaction was strategically sensible at a reasonable price and that it aligned with Eagers' strategy.[17] Brokers estimated that the Proposed Transaction should have positive impact on EPS.

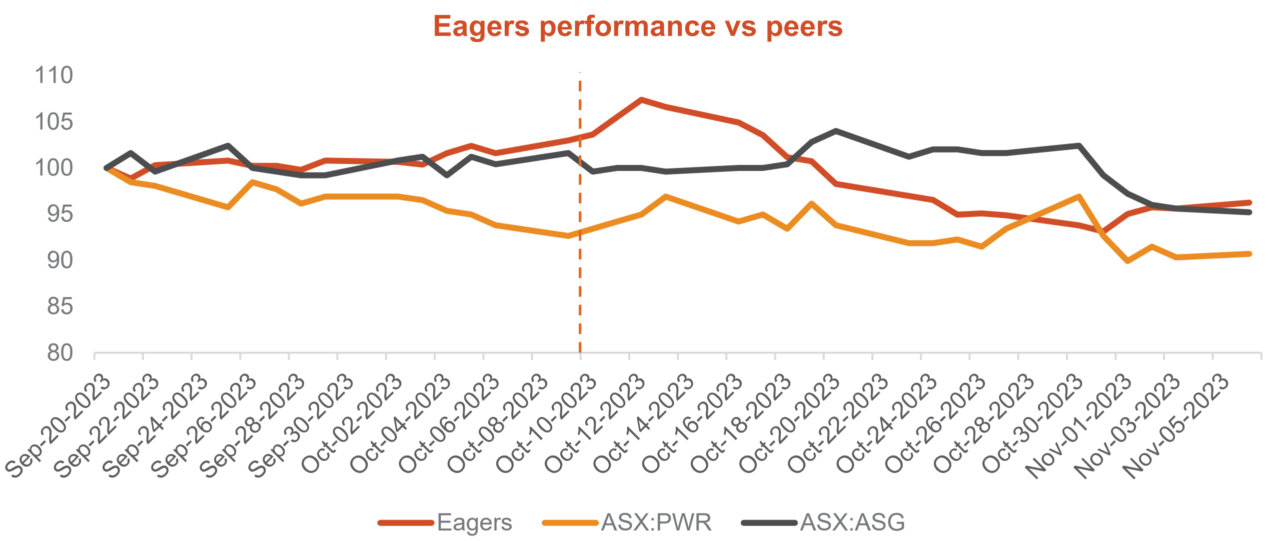
[16] Morgan Stanley, October 2023
[17] MA Moelis Australia, October 2023

Figure 6.4



Source: Capital IQ, PwCS Analysis
Note: The relative performance of Eagers to the ASX 200 takes share price and index as at 20 September 2023 as the base value set at 100 for all.

Figure 6.5



Source: Capital IQ, PwCS Analysis
Note:
1) The relative performance of Eagers to its peers takes share price and index as at 20 September 2023 as the base value set at 100 for all.
2) ASX: ASG – Autosports Group Limited, ASX:PWR – Peter Warren Automotive Holdings Limited

7 Proposed Transaction overview

7.1 Background and rationale of the Proposed Transaction

On 10 October 2023, Eagers announced that it had entered into a non-binding agreement to acquire a portfolio of dealerships, related businesses and the freehold title to three strategic properties, which are owned by NGP. The balance of the properties from which NGP operates the dealerships and related businesses are to be leased or subleased from either NGP or third parties. The material terms of the leases and subleases as set out in Appendix H. The expected completion date is 29 February 2024.

Management of Eagers provided the following reasons with the ASX announcement as to the rationale for the Proposed Transaction:

Strategic alignment

- The acquisition will increase Eagers' presence in Melbourne, a region that Eagers has previously identified as having significant runway for growth.
- The acquisition is a large-scale expansion, which is expected to add approximately $0.9 billion in annual turnover.
- The Dealerships to be acquired include a high-quality, well-balanced brand portfolio with a focus on prominent brands representing 12 OEM partners.
- The acquisition will add substantial scale to Eagers' Victorian operations which are forecast to grow to $2.5 billion in annual turnover.
- The Proposed Transaction will expand Eagers' brand ownerships in Victoria to BMW, MINI, Nissan, MG, Renault, Skoda, and VW.

Property portfolio

- The properties to be acquired under the Proposed Transaction gives Eagers the opportunity to increase its footprint in Victoria. Further, the proximity to existing Eagers' locations serves as a driver of operational synergies among dealerships.
- As part of the Proposed Transaction, Eagers will acquire three properties which equate to 53,500 sqm located in high profile sites including a site in Brighton and two side by side Waverly (Mulgrave) sites.
- The acquisition of the Properties will contribute to Eagers building its footprint foundation to progress its Next100 strategy.

7.2 Terms of the Proposed Transaction

The Purchase Consideration for the Dealerships and Properties is approximately $248.4 million, which is to be settled in cash and Eagers shares. Included in the Purchase Consideration is an Earn-out capped at $7.0 million. The details of the Purchase Consideration are set out in Table 7.1.

The Dealerships and Properties will be acquired from a number of entities, all of which are associated with or controlled by Mr Nick Politis who owns approximately 28% of Eagers shares and is also a director of Eagers.

Table 7.1

Purchase Consideration components ($A 'million)	Cash	Scrip	Total consideration
Goodwill	86.4	25.0	**111.4**
Net assets	30.5	-	**30.5**
Properties	99.5	-	**99.5**
Total (Pre– Earn-out)	**216.4**	**25.0**	**241.4**
Plus: Earn-out	7.0	-	**7.0**
Total (Including Earn-out)	**223.4**	**25.0**	**248.4**

Source: Eagers, PwCS Analysis
Notes:
1. "Goodwill" under the Term Sheet is defined as the goodwill of each Business including the exclusive right of the relevant Buyer to represent itself as carrying on the Business as the successor to the relevant Seller
2. These amounts will be subject to post-completion adjustments to reflect movements in working capital balances being transferred between the agreement date and the Completion Date.

The goodwill component of the Purchase Consideration reflects a multiple agreed between the Vendors and Eagers of c.4.3x for the Dealerships based on a total Maintainable Earnings (ME) estimate of $25.7 million. This multiple is not comparable to the multiple ranges used for the purpose of our valuation, as these have been adopted primarily for the valuation of goodwill and operating assets and not the business as a whole.

The scrip component of the Purchase Consideration relates to the issuance of 1.78 million Eagers shares. The number of shares to be issued was calculated based on a total $25.0 million pre-determined scrip value, divided by the 20-day VWAP prior to the announcement date of $14.03.

The Earn-out relates to the acquisition of the MB dealerships. The Earn-out is capped at $7.0 million, payable in two years from the completion of the Proposed Transaction if certain performance hurdles are met.

At the time of the initial announcement, the Purchase Consideration was expected to be approximately $251.9 million (including the Earn-out). The reduction of the Purchase Consideration has resulted from a movement in working capital. The remaining components of the Purchase Consideration have remained unchanged.

Conditions precedent

The Proposed Transaction is subject to:

- Eagers' board approval and shareholder approval via a majority vote (excluding shareholders associated with Mr Nick Politis, Mr Daniel Ryan or the Vendors)
- the Independent Expert concluding that the transaction is "Fair and Reasonable" for the Non-Associated Shareholders
- Eagers (or its Related Bodies Corporate) having obtained all necessary licenses required to operate the Dealerships (including motor vehicle dealer or motor vehicle repairer licences, as applicable)
- manufacturer consent to the implementation of the Proposed Transaction (including, where applicable, conditions acceptable to Eagers) and entering into new dealer agreements with Eagers on terms satisfactory to Eagers
- no material adverse change affecting the business, assets or trading position which has the effect of reducing the ME by 20% or more (from the Vendors' earnings of $25.7 million)
- the lessor and the mortgagee of each of the leased properties consenting to the assignment of the relevant lease to Eagers

- Eagers’ financiers consent to the implementation of the Proposed Transaction and Eagers entering into satisfactory bailment arrangements.

The Proposed Transaction will be achieved through two separate agreements, a Business Sale Agreement (BSA) for the Dealerships and a series of Land Sale Agreements for the Properties.

The BSA includes Vendors’ warranties, which cover conventional warranties related to capacity, accounts, records and contracts, assets, employees, intellectual property, information technology, property, duty, and information. Specifically, there are environmental warranties as part of the Vendors’ warranties which provide an indemnity in relation to any claims relating to contamination or pollution caused to, or existing in, any of the properties at, or prior to, the completion date. Eagers will be undertaking appropriate environmental assessments within 12 months post completion.

Funding arrangements

Eagers expects to fund the cash component of the Purchase Consideration and stamp duty through a mix of external debt and available cash reserves.

The acquisition of new vehicle inventory and eligible demonstrator and used vehicle inventory held by the Dealerships on the date of completion will be funded through bailment financing arrangements (as is customary for the automotive retail industry).

8 Valuation approach

8.1 Valuation Date

We have undertaken our assessment of value using market data as at 6 November 2023 (Valuation Date).

8.2 Basis of value

For the purpose of our opinion, we have referred to the concept of FMV. We consider the concept of FMV and MV, as defined in the IVS, to have the same meaning in the context of this Report. We have therefore adopted the following definition for FMV:

"the price which would reasonably be negotiated by an informed, willing but not anxious purchaser and an informed, willing but not anxious seller acting at arm's length and within a reasonable time frame".

FMV does not include potential special value that may be available to specific parties. RG 111.11 states that any special value of the target to a particular bidder (e.g., synergies that not available to other bidders) should not be taken into account in determining if the Proposed transaction is Fair.

8.3 Valuation approaches considered

There are a number of commonly adopted methodologies that could be used to assess the FMV of a business. Widely accepted methodologies include the following:

a) ***Capitalisation of earnings (CoE) approach***: This method involves multiplying an estimation of the level of sustainable earnings (or profits) of a business by a multiple that is reflective of the underlying risks and growth prospects of the business. The estimation of earnings is considered a surrogate for the cash flows of the business and the process of multiplication is referred as the 'capitalisation' of earnings.

b) ***Market based assessments approach***: Market based assessments relate to the valuation of a business, shares or assets using observed prices at which comparable businesses, shares or assets have been exchanged in arm's length transactions. This is often the most reliable evidence of FMV but in the case of the valuation of companies it can be difficult to find directly comparable transactions. For companies whose shares are publicly traded, the relevant share price is considered indicative of the FMV of the shares, if there is sufficient liquidity. However, such market prices usually reflect the prices paid for small parcels of shares and as such do not include a premium for control.

c) ***Net asset approach****:* This approach indicates the FMV of the equity of an entity by adjusting the asset and liability balances on the subject company's balance sheet to its FMV equivalent. The net assets approach has a number of variants. Typically, the approach can be applied using a going concern premise which uses the concept of replacement cost as an indicator of value.

d) ***Discounted cash flow (DCF) approach****:* Indicates the value of a business based on the present value of the cash flows that the business can be expected to generate in the future. Such cash flows are discounted at a discount rate (the cost of capital) that reflects the time value of money and the risks associated with the cash flows.

Each methodology is appropriate in certain circumstances and the decision as to which methodology to apply generally depends on the nature of the business being valued, the maturity of the business, commonly adopted approaches used to value similar businesses and the availability of information.

8.4 Selected valuation approach for Dealerships

We have adopted the CoE and the net asset approach as the primary methodologies to value the Dealerships and Properties respectively.

Eagers has recently obtained independent valuations of the Properties (see Section 9.7). The value attributed to the Properties by the independent valuer represents approximately 40% of the Purchase Consideration. We therefore consider it appropriate to adopt the net asset approach to assess the value of the Properties and a CoE approach to assess the value of the Dealerships.

We have capitalised the ME (based on earnings at the NPBT level) of the Dealerships, after charging a notional rent for owned properties to estimate the value of the Dealerships separate to the value of the Properties.

We have then added the FMV of owned Properties to the value of the Dealerships to arrive at a total value of the Dealerships and Properties acquired.

8.4.1 Valuation of Dealerships

Ultimately, the valuation methodology adopted is dependent on the nature of the underlying business and the availability of suitably robust information. A secondary methodology is often adopted as a cross-check to test the reasonableness of the outcome, with the valuation conclusion ultimately being a judgement derived through an iterative process.

For profitable businesses, methodologies such as CoE and DCF are commonly used as they reflect going concern values, which typically incorporate some element of goodwill over and above the value of the underlying assets. For businesses that are either non-profitable, non-tradeable or asset rich, net assets is typically adopted as there tends to be minimal goodwill, if any.

Application of the DCF methodology requires estimation of cash flows for a number of years and discounting those cash flows back to present value. The Vendors have provided forecasts for a 12-month period and also separately, their view of the ME (the Vendors ME). However, they have not prepared long term cash flow forecasts. We note that forecasting long term cash flows in the automotive retailing industry at present is challenging as a result of disruptions caused by COVID-19 and geopolitical uncertainty, logistics disruptions, changing emission standards and vehicular and digital technology disruption. As such, we do not consider there to be a reasonable basis to prepare long term cash flows for the automotive segment at present. In addition, the automotive retailing industry is a mature, stable sector with a long operating history, and as such the CoE approach is in line with market practice.

Given the Dealerships have current estimates of earnings and there is no basis to expect that any of the business units will be unable to continue indefinitely, we have adopted the CoE methodology as the primary valuation methodology to value the Dealerships.

Application of the CoE methodology involves the capitalisation of the earnings or cash flows of a business at a multiple that reflects the risks of the business and the future growth prospects of the income it generates. Application of this methodology requires professional judgement as to the following:

- A level of average real earnings or cash flows expected to be maintainable indefinitely, notwithstanding the impact of cyclical factors on short term results, adjusted for non-recurring items and other known factors likely to impact on future operating performance.
- An appropriate capitalisation multiple that reflects the risk and real growth prospects associated with the level of real earnings being capitalised. The capitalisation multiple is usually determined having regard to market evidence derived from comparable transactions and share market prices for listed comparable companies, whilst also considering the specific characteristics of the business being valued.

The CoE methodology can be applied to a number of different earnings or cash flow measures, including, but not limited to, EBITDA, EBIT and net profit after tax. The choice between parameters is usually not critical and should give a similar result.

In the automotive retailing industry, multiples of operating profits (EBITDA, EBIT or NPBT) after bailment interest are commonly used since bailment financing is often considered to be an operating item, rather than financing. In this case we have adopted NPBT as our basis of estimating the PwCS ME.

Determination of the appropriate earnings multiple is usually the most judgmental element of a valuation. The multiples are generally based on implied multiples paid in recent actual transactions in a comparable sector and/or on the multiples implied by trading in comparable listed companies, with appropriate adjustments made in consideration of the specific characteristics of the business being valued.

8.4.2 Total value of Dealerships and Properties

The total value of the Dealerships and Properties is arrived at by simply summing the two values. This approach is similar, albeit not identical to the manner in which Eagers typically values the dealerships that it is transacting on. Eagers typically uses a goodwill multiple which is applied to profits after a notional rent (i.e., as if the properties were leased) to arrive at a goodwill value. The value of net assets acquired, including the value of property, is added to this goodwill to arrive at a transaction value.

As a cross check, we have calculated the implied multiple of earnings without the rent adjustment to compare to market multiples, recognising that we would expect this implied multiple to reflect the property rich nature of the acquisition.

8.4.3 Selected valuation approach for the Purchase Consideration settled by Eagers shares (scrip)

The settlement of the Proposed Transaction includes two components, cash and scrip (i.e., Eagers shares). In assessing the value of the scrip component, we have adopted the Quoted Market Price (QMP) methodology.

9 Valuation assessment

9.1 Maintainable earnings – Summary

Our valuation assumes that a 100% interest in each of the operations of the Dealerships will be acquired by Eagers if the Proposed Transaction proceeds.

For the purposes of a valuation assessment, the adopted ME should reflect the level of earnings that can be achieved by the Dealerships in the future, on an ongoing basis. The ME estimated by the Vendors, Eagers and PwCS have all been calculated on the basis that the Properties are leased. Therefore, our assessed value of the Dealerships does not reflect the value of any owned Properties (as the values of the acquired Properties have been separately assessed). The earnings discussed in this section include the rent costs relating to the Properties that are owned by the Vendors (including those that are proposed to be acquired and those that will remain leased from the Vendors).

For the purposes of our valuation, the ME refers to the estimate of maintainable NPBT (refer to Sections 9.2 for further details). The various reference points for the ME are as follows:

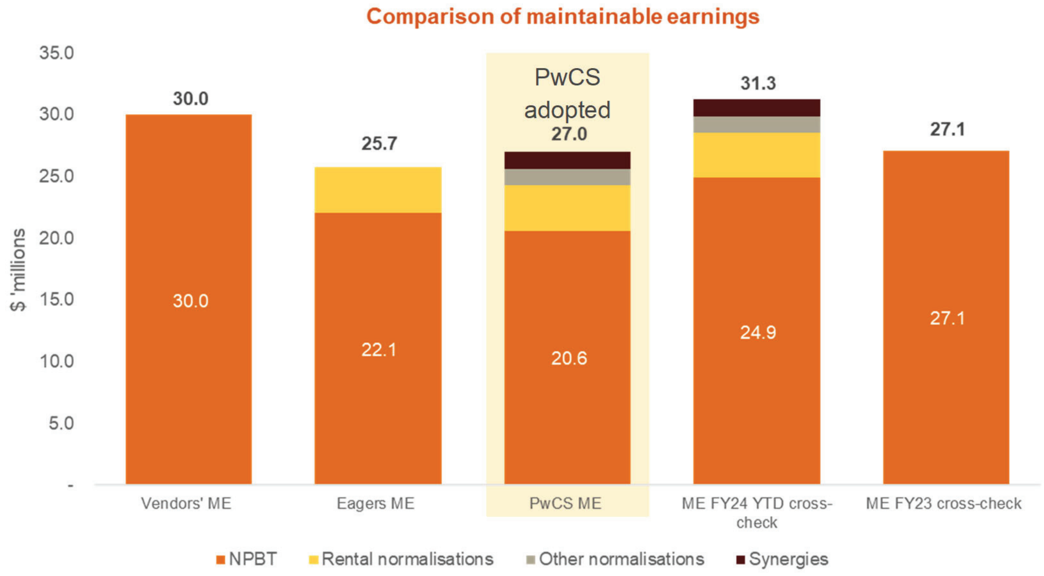
- ***Vendors ME***: The Vendors provided their estimate of ME being $30.0 million. This estimate was based on a high-level approach, with the Vendors having regard to the FY24YTD run-rate of new unit sales and historical average sales per new unit, multiplied by a ROS for each of the individual dealerships.
- ***Eagers ME:*** Eagers performed its own due diligence where it undertook a bottom-up approach to review the key revenue and cost assumptions for each dealership, to determine its post due-diligence view of ME of $25.7 million on a consolidated basis (which was used as the basis for the offer price). The Eagers ME included the benefit of certain rental normalisations. The Eagers ME was also supported by the Vendor's FY24 forecasts (prepared during October 2023) whereby the FY24 NPBT of the Dealerships also totalled to $25.7 million.

Having regard to the above and analysing and reconciling the historical management accounts and the statutory accounts, we have performed our own bottom-up assessment of the ME (i.e. the **PwCS ME**) (refer to Section 9.2). We have estimated a consolidated PwCS ME for the Dealerships of $27.0 million, which includes rental and cost normalisations and market participant synergy adjustments of $6.4 million (detailed in Section 9.2).

We have also undertaken two cross-checks using a top-down approach (which are detailed in Section 9.3).

Figure 9.1 below summarises the comparison of the Vendors ME, the Eagers ME and the PwCS ME (including the cross-checks):

Figure 9.1



Source: Vendors, Eagers, PwCS Analysis
Note:
1) The Vendors' FY24 Forecast NPBT includes the pro-rata costs savings from the dealership restructuring that is currently underway.
2) The synergies included in Eagers ME only relate to the rationalisation of some of the dealerships.

3) The number in each bar indicates the base ME for each case.

9.1.1 Review of the historical results for any one-off and non-recurring items

Table 9.1 summarises the historical results from the Vendors' management accounts.

Table 9.1

Summary P&L (A$ 'million)	FY21	FY22	FY23	FY24 YTD
Total Sales	**784.7**	**739.1**	**788.2**	**229.8**
Growth p.a (%)	*0.5%*	*(5.8%)*	*6.6%*	*n/a*
Gross Profit	**125.9**	**138.6**	**145.1**	**39.1**
Margin (%)	*16.0%*	*18.8%*	*18.4%*	*17.0%*
Direct Expenses	(65.2)	(71.1)	(84.9)	(24.4)
Margin (%)	*(8.3%)*	*(9.6%)*	*(10.8%)*	*(10.6%)*
Indirect Expenses	(41.7)	(44.9)	(48.5)	(12.7)
Margin (%)	*(5.3%)*	*(6.1%)*	*(6.1%)*	*(5.5%)*
Other Income / (Deductions)	15.8	6.1	5.2	1.2
Margin (%)	*2.0%*	*0.8%*	*0.7%*	*0.5%*
NPBT	**34.8**	**28.7**	**16.9**	**3.1**
ROS (%)	*4.4%*	*3.9%*	*2.1%*	*1.4%*
Job Keeper	(10.4)	-	-	-
Adj. NPBT	**24.4**	**28.7**	**16.9**	**3.1**
Adj. ROS (%)	*3.1%*	*3.9%*	*2.1%*	*1.4%*

Source: Vendors' management accounts, Eagers, PwCS Analysis

We note the following in relation to the historical results:

- We have adjusted the NPBT by excluding the Job Keeper income received in FY21 in order to determine an adjusted NPBT.

- The results include rent charges for the Properties owned by the Vendors (including the properties that are to be acquired as part of the Proposed Transaction).
- The Vendors' management accounts exclude certain items which are included in the statutory accounts (as discussed in the following section).
- Other Income / (Deductions) primarily represents annual payments for programs with OEM. We understand that these bonuses are offered to the individual dealerships and will continue to be received post the Proposed Transaction. Therefore, we have included these amounts in our analysis.
- As the automotive dealership industry in Australia was more significantly impacted by COVID-19 during FY21, we have placed more reliance on the FY22 to FY24YTD historical results in estimating the PwCS ME.

9.1.2 Confirming the information provided to us for the previous years that were audited were consistent with those audited results

To confirm the reliability of the management accounts provided to us, we undertook a reconciliation of the NPBT in the management accounts to the statutory accounts for the following entities that own the Dealerships[18] for FY21 and FY22 (noting that the audit for FY23 is still in progress, as discussed below).

For the FY21 period, we had regard to the following statutory accounts:

- N G P Melbourne Pty Ltd (Audited)
- N G P Toorak Pty Ltd (Audited)
- N G P Lorimer Pty Ltd (Audited)
- N G P Ingles Pty Ltd (Audited)
- N G P Essendon Pty Ltd (Audited).

For the FY22 period, there were no separate FY22 audited financial statements available for each of the Vendors' subsidiary entities. Therefore, we have reconciled to the statutory accounts of N G P Investments (No 1) Pty Ltd and have also had regard to the FY22 Trial Balances of the constituent entities of N G P Investments (No 1) Pty Ltd.

We confirmed that after allowing for certain one-off items ($2.1 million in FY21 and -$6.7 million in FY22), the management accounts provided to us were reconciled to the FY21 and FY22 statutory accounts to within a variance less than 0.5%, which we consider to be within an acceptable tolerance level.

At the date of this Report, the FY23 statutory accounts of the NGP Group were in draft. Therefore, in order to consider the validity of the FY23 management accounts, we have held discussions with the Vendors' auditor. No material issues in relation to the statutory accounts of NGP were raised by the auditor as part of these discussions (recognising that the audit and testing process is still ongoing).

9.2 Bottom-up build-up of the Maintainable Earnings

A significant portion of the PwCS ME is based on annualising the three-month FY24YTD performance. We note that, relative to the FY23 historical performance, the FY24YTD results of the Dealerships have exhibited some high levels of top-line growth (for example, total new unit sales for FY24YTD are c.37% higher compared with the same period in the prior financial year). This high level of growth is consistent with the performance of the

[18] N G P Melbourne Pty Ltd includes the dealerships of Mercedes Brighton, Mercedes Mornington, Waverley Nissan Renault, Waverley Volkswagen, Waverley Volvo, Waverley MG, Waverley Mitsubishi, Waverley Skoda, Brighton Volkswagen, Brighton Autobody.
N G P Toorak Pty Ltd includes the dealerships of Mercedes Toorak.
N G P Lorimer Pty Ltd includes the dealerships of Malvern JLR, Melbourne City JLR, Melbourne City Volvo.
N G P Ingles Pty Ltd includes the dealerships of Melbourne City Volkswagen, Melbourne City MG.
N G P Essendon Pty Ltd includes Essendon BMW and MINI.

wider Victorian car market and Australia wide car market (sourced from VFACTS), where new car unit sales for the first quarter of FY24 (weighted based on the Vendors' brand portfolio mix) is c.42% (Victoria) and c.27% (Australia wide) higher compared with the same period in the prior financial year.

The sustainability of the FY24 first quarter growth is also supported by:

- the growth and maturity from the greenfield sites, which were coming off a very low revenue base given trading only commenced in late 2022 (with some negative NPBT), noting that these are still not operating out of a dedicated standalone showroom (and therefore further upside is expected)
- the current product mix in the first quarter of FY24, towards higher value model cars
- easing supply issues
- the growth of the Vendors' MB dealerships to be more in-line with Eagers after integration.

We have had regard to the seasonality implied by the VFACTS historical data and the Vendors' historical data as the basis for annualising the FY24YTD results.

Based on the analysis above and historical seasonality, we consider that it is reasonable to have reliance on the FY24YTD results as a basis for determining the sales growth implicit in the PwCS ME (except where it would result in an anomalous outcome for a specific dealership, and so, we have capped the growth for a dealership where appropriate).

For the purposes of estimating the Gross Profit Margin we have principally had regard to the margins over the period FY22 to FY24YTD given that 1) the performance for FY22 to FY24YTD is more likely to represent the automotive dealerships' performance post COVID-19 (which excludes the distorted financial impact of COVID-19), and 2) the historical average reduces the volatility associated with a single year data point.

The key assumptions underpinning the cost normalisations and market participant synergy adjustments of the PwCS ME are as follows:

- ***Rental normalisations*** comprise market rental adjustments assessed by JLL (and reviewed by PwCS), as summarised in Section 9.7, and additional savings associated with the planned exit of one of the sites, where the operations will be consolidated onto an existing neighbouring site.
- ***Other normalisation adjustments*** relate to cost savings from restructuring certain sites that are expected to be finalised prior to the date the Proposed Transaction closes.
- ***Synergies*** relate to cost savings that Eagers is able to achieve post the Proposed Transaction that are available to market participants (being large automotive dealership groups).

Table 9.2 summarises the estimated PwCS ME.

Table 9.2

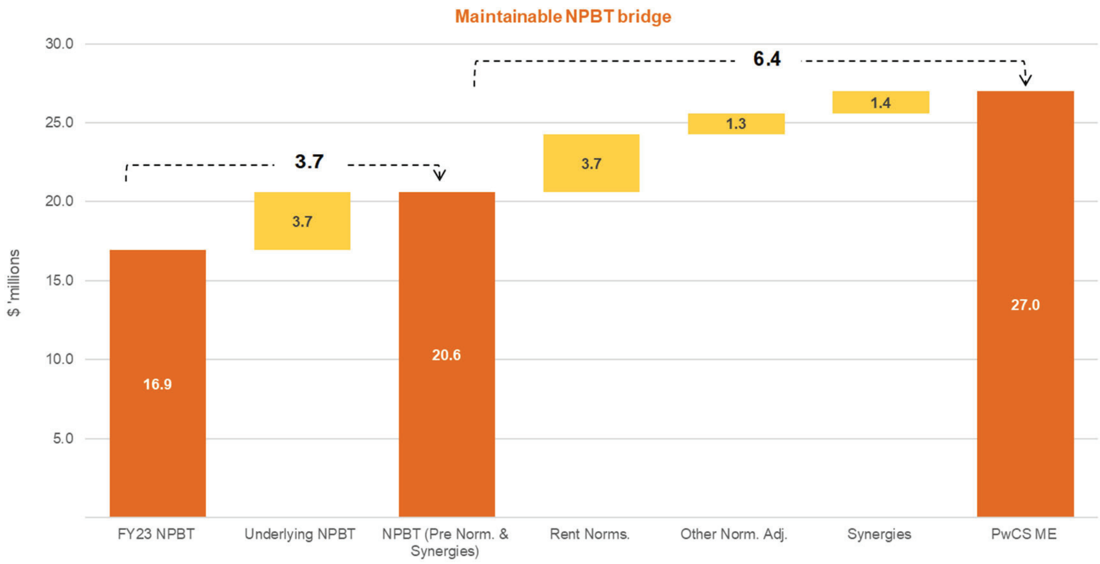
Summary P&L (A$ 'million)	PwCS ME (Adopted ME)
Total Sales	**904.9**
Growth p.a (%)	*14.8%*
Gross Profit	**164.7**
Margin (%)	*18.2%*
Direct Expenses	(94.4)
Margin (%)	*(10.4%)*
Indirect Expenses	(54.9)
Margin (%)	*(6.1%)*
Other Income / (Deductions)	5.2
Margin (%)	*0.6%*
NPBT	**20.6**
ROS (%)	*2.3%*
Rent Norms.	3.7
Other Norm. Adj.	1.3
Adj. NPBT	**25.6**
Adj. ROS (%)	*2.8%*
Synergies	1.4
Adj. NPBT post synergies	**27.0**
Adj. ROS post synergies(%)	*3.0%*

Source: Vendors' management accounts, Eagers, PwCS Analysis

9.2.1 Bridge from FY23 NPBT to PwCS ME

Our estimation of the PwCS ME is $10.0 million higher than the FY23 NPBT, of which $3.7 million relates to underlying growth in the Dealerships and $6.4 million relates to normalisation adjustments and market participant synergies[19] (discussed in the section above). The component parts of the increase are illustrated in the bridge in Figure 9.2 below.

Figure 9.2



Source: Vendors' management accounts, Eagers, PwCS Analysis

[19] The numbers might not add up due to rounding.

We also note that the PwCS ME of $27.0 million is $1.8 million lower than the FY22 NPBT of $28.7 million and only $2.5 million higher than the FY21 NPBT of $24.4 million (after removing the impact of Job Keeper income, noting that FY21 is a COVID-19 impacted year). Furthermore, after excluding the $6.4 million of savings related to market rental adjustments, planned restructurings and market participant synergies, the revised PwCS ME of $20.6 million (after rounding) is c.$8.1 million and $3.8 million lower than the NPBT that the Dealerships achieved in FY22 and FY21 respectively (after adjusting for the Job Keeper income in FY21). This provides additional comfort that the underlying NPBT (before savings and synergies) reflected in the PwCS ME is not higher than what has historically been achieved.

9.3 Cross-checks of ME

We have also cross-checked the estimated PwCS ME using two top-down approaches:

1. Using annualised FY24YTD sales (adjusted for exceptional performance), and the average ROS margin over the period FY22 and FY23. We then added the normalisation adjustments and market participant synergies discussed in the section above. Using this approach results in a maintainable NPBT of $31.3 million as shown in Table 9.3 below.

Table 9.3

A$ 'million	
FY24YTD sales	**229.8**
Adjusted annualised FY24 sales	**877.0**
Avg. ROS of FY22 and FY23	*2.8%*
NPBT	**24.9**
Adjustments and synergies	6.4
ME	**31.3**
Adj. ROS post synergies (%)	*3.6%*

Source: VFACTS, Eagers, PwCS Analysis

2. FY23 sales increased by industry growth with industry average ROS. We adopted growth rates of 2% to 6%[20], and industry ROS of 3.1% - 3.5% (refer to Appendix E). Using this approach results in a maintainable NPBT of $27.1 million at the mid-point as shown in Table 9.4 below.

Table 9.4

A$ 'million	Low	Average	High
FY23 Total sales	788.2	788.2	788.2
Industry growth	2.0%	4.0%	6.0%
Maintainable ROS margin estimate	3.1%	3.3%	3.5%
ME	**24.9**	**27.1**	**29.2**

Source: Vendors' management accounts, Eagers, Capital IQ, Deloitte benchmarking analysis, PwCS Analysis
Note: This approach assumes optimised ROS at industry levels; therefore, we have not made further adjustments for rental expenses or synergies as we did in the prior approach.

[20] This is based on the FY23 to FY29 forecast compound annual growth rate (CAGR) for motor vehicle dealers' revenues in Australia from IBISWorld (see Figure 4.1) of 2% and the passenger car 2023 to 2027 revenue CAGR of 6.23% from Statista.

9.4 Compared the key metrics of PwCS ME to the Vendors' historical earnings and the industry

9.4.1 Comparison of trading companies

We compared gross profit margin and ROS for the Dealerships and PwCS ME to its main public competitors in the Automotive retail industry (i.e., Eagers, Autosports, and Peter Warren) as shown in Table 9.5. The historical gross profit margin and ROS for the Vendors are broadly consistent with those of the publicly listed companies in the market; except for the Vendors' ROS in FY23 which was significantly lower.

To further check the reasonableness of the PwCS ME, we considered recent broker reports for Eagers, Autosports, and Peter Warren that detail the analysts' estimates for the outlook for the listed companies. The PwCS ME view is similar to the broker forecasts for the main public competitors after considering size and geographic footprint.

Table 9.5

Gross profit margin	FY21	FY22	FY23	FY24E
PwCS ME	**n/a**	**n/a**	**n/a**	**18.2%**
Vendors	**16.0%**	**18.8%**	**18.4%**	**n/a**
Eagers	18.8%	19.3%	19.2%	18.3%
Autosports	17.1%	19.9%	20.1%	19.7%
Peter Warren	17.6%	19.3%	18.5%	17.6%
Average	**17.8%**	**19.5%**	**19.2%**	**18.7%**
Median	**17.6%**	**19.3%**	**19.2%**	**18.7%**
Max	**18.8%**	**19.9%**	**20.1%**	**19.7%**
Min	**17.1%**	**19.3%**	**18.5%**	**17.6%**

EBIT margin (ROS)	FY21	FY22	FY23	FY24E
PwCS ME	**n/a**	**n/a**	**n/a**	**3.0%**
Vendors	**4.4%**	**3.9%**	**2.1%**	**n/a**
Eagers	5.9%	5.8%	5.0%	5.4%
Autosports	3.3%	4.4%	4.7%	5.9%
Peter Warren	3.4%	4.8%	3.8%	4.3%
Average	**4.2%**	**5.0%**	**4.5%**	**5.2%**
Median	**3.4%**	**4.8%**	**4.7%**	**5.4%**
Max	**5.9%**	**5.8%**	**5.0%**	**5.9%**
Min	**3.3%**	**4.4%**	**3.8%**	**4.3%**

Source: Vendors' management accounts, Capital IQ, Eagers annual report, Broker reports, PwCS Analysis
Notes:
(1) EBIT margin is equal to NPBT margin for the Vendors ME and PwCS ME.
(2) EBIT margins by broker forecasts are likely to include bailment interest in interest expense, inflating the EBIT margin for the public peers by the amount of bailment interest given that the Vendors' EBIT margin takes into account bailment interest.
(3) For the three comparable companies, gross profit margin and EBIT margin (ROS) for FY21 to FY23 are sourced from Capital IQ and Eagers annual reports and FY24E are from broker forecasts. The data from Capital IQ are on post AASB16 basis and might differ from reported values as Capital IQ uses own methodology to adjust certain P&L line items, however, this source was used consistently for all three comparable companies.
(4) Average, median min and max do not include the metrics from PwCS or Vendors.
(5) Eagers has a financial year ended 31 December while the Vendors, Autosports and Peter Warren have a financial year ended 30 June.
(6) FY23 Gross profit margin and EBIT margin for Eagers represent HY23 results.

Based on Table 9.5 above, the profit margins implied in the PwCS ME (i.e., 18.2% gross profit margin and 3.0% for ROS) do not appear unreasonable, having regard to the smaller size of Vendors.

9.4.2 Industry Benchmarking

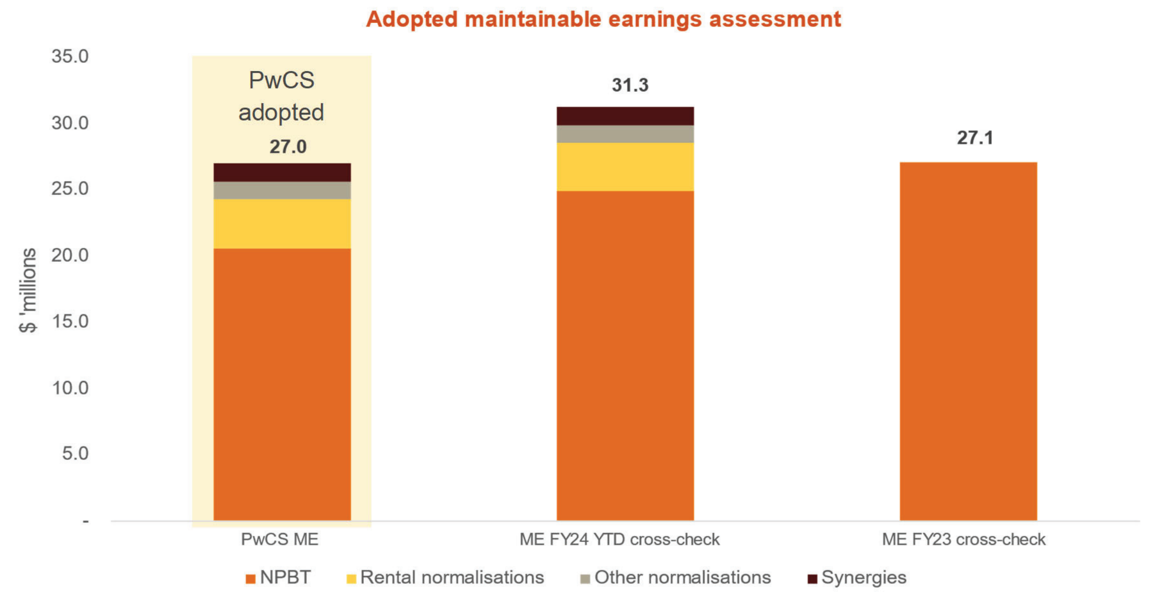
We have further compared the implied key metrics of the PwCS ME to the publicly available 2023 dealership benchmarks data published by Deloitte (refer to Appendix E). The dealership benchmark represents the top 30% of dealers nationally (who submit its sales information).

According to the benchmarks, net profit as a percentage of sales for all the categories ranged from 5.6% to 6.10% for volume and prestige, and 6.0% to 6.5% for luxury. The PwCS ME ROS of 3.0% (including synergies) is projected below the low-end of each of the different categories (volume, prestige, luxury) benchmark range. This is not unreasonable given the benchmarks reflect the top 30% of dealerships, however this supports the proposition that the Dealerships' estimated margins in the PwCS ME are not overstated. Whilst it is not clear if some of the dealerships that contribute to the benchmarking include interest other than bailment interest in their net profit before tax numbers, we do not consider this would skew the benchmarks materially relative to the outcomes for the Dealerships.

9.5 Conclusion on ME

Our various estimated ME (comprising the PwCS ME, ME FY24YTD Cross-check and ME FY23 Cross-check) are summarised in Figure 9.3 below.

Figure 9.3



Source: Vendors' management accounts, Eagers, Deloitte benchmarking analysis, PwCS Analysis

For the purposes of our valuation of the Dealerships, we have adopted the PwCS ME estimate of **$27.0 million**.

9.5.1 ROS upside

The implied ROS based on the PwCS ME of 3.0% is below the Eagers' Adjusted EBIT margin (equivalent to ROS) of 5.0% for the full year ended 31 December 2022. If Eagers is able to uplift the Dealerships' ROS to a level closer to its own, this will provide additional financial upside on the Proposed Transaction (currently such potential synergies have not been considered when assessing PwCS ME for the Vendors' business). For example, if the ROS were to increase from 3.0% to 5.0%, this would result in additional earnings upside over $18 million before tax. Increases to the Dealerships ROS may be achieved through opportunities for cost out through scale, productivity enhancements and technology.

9.6 Capitalisation multiple – Summary

In determining an appropriate range of capitalisation multiples for the Dealerships, we have considered the following:

- acquisition multiples implied by recent transactions involving automotive retailing companies
- trading multiples of comparable listed automotive retailing companies
- the specific attributes of the automotive retail sector and the Dealerships.

We have had regard to Last Fiscal Year (LFY), Last Twelve Months (LTM) and FY+1 multiples as the PwCS ME estimate includes elements of both FY23 and FY24. The multiples implied from the comparable transactions are effectively LFY and LTM multiples.

We have valued the Dealerships separately to the owned Properties. Hence, we have calculated the Adjusted EBIT multiples on the basis that the comparable companies lease any owned properties (i.e., equivalent to our implied NPBT multiple for the Dealership). The adjustments required to calculate the Adjusted EBIT for the listed comparable companies are explained further in Section 9.6.2.

In Section 9.6.1 we discuss the multiples from the six transactions completed over the past three years that we considered to be relatively comparable to the acquisition of the Dealerships. The range of the multiples is 5.5x to 8.0x with a median of 6.2x.

In Section 9.6.2 we discuss multiples for the listed comparable companies. These multiples average approximately 6.5x to 7.0x. After adjustments for size and private company status this implies a multiple range of 4.8x to 6.0x.

Considering the Proposed Transaction of the Dealerships and Properties is significantly more comparable to the precedent transactions in nature, size, gearing structure as well as type of transaction (i.e., most are transactions of asset and businesses) whilst the listed comparable companies are more diversified, much larger and represent trading in shares, we have placed more reliance on the precedent transactions when assessing the multiples. As such, we have concluded a multiple range of **5.75x to 6.50x**.

9.6.1 Multiples implied by recent transactions involving automotive retailing companies

Table 9.6 sets out a summary of the most comparable transactions involving businesses in the Australian automotive retailing industry prior to the Valuation Date. We have searched and analysed historical transactions from 2016 to 2023 and considered the transactions in Table 9.6 to be the most comparable to the Dealerships in terms of business operations and the closest to the Valuation Date.

Please refer to Appendix B for details of the multiples calculations. Our search identified additional transactions which we have not considered, as they were either outdated or for companies focused on activities in the automotive industry other than automotive retailing, and are therefore not directly comparable.

Table 9.6

A$ 'million	Purchase Type	Acquisition Date	Acquirer	EV (excl. properties)	Implied Transaction EV	EBIT	EBIT Multiple[1]
Warrick Farm and Bathurst	Assets	May-23	Peter Warren	52.4	52.4	8.5	6.2x
Motorline Businesses	Assets	Feb-23	Autosports	65.8	65.8	12.0	5.5x
Auckland City BMW Limited	Assets	Aug-22	Autosports	61.8	61.8	9.4	6.6x
ACT Dealership Group	Assets	Jul-22	Eagers	96.3	205.2	15.3	6.3x
Bill Buckle Auto Group	Shares	Jun-22	Australian Motor Group	48.5	92.0	8.7	5.6x
Penfold	Unknown	Dec-21	Peter Warren	102.9	102.9	12.8	8.0x
Quartile 1							**5.7x**
Median							**6.2x**
Mean							**6.4x**
Quartile 3							**6.5x**

Source: Capital IQ, PwCS Analysis
Note: (1) EV/EBIT multiple does not include property value.

Description of the selected transactions and their comparability to the Proposed Transaction:

- **Warrick and Bathurst Dealerships** include a brand portfolio of Toyota and VW vehicles acquired by Peter Warren in May 2023. Peter Warren acquired 80% of Warrick Toyota and 95% of Bathurst Toyota and VW. The Warrick and Bathurst transaction is relatively small in scale, compared to the Proposed Transaction. Having regard to the time proximity of the acquisition, we consider this transaction to be an important point of reference.
- **Motorline Businesses** relates to the Autosports Automotive Group's (Autosports) acquisition of Motorline BMW, Motorline MINI, Motorline Bodyshop, Gold Coast BMW and Gold Coast MINI. BMW is a luxury brand with higher end target demographics, whereas MINI is considered a prestige brand.
- **Auckland City BMW** relates to Autosports' acquisition of Auckland City BMW. Auckland City BMW was a privately owned New Zealand company comprising five dealerships selling BMW, MINI, and Rolls-Royce. These dealerships represent approximately 37%, 50% and 100% of sales of BMWs, MINIs Rolls-Royces in New Zealand.
- **ACT Dealership Group** relates to Eagers' acquisition of a portfolio of dealerships and associated properties located in Canberra, acquired from a related party of the company, WFM Group (also connected to Mr Nick Politis). The dealerships operate at 13 sites and comprise a suite of brands including Toyota, Lexus, Volo, VW, Ford, Jeep, Subaru, Mitsubishi, and GMSV.
- **Bill Buckle Auto Group (BBAG)** relates to Eagers' divestment of BBAG to Australian Motor Group in 2022. The Australian Motor Group bought properties and the BBAG business for a total acquisition price of c. $92 million. BBAG operates in NSW and its dealership portfolio includes VW, Toyota, Land Rover, Jaguar and Subaru. The dealerships are spread throughout several leasehold locations as well as three freehold properties.
- **Penfold Motor Group** was founded in 1964 and operates car dealerships in Australia. Penfold's brands include Audi, Mazda, VW, Hyundai and Suzuki. Penfolds was acquired by Peter Warren in December 2021 for approximately $106 million. Penfolds did not have any material property holdings or non-bailment debt, so on a property adjusted basis the transaction (representing an acquisition of 10 dealerships) is similar in size. We also note that the Penfold's transaction occurred at a time when the EV/EBIT multiples of Eagers, Autosports and Peter Warren were c.20% higher (on average) than they were at 6 November 2023 (suggesting that relative EVs for dealerships were higher during that period, albeit there may be other transaction specific conditions driving the higher multiple of this transaction).

The implied multiples from the selected precedent transaction were in a range of 5.5x to 8.0x, with a median and average of 6.2x and 6.4x, respectively.

Eagers has also provided us with financials and deal metrics from its historical acquisitions (see Appendix C). The implied EV/EBIT multiples from these transactions (median 6.1x) support the implied EV/EBIT multiple range from the publicly available historical transactions data.

9.6.2 Trading multiples of comparable listed automotive retailing companies

We have performed a search for comparable publicly listed companies and considered the companies in Table 9.6 to be most comparable. Whilst these companies are also key players in the automotive dealership sector in Australia, there are no listed companies directly comparable to the Dealerships. Our search also identified other listed companies in the wider automotive industry (e.g., Motorcycle Holdings).However, we have not included these companies in our assessment of the benchmark trading multiple, as we do not consider them to be directly comparable due to their focus on sale of non-car motor vehicles, parts or services.

Please refer to the Appendix A for the market data of these companies.

Table 9.7 sets out the EBIT and Adjusted EBIT multiples for the most comparable motor vehicle retailing companies operating in Australia.

Table 9.7

Company	EV ($m)	EV adjusted ($m)	EBIT LTM ($m)	EBIT Adjusted LTM ($m)	EV / EBIT			Adjusted EV / EBIT		
					LTM	LFY	FY+1	LTM	LFY	FY+1
Eagers	6,201	4,190	511	413	12.1x	13.0x	11.5x	10.1x	11.1x	10.5x
Autosports	1,431	587	146	117	9.8x	9.8x	9.4x	5.0x	5.0x	4.8x
Peter Warren	1,008	304	98	62	10.3x	10.3x	9.6x	4.9x	4.9x	4.6x
Average	**2,880**	**1,694**	**252**	**197**	**10.7x**	**11.0x**	**10.2x**	**6.7x**	**7.0x**	**6.6x**

Source: Capital IQ, PwCS Analysis
Notes:
1. We have applied a control premium of 20% to the market capitalisation of each of the identified trading companies to calculate EV as share prices for listed companies represent minority interest value for trades in minority parcels of shares.
2. Data as at 6 November 2023.
3. Adjusted EV/EBIT is described as in the following paragraph. For companies not disclosing property capitalisation rate, the average of the publicly available data is applied.

The pre-adjusted EV/EBIT multiples of the three companies are within a relatively tight range of c.9.5x to 13.0x. However, given Eagers is much larger in size (as measured by the EV) and more diversified than Autosports and Peter Warren, it is less impacted by the EV adjustments (discussed below) and therefore has a resulting higher Adjusted EV/EBIT multiple compared with Autosports and Peter Warren. In addition, Eagers is forecast to have higher revenue and earnings growth than Autosports and Peter Warren.

The PwCS ME estimate is based on NPBT, which includes bailment interest costs. For our primary valuation approach (which values the owned Properties separately), we made the following adjustments to EV and EBIT of the comparable companies, so as to calculate the multiples on a basis that excludes the impact of property ownership, i.e., Adjusted EBIT.

The EV is estimated as:

- market capitalisation (increased by a control premium of 20%)
- *add:* net debt including ROU liability but excluding bailment finance
- *less:* value of properties (land and buildings) including ROU asset (we note that both Eagers and Peter Warren carry their properties at FMV).

We adjusted EBIT to:

- include bailment interest and ROU liability interest, on the basis that the ROU liability interest in aggregate with ROU Asset depreciation that is already included in EBIT provides a proxy for annual lease costs
- include a notional rent charge on owned property at the same rate (yields as a percentage of value) we use for the Vendors
- exclude (add back) depreciation on owned properties.

We consider the comparable trading companies that we have identified to be broadly comparable to the Dealerships in terms of operations and as a result, risk exposure to the industry. However, all of the comparable trading companies are substantially larger than the Dealerships and would therefore be expected to have higher EV/EBIT multiples (reflecting the benefit of scale and diversification).

To enable comparison with the Dealerships, we have made the following adjustments to the trading multiples:

- **Public-to-private discount of 15% to 20%** – Private companies are typically valued at a discount to public companies for a range of factors, including size, access to capital markets, key person risk, reporting quality, management quality etc. The public-to-private company discount typically ranges from 15% for large private companies to 80% for micro private companies. This is supported by texts and empirical studies, such as the following:
  - Hayes (2009) states that:

    "*The differential in capitalisation rates between an SME and a publicly listed entity suggests that an SME values at a multiple in the range of 20-40% of the multiple for a similar business trading in a public market*"[21]
  - Officer (2007) found average acquisition discounts of 15-30% for unlisted firms compared to listed firms[22]
  - Koeplin, Sarin and Shapiro (2005) state that:

    "Domestic private companies [in the United States] are acquired at an average 20–30% discount relative to similar public companies when using earnings multiples as the basis for valuing the transactions. The private company discounts are larger for foreign companies. Non-U.S. private companies are acquired at an average discount of 40–50% relative to similar public companies when using earnings multiples to value the transactions."[23]

In our opinion, a public-to-private discount in the range of 15% to 20% is appropriate having regard to the size and nature of the Dealerships' operations. Specifically, we note that all of the Dealerships' businesses are part of a wider group that is audited (albeit the current year audit process is still ongoing), the Dealerships are with major recognised vehicle brands and there is a well-established management team.

- **Size premium discount of 5% to 10%** - Smaller companies face increased risks compared to larger companies. Such risks can include reliance on a small number of contracts and customers, lower quality of management and governance processes. Table 9.8 summarises the empirical evidence for size premium discounts.

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[21] Hayes G (2009), A Practical Guide To Business Valuations for SME's, CCH Australia Limited

[22] Officer M (2007), The Price of Corporate Liquidity: Acquisition Discounts for Unlisted Targets, Journal of Financial Economics

[23] Koeplin J, Sarin A, Shapiro A (2005), The Private Company Discount, Journal of Applied Corporate Finance

Table 9.8

Source	Mid-point size premium
Frontier Economics	17.40%
Winn et al (2018)	6.02%
Duff & Phelps	6.73%
Ibbotson (2010)	12.06%
Gharghori, Hamzah and Veeraraghavan (2010)	8.50%

In our opinion, a size premium discount in the range of 5% to 10% is appropriate having regard to the size and nature of the business' operations.

However, we note that some of the factors contributing to the 15%-20% Public-to-private discount relates to "size" and "reporting and Management quality", which are also the factors that impact the Size premium discount of 5% to 10%. Therefore, careful consideration needs to avoid double counting some of these risks. As a result, the discounts we considered for both Public to private and size premium are 15% to 27.5% on a combined basis.

The average FY+1 multiples of the listed comparable companies was 6.6x and therefore we have adopted a range 6.5x to 7.0x. (This range is also supported by the average multiples of the listed comparable companies for the LTM, LTY and FY+2[24] periods which range from 6.6x to 7.0x and reflects that the forecast revenue and earnings growth for the Dealerships are higher than the forecasts for Autosport and Peter Warren). Applying the discounts identified as above (adjusted for the potential double counting of the factors) to these averages results in a multiple range of 4.8x to 6.0x.

9.6.3 Conclusion on multiples

In concluding on an appropriate multiple range, we have had:

- primary regard to the precedent transaction multiples identified with a range of 5.5x to 8.0x and a median and average of 6.3x and 6.4x, respectively

  secondary regard to the listed trading multiples after we have adjusted for a private company discount and the relative size of the Vendors' business to the comparable listed companies of 4.8x to 6.0x.

More reliance was given to the precedent transaction multiples than the listed companies for the following reasons:

1) The six precedent transactions are similar to the Proposed Transaction in nature, (i.e., the acquisition of a portfolio of dealerships).
2) Compared to the listed companies, the acquired businesses in the precedent transaction multiples are less diversified and smaller in scale, which are considered to be more comparable to the Vendors' Dealerships.
3) The precedent transactions are the completed deals, and the deal values in general reflects the view of market participants, whereas the trading multiples are mostly reflective of the market capitalisation based on the shares traded.
4) The majority of the precent transactions were acquisitions of the businesses and assets (compared with the acquisitions of shares), which is consistent with the Proposed Transaction.

[24] The FY+2 average Adjusted EV/EBIT multiple of the Eagers, Autosports and Peter Warren is 6.8x. This is not shown in the Table 9.7 in the interest of space.

5) Adjustments needed to be made (as discussed in Section 9.6.2) for the trading multiples to be comparable to the Proposed Transaction on a like-for-like basis, which means that trading multiples are not as direct a comparison to the Proposed Transaction as the transaction multiples.

Based on this analysis, we have concluded on a multiple range of **5.75x to 6.50x**, which is broadly consistent with the multiples for the recent transactions and also close to the high end of the discount adjusted multiples for the listed companies (albeit less reliance was given to the trading multiples).

9.7 Valuation of Properties and assessment of market rents

JLL has prepared independent valuations of the Properties to be acquired. JLL prepared the valuation for both Eagers and PwCS for the purposes of this Report. The basis of valuation is FMV on an "In Use Value". The valuation assumes the Properties are free of encumbrances, restrictions or other impediments of an onerous nature which would otherwise affect value.

JLL has relied upon the capitalisation approach as the primary method of valuation. As a cross-check method, it has adopted the DCF approach. The JLL adopted Valuation Date is 30 September 2023.

Table 9.9 below sets out a summary of the freehold acquisitions' valuation.

Table 9.9

Location (A$ 'million)	Address	OEM / Facilities	Adopted FMV	Market rent	Land value $/sqm	Adopted capitalisation rate
Brighton	972-988 Nepean Highway	Mercedes-Benz & VW	50.00	2.75	1.95	5.50%
Mulgrave	565-571 Springvale Road	Waverley Motor Group	34.50	1.89	1.64	5.50%
Mulgrave	573-577 Springvale Road	Waverley Motor Group	15.00	0.82	2.20	5.50%
Total			**99.50**	**5.46**		

Source: JLL, PwCS Analysis

The PwCS real estate valuation specialists have reviewed the methodology, inputs and assumptions utilised within the property valuations and the resultant adopted values. Specifically, the review confirmed the following:

- The JLL adopted methodologies are acceptable for establishing value and are considered industry recognised valuation methodologies.
- The rental evidence and rationale provided appears to be relevant to the Properties and supports the adopted market rents.
- The sales evidence and rationale provided appears to be relevant to the Properties and supports the adopted capitalisation rate and over rate per square meter.
- For the freehold valuations, JLL assumed a notional lease was in place to determine the adopted FMVs. This is reasonable given the current tenants in the subject properties and the nature of the deal.
- Significant Valuation Uncertainty – JLL notes the outbreak of COVID-19 was declared as a 'Global Pandemic' by the World Health Organisation on 11 March 2020. The valuation is therefore reported on the basis of 'significant valuation uncertainty'. JLL also notes that at the date of issue of its reports, the conflict in Ukraine is ongoing and its future extent and long-term impact are unknown. JLL notes that it cannot therefore assess the future impact on values at the valuation date and reserve the right to amend its

valuation reports reflecting any market changes. We understand that identification of these uncertainties is not unusual for property valuations in the current market.

Given the assessed reasonableness of the JLL valuations, we have adopted the assessment of FMV of **$99.5 million** for our valuation of the Properties.

JLL has also reviewed the Vendors' current annual market rents for both the three properties to be acquired as part of the Proposed Transaction and the properties to be leased from the Vendors and provided an independent assessment of the annual market rent for these properties. The JLL assessment of the annual market rent for these properties is $1.46 million lower than the Vendors'.

The PwCS Real estate team has also reviewed JLL's rental assessment and deem them to be reasonable. However, they have suggested a minor adjustment related hardstand of additional rental of $45,000 to $75,000 annually.

Given that the midpoint of the suggested adjustment is $60,000 (which is minor in the context of the Proposed Transaction value and the PwCS ME of $27.0 million) we have adopted the JLL market rental assessments in our valuation. In addition, we have received confirmation from Eagers that the Vendors will adjust the rent for the properties that are not being acquired to be in line with the JLL market rent assessment.

As part of the Proposed Transaction, Eagers will be subleasing two properties from the Vendors. As the terms of the associated headleases were negotiated at arm's length between the Vendors and the third parties, and the subleases are on those same terms, we consider the subleases to be on arm's length market terms.

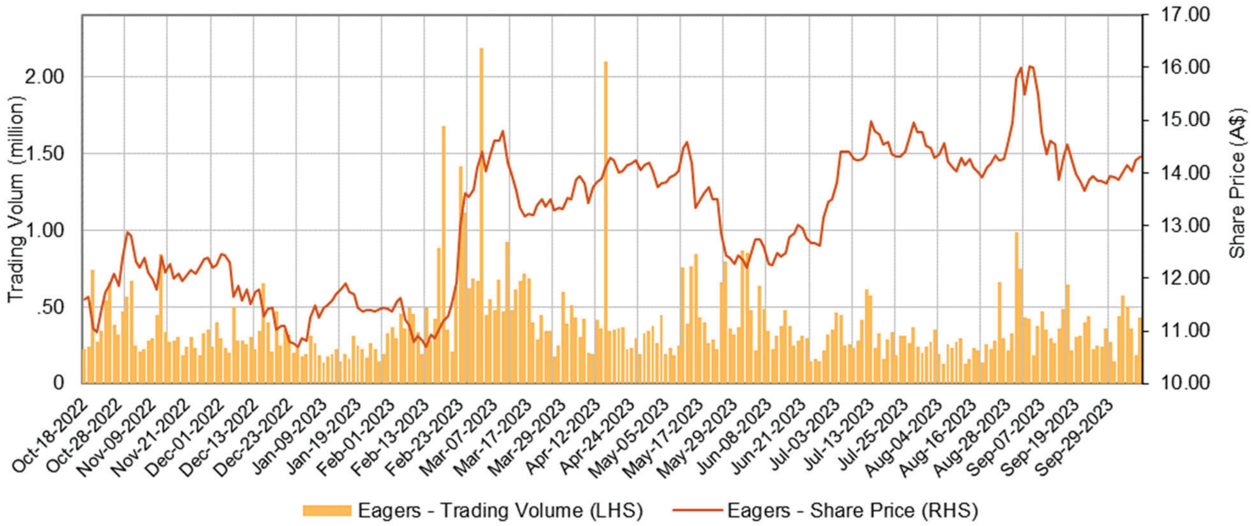
Therefore, we have assessed the interest in the leases and subleases with the Vendors (together the Leasehold Interests) to have nil value.

9.8 Valuation of the Purchase Consideration settled by Eagers shares (scrip)

As stated in Section 8 of this report, we have assessed the value of scrip consideration using the QMP as our primary valuation approach. The scrip component of the Purchase Consideration will represent minority interests in Eagers' shares. Therefore, it is a requirement under RG 111.31 that the value of the scrip component is assessed on a minority interest basis.

Eagers shares are quoted on the ASX. Figure 9.4 below sets out a summary of Eagers' closing share price and volume of Eagers' shares traded for the twelve months to the last trading day prior to the transaction announcement date (10 October 2023).

Figure 9.4



Source: Capital IQ

We consider the QMP approach to be appropriate for determining our valuation range for the scrip component due to the following:

- Eagers is a constituent of the ASX 200 index and a member of numerous other share market indices, including the ASX All Ordinaries Index. There is sufficient liquidity in the market to suggest that recent performance and expectations are reflected in current trading prices. We discuss the analysis of the liquidity of Eagers below.
- The trading price of Eagers shares has reflected the value of a minority interest and is commonly assumed to exclude a premium for control.
- The disclosure requirements associated with being publicly listed imply that any information in relation to Eagers business that would have a material impact on its share price should have been disclosed to the market.
- Eagers is followed by several major brokers in Australia.

To rely on the QMP for the valuation of Eagers, we have considered whether there is an active and liquid market for Eagers' shares. Characteristics synonymous with a liquid and active market are as below (the analysis was based on 12 months trading data prior to 10 October 23 as presented in Figure 9.4 above):

- **Regular trading in a company's securities** – Eagers shares were traded during all business days over the analysed period.
- **Significant share of company's securities floated and traded**– as of 10 October 2023 and 6 November 2023, c.55% to c.60% of Eagers shares were floated. Over the analysed year approximately 95 million of shares were traded in total which is almost two thirds of the floated volume and 37% of the total shares.
- **Non-significant daily movements of the stock** – over the analysed period there were no daily share price movements larger than 10%.
- **A significant spread of ownership of the securities** – the top five shareholders do not control more than 50% of the company (refer to Table 6.2 for further detail).
- **There are not regular unexplained movements in the share price** – we have not identified any larger unexplainable movement and note that Eagers shares movements are scrutinised by brokers and investors and performance regularly communicated to the market.

In estimating the value of scrip in a transaction, assuming the shares trade with sufficient liquidity, the share price prior to the announcement date is the best reference point for value. Therefore, our assessed value for the 1.78 million Eagers share being issued is $25.0 million (which assume a value per share of $14.03, based on the 20-day VWAP prior to the Proposed Transaction announcement to the market).

We also note that since the days following the transaction announcement, Eagers' share price has declined (see Figure 6.3). As at 6 November 2023, the spot closing share price, the 30-day VWAP and the 90-day VWAP were $13.30, $13.80 and $14.30 respectively, which implies a total scrip value (based on the issue of 1.78 million shares, as described in Section 7.2) of $23.7 million, $24.6 million and $25.5 million respectively. The FMV of the scrip may change over time. However, given that the original estimated value of the scrip (I.e. $25.0 million) is within the high and low range above, we have adopted $25.0 million as the estimate of the FMV of the scrip at the Valuation Date. The value of the scrip will need to increase by over 100% for the Purchase Consideration to be higher than our estimated FMV of the Dealerships and Properties. Please refer to Appendix F for the details of the VWAP calculations.

9.9 Earn-out

The Purchase Consideration includes an Earn-out capped at $7.0 million.

For the purposes of the assessment of whether the Proposed Transaction is Fair, we have assumed the maximum, capped value of the Earn-out payment of $7.0 million will be paid.

Including the full $7.0 million Earn-out payment is a conservative approach, as an assessment of the FMV of the Earn-out, which should include an assessment of a probability of achieving the conditions and adjustments to discount the probability weighted value back to the Valuation Date, will ordinarily lead to a lower value.

9.10 Valuation summary

We have concluded our valuation assessment based on the sections discussed above. Section 9.10.1 presents the valuation conclusion based on the PwCS ME and our selected multiple range. Section 9.10.2 performs the valuation sensitivity and cross-checks on the different MEs discussed in Section 9.3.

9.10.1 PwCS assessment of FMV of Dealerships and Properties

We have calculated the FMV of the Dealerships and Properties based on the PwCS ME as our primary approach as summarised in the Table 9.10 below.

Table 9.10

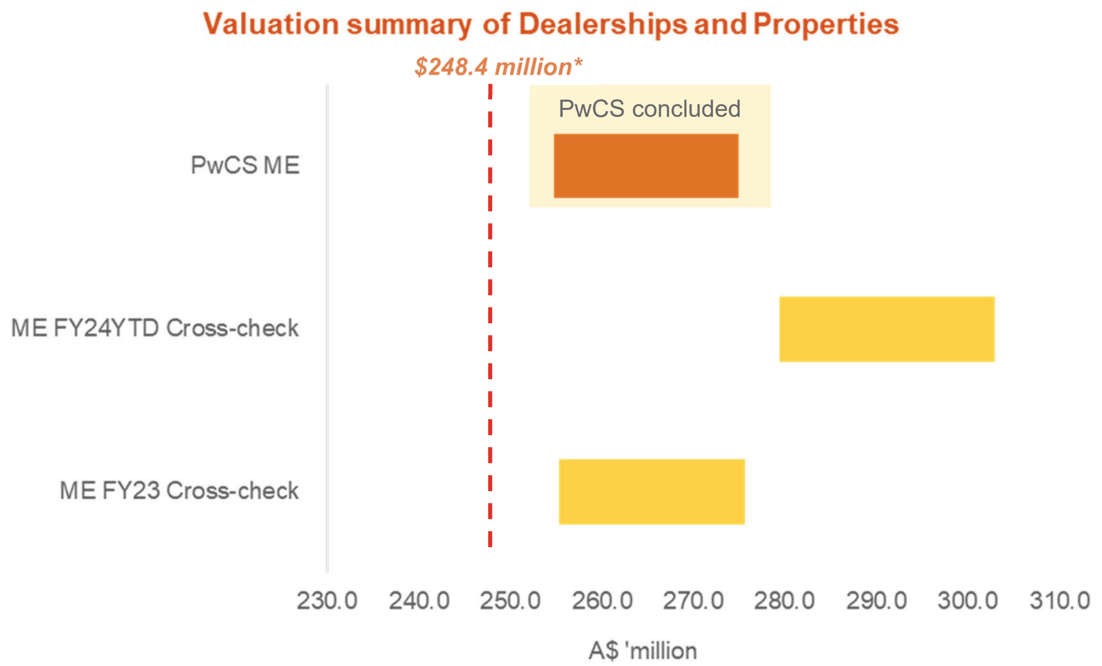
A$ 'million	Low	High
PwCS ME	27.0	27.0
Adopted Capitalisation multiple	**5.75x**	**6.50x**
Value of Dealerships	155.3	175.5
Properties		
FMV of Properties	99.5	99.5
FMV of Dealerships and Properties	**254.8**	**275.0**

Source: Vendors' management accounts, Eagers, JLL Report, PwCS Analysis
Note: The Leasehold Interests have a nil value and therefore not shown in the table above.

9.10.2 Valuation cross checks

We have compared the PwCS concluded range to the resultant ranges from the cross-checks analysis as shown in Figure 9.5. The alternative valuations broadly support the PwCS ME concluded range.

Figure 9.5



** Purchase Consideration including Earn-out.*
Source: Vendors' management accounts, Eagers, PwCS Analysis

Valuation cross checks: For the purposes of estimating the FMV of the Dealerships and Properties under the adopted ME Cross-checks, we have adopted the respective adopted ME Cross-checks, applied the same adopted capitalisation multiple range of 5.75x to 6.5x and added the FMV of Properties being acquired.

We have compared the PwCS concluded range to the ranges from the cross-checks as shown in Figure 9.5. These alternative valuations broadly support the adopted ME concluded range.

Eagers has provided us with a summary of the Vendors' capital commitments over the next 12 months. They total $3 million and relate to capital improvements at Brighton VW, Waverley MG and Waverley Renault. Considering their purpose and amount, we view them as relating to ordinary business operations which is already implicitly reflected in our valuation of the Dealerships and, therefore, we have made no further adjustment.

10 Fairness assessment

Pursuant to RG 111, the Proposed Transaction is Fair if the value of the 100% interest in the Dealerships and Properties and the Leasehold Interests being acquired is equal to, or greater than the value of the Purchase Consideration.

Table 10.1 summarises our valuation of the Dealerships and Properties and the Leasehold Interests and compares it to the Purchase Consideration (refer to Section 7 for the details on the components of the Purchase Consideration):

Table 10.1

A$ 'million	Purchase Consideration (excl. Earn-out)	Purchase Consideration (incl. Earn-out)	Assessed FMV	
			Low	High
Dealership and Properties	241.4	248.4	254.8	275.0

Source: Eagers, PwCS Analysis

As the FMV of the Dealerships and Properties and the Leasehold Interests to be acquired is greater than the Purchase Consideration, the Proposed Transaction is **Fair** to Eagers' Non-Associated Shareholders when assessed based on the guidelines set out in RG 111.

11 Reasonableness assessment

Pursuant to RG 111, a transaction is Reasonable if it is Fair. Given that we have assessed the Proposed Transaction to be Fair, it therefore also Reasonable to Eagers Non-Associated Shareholders.

The following factors are also relevant to the reasonableness of the Proposed Transaction:

Advantages

Majority of the Purchase Consideration will be settled in cash and will not result in a material control impact.

The proposed upfront consideration includes the issuance of c.1.78 million Eagers shares (valued at $25 million), which represents c.0.7% of Eagers' total number of shares outstanding as at 6 November 2023 (after accounting for the additional shares to be issued). Mr Nick Politis' resultant ownership interest in Eagers will not increase substantially and therefore the Proposed Transaction does not create a control transaction. In addition, the scrip issued as part of the consideration will offset the impact of higher gearing associated with the remainder cash and debt funding of the acquisition.

Expansion of Eagers' automotive retail operations in Victoria

As discussed in Section 4, Victoria represents approximately 27% of new vehicle sales in Australia. Eagers has approximately 4% of new vehicle sales in Victoria[25] and the Vendors have approximately 3% of new vehicle sales in Victoria.

The Dealerships represent a portfolio of high quality, well-balanced brands, which adds to Eagers' existing portfolio of brands

The Dealerships comprises a high quality, well-balanced portfolio of 12 leading brands, comprising BMW, Jaguar, Land Rover, MB, MG, MINI, Mitsubishi, Nissan, Renault, Skoda, VW and Volvo. Eagers currently has 11 brands in Victoria across 16 locations, with five brands overlapping the Vendors' brands (and therefore largely complimentary to Eagers' existing portfolio). The Proposed Transaction would increase Eagers' Victorian brand portfolio to 18 brands across Melbourne and the Mornington region of Victoria, which will further diversify returns from the portfolio over time.

The Dealerships' owned and leased Victorian property portfolio provides flexibility for Eagers to manage the businesses in a cost-efficient way and is aligned with the Next100 Strategy

Three select Properties will be acquired as part of the Proposed Transaction. Eagers has an existing Next100 Strategy of acquiring selected strategic properties to allow it to transform and consolidate its automotive retail formats, to deliver an enhanced customer experience on a lower cost base. The acquisition of the Properties will provide flexibility to further pursue this strategy in Victoria and further develop and improve the use of the Properties in a way that Eagers is expected to benefit through increases in FMV of the Properties over time.

The Proposed Transaction gives Eagers a channel to expand its parallel businesses and provide additional growth

Eagers has a number of business operations which operate in parallel with its existing dealership operations, such as its independent used cars business in Victoria, easyauto123 and Carlins. easyauto123 is a used car business focused on selling used cars at a fixed price, offering consumers a way of buying a used car without the traditional 'haggling' that can take place over the price. easyauto123 currently has a physical presence in NSW, VIC, QLD, SA, WA, TAS and three New Zealand locations. Carlins is a dealer-only auction company with auctions weekly in Melbourne, Sydney, Brisbane and Perth. The acquisition of the Dealerships and Properties will provide Eagers with a platform to expand its parallel businesses, provide greater sourcing opportunities of

[25] Eagers Board Presentation

used vehicles and provides a more efficient way for the Dealerships to sell their used stock whilst creating additional space for new cars.

On an EPS basis the acquisition is expected to be accretive, before and after synergies

The Dealerships and Properties to be acquired are expected to add approximately $0.9 billion to Eagers' revenue (approximately 11% of Eagers' FY22 sales) and contribute approximately $27.0 million in maintainable NPBT to Eagers, based on our estimate of maintainable earnings which includes a notional rent charge on owned Properties of approximately $5.5 million. This is approximately 5.5% of Eagers' FY22 Adjusted EBIT[26], (which is equivalent to the Vendors' NPBT). On an EPS basis post the Proposed Transaction, the acquisition is expected to be accretive before synergies (taking into account the NPBT contributed from the Vendors and the additional 1.78 million shares to be issued).

Disadvantages

Majority of the Purchase Consideration will be settled in cash and debt and will therefore increase the gearing of Eagers

The proposed upfront consideration, excluding the Earn-out, is approximately $241.4 million. Of this, $216.4 million is to be settled in debt and cash and the remaining $25.0 million is to be settled in ordinary shares of Eagers. As Eagers is expected to fund the Purchase Consideration through a mix of external debt and cash reserves, this will effectively result in increased gearing for Eagers and additional financial risk for Eagers. As at 30 June 2023, Eagers had borrowings (excluding bailment finance liabilities[27], and lease liabilities and related ROU assets) of approximately $471 million against total assets of approximately $3.8 billion (excluding ROU assets). The additional debt arrangements as a result of the Proposed Transaction, will not result in a gearing level that would be considered highly leveraged (as the resultant gearing would be less than 20%).

Timing of the market

The timing of the Proposed Transaction coincides with a time where market conditions for the automotive retail industry and commercial property are relatively strong. Although supply constraints over the past three years, due to the impact of COVID-19, have limited volume growth in new vehicle sales, there has been recent reduced waiting time for some OEMs. New car deliveries are on track for a market record in 2023, due to easing supply issues and strong commitments from major OEMs, with cars being sold from the existing order book. However, the market is also experiencing a rising inflation and interest rate environment which has the potential to negatively impact the performance of the Dealerships.

Integration risk and costs

There are risks that the integration of the Dealerships into the Eagers structure (particularly the brands that will be newly added to Eagers' brand portfolio) may result in unforeseen challenges, the associated integration costs might be higher than envisaged (and/or the synergies lower than expected) and the time required to integrate the operations may take longer than expected. These risks are somewhat mitigated because the Dealerships are currently run on a largely autonomous basis, and because Eagers has acquired significant experience in acquisition integration over recent years. In addition to these risks and any associated costs, transaction costs of approximately $7.0 million, predominantly comprising of stamp duty of $6.5 million, will be incurred in relation to the Proposed Transaction.

Value of the Properties will be impacted by market factors, such as rising interest rate affecting the Australian property market

Although the current Australian cash rate is at a relatively high level compared to the five-year historical rate, there is still a risk of future increases in the cash rate and other market factors, which could adversely impact

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[26] Adjusted EBIT means EBIT less bailment interest.

[27] Bailment finance means a financing option particularly for car dealers to finance their stock. Dealers pay lenders for stock once sold. Also known as floorplan finance.

the nationwide property market. Eagers' financial performance may be negatively impacted by a downturn in the value of the Properties. However, considering that the FMV of the Eagers' properties relative to Eagers' EV (prior to and post the Proposed Transaction) is approximately 10%, the negative impact on Eagers' financial return is unlikely to be material

12 Appendices

Appendix A. Comparable trading multiples

				Adjusted EV calculation				Adjusted EBIT calculation											EV / EBIT			% change of EV / EBIT LTM and FY+1	Adjusted EV / EBIT (excl. properties)*		
Company	Right of use asset on balance sheet	Market Cap. ($m)	EV ($m)	Lease liability	Market value of owned properties ($m)	Floorplan related debt	**EV adjusted ($m)**	LFY EBIT	LTM EBIT	Less: Floorplan interest ($m)	Add back: Impairment ($m)	Add back: Depn buildings ($m)	Less: ROU liability interest ($m)	Property capitalisation rate	Less: Notional rent charge ($m)	LFY EBIT Adjusted	LTM EBIT Adjusted	LTM	LFY	FY+1	FY+1	**LTM**	**LFY**	**FY+1**
Eagers Automotive Limited	563	4,100	6,201	900	577	872	**4,190**	477	511 -	26	-	9 -	46	6.2% -	36	379	413	11.9x	13.0x	11.5x	-3.4%	10.1x	11.1x	10.7x
Autosports Group Limited	228	574	1,431	259	194	422	**587**	146	146 -	15	6	1 -	9	6.2% -	12	117	117	10.1x	9.8x	9.4x	-7.0%	5.0x	5.0x	4.7x
Peter Warren Automotive Holdings Limited	183	483	1,008	219	225	298	**304**	98	98 -	13	-	2 -	12	6.2% -	14	62	62	10.6x	10.3x	9.6x	-9.9%	4.9x	4.9x	4.4x
Mean	**324**	**1,719**	**2,880**	**459**	**332**	**530**	**1,694**	**240**	**252 -**	**18**	**2**	**4 -**	**22**	**0 -**	**21**	**186**	**197**	**10.9x**	**11.0x**	**10.2x**	**-6.8%**	**6.7x**	**7.0x**	**6.6x**

Source: Capital IQ, Company annual reports, PwCS Analysis

Note: (1) In A$ Million

(2) We only show EV and EBIT adjustments for the three most comparable companies selected for the multiples calculation. We have considered other companies within the automotive industry but have excluded them from our analysis as they are not comparable to Eagers.

**Adjusted EV / EBIT for cross check only adjust for bailment interest. Whilst Adjusted EV / EBIT, which is used for the multiple's selection, adjusts for bailment finance and bailment interest as well as for the exclusion of properties.*

Appendix B. Comparable transactions

The table below provides description of the comparable historical transactions.

Target	Acquirer	Acquisition Date	Transaction Description
Warrick Farm Toyota and Bathurst Toyota and VW[(1)]	Peter Warren	May-23	Peter Warren acquired 80% of Warrick Farm Toyota and 95% shareholding in Bathurst Toyota and VW.
Motorline Businesses[(2)]	Autosports	Feb-23	Autosports acquired Motorline BMW, Motorline MINI, Motorline Bodyshop, Gold Coast BMW and Gold Coast MINI (Motorline Businesses).
Auckland City BMW Limited[(3)]	Autosports	Aug-22	Auckland City BMW Limited operates as a dealer of new and used vehicles in New Zealand.
ACT Dealership Group[(4)]	Eagers	Jul-22	ACT dealerships portfolio operates approximately 30% of the ACT vehicle market including Toyota, Ford, VW, Jeep, Lexus, Subaru, Mitsubishi, Volvo and GMSV.
Bill Buckle Auto Group[(5)]	Eagers	Jun-22	Bill Buckle Auto Group is a motor dealership in Sydney and operates Toyota, Subaru, VW, Jaguar & Land Rover.
Penfold[(6)]	Peter Warren	Dec-21	Penfold Motor Group was founded in 1964 and operates car dealerships in Australia. Penfold's brands include Audi, Mazda, VW, Hyundai and Suzuki.

Sources: (1) Peter Warren IER, (2) Autosports investor presentation, Peter Warren IER, Capital IQ, (3) Peter Warren IER, Capital IQ, (4) Eagers IER, (5) Eagers IER, (6) Eagers IER

The table below summarizes financials of the comparable historical transactions.

In A$ Million	Purchase Type	Acquisition Date	Net Assets Acquired	Goodwill	Net Debt	EV (excl. Properties)	Properties	Implied Transaction EV	EBIT	EBIT Multiple (excl. Properties)
Warrick Farm Toyota and Bathurst Toyota and VW[(1)]	Assets	May-23	1.8	50.6	-	52.4	-	52.4	8.5	**6.20x**
Motorline Businesses[(2)]	Assets	Feb-23	12.6	53.1	-	65.7	-	65.8	12.0	**5.50x**
Auckland City BMW Limited[(3)]	Assets	Aug-22	15.2	46.6	-	61.8	-	61.8	9.4	**6.60x**
ACT Dealership Group[(4)]	Assets	Jul-22	21.3	75.0	-	96.3	108.9	205.2	15.2	**6.30x**
Bill Buckle Auto Group[(5)]	Shares	Jun-22	4.0	44.5	-	48.5	43.5	92.0	8.7	**5.60x**
Penfold[(6)]	Unknown	Dec-21	13.1	92.9	(3.1)	102.9	-	102.9	12.8	**8.00x**
Quartile 1										**5.75x**
Median										**6.25x**
Mean										**6.38x**
Quartile 3										**6.53x**

Sources: (1) Peter Warren IER, (2) Autosports investor presentation, Peter Warren IER, Capital IQ, (3) Peter Warren IER, Capital IQ, (4) Eagers IER, (5) Eagers IER, (6) Eagers IER

Appendix C. Eagers comparable transactions

The table below summarizes financials of 22 dealerships transactions that Eagers completed over the period from 2007 to 2023.

In A$ Million	Net Assets Acquired	Goodwill	Maintainable NPBT	Maintainable NPBT/Goodwill + Net Assets Multiple Paid
Min	0.4	0.9	1.1	4.2x
Average	5.5	19.8	5.0	5.9x
Median	2.8	10.0	3.2	6.1x
High	21.3	88.4	17.3	9.3x

Note: We have not disclosed the names of the dealerships as many of these transactions are private transactions.
Source: Eagers

The following table summarizes financials of more recent dealerships transactions that Eagers completed from year 2016 (16 transactions).

In A$ Million	Net Assets Acquired	Goodwill	Maintainable NPBT	Maintainable NPBT/Goodwill Multiple Paid	Maintainable NPBT/Goodwill + Net Assets Multiple Paid
Min	0.4	0.9	1.1	3.2x	4.5x
Average	5.7	20.9	5.5	4.8x	6.4x
Median	2.8	7.2	2.7	4.7x	6.2x
High	21.3	88.4	17.3	8.5x	9.3x

Note: We have not disclosed the names of the dealerships as many of these transactions are private transactions.
Source: Eagers

Appendix D. Comparable companies' business description

Ticker	Company Name	Primary Industry	Business Description
ASX:APE	Eagers Automotive Limited	Automotive Retail	Eagers Automotive Limited engages in the ownership and operation of motor vehicle and truck dealerships in Australia and New Zealand. It operates through: Car Retailing, Truck Retailing, and Property segments. The Car Retailing segment offers a range of automotive products and services, including new and used vehicles, vehicle maintenance and repair services, vehicle parts, service contracts, vehicle brokerage services, vehicle protection products, and other aftermarket products. It also facilitates financing for vehicle purchases through third-party sources; and engages in the motor auction business and forklift rental business. The Truck Retailing segment offers various products and services comprising new and used trucks, truck maintenance and repair services, truck parts, service contracts, truck protection products, and other aftermarket products; and facilitates financing for truck purchases through third-party sources. The Property segment acquires and rents commercial properties. The company was formerly known as A.P. Eagers Limited and changed its name to Eagers Automotive Limited in July 2020. Eagers Automotive Limited was founded in 1913 and is based in Newstead, Australia.
ASX:ASG	Autosports Group Limited	Automotive Retail	Autosports Group Limited, together with its subsidiaries, engages in the motor vehicle retailing business in Australia. The company sells new and used motor vehicles, aftermarket products, and spare parts; distributes finance and insurance products; and provides motor vehicle servicing and collision repair services. It also operates used motor vehicle outlets; franchised motorcycle dealerships; and motor vehicle collision repair facilities. Autosports Group Limited was founded in 2006 and is headquartered in Leichhardt, Australia.
ASX:PWR	Peter Warren Automotive Holdings Limited	Automotive Retail	Peter Warren Automotive Holdings Limited engages in the retail of new and used motor vehicles in Australia. The company also provides vehicle maintenance and repair services, parts, and protection and other aftermarket products; accessories and car care products; and extended service contracts, as well as financing and insurance services. Peter Warren Automotive Holdings Limited was founded in 1958 and is based in Sydney, Australia.

Source: Capital IQ

Appendix E. Performance benchmarking by brand categories

Based on top 30% of dealerships in Australia

Volume A$

	New		Used	
	Low	**High**	**Low**	**High**
Net profit as % of sales	5.90%	6.10%	5.90%	6.10%
Gross profit / employee / month	30,150	30,150	30,150	30,150
Net profit / employee / month	6,300	6,300	6,300	6,300
Gross profit / unit	5,200	5,500	3,900	4,300
Monthly sales per employee	107,900	107,900	107,900	107,900

Prestige A$

	New		Used	
	Low	**High**	**Low**	**High**
Net profit as % of sales	5.60%	5.80%	5.60%	5.80%
Gross profit / employee / month	27,100	27,100	27,100	27,100
Net profit / employee / month	5,800	5,800	5,800	5,800
Gross profit / unit	6,000	6,400	4,150	4,350
Monthly sales per employee	139,200	139,200	139,200	139,200

Luxury A$

	New		Used	
	Low	**High**	**Low**	**High**
Net profit as % of sales	6.00%	6.50%	6.00%	6.50%
Gross profit / employee / month	25,500	25,500	25,500	25,500
Net profit / employee / month	6,250	6,250	6,250	6,250
Gross profit / unit	7,500	7,900	3,650	3,850
Monthly sales per employee	128,500	128,500	128,500	128,500

Note: Net profit is before tax
Source: Deloitte 2023 Dealership Benchmarks

Appendix E. Performance benchmarking by brand categories (Cont'd)

Based on averages of all dealerships in Australia

Net Profit as % Sales

	2022	H1 2023	Avg. of 2022 & H1 2023
Industry Average	3.90%	3.20%	3.60%
Volume Average	3.80%	3.20%	3.50%
Prestige Average	3.80%	3.00%	3.40%
Luxury Average	4.00%	3.10%	3.50%
Simple average	3.90%	**3.10%**	**3.50%**

New GP as % Sales

	2022	H1 2023
Industry Average	11.20%	10.60%
Volume Average	10.90%	10.30%
Prestige Average	11.30%	10.60%
Luxury Average	11.90%	11.00%

Used GP as % Sales

	2022	H1 2023
Industry Average	9.70%	8.10%
Volume Average	10.00%	8.50%
Prestige Average	9.20%	7.40%
Luxury Average	8.00%	6.30%

Parts GP as % Sales

	2022	H1 2023
Industry Average	22.30%	22.30%
Volume Average	22.10%	21.90%
Prestige Average	21.90%	22.00%
Luxury Average	22.40%	22.40%

Service GP as % Sales

	2022	H1 2023
Industry Average	64.20%	63.90%
Volume Average	63.50%	63.80%
Prestige Average	64.70%	63.80%
Luxury Average	64.30%	63.90%

Source: eProfitFocus, report: PTD010 Deal Profitability Report
Date prepared: 5th October 2023

Appendix F. Eagers VWAP calculation

Date	Volume traded (m)	Value traded ($m)	VWAP	% Traded of total outstanding shares	% Traded of total outstanding shares annualised	% Traded of total of free float shares annualised
30 Wk Day VWAP Till 6 Nov 23	**10.40**	**143.47**	**13.80**	**4.0%**	**34.2%**	**57.5%**
90 Wk Day VWAP Till 6 Nov 23	**29.98**	**428.71**	**14.30**	**11.7%**	**32.8%**	**55.3%**
20 Wk Day VWAP Till 9 Oct 23	**6.98**	**97.85**	**14.03**	**2.7%**	**34.4%**	**57.9%**
2023	**84.20**	**1,134.47**	**13.47**	**33.0%**	**38.8%**	**65.7%**
Nov-23	1.26	16.69	13.22	0.5%	31.1%	55.0%
Oct-23	8.02	111.28	13.88	3.1%	35.9%	64.2%
Sep-23	7.30	105.54	14.45	2.8%	34.3%	61.2%
Aug-23	7.11	103.91	14.61	2.8%	30.5%	54.4%
Jul-23	6.75	97.58	14.45	2.6%	31.7%	56.6%
Jun-23	7.25	91.88	12.67	2.8%	34.3%	60.8%
May-23	10.03	134.68	13.43	3.9%	43.2%	76.9%
Apr-23	7.12	99.55	13.99	2.8%	41.5%	73.9%
Mar-23	13.32	184.65	13.86	5.2%	57.4%	102.2%
Feb-23	11.75	139.50	11.87	4.6%	58.3%	99.7%
Jan-23	4.29	49.22	11.47	1.7%	21.3%	36.4%

Source: Capital IQ, PwCS Analysis

Appendix G. Vendors' properties

Actual Site Address	OEM / Facilities	Property Use
Acquired from the Vendors		
972-988 Nepean highway, Moorabbin, VIC, 3189	Mercedes-Benz & VW	25,620 sqm's of space used for MB and VW Dealership and Service centre.
565 -571 Springvale Road, Mulgrave, VIC, 3170	Waverley Motor Group	21,072 sqm's of Warehouse space used for VW, Mitsubishi, Nissan, and MG Dealerships and Service Centre.
573-577 Springvale Road, Mulgrave, VIC, 3170	Waverley Motor Group	6,805 sqm's of Warehouse space used for Volvo and Skoda Dealerships and Service Centre
Rented from the Vendors		
220-230 Boundary Road, Braeside, VIC, 3195	Mercedes-Benz & VW	11,362 sqm's of Warehouse space used for Brighton MB and VW Pre delivery and Storage
33-35 Mornington-Tyabb Road, Mornington, VIC, 3931	Mercedes-Benz	11,362 sqm's of Warehouse space used for Brighton MB and VW Pre delivery and Storage
5-7 Diane Street, Mornington, VIC, 3931	Mercedes-Benz	1,487 sqm's of Warehouse space used for Mornington MB Spare parts and Pre delivery
19-25 York Street, Airport West, VIC, 3042	BMW MINI	2,787 sqm's of Warehouse space used for Essendon BMW and MINI Pre-delivery and Storage.
1303-1315 Malvern Road, Malvern, VIC, 3144	Land Rover	4,839 sqm's of space used for Malvern JLR Showroom and Service centre
42-44 Glenvale Street, Mulgrave, VIC, 3144	Land Rover & Mercedes Service	5,394 sqm's of Warehouse space used for Toorak MB Pre-delivery and Parts Warehouse.

Source: Vendors, Eagers

Appendix H. Material Terms of the Leases and Subleases from NGP

Owned Leased Property	33-35 Mornington-Tyabb Road, Mornington
Lessor	N G P Investments (No 2) Pty Ltd
Rent	$532,840 per annum (excluding GST and outgoings), with a 3.5% annual increase on each anniversary of the commencement date.
Term	From the date of Completion to 31 December 2025
Options for renewal or extension	3 options, each of 5 years

Owned Leased Property	5-7 Diane Street, Mornington
Lessor	Land Vendor
Rent	$94,922 per annum (excluding GST and outgoings) , with a 3.5% annual increase on each anniversary of the commencement date.
Term	From the date of Completion to 31 December 2025
Options for renewal or extension	3 options, each of 5 years

Owned Leased Property	19-25 York Street, Airport West
Lessor	N G P Investments (No 2) Pty Ltd
Rent	$288,615 per annum (excluding GST and outgoings), with a 3.5% annual increase on each anniversary of the commencement date.
Term	5 years
Options for renewal or extension	3 options, each of 5 years

Owned Leased Property	220 Boundary Road, Braeside
Lessor	N G P Investments (No 2) Pty Ltd
Rent	$504,150 per annum (excluding GST and outgoings), with a 3.5% annual increase on each anniversary of the commencement date.
Term	5 years
Options for renewal or extension	3 options, each of 5 years

Owned Leased Property	1303-1315 Malvern Road, Malvern
Lessor	N G P Investments (No 2) Pty Ltd
Rent	$1,290,845 per annum (excluding GST and outgoings), with a 3.5% annual increase on each anniversary of the commencement date.
Term	5 years
Options for renewal or extension	3 options, each of 5 years

Owned Leased Property	42 Glenvale Crescent, Mulgrave
Lessor	N G P Investments (No 2) Pty Ltd
Rent	$420,790 per annum (excluding GST and outgoings), with a 3.5% annual increase on each anniversary of the commencement date.
Term	5 years
Options for renewal or extension	3 options, each of 5 years

Sub-Lease Property	351 Ingles Street, Port Melbourne
Head Lessor	Cojas Holdings Pty Ltd and Belsize Nominees Proprietary Limited as trustee for The Brill Family Settlement
Sublessor	N G P Lorimer Pty Ltd
Rent	$1,341,924 per annum (excluding GST and outgoings), with a CPI review to take place on each anniversary of the Commencement date.
Term	From the date of Completion to 31 December 2035
Options for renewal or extension	4 options, each of 5 years

Sub-Lease Property	353-387 Ingles Street, Port Melbourne
Head Lessor	Ingles Street Pty Ltd as trustee for The Ingles Street Unit Trust
Sublessor	N G P Lorimer Pty Ltd
Rent	$551,323 per annum (excluding GST and outgoings), with a CPI review to take place on each anniversary of the Commencement date.
Term	From the date of Completion to 31 December 2035
Options for renewal or extension	4 options, each of 5 years

Source: Vendors, Eagers

Appendix I. Statement of qualifications and declarations

Qualifications

PwCS is beneficially owned by the partners of PricewaterhouseCoopers (PwC), a large international entity of chartered accountants and business advisors. PwCS holds an Australian Financial Services License under the Corporations Act.

Campbell is a partner in the Corporate Value Advisory practice of PwC, which is a specialist technical valuation division comprising a team of 16 partners across Australia. Campbell has over 25 years' professional experience and specialises in the valuation of businesses, shares, financial instruments and various intangible assets including contracts, brands, IP and technology assets.

Campbell's experience covers public and private company valuations both in Australia and overseas ranging from small start-up companies and ventures through to large multinational corporations.

Campbell has experience in valuing single and multi-brand dealerships and dealership groups across Australia. He is an Authorised Representative of PricewaterhouseCoopers Securities Limited, which holds an Australian Financial Services Licence. Campbell holds the following qualifications and memberships:

- Bachelor of Science (Honours)
- Master of Business Administration (Rupert Murdoch Fellow)
- Diploma of International Commercial Arbitration
- Affiliate Chartered Accountants Australia & New Zealand (Accredited Business Valuation Specialist)
- Fellow Chartered Institute of Arbitrators
- Fellow Financial Services Institute of Australasia
- Graduate Australian Institute of Company Directors.

Campbell Jaski was assisted by Funminiyi Oduko and Paul Hennessy in the preparation of this Independent Expert Report.

Declarations

Prior to accepting this engagement, we considered our independence with respect to Eagers by reference to ASIC Regulatory Guide 112 Independence of Experts. In our opinion, we are independent of Eagers and the outcome of the transaction.

PwCS has not had any involvement in providing advice connected with the Proposed Transaction. In the last two years, as would be typical of similar firms, PwCS has provided advice and services to Eagers that are not connected with the Proposed Transaction. These services have never exceeded 1% of PwC Australia's annual revenue. PwCS have not provided any services to the Vendors in the last two years. Funminiyi Oduko has provided services to Eagers in the last two years but none of those services relate to the Proposed Transaction. No other members of the team responsible for this report have provided services to Eagers Automotive or the Vendors in the last two years.

Neither PwCS nor PwC has any interest in the outcome of the Offer. PwCS will receive a fee of approximately $200,000 exclusive of GST, in relation to the preparation of this Independent Expert's Report. The fee payable to us is payable regardless of the outcome of the Proposed Transaction. None of PwCS, PwC, Mr Jaski, Mr Oduko or Mr Hennessy hold securities in Eagers and have not held any such beneficial interest in the previous two years.

A draft of this report was provided to the Non-Associated Directors of Eagers Limited for a review of factual accuracy on 4 November 2023 and 8 November 2023 with a final draft provided on 9 November 2023. No changes to our opinion arose as a result of these reviews.

Purpose of report

This Independent Expert's Report has been prepared at the request of the Non-associated Directors of Eagers and should not be used for any other purpose. In particular, it is not intended that this Independent Expert's Report should serve any purpose other than an expression of our opinion on whether the Proposed Transaction is fair and Reasonable to the Non-Associated Shareholders. This Independent Expert's Report has been prepared solely for the benefit of the Non-Associated Directors of Eagers and for the benefit of the existing shareholders of Eagers. Neither the whole nor any part of this Independent Expert's Report nor any reference to it may be included in or attached to any document, circular, resolution, letter or statement without our prior written consent to the form and context in which it appears.

Special note regarding forward-looking statements and forecast financial information

Certain statements in this Independent Expert's Report may constitute forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance and achievements of Eagers to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, among other things, the following:

- General economic conditions
- The future movements in interest rates and taxes
- The impact of terrorism and other related acts on broader economic conditions
- Changes in laws, regulations or governmental policies or the interpretation of those laws or regulations to Eagers in particular
- Other factors referenced in this Independent Expert's Report.

Indemnity

In preparing this Independent Expert's Report, Eagers has indemnified PwCS, PwC and its employees, officers and agents against any claim, liability, loss or expense, cost or damage, including legal costs on a solicitor client basis, arising out of reliance on any information or documentation provided by Eagers which is false and misleading or omits any material particulars or arising from a failure to supply relevant documentation or information.

In addition, Eagers has agreed that if it makes any claim against PwC or PwCS for loss as a result of a breach of our contract, and that loss is contributed to by its own actions, then liability for its loss will be apportioned having regard to the respective responsibility for the loss, and the amount Eagers may recover from PwCS will be reduced by the extent of its contribution to that loss.

Consent

PwCS has consented in writing to this Report in the form and context in which it appears being included in the Notice of Meeting including Notice of Meeting includes the Explanatory Notice, which will be issued by the Non-associated Directors of Eagers, and which will be distributed to Shareholders.

JLL have consented in writing to the references to this Independent Valuations in the form and context in which it appears being included in this Report.

Neither PwCS nor PricewaterhouseCoopers has authorised or caused the issue of all or any part of the Notice of Meeting other than this report. Neither the whole nor any part of this report nor any reference to it may be included in or with or attached to any other document, circular, resolution, letter or statement without the prior consent of PwCS to the form in which it appears.

APES 225 "Valuation Services"

This Independent Expert report has been prepared in accordance with APES 225 "Valuation Services".

Appendix J. Source of information

In preparing this Independent Expert's Report, we have had access to and relied upon major sources of information, including:

- ASX announcements for Eagers
- Management Accounts provided by the Vendors (via Eagers)
- Discussions with management of Eagers
- Discussions with Auditors of the Vendors
- Other information provided by management of Eagers
- Other information provided by the Vendors
- Information obtained from Bloomberg, Capital IQ, Mergerstat, Broker Reports and IBISWorld Industry Reports
- Other publicly available information including information from websites
- JLL property valuation and market rental assessment reports
- VFACTS data
- Dealership industry benchmarks published by Deloitte
- Annual reports of comparable companies
- ASX Listing rules
- ASIC guidance (RG 76, 111 and 112)
- Proposed Transaction related documents
- Statutory accounts of Vendors entities (N G P Essendon Pty Ltd, N G P Ingles Pty Ltd, N G P Lorimer Pty Ltd, N G P Melbourne Pty Ltd, N G P Toorak Pty Ltd, and N G P Investments (No 1) Pty Ltd).

We have not performed an audit, review or any other verification of the information presented to us. Accordingly, we express no opinion on the reliability of the information supplied to us.
In forming our opinion PwCS has assumed that:

- Matters such as compliance with laws and regulations and contracts in place are in good standing and will remain so and that there are no material legal proceedings, other than as publicly disclosed.
- The information set out sent by Eagers to its shareholders is complete, accurate and fairly presented in all material aspects.
- The publicly available information relied on by PwCS in its analysis was accurate and not misleading.

In addition, PwCS assumes no responsibility and offers no legal opinion or interpretation on any issue in respect of legal issues relating to assets, properties, or business interests or issues regarding compliance with applicable laws, regulations and policies.

Appendix K. Glossary

Term	Definition
$, A$	Australian Dollar
ABN	Australian Business Number
ACT	Australian Capital Territory
Adjusted EBIT	EBIT less bailment interest
AFCA	Australian Financial Complaints Authority
AHG	Automotive Holdings Group Limited
Autosports	Autosports Automotive Group
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange
Bailment finance	A financing option particularly for car dealers to finance their stock. Dealers pay lenders for stock once sold. Also known as floorplan finance.
Bailment interest	Interest charged on bailment finance.
BBAG	Bill Buckle Auto Group
BSA	Business Sale Agreement
BYD	BYD Co. Ltd (Build Your Dreams)
c.	circa
CAGR	Compound Annual Growth Rate
CoE	Capitalisation of earnings
COVID-19	Novel Coronavirus disease
CY	Calendar Year
D&A	Depreciation and Amortisation

DCF	Discounted cash flow
Dealerships	The motor vehicle dealerships to be acquired pursuant to the Proposed Transaction, being the Mercedes-Benz (MB), Mitsubishi, Nissan, Volkswagen (VW), Land Rover, Jaguar, Skoda, Volvo, MG, BMW, Renault and MINI dealerships operated by the Vendors located in the VIC.
Eagers or the Company	Eagers Automotive Limited
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation, and amortisation
EBITDAI	Earnings before interest, tax, depreciation, amortisation, and impairment
EPS	Earnings per share
EV	Enterprise Value
m	million
FMV	Fair Market Value (as defined by the ISV)
FCAI	Federal Chamber of Automotive Industries
FFCC	Federal Franchising Code of Conduct
FSG	Financial Services Guide
FY	Financial Year ended on 30th June
Greenfield Dealerships	Dealerships built on sites which had no prior dealer. For the Dealerships these are the two MG sites.
IER or the Report	This Independent Expert's report dated 15 November 2023
Independent Expert	Independent expert as required by ASIC RG 112
IVS	International Valuation Standards
JLL	Jones Lang LaSalle Advisory Services Pty Ltd
JLR	Jaguar Land Rover

KPI	Key Performance Indicator
Leasehold Interests	The interests in the leases and subleases with the Vendors as listed at Appendix H
LFY	Last Financial Year
LSA	Land Sale Agreements
LTM	Last Twelve Months
MV	Market Value (as defined by the ISV)
M&A	Mergers and Acquisitions
Market data date	6 November 2023
MB	Mercedes-Benz
ME	Maintainable earnings
MotorCycle	MotorCycle Holdings Limited
Non-Associated Directors	The directors of Eagers Automotive Limited other than Mr Nick Politis and Mr Daniel Ryan.
Non-Associated Shareholders	Non-Associated Shareholders of Eagers
NPV	Net Present Value
Notice of Meeting	Notice of meeting and explanatory statement to approve the Proposed Transaction
NGP	NGP Group
NSW	New South Wales
NT	Northern Territory
NZ	New Zealand
OEM	Original Equipment Manufacturers
NPBT	Net Profit Before Tax

<table>
<tr><td>Penfold</td><td>Penfold Motor Group</td></tr>
<tr><td>Peter Warren</td><td>Peter Warren Automotive Holdings</td></tr>
<tr><td>Properties</td><td><table>
<tr><th>Location</th><th>Dealership</th><th>Area</th></tr>
<tr><td>972-988 Nepean Highway</td><td>Mercedes Brighton, Brighton Volkswagen</td><td>Moorabbin</td></tr>
<tr><td>565-571 Springvale Road</td><td>Waverley Volkswagen, Waverley Mitsubishi, Waverley Nissan, with Waverley MG under construction</td><td>Mulgrave</td></tr>
<tr><td>573-577 Springvale Road</td><td>Waverley Volvo, Waverley Skoda</td><td>Mulgrave</td></tr>
</table></td></tr>
<tr><td>Proposed Transaction</td><td>Eagers has proposed to acquire a portfolio of dealerships and the freehold title to three properties (Dealerships and Properties) and to lease or sublease properties used in connection with the Dealerships from entities which are controlled by, or associated with Mr Nick Politis who is a Director and substantial shareholder of Eagers.</td></tr>
<tr><td>Purchase Consideration</td><td>The proposed total purchase consideration is approximately $241.4 million which is to be settled in cash and Eagers shares. In addition to the $241.4 million, the proposed consideration includes an earnout arrangement capped at $7.0 million.</td></tr>
<tr><td>PwC</td><td>PricewaterhouseCoopers</td></tr>
<tr><td>PwCS</td><td>PricewaterhouseCoopers Securities Ltd</td></tr>
<tr><td>PwCS ME</td><td>The PwCS estimate of Maintainable Earnings</td></tr>
<tr><td>QLD</td><td>Queensland</td></tr>
<tr><td>QMP</td><td>Quoted Market Price</td></tr>
<tr><td>Report</td><td>This Independent Expert's Report advising whether, in our opinion, the Proposed Transaction is Fair and Reasonable to the Non-Associated Shareholders of Eagers, dated 15 November 2023</td></tr>
<tr><td>RG76</td><td>Regulatory Guide 76 (Related party transactions)</td></tr>
<tr><td>RG111</td><td>Regulatory Guide 111 (Content of expert reports)</td></tr>
</table>

RG112	Regulatory Guide 112 (Independence of experts)
ROS	Return on Sales
ROU	Right of Use
SA	South Australia
SME	Small and medium-sized enterprises
sqm	Square metre
SUVs	Sports Utility Vehicles
TAS	Tasmania
Traditional Dealerships	The dealer has established a business and remained in operation longer than one year.
US	United States of America
Valuation Date	6 November 2023
Vendors	N G P Essendon Pty Ltd, N G P Ingles Pty Ltd, N G P Lorimer Pty Ltd, N G P Melbourne Pty Ltd, N G P Toorak Pty Ltd, and N G P Investments (No 2) Pty Ltd.
VFACTS	Statistics produced by the Federal Chamber of Automotive Industries members.(FCAI) that reports the numbers of new motor vehicle sales by dealers and direct sales by OEM throughout Australia. The source of the motor vehicle sales data for the Australian Bureau of Statistics, measuring vehicles sold.
VIC	Victoria
VW	Volkswagen
VWAP	Volume Weighted Average Price
WA	Western Australia
Y-o-Y	Year-on-Year
YTD	Year to date

Appendix L. Financial services guide

PricewaterhouseCoopers Securities Ltd

This Financial Services Guide (FSG) is dated 15 November 2023.

About us

PricewaterhouseCoopers Securities Ltd (ABN A54 003 311 617, Australian Financial Services Licence No 244572) has been engaged by the Non-Associated Directors of Eagers to provide a report in the form of an Independent Expert's report (IER or the Report) in relation to the Proposed Transaction to be voted on by the Non-Associated Shareholders of Eagers.

You have not engaged us directly but have been provided with a copy of the IER as a retail client because of your connection to the matters set out in the IER.

This financial services guide

This FSG is designed to assist retail clients in their use of any general financial product advice contained in the IER. This FSG contains information about PwCS generally, the financial services we are licensed to provide, the remuneration PwCS may receive in connection with the preparation of the IER, and how complaints against us will be dealt with.

Financial services we are licensed to provide

Our Australian financial services licence allows us to provide a broad range of services, including providing financial product advice in relation to various financial products such as securities, interests in managed investment schemes, derivatives, superannuation products, foreign exchange contracts, insurance products, life products, managed investment schemes, government debentures, stocks or bonds, and deposit products.

General financial product advice

The IER contains only general financial product advice. It was prepared without taking into account your personal objectives, financial situation or needs.

You should consider your own objectives, financial situation and needs when assessing the suitability of the IER to your situation. You may wish to obtain personal financial product advice from the holder of an Australian Financial Services Licence to assist you in this assessment.

Fees, commissions and other benefits we may receive

PwCS charges fees to produce reports, including this IER. These fees are negotiated and agreed with the entity who engages PwCS to provide a report. Fees are charged on an hourly basis or as a fixed amount depending on the terms of the agreement with the person who engages us. In the preparation of this Report our fees are charged on a fixed basis and are approximately $200,000 (excluding GST) and we will be reimbursed for out-of-pocket expenses incurred.

Directors or employees of PwCS, PricewaterhouseCoopers (PwC), or other associated entities, may receive partnership distributions, salary or wages from PwC.

Associations with issuers of financial products

PwCS and its authorised representatives, employees and associates may from time to time have relationships with the issuers of financial products. For example, PwC may be the auditor of, or provide financial advisory services to the issuer of a financial product and PwCS may provide financial services to the issuer of a financial product in the ordinary course of its business.

Complaints

If, for any reason, you are not satisfied with the advice or service you receive from PwCS or from our authorised representatives, you are entitled to make a complaint. If you wish to make a complaint, please initially lodge your complaint with your adviser. We have established procedures to ensure all complaints are resolved quickly and fairly. A copy of our internal complaints handling procedure can be provided to you upon request.

If you do not receive a satisfactory outcome to your complaint, you have the right to contact the Australian Financial Complaints Authority ("AFCA"). AFCA provides independent financial services complaint resolution that is free to consumers.

Australian Financial Services Complaints Authority

GPO Box 3, Melbourne VIC 3001

Tel: 1800 931 678 (Free Call)

E-mail: info@afca.org.au

Website: www.afca.org.au

PwCS is a member of AFCA. You will not be charged for using the AFCA service.

Contact details

PwCS can be contacted by sending a letter to the following address:

Mr Campbell Jaski

Authorised Representative

PricewaterhouseCoopers Securities Ltd

2 Riverside Quay, Southbank VIC 3000

www.pwc.com.au