



LATAM AUTOS LIMITED
ABN 12 169 063 414

Notice of General Meeting

Explanatory Notes and Proxy Form

Date of Meeting:
Monday, 19 June 2017

Time of Meeting:
10:00 AM (AEST)

Place of Meeting:
**The offices of Grant Thornton, Rialto – North Tower, Level 30, 525
Collins Street, Melbourne VIC 3000**

This Notice of General Meeting and Explanatory Notes should be read in its entirety. If shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional advisor without delay

LATAM AUTOS LIMITED

ABN 12 169 063 414

Registered Office: Level 4, 100 Albert Road, South Melbourne VIC 3205

NOTICE OF GENERAL MEETING

Notice is given that a General Meeting of shareholders of LatAm Autos Limited will be held at the offices of Grant Thornton, Rialto – North Tower, Level 30, 525 Collins Street, Melbourne VIC 3000 at 10:00AM (AEST) on Monday 19 June 2017.

AGENDA

The Explanatory Notes and proxy form which accompany and form part of this Notice, describe in more detail the matters to be considered. Please consider this Notice, the Explanatory Notes and the proxy form in their entirety.

Resolution 1: Approval of Issue of Convertible Notes to Professional and Sophisticated Investors (Non-Related Parties)

To consider and, if thought fit, to pass with or without amendment, the following resolution as an ordinary resolution:

“That for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval be given in respect of the issue of a maximum of 8,000,000 convertible notes to professional and sophisticated investors on the terms and conditions set out in the Explanatory Notes to Resolution 1 accompanying the Notice of Meeting.”

Voting Exclusion

With each of the above Resolution 1, the Company will disregard any votes cast by:

- a) a person who may participate in the issue; and
- b) an associate of a person who participates in the issue.

However, the Company need not disregard a vote if:

- c) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- d) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

Resolution 2: Approval of Issue of Convertible Notes to Startive Ventures Inc., an entity that is controlled by Mr Simon Clausen, Director of the Company

To consider and, if thought fit, to pass with or without amendment, the following resolution as an ordinary resolution:

“That for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval be given in respect of the issue of a maximum of 1,000,000 convertible notes to Startive Ventures Inc., an entity that is controlled Mr Simon Clausen, Director of the Company, pursuant to a secured convertible note subscription and underwriting commitment deed dated on or about 12 April 2017 on the terms and conditions set out in the Explanatory Notes to Resolution 2 accompanying the Notice of Meeting.”

Voting Exclusion

With each of the above Resolution 2, the Company will disregard any votes cast by:

- a) Startive Ventures Inc.; and
- b) an associate of Startive Ventures Inc.

However, the Company need not disregard a vote if:

- c) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- d) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

Resolution 3: Approval of Issue of Convertible Notes to Log Creek Pty Ltd (ACN 100 874 851) – an entity that is controlled by Mr Michael Fitzpatrick, Director of the Company

To consider and, if thought fit, to pass with or without amendment, the following resolution as an ordinary resolution:

“That for the purposes of ASX Listing Rule 10.11, item 7 of section 611 of the Corporations Act and for all other purposes, approval be given in respect of the issue of a maximum of 8,250,000 convertible notes to Log Creek Pty Ltd (ACN 100 874 851), an entity that is controlled by Mr Michael Fitzpatrick who is a Director of the Company pursuant to a secured convertible note subscription and underwriting commitment deed dated on or about 13 April 2017 and the issue of Shares upon the conversion of those convertible notes on the terms and conditions set out in the Explanatory Notes to Resolution 3 accompanying the Notice of Meeting.”

Voting Exclusion

With each of the above Resolution 3, the Company will disregard any votes cast by:

- a) Log Creek Pty Ltd; and
- b) an associate of Log Creek Pty Ltd.

However, the Company need not disregard a vote if:

- c) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- d) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

Resolution 4: Approval to issue Performance Rights to Mr Timothy Handley (or his nominee)

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

“That for the purposes of ASX Listing Rule 10.14, and for all other purposes, shareholders approve the grant to Mr Timothy Handley (a director of the Company), or his nominee, of 300,000 performance rights under the LAA Equity Incentive Plan, together with the allotment and issue of any ordinary shares upon vesting of any such performance rights, on the terms and conditions described in the Explanatory Notes.”

Voting Exclusion

The Company will disregard any votes cast on this Resolution 4 by:

- (a) Any Director of the Company who is eligible to participate in the Plan; or
- (b) an associate of such a Director.

However, the Company need not disregard a vote on Resolution 4 if:

- (c) it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
 - (d) it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote in accordance with a direction on the proxy form to vote as the proxy decides.
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Resolution 5: Approval to issue Performance Rights to Mr Gareth Bannan (or his nominee)

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

"That for the purposes of ASX Listing Rule 10.14, and for all other purposes, shareholders approve the grant to Mr Gareth Bannan (an Alternate Director of the Company), or his nominee, of 216,667 performance rights under the LAA Equity Incentive Plan, together with the allotment and issue of any ordinary shares upon vesting of any such performance rights, on the terms and conditions described in the Explanatory Notes."

Voting Exclusion

The Company will disregard any votes cast on this Resolution 5 by:

- (a) Any Director of the Company who is eligible to participate in the Plan; or
- (b) an associate of such a Director.

However, the Company need not disregard a vote on Resolution 5 if:

- (c) it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (d) it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote in accordance with a direction on the proxy form to vote as the proxy decides.

Resolution 6: Approval to issue Performance Rights to Mr Jorge Mejia Ribadeneira (or his nominee)

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

"That for the purposes of ASX Listing Rule 10.14, and for all other purposes, shareholders approve the grant to Mr Jorge Mejia Ribadeneira (a director of the Company), or his nominee, of 300,000 performance rights under the LAA Equity Incentive Plan, together with the allotment and issue of any ordinary shares upon vesting of any such performance rights, on the terms and conditions described in the Explanatory Notes."

Voting Exclusion

The Company will disregard any votes cast on this Resolution 6 by:

- (a) Any Director of the Company who is eligible to participate in the Plan; or
- (b) an associate of such a Director.

However, the Company need not disregard a vote on Resolution 6 if:

- (c) it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (d) it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote in accordance with a direction on the proxy form to vote as the proxy decides.

Interdependent Resolutions

Resolutions 1, 2, and 3 are interdependent, such that the approval of each Resolution is conditional on the approval of the other three Resolutions.

By Order of the Board of LatAm Autos Limited



Melanie Leydin
Company Secretary
Date: 17 May 2017

PROXY AND VOTING INSTRUCTIONS

1. For the purposes of the *Corporations Act*, the Company has determined that all securities of the Company recorded on the Company's register as at 7.00pm (AEST) on the date 48 hours before the date of the General Meeting will be taken, for the purposes of the Meeting, to be held by the persons who held them at that time.
 2. The details of the Resolutions contained in the Explanatory Notes accompanying this Notice of Meeting should be read together with, and forms part of this Notice of Meeting.
 3. A shareholder entitled to attend and vote is entitled to appoint not more than two proxies. Where more than one proxy is appointed, each proxy must be appointed to represent a specified proportion of the shareholder's voting rights. If the shareholder appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half of the votes. A proxy need not be a shareholder of the Company.
 4. If a proxy is not directed how to vote on an item of business, the proxy may vote or abstain from voting on that resolution as they think fit.
 5. If a proxy is instructed to abstain from voting on an item of business, they are directed not to vote on the shareholder's behalf on the poll and the shares that are the subject of the proxy appointment will not be counted in calculating the required majority.
 6. Shareholders who return their proxy forms with a direction on how to vote but do not nominate the identity of their proxy will be taken to have appointed the Chairman of the meeting as their proxy to vote on their behalf.
 7. If a proxy form is returned but the nominated proxy does not attend the meeting, or does not vote on the resolution, the Chairman of the meeting will act in place of the nominated proxy and vote in accordance with any instructions.
 8. Proxy appointments in favour of the Chairman of the meeting, the secretary or any Director that do not contain a direction on how to vote will be used where possible to support each of the resolutions proposed in this Notice.
 9. Where a voting exclusion applies, the Company need not disregard a vote if it is cast by a person excluded from voting as a proxy for a person who is entitled to vote in accordance with the directions on the proxy form, or where it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form to vote as the proxy decides.
 10. A proxy form is attached. If required it should be completed, signed and returned to Boardroom Pty Limited in accordance with the instructions set out in the proxy form by no later than **10:00am (AEST) on Saturday 17 June 2017**.
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EXPLANATORY NOTES

1. Background

1.1 Background on the Transaction

On 13 April 2017, the Company announced a proposed capital raising of up to \$10,000,000 by way of the proposed issuance of the convertible notes to both related and non-related parties (**the Transaction**).

The Transaction is to be effected through 2 tranches with tranche 1 funding which was completed around 30 April 2017 (**Tranche 1**) and tranche 2 funding to be completed prior to 30 June 2017 (**Tranche 2**). The Company has entered into the following secured convertible note subscription and underwriting commitment deeds (**Subscription and Underwriting Deed**) with the following entities:

- (a) Startive Ventures Inc. (**Stative**); and
- (b) Log Creek Pty Ltd (ACN 100 874 851) (**Log Creek**).

Under the Subscription and Underwriting Deed with Stative, Stative agreed to subscribe for 500,000 convertible notes with a face value of \$1 and an underwriting commitment of \$500,000 for 500,000 convertible notes.

Under the Subscription Deed and Underwriting with Log Creek, Log Creek agreed to subscribe for 1,500,000 convertible notes with a face value of \$1 and an underwriting commitment of \$7,500,000 for 7,500,000 convertible notes.

The total amount subscribed and underwritten by Stative and Log Creek is \$10,000,000. The Company has been negotiating with various professional and sophisticated investors for the subscription of the convertible notes in accordance with the terms of a secured convertible note subscription deed (**Subscription Deed**). Any subscription amounts as agreed by the professional and sophisticated investors will reduce the underwritten amount by Log Creek and Stative. In the event the Company is unable to secure Subscription Deeds with professional and sophisticated investors or the total subscription amount from those investors is less than the total underwritten amount (**Shortfall**), Stative and Log Creek will subscribe for the Shortfall up to the total amount underwritten by both of them (i.e. \$8,000,000). The Company must notify the underwriters on whether there is a Shortfall in writing on the second business day before the completion date of Tranche 2.

As at the date of this Notice of Meeting, the Company has entered into a Subscription Deed with PM Capital Limited, a professional investor for a subscription amount of \$750,000 for Tranche 2 of the Transaction. It was agreed that the underwritten amount by Log Creek is to be reduced to \$6,750,000.

The funds raised under the convertible note issuance will be used for:

- Pre-sales expenses and business development in relation to the new products;
- General sales and marketing activities;
- Operating costs and expenses; and
- General working capital purposes.

The terms of the notes will be in accordance with the terms and conditions of the secured convertible note deed (**the CN Deed**).

Please refer to a summary of the key terms of the Subscription and Underwriting Deed, Subscription Deed and the CN Deed in Schedule 2 of this Explanatory Notes.

As a condition to entering into the Subscription and Underwriting Deed and the CN Deed, the Company must, subject to obtaining all necessary regulatory and shareholder approvals or waivers, grant the secured noteholders including Stative and Log Creek a security interest over all of the assets of three of the Company's subsidiaries (**Security**). As announced on 11 May 2017, the Company has sought and obtained from the ASX a waiver of Listing Rule 10.1 in respect of the issue of the Security. The ASX granted the Company a waiver of Listing Rule 10.1 the terms of which are attached to the Company's announcement dated 11 May 2017.

1.2 Impact of the Company's Capital Structure and effect of the transaction on control and voting power.

If Resolutions 1, 2 and 3 are passed by Shareholders, holders of the convertible notes may elect to convert the convertible notes into Shares subject to the terms and conditions of the CN Deed.

(a) Impact on Shares on issue

The conversion price under the convertible notes is \$0.16. Based on the face value and the conversion price of \$0.16, a maximum of 62,500,000 Shares would be issued upon conversion of the convertible notes representing approximately 16.77% of the Company's post-conversion Shares.

In particular, assuming that:

- all convertible notes are converted to Shares;
- no additional Shares are issued by the Company; and
- the issue price at conversion is \$0.16 per Share;

the indicative capital structure of the Company will be as follows:

Shares on Issue	Number of Shares
Total Shares currently on issue	310,258,777
Minimum number of Shares to be issued on conversion of all convertible notes	62,500,000
Total	372,758,777

In addition, if the money owing amount upon conversion of all convertible notes includes the capitalised interest, the maximum number of Shares will be 388,900,170 (at conversion price of \$0.16).

(b) Current and Potential Voting Power of Log Creek

The following table shows the current and potential voting power of Log Creek upon conversion of the convertible notes.

Shares on Issue	Number of Shares	Increase in Voting Power	Maximum Voting Power
Voting Power currently held	37,662,845		12.13%
Upon conversion of only convertible notes held by Log Creek	51,562,500	12.53%	24.66%
Upon conversion of all convertible notes held by all subscribers including Log Creek	62,500,000	11.42%	23.94%
Upon conversion of all convertible notes held by all subscribers including Log Creek and with the money owing amount including the capitalised interest	64,863,316	14.23%	26.36%

1.3 Impact on the Company's financial position

The following pro forma balance sheet indicates the potential impact of the Transaction on the Company's financial position.

Latam Autos Limited

Statement of financial position

As at 31 December 2016

	Balance sheet	Pro-forma	Balance sheet		
	31-Dec-16	adjustments	(adjusted)		
			31-Dec-16	Adjustments	
<i>Current assets</i>					
Cash at bank	4,914,459	9,790,000	14,704,459	1) Cash increase	10,000,000
Account receivable	2,263,958		2,263,958	2) Capital raise expenses - legal fees	30,000
Other assets	2,284,772		2,284,772	3) Capital raise expenses - IER fee	35,000
Total current assets	9,463,189	9,790,000	19,253,189	4) Underwriting fee	145,000
<i>Non-current assets</i>					
Property, plant & equipment	532,172		532,172	-1-	
Intangible assets	24,170,944		24,170,944	D Cash	10,000,000
Other non-current assets	557,622		557,622	C Convertible note	10,000,000
Total non-current assets	25,260,739	-	25,260,739	-2-	
Total assets	34,723,928	9,790,000	44,513,928	D Equity	210,000
				C Cash	210,000
<i>Current liabilities</i>					
Accounts payable	2,503,218		2,503,218		
Deferred consideration	315,124		315,124		
Income taxes payable	302,188		302,188		
Other current liabilities	1,245,304		1,245,304		
Total current liabilities	4,365,834	-	4,365,834		
<i>Non-current liabilities</i>					
Convertible note	-	10,000,000	10,000,000		
Other non-current liabilities	868,006		868,006		
Total non-current liabilities	868,006	10,000,000	10,868,006		
Total liabilities	5,233,840	10,000,000	15,233,840		
Net assets/(liabilities)	29,490,088	(210,000)	29,280,088		
Equity					
Issued capital	59,647,363		59,647,363		
Reseves	1,700,098		1,700,098		
Retained profits/(losses)	(31,857,374)	(210,000)	(32,067,374)		
Total equity	29,490,088	(210,000)	29,280,088		

1.4 Consequence if the transaction is not approved or does not otherwise proceed

The majority of the Board considers that the Transaction (if Resolutions 1, 2 and 3 are approved by Shareholders) represents an excellent outcome for the Company.

Mr Simon Clausen, who controls Startive has a material personal interest in the outcome of Resolution 2 and does not express a view with respect to Resolution 2 generally.

Mr Michael Fitzpatrick, who controls Log Creek and therefore has a material personal interest in the outcome of Resolution 3 and does not express a view with respect to Resolution 3 generally.

If Resolutions 1, 2 and 3 are not approved by Shareholders, or the Transaction does not proceed for any other reason, the majority of the Board (other than Mr Fitzpatrick and Mr Clausen) consider that there will be an opportunity cost borne by the Company and that the Company may need to seek alternative funding opportunities with other parties in order to provide it with the funds necessary for the operations of the Company. There can be no guarantee that alternative funding will be available on terms better than or comparable to the Transaction, or at all.

2. Resolution 1 – Issue of Convertible Notes

2.1 Background

Resolution 1 seeks shareholder approval pursuant to item ASX Listing Rule 7.1 for the issue of up to 8,000,000 convertible notes to professional and sophisticated investors. As noted in the Background section, the total underwritten amount by Startive and Log Creek is up to \$8,000,000. The Company has been negotiating with various professional and sophisticated investors for the subscription of the convertible notes in accordance with the terms of Subscription Deed. Any subscription amounts as agreed by the professional and sophisticated investors will reduce the underwritten amount by Log Creek and Startive.

As at the date of this Notice of Meeting, the Company has entered into a Subscription Deed with PM Capital Limited, a professional investor for a subscription amount of \$750,000.

Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period. The effect of Resolution 1 will be to allow the Company to issue convertible notes and resulting shares on conversion of the convertible notes during the period of 12 months after the Meeting, without using the Company's 15% annual placement capacity.

2.2 Resolution 1 – Approval of Issue of Convertible Notes to professional and sophisticated investors

(a) Number of securities to be issued:

Up to 8,000,000 convertible notes to be issued to professional and sophisticated investors.

(b) The price at which the securities to be issued:

\$1 per note.

(c) Date of Issue: The securities will be issued no later than (one) 1 month after the date of this Meeting.

(d) The terms of the securities:

The notes will have a term of 36 months up to the maturity date of 30 April 2020 from the date of issue with interest of 8% payable quarterly in arrears (and accrued and unpaid interest is also calculated towards the money owing for the purpose of conversion).

The Shares issued upon conversion of the convertible notes will be fully paid ordinary shares ranking equally in all respects with all other Shares on issue and will be listed on ASX.

(e) The use of the funds raised:

The Company will raise a total of \$8,000,000 from the subscription, and subject to shareholder approval, funds will be used to fund the Company's ongoing costs and capital requirements associated with achieving the Company's business plan as set out in the Company's ASX announcement and investor presentation released on 13 April 2017.

The maximum number of shares, if the conversion occurs and subject to the total amount of money owing at the time of such conversion, will be 62,876,171 shares in the Company (at \$0.16 per share).¹

The table below shows the number of shares upon conversion of the convertible notes should the Subscribers elect to convert notes into Shares as at Maturity Date:

Money owing under the notes (per face value)	Total number of shares upon conversion at 16 cents per share	Total number of shares upon conversion of capitalised interest amount of 8% as at the Maturity Date	Total number of Shares to be issued
\$8,000,000	50,000,000	12,876,171	62,876,171

2.3 Board Recommendation

The Board recommends that Shareholders vote in favour of Resolution 1 to approve the issue of convertible notes to professional and sophisticated investors.

3. Resolution 2 – Approval of Issue of Convertible Notes

3.1 Background

On 12 April 2017, the Company entered into the Subscription and Underwriting Deed and the CN Deed with Startive, an entity controlled by Mr Simon Clausen, Director of the Company.

The terms of the Subscription and Underwriting Deed are summarised in Schedule 2. In particular, Startive agreed to a subscription amount of \$500,000 and underwriting commitment of \$500,000 and the Company agrees to pay to Startive an underwriting commission of 2% of the underwriting commitment on the completion date of Tranche 1. As noted, the Company is in the negotiation process with various professional and sophisticated investors for subscription of convertible notes up to the underwritten amount of \$8,000,000 as committed by Startive and Log Creek. The underwritten amount shall be reduced by any subscription amount agreed by professional and sophisticated investors. In the event there is a Shortfall, Startive will subscribe for a maximum of \$500,000 or proportion thereof in accordance with the terms of the Subscription and Underwriting Deed.

As at the date of this Notice of Meeting, the Company has entered into a Subscription Deed with PM Capital Limited, a professional investor for a subscription amount of \$750,000.

3.2 ASX Listing Rule 10.11 and details required under Listing Rule 10.13

Mr Clausen is a Director of the Company and therefore, Startive is a related party of the Company.

The ASX Listing Rules provide that, subject to certain exemptions (none of which are relevant here), a company must not issue equity securities to a related party of the company without shareholder approval. Resolution 2 seeks this approval in respect of the issue of the convertible notes to Startive. If approval is obtained under Listing Rule 10.11, the grant of securities will not be included in the 15% calculation for the purposes of Listing Rule 7.1.

Information required for the purposes of Listing Rule 10.13 in relation to Shareholder approval sought under ASX Listing Rule 10.11 pursuant to Resolution 2 is provided below.

(a) Name of the person

Startive Ventures Inc.

¹ The conversion price may be adjusted in accordance with the terms and conditions of the CN Deed. Please refer to Schedule 2 for further details on the conversion mechanism. This assumes that the total amount of money owing at the time of such conversion includes capitalised interest.

(b) Number of securities to be issued:

A maximum of 1,000,000 convertible notes.

(c) The price at which the securities to be issued

The face value is \$1 per note.

(d) Date of Issue:

ASX Listing Rules 10.13.3 requires that any securities issued with Shareholder approval under ASX Listing Rule 10.11 be issued within one (1) month of the date of the Shareholder approval.

The securities will be issued no later than one month after the date of the Meeting.

(e) The terms of the securities:

The notes will have a term of 36 months up to the maturity date of 30 April 2020 from the date of issue with interest of 8% payable quarterly in arrears (and accrued and unpaid interest is also calculated towards the money owing for the purpose of conversion).

The Shares issued upon conversion of the convertible notes will be fully paid ordinary shares ranking equally in all respects with all other Shares on issue and will be listed on ASX.

(f) The use of the funds raised:

The Company will raise a total of \$1,000,000 from the subscription, and subject to shareholder approval, funds will be used to fund the Company's ongoing costs and capital requirements associated with achieving the Company's business plan as announced on 13 April 2017.

The maximum number of shares, if the conversion occurs and subject to the total amount of money owing at the time of such conversion, will be a maximum of 7,895,805 shares in the Company (at \$0.16 per share).²

The table below shows the number of shares upon conversion of the convertible notes should Startive elect to convert notes into Shares as at Maturity Date:

Money owing under the notes (per face value)	Total number of shares upon conversion at 16 cents per share	Total number of shares upon conversion of the capitalised interest amount of 8% as at the Maturity Date	Total number of Shares to be issued
\$1,000,000	6,250,000	1,645,805	7,895,805

3.3 Chapter 2E Corporations Act

Shareholder approval is not being sought under Chapter 2E of the Corporations Act as the Board has determined that the exception to the requirement to obtain shareholder approval in section 210 of the Corporations Act applies.

Relevant to the present circumstances, section 208 of Chapter 2E of the Corporations Act specifies that unless an exception applies, a public company must not provide a financial benefit to a related party of the public company without first obtaining shareholder approval.

Startive Ventures Inc. will receive a financial benefit from the Company being either the repayment of the principal amount upon redemption of convertible notes or issue of shares upon conversion of convertible notes.

² This assumes that the total amount of money owing at the time of such conversion includes capitalised interest.

Section 210 exempts the Company from having to obtain shareholder approval to a related party transaction on terms which could reasonably be considered as at arm's length or such terms are less favourable to the related party than the arm's length terms.

The Company has engaged Crowe Horwath Corporate Finance (Aust) Ltd to prepare the Independent Expert's Report to assess whether or not, in the independent expert's opinion, the proposal is fair and reasonable to Shareholders not associated with the proposal. The Independent Expert's Report has concluded the Transaction is not fair but reasonable.

Accordingly, the Board has determined that shareholder approval is not being sought under Chapter 2E of the Corporations Act for this resolution.

Shareholders are strongly encouraged to read the Independent Expert's Report in full.

A copy of the Independent Expert's Report is included as Schedule 3.

3.4 Board Recommendation

The Board (with Mr Simon Clausen abstaining with respect to Resolution 2) recommends that Shareholders vote in favour of Resolution 2 to approve the issue of convertible notes to Startive.

4. Resolution 3 – Approval of Issue of Convertible Notes to Log Creek Pty Ltd (ACN 100 874 851), an entity controlled by Mr Michael Fitzpatrick – Director of the Company

4.1 Background

On 13 April 2017, the Company entered into the Subscription and Underwriting Deed and the CN Deed with Log Creek, an entity controlled by Mr Michael Fitzpatrick, Director of the Company.

The terms of the Subscription and Underwriting Deed are summarised in Schedule 2. In particular, Log Creek agreed to a subscription amount of \$1,500,000 and underwriting commitment of \$7,500,000 and the Company agrees to pay to Log Creek an underwriting commission of 2% of the underwriting commitment on the completion date of Tranche 1.

As noted, the Company is in the negotiation process with various professional and sophisticated investors for subscription of convertible notes up to the underwritten amount of \$8,000,000 as committed by Startive and Log Creek. The underwritten amount shall be reduced by any subscription amount agreed by professional and sophisticated investors.

As at the date of this Notice of Meeting, the Company has entered into a Subscription Deed with PM Capital Limited, a professional investor for a subscription amount of \$750,000. It was agreed that the underwritten amount by Log Creek is to be reduced to \$6,750,000.

4.2 Approval under the Corporations Act

Resolution 3 is necessary in order to comply with specific requirements of the Corporations Act regarding the extent to which Log Creek will increase its voting power in the Company in excess of 20% which is the basis for the threshold beyond which increases are prohibited by the Corporations Act unless shareholder approval is obtained or another exception applies. Shareholder approval is sought for the increase in Log Creek and its associates' voting power in the Company as a result of any conversion of convertible notes into Shares.

Full details of the Company's proposed capital structure if all of the Resolutions are passed and the change in voting power of Log Creek are set out in section 1.2 (b) and item (d)(ii) of this section 4.2.

(a) Section 611 of the Corporations Act

Section 606 of the Corporations Act provides that a person must not acquire a relevant interest in voting shares in a company if the acquisition will result in that person's or another person's voting power in the company increasing from less than 20% to more than 20%.

Section 611 of the Corporations Act provides certain exception to this requirement. Relevantly, under item 7 of section 611, an acquisition of a company's voting shares will not be prohibited under section 606 of the Corporations Act if the proposed acquisition has the prior approval of the shareholders of the Company.

The proposed issue of Convertible Notes to Log Creek under Resolution 3 will, if converted into Shares by Log Creek, increase Log Creek's voting power in Company to more than 20% as set out

below in section 1.2 (b) and item (d)(ii) of this section 4.2. Accordingly, the Company is seeking Shareholder approval under item 7 of section 611 of the Corporations Act to issue the convertible notes to Log Creek and to issue Shares upon conversion of those convertible notes under this Resolution 3.

(b) Information for Shareholders under Corporations Act and ASIC Regulatory Guide 74

In addition to the information set out above in this section 2, the following information is provided to Shareholders in accordance with the requirements of the Corporations Act and ASIC Regulatory Guide 74 for the purpose of obtaining approval for a transaction pursuant to item 7 of section 611 of the Corporations Act:

(i) Identity of person proposing to make the acquisition of securities and their associates

The convertible notes, and any Shares issued upon their conversion, are proposed to be issued to Log Creek. Log Creek is a substantial shareholder of the Company. It is a private company that is controlled by Mr Michael Fitzpatrick who is a Director of the Company.

Mr Fitzpatrick is a Director and a shareholder holding 50% of issued capital in Log Creek. The other shareholder holding the remaining 50% of issued capital in Log Creek is Mrs Helen Sykes who is Mr Fitzpatrick's wife.

(ii) The maximum extent of the increase in that person's voting power in the Company that would result from the acquisition of the securities

As at the date of this Notice, Log Creek holds 37,662,845 Shares which represents a voting power in the Company of 12.13%.

A maximum of 8,250,000 convertible notes are proposed to be issued to Log Creek. The convertible notes may be converted to Shares at a conversion price of \$0.16³, meaning a maximum of 64,863,316 Shares may be issued upon conversion if the convertible notes are converted by Log Creek.⁴

If Resolution 3 is passed and the convertible notes are issued to and converted by Log Creek, Log Creek will have a maximum effective voting power of approximately 26.36% based upon its relevant interest in 102,526,161 Shares, being an increase of 14.23% in its voting power from its current holding. This also assumes that the capital structure of the Company otherwise remains the same (i.e. no Performance Rights are exercised and other Shares are issued). This assumes that the total amount of money owing at the time of such conversion includes the conversion of capitalised interest.

If the total amount money owing at the time of such conversion does not include the conversion of capitalised interest, a maximum of 51,562,500 Shares may be issued upon conversion if the convertible notes are converted by Log Creek and Log Creek will have a maximum effective voting power of approximately 23.94% based upon its relevant interest in 89,225,345 Shares being an increase of 11.42% in its voting power from its current holding.

The table bellows show the number of shares to be issued upon conversion of the convertible notes:

Money owning under the notes	Total number of shares upon conversion at 16 cents per share	Total number of shares upon conversion of the interest amount of 8% as at the Maturity Date	Total number of Shares to be issued
8,250,000	51,562,500	13,300,816	64,863,316

The following table shows the current and potential voting power of Log Creek upon conversion of the convertible notes.

³ As noted, the conversion price is subject to an adjustment mechanism in accordance with the terms and conditions of the CN Deed. Please refer to Schedule 2 for further details.

⁴ This assumes that the money owing amount at conversion includes capitalised interest.

Shares on Issue	Number of Shares	Increase in Voting Power	Maximum Voting Power
Voting Power currently held	37,662,845		12.13%
Upon conversion of only the convertible notes held by Log Creek	51,562,500	12.53%	24.66%
Upon conversion of all convertible notes held by all subscribers including Log Creek	62,500,000	11.42%	23.94%
Upon conversion of all convertible notes held by all subscribers including Log Creek and with the money owing amount including the capitalised interest	64,863,316	14.23%	26.36%

- (iii) *The voting power that person would have as a result of the acquisition of the securities*
Please refer to section 1.2(b) and item (d)(ii) of this section 4.2 for further information.
- (iv) *The maximum extent of the increase in voting power of each of that person's associates that would result from the acquisition of the securities*
Please refer to section 1.2(b) and item (d)(ii) of this section 4.2 for further information.
- (v) *The voting power that each of that person's associates would have as a result of the acquisition of the securities*
Please refer to section 1.2(b) and item (d)(ii) of this section 4.2 for further information.
- (vi) *The reasons for the proposed acquisition of securities*
The Convertible Notes are being issued to fund the Company's ongoing costs and capital requirements associated with achieving the Company's business plan as set out in the Company's ASX announcement and investor presentation released on 13 April 2017.
- (vii) *When the proposed acquisition of securities is to occur*
Subject to obtaining shareholder approval, the Company will issue the convertible notes within one month of the date of the meeting. The Shares issued on conversion of the Convertible Notes will be issued on or before the date being 30 calendar days after the receipt by the Company of a conversion notice from the holder of convertible notes. This is also subject to an early conversion right as set out in the CN Deed (the final date for conversion of notes is 30 April 2020).
Please refer to Schedule 2 for the key terms of the Subscription and Underwriting Deed and the CN Deed.
- (viii) *The material terms of the proposed acquisition of securities*
Please refer to Schedule 2 for the key terms of the Subscription and Underwriting Deed and the CN Deed.
- (ix) *Details of any other relevant agreement between the acquirer of the securities and the Company or any associates that is conditional on (or directly or indirectly depends on) members' approval of the proposed acquisition of securities*

Please refer to Schedule 2 for the key terms of the Subscription and Underwriting Deed and the CN Deed.

- (x) *A statement of the acquirer of securities' intentions regarding the future of the Company if members approve the acquisition of securities*

The Company has been advised by Log Creek and Mr Michael Fitzpatrick that each of them:

- (1) has no intention to change the business of the Company;
- (2) has no current intention to make any change to the Key Management Personnel of the Company;
- (3) has no current intention to transfer any Company property between the Company and Log Creek or any of its associates;
- (4) has no current intention to redeploy the fixed assets of the Company; and
- (5) has no current intention to change the financial or dividend distribution policies of the Company.

Log Creek and Mr Michael Fitzpatrick further note that their intention is not to change the business beyond the changes that have already been agreed by the board of directors of the Company or otherwise approved by the Shareholders.

- (xi) *Any intention of the acquirer of securities to significantly change the financial or dividend distribution policies of the Company*

Please see paragraph (x) of Section 4.2(b) above.

- (xii) *The interests any director has in the acquisition of securities or any relevant agreement*

Apart from Mr Michael Fitzpatrick (who controls Log Creek), the Directors do not have an interest in the outcome of Resolution 3 other than in their capacity as holders of Shares.

- (xiii) *Independent Expert's Report*

In order to assist Shareholders to assess the proposal the subject of Resolution 3 and the Transaction as a whole, and consider whether to vote in favour of Resolution 3, and in accordance with ASIC Regulatory Guide 74, the Company appointed **Crowe Horwath Corporate Finance (Aust) Ltd** to prepare the Independent Expert's Report to assess whether or not, in the independent expert's opinion, the proposal is fair and reasonable to Shareholders not associated with the proposal. The Independent Expert's Report compares the likely advantages and disadvantages to Shareholders not associated with the proposal if Resolution 3 is approved, and the likely advantages and disadvantages to such Shareholders if it is not.

The Independent Expert's Report has concluded that the proposed issue of securities under Resolution 3 for the purpose of the Transaction is **not fair but reasonable**. Shareholders are strongly encouraged to read the Independent Expert's Report in full.

Please refer to sections 1.5 and 1.6 of the Independent Expert's Report for the analysis and reasons for their conclusion.

A copy of the Independent Expert's Report is included as Schedule 3.

4.3 ASX Listing Rule 10.11 and details required under Listing Rule 10.13

Mr Michael Fitzpatrick, a Director of the Company, controls Log Creek (as a director and shareholder holding 50% of issued capital in Log Creek) and therefore, Log Creek is a related party of the Company.

The ASX Listing Rules provide that, subject to certain exemptions (none of which are relevant here), a company must not issue equity securities to a related party of the company without shareholder approval. Resolution 3 seeks this approval in respect of the issue of the convertible notes to Log Creek. If approval is obtained under Listing Rule 10.11, the grant of securities will not be included in the 15% calculation for the purpose of Listing Rule 7.1.

Information required for the purposes of Listing Rule 10.13 in relation to Shareholder approval sought under ASX Listing Rule 10.11 pursuant to Resolution 3 is provided below.

- (g) **Name of the person**

Log Creek Pty Ltd (ACN 100 874 851)

(h) Number of securities to be issued:

A maximum of 8,250,000 convertible notes.

(i) The price at which the securities to be issued

The face value is \$1 per note.

(j) Date of Issue:

ASX Listing Rules 10.13.3 requires that any securities issued with Shareholder approval under ASX Listing Rule 10.11 be issued within one (1) month of the date of the Shareholder approval.

The convertible notes will be issued no later than one (1) month after the date of the Meeting.

(k) The terms of the securities:

The notes will have a term of 36 months up to the maturity date of 30 April 2020 from the date of issue with interest of 8% payable quarterly in arrears (and accrued and unpaid interest is also calculated towards the money owing for the purpose of conversion).

The Shares issued upon conversion of the convertible notes will be fully paid ordinary shares ranking equally in all respects with all other Shares on issue and will be listed on ASX.

(l) If the person is not a director, a statement of the relationship between the person and the director that requires the approval to be obtain

The person to whom it is proposed to issue the Convertible Notes and any Shares that may be issued upon conversion of a convertible note is Log Creek. Log Creek is a private company controlled by Mr Michael Fitzpatrick who is a Director of the Company and Log Creek is therefore a related party of the Company.

(m) The use of the funds raised:

The Company will raise a total of \$8,250,000 from the subscription, and subject to shareholder approval, funds will be used to fund the Company's ongoing costs and capital requirements associated with achieving the Company's business plan as set out in the Company's ASX announcement and investor presentation released on 13 April 2017.

Please refer to section 1.2(b) and item (d)(ii) of this section 4.2 for further information regarding the number of shares and voting power.

4.4 Chapter 2E Corporations Act

Shareholder approval is not being sought under Chapter 2E of the Corporations Act as the Board has determined that the exception to the requirement to obtain shareholder approval in section 210 of the Corporations Act applies.

Relevant to the present circumstances, section 208 of Chapter 2E of the Corporations Act specifies that unless an exception applies, a public company must not provide a financial benefit to a related party of the public company without first obtaining shareholder approval.

Log Creek will receive a financial benefit from the Company being either the repayment of the principal amount upon redemption of convertible notes or issue of shares upon conversion of convertible notes.

Section 210 exempts the Company from having to obtain shareholder approval to a related party transaction on terms which could reasonably be considered as at arm's length or such terms are less favourable to the related party than the arm's length terms.

The Company has engaged Crowe Horwath Corporate Finance (Aust) Ltd to prepare the Independent Expert's Report to assess whether or not, in the independent expert's opinion, the proposal is fair and reasonable to Shareholders not associated with the proposal. The Independent Expert's Report has concluded the Transaction is although not fair but reasonable.

Accordingly, the Board has determined that shareholder approval is not being sought under Chapter 2E of the Corporations Act for this resolution.

Shareholders are strongly encouraged to read the Independent Expert's Report in full.

A copy of the Independent Expert's Report is included as Schedule 3.

4.5 Board Recommendation

The Board (with Mr Michael Fitzpatrick abstaining with respect to Resolution 3) recommends that Shareholders vote in favour of Resolution 3 to approve the issue of convertible notes and issue of shares upon conversion of convertible notes to Log Creek Pty Ltd (ACN 100 874 851).

5. Resolutions 4, 5 And 6: Grants of Performance Rights to Executive Chairman, Mr Timothy Handley; Alternate Director, Mr Gareth Bannan; Executive Director & Chief Executive Officer, Mr Jorge Mejia Ribadeneira

5.1 Background

The Company proposes, subject to Shareholder approval, to grant:

- (a) To Mr Handley 300,000 Performance Rights which upon vesting will result in the issue of 300,000 Shares;
- (b) To Mr Bannan 216,667 Performance Rights which upon vesting will result in the issue of 216,667 Shares; and
- (c) To Mr Ribadeneira 300,000 Performance Rights which upon vesting will result in the issue of 300,000 Shares

under the Plan.

The remuneration arrangements for Mr Handley, Mr Bannan and Mr Ribadeneira (the **Executive Directors**) are based on the Company's 'Total Annual Reward' (**TAR**) framework. TAR seeks to provide fair and appropriate rewards, comprised of fixed and 'at risk' elements, designed to attract, retain and motivate employees. The provision of Performance Rights to the Executive Directors under the Plan comprises the majority of their 'at risk' remuneration.

As with all other executives of the Company, the performance of the Executive Directors has been reviewed under the Company's performance review process. That review process has led to a recommendation to seek shareholder approval to grant Performance Rights under the Company's Plan as outlined below. These Performance Rights are intended to reward the recipients for their contribution to the Group's long term performance for the period commencing in the 2017 financial year and to incentivise the recipients accordingly.

The Non-executive Directors have concluded that the remuneration package for the Executive Directors (including the proposed grants of Performance Rights) is reasonable and appropriate having regard to the circumstances of the Company and their respective duties and responsibilities.

5.2 Requirements under ASX Listing Rules

ASX Listing Rule 10.14 prohibits a listed company from issuing equity securities under an employee incentive scheme to a director without the approval of holders of the company's ordinary shares.

Accordingly, as the Executive Directors are Directors of the Company, Resolutions 4, 5 and 6 seek Shareholder approval for the purposes of ASX Listing Rule 10.14 for the respective issue of the Performance Rights to Mr Handley, Mr Bannan and Mr Ribadeneira under the Plan.

ASX Listing Rule 10.15 requires that the following information be provided to Shareholders for the purposes of obtaining Shareholder approval pursuant to ASX Listing Rule 10.14 for Resolutions 4, 5 and 6.

(a) Maximum number of securities which may be acquired

Resolution 4 seeks Shareholder approval for the issue to Mr Handley of 300,000 Performance Rights, which upon vesting will entitle him to receive up to 300,000 Shares.

Resolution 5 seeks Shareholder approval for the issue to Mr Bannan of 216,667 Performance Rights, which upon vesting will entitle him to receive up to 216,667 Shares.

Resolution 6 seeks Shareholder approval for the issue to Mr Ribadeneira of 300,000 Performance Rights, which upon vesting will entitle him to receive up to 300,000 Shares.

(b) Price of the securities

The Performance Rights to be granted to the Executive Directors under Resolutions 4, 5 and 6 (and any securities to be issued upon vesting of those rights) shall be issued for no consideration.

(c) Issues of securities to Directors and their associates under the Plan since last approval of the Plan

The Plan was approved by Shareholders on 8 May 2015.

Directors who received securities under the Plan since the last approval of the Plan on 8 May 2015	Number of securities received	Acquisition price for each security
Tim Handley	416,667 Performance Rights	Nil
Tim Handley	125,000 Service Rights	Nil
Gareth Bannan	333,334 Performance Rights	Nil
Tim Handley	241,935 Shares (issued upon vesting of the 125,000 Service Rights and their conversion to Shares)	Nil
Tim Handley	300,000 Performance Rights	Nil
Gareth Bannan	229,032 Shares	Nil
Gareth Bannan	216,667 Performance Rights	Nil

(d) Persons referred to under ASX Listing Rule 10.14 entitled to participate in the Plan

The Plan provides that a director of a Group Company (being the Company and any related body corporate) who holds a salaried employment or salaried office in a Group Company is eligible to participate in the Plan (however, the Plan specifically excludes participation by a non-executive director of the Company).

Accordingly, Mr Tim Handley, Mr Gareth Bannan (as alternate director for Mr Tim Handley) and Mr Ribadeneira are the only current Directors that are entitled to participate in the Plan.

(e) The date by which the securities will be issued

The Performance Rights will be issued to the Executive Directors, or their respective nominees, within one month of the date of Shareholder approval being received for Resolutions 4, 5 and 6.

(f) **Conditions and hurdles for Performance Rights**

Performance Rights	
Vesting Date:	31 December 2020
Issue Price and Exercise Price:	Nil
Expiry Date:	31 January 2021, unless lapsed earlier in accordance with the terms of the Plan.
Vesting Conditions:	<p>The vesting of any of the Performance Rights is dependent on Mr Handley, Mr Bannan and Mr Ribadeneira meeting their respective Service Vesting Condition and LatAm Autos meeting the Performance Vesting Conditions.</p> <p>Collectively these conditions are known as the Vesting Conditions.</p>
Service Vesting Condition:	Continuous employment by Mr Handley, Mr Bannan and Mr Ribadeneira in their respective current positions (or equivalent) from grant date to Vesting Date.

Performance Condition 1:

Up to 50% of the Performance Rights granted (Mr Handley: 150,000; Mr Bannan: 108,334; Mr Ribadeneira: 150,000) will vest in the following proportions if the Total Shareholder Return for LatAm Autos Limited (LAA TSR) outperforms the TSR of the constituent companies of **2017 LTI Peer Group** over the **Measurement Period**:

LAA TSR Result	% of Performance Rights subject to this Performance Condition that will vest
LAA TSR < 50 th percentile	0%
LAA TSR =/> 50 th percentile	50%
LAA TSR > 75 th percentile	100% (Straight line interpolation between 50 th and 75 th percentile)
The 2017 LTI Peer Group consists of eight ASX listed companies that the Board consider to be the most comparable companies in Australia, by industry type and business model, to LatAm Autos.	
Any companies within the 2017 LTI Peer Group that are no longer listed (for any reason) at the end of the Measurement Period shall still be included in the final test with the TSR value as at delisting date used as the final TSR value.	

Performance Condition 2:

Up to 50% of the Performance Rights granted (Mr Handley: 150,000; Mr Bannan: 108,333; Mr Ribadeneira: 150,000) will vest in the following proportions if the Total Shareholder Return for LatAm Autos Limited (LAA TSR) outperforms the TSR of the constituent companies of **2017 LTI GICS Group** (Software & Services) over the **Measurement Period**:

LAA TSR Result	% of Performance Rights subject to this Performance Condition that will vest
LAA TSR < 50 th percentile	0%
LAA TSR =/> 50 th percentile	50%
LAA TSR > 75 th percentile	100% (Straight line interpolation between 50 th and 75 th percentile)
The 2017 LTI GICS Group consists of 30 ASX listed companies that share the same GICS (Global Industry Classification Standard) code as LatAm Autos, being 'Software and Services'. The 30 companies were chosen based on their market capitalisation relative to LatAm Autos on 1 January 2017. The 16 closest companies above and 14 closest companies below LatAm Autos' market capitalisation make up the group.	
Any companies within the 2017 LTI GICS Group (Software & Services) that are no longer listed (for any reason) at the end of the Measurement Period shall still be included in the final test with the TSR value as at delisting date used as the final TSR value.	

- TSR is defined as the total return of a share to an investor (capital gain plus dividends reinvested as at the ex-dividend date).
- For the purposes of calculation of the **LAA 2017 TSR Hurdle**:
 - The measurement period will commence on 1 January 2017 and end on the Vesting Date, being 31 December 2020 (**the Measurement Period**); and
 - the Share price of LatAm Autos at the commencement of the Measurement Period will be deemed to be \$0.30.

- Any Performance Rights which fail to vest on or before the Vesting Date will immediately lapse. The Board's determination will be final.

(g) Other information

- The Company will not apply to the ASX for official quotation of the Performance Rights granted under the Plan. Shares issued pursuant to the vesting of Performance Rights will rank equally with Shares then on issue.
- There is no loan scheme in relation to the Performance Rights or the Plan.
- Mr Handley, Mr Ribadeneira and Mr Bannan are each prohibited from hedging the share price exposure in respect of the Performance Rights during the vesting period applicable to those Performance Rights.
- Further detailed information on the Performance Rights granted to Mr Handley, Mr Bannan and Mr Ribadeneira will be provided in the remuneration report.

5.3 Other required information: section 200E Corporations Act

In addition, Shareholder approval is sought under section 200E of the Corporations Act for the pro rata vesting of the Performance Rights to be issued to the Executive Directors in the event of cessation of their employment in certain limited circumstances.

The value of the Performance Rights that may vest on cessation of employment cannot currently be ascertained.

The circumstances that may affect the calculation of this value include:

- The market price of LAA Shares at the time the employment ceases;
- the performance against the performance hurdles at the time the employment ceases;
- the part of the service period has elapsed at the time the employment ceases; and
- the number of Performance Rights that lapse on cessation of employment.

5.4 Recommendation

The Non-Executive Directors recommend that shareholders vote in favour of Resolutions 4, 5 and 6.

SCHEDULE 1 – GLOSSARY

In this Notice and Explanatory Notes, the following terms have the following meaning unless the context otherwise requires.

The following terms have the following meanings in this Explanatory Notes:

A\$ or \$ means an Australian dollar.

Annexure means an annexure to this Explanatory Notes.

ASIC means the Australian Securities and Investments Commission.

Associate has the meaning ascribed in the Corporations Act

ASX means ASX Limited or the Australian Securities Exchange, as the context requires;

AEST means Australian Eastern Standard Time.

Board means the Directors acting as the board of Directors of the Company or a committee appointed by such board of Directors;

Business Day means a day on which the ASX is open for trading.

Chairman means chairman of the Board, at the time of this meeting being Mr Tim Handley or alternative.

CN Deed means the secured convertible note deed executed by the Company on or about 12 April 2017.

Company means LatAm Autos Limited ACN 169 063 141.

Corporations Act means the *Corporations Act 2001* (Cth).

Director means a Director of the Company.

Group or Group Company means the Company and any related body corporate

Independent Expert means Crowe Horwath Corporate Finance (Aust) Ltd.

Independent Expert Report means the report dated 27 April 2017 as prepared by the Independent Expert.

Listing Rules means the Listing Rules of the ASX.

Notice means the Notice of Meeting accompanying this Explanatory Notes;

Key Management Personnel means Director and other executives and senior managers of the Company as listed in the Directors' Report.

Performance Rights has the meaning given to it under the Plan.

Performance Vesting Conditions has the meaning given to it under section 5.2(f) of this Explanatory Notes.

Plan means the Latam Autos Limited LAA Equity Incentive Plan, as approved by the shareholders of the Company on 8 May 2015;

Proxy Form means the proxy form attached to the Notice.

Related Party has the meaning ascribed in the ASX Listing Rules.

Resolutions means the resolutions put to the shareholders of the Company at this meeting.

Service Rights has the same meaning given to it under the Plan.

Service Vesting Conditions has the meaning given to it under section 5.2(f) of this Explanatory Notes.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means the Company's existing shareholders at the date of the Notice of Meeting.

Subscription Deed means the secured convertible note subscription deed entered into between a subscriber and the Company

**SCHEDULE 2: SUMMARY OF THE KEY TERMS OF SECURED CONVERTIBLE NOTE
SUBSCRIPTION DEED AND SECURED CONVERTIBLE NOTE DEED**

1. Subscription and Underwriting Deeds (these are for nominees of Michael Fitzpatrick (Log Creek Pty Ltd) and Simon Clausen (Startive Ventures Inc.) - who are the Directors of the Company)

- Startive Ventures Inc. agrees to a subscription commitment of \$500,000 plus an underwriting commitment of \$500,000;
 - Log Creek agrees to an underwriting commitment of \$7.5 million and a subscription amount of \$1.5M; and
 - 2% underwriting commission will be paid to the underwriter.
- (a) Subscription Deed for professional and sophisticated investors contain similar terms (without the underwriting commitments).

It is a condition of the offer of convertible notes that each investor agree to subscribe a minimum of \$500,000 for the notes.

As at the date of this Notice of Meeting, the Company has entered into a Subscription Deed with PM Capital Limited, a professional investor for a subscription amount of \$750,000 for Tranche 2 of the Transaction.

- (b) The Subscription and Underwriting Deeds and Subscription Deeds set out the funding arrangements between the Company and the note holders.
- (c) On issue of the notes to a subscriber, the subscriber agrees to become a note holder and to be bound by the terms and conditions of the CN Deed (as summarised below).
- (d) The Subscriber agrees to subscribe for two tranches of convertible notes to be subscribed for and issued on a specified date.

2. Conditions for Subscription for Tranche 1

- (a) The CN Deed is executed.
- (b) The Company enters into written deeds for the subscription of notes with investors under which the aggregate amount required to be subscribed for notes is at least \$10 million and not more than \$15 million.
- (c) None of the following occurs:
- No material adverse change in respect of the business, operations, property, condition (financial or otherwise) or prospects of the Company.
 - A breach by the Company of a transaction document.
 - A default event or potential default event.

3. Conditions for Subscription for Tranche 2

- (a) The conditions for Tranche 1 have been met (and continue to be met) except for any that have been waived.
- (b) First ranking (and registered, where available) security interests in the Collateral in respect of Mexico and Ecuador subsidiaries (**Overseas Subsidiaries**) are granted in favour of all note holders provided that the power to take possession of, or to sell, any collateral under the relevant security documents may only be exercised through a receiver or other agent or attorney of the noteholders who is not a note holder or a related body corporate of a note holder or an officer or employee of a note holder or a related body corporate of a note holder.
-

- (c) All consents, approvals and waivers to the issue of Notes under are obtained in a form satisfactory to the Lead Subscriber (Log Creek) including shareholder approval of for the purpose of rule 7.1, 10.1, 10.11 of the ASX Listing Rules and item 7 of the table in section 611 of the Corporations Act.

4. The Subscription Deed and obligations thereunder may be terminated if the conditions above are not met on 30 April 2017 (for Tranche 1 conditions) or 30 June 2017 (for Tranche 2 conditions) or such later date as agreed by the parties.

5. Summary of the key terms of Secured Convertible Note Deed

Subscribers	Various entities including: <ul style="list-style-type: none"> Professional and sophisticated investors Log Creek Pty Ltd (ACN 100 874 851) as trustee for The Log Creek Vineyard Trust Startive Ventures Inc.
Lead Subscriber	Log Creek Pty Ltd (ACN 100 874 851) as trustee for The Log Creek Vineyard Trust
Face value	Each note on its issue will have a nominal or face value of \$1 representing the amount provided (or taken to be provided) to the Company in exchange for the issue of the Note.
Raising Amount	Minimum of A\$10 million
Purpose of Issue of Convertible Notes	The Company undertakes that it will only use amounts provided to the Company in exchange for the issue of notes to a note holder for: <ul style="list-style-type: none"> paying pre-sales, business development and/or marketing expenses; other expenses associated with the Company's current and on-going operations; and general working capital purposes.
Term/Maturity Date	The Note shall have a term of 36 months from the issue date, at the expiration of which the note shall mature. Maturity Date is 30 April 2020
Interest Rate	Each note confers on its holder the right to be paid interest which: <ul style="list-style-type: none"> is calculated at the rate of 8% per annum on the face value of the note (being \$1.00); and accrues daily on and from the date of issue of the note until the date of redemption or conversion of the note.
Early redemption by the Company	<ul style="list-style-type: none"> The Company may at any time before the Maturity Date notify a note holder in writing that it intends to redeem all or a number of the Notes on the date that is 30 days after the date the notice of intention to redeem is received by the Note Holder (Intended Date of Redemption). The Company must within 5 Business Days as from the Intended Date of Redemption redeem those Notes by paying the money owing on the notes.
Conversion Rights	A note holder may notify the Company in writing that it elects to convert all or a number of the note holder's notes into Shares as follows: <ul style="list-style-type: none"> by giving notice to the Company prior to the Maturity Date that it elects to

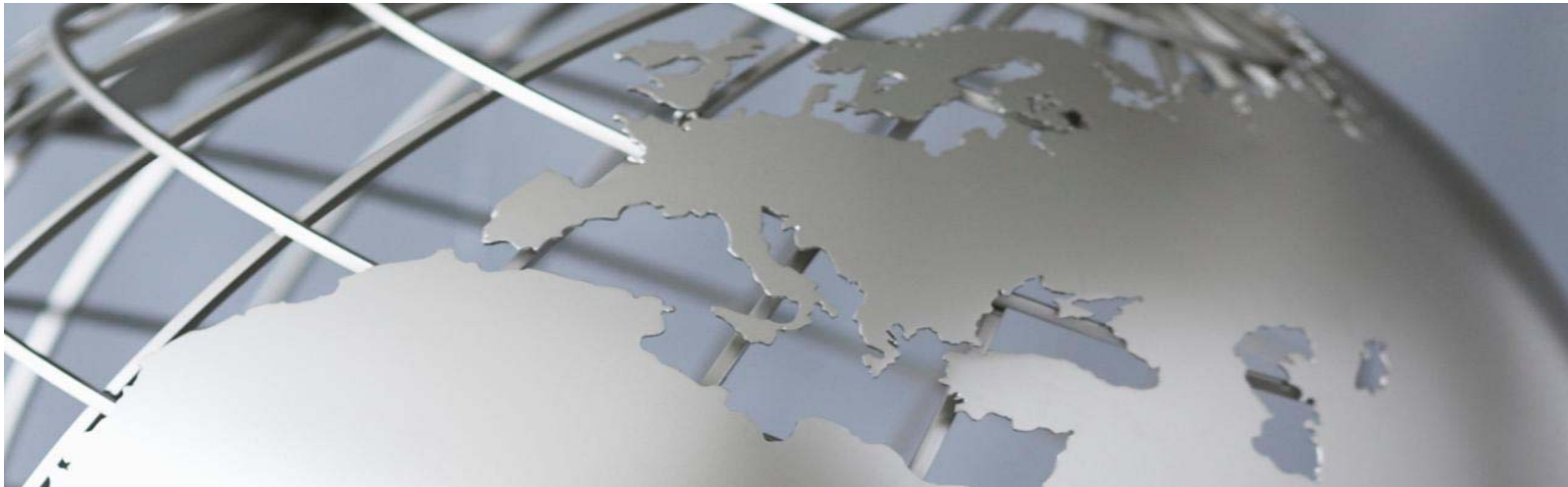
	<p>convert all or a number of the note holder's notes into Shares on the Maturity Date;</p> <ul style="list-style-type: none"> ▪ where a default event has occurred prior to the Maturity Date, by giving notice to the Company that it elects to convert all or a number of the note holder's notes into Shares immediately on receipt of the notice by the Company; ▪ where a trigger event has occurred prior to the Maturity Date, by giving notice to the Company that it elects to convert all or a number of the note holder's notes into Shares within 30 days following receipt of the notice by the Company; or ▪ where the Company has given a redemption notice, by giving notice to the Company within 14 days of receipt by the note holder of the redemption notice that it elects to convert all or a number of the note holder's notes the subject of that redemption notice into Shares on the proposed date of redemption of the Notes under that redemption notice <p>If a person who agrees to subscribe for any notes in consequence of the Offer is a person referred to in rule 10.11.1 or 10.11.2 of the ASX Listing Rules, the Company must not convert any notes into Shares unless and until the holders of Shares approve to the issue of the Notes to that person for the purpose of rule 10.11 of the ASX Listing Rules.</p> <p>A Note holder may only convert such of its notes into Shares that would not result in the note holder acquiring Shares in contravention of section 606 of the Corporations Act.</p>
Further issue of securities by the Company /Adjustment of conversion price	<p>If at any time after the issue of any notes but before the notes are redeemed or converted:</p> <ul style="list-style-type: none"> ▪ the Shares of the Company are converted into a larger or smaller number of Shares, the conversion price applicable before that change to the conversion of notes into Shares will be adjusted in inverse proportion to the ratio at which those Shares are converted; ▪ the Company reduces its share capital by a return of capital to the holders of Shares or makes a special distribution by way of dividend to the holders of Shares, the conversion price applicable before that distribution to the conversion of notes into Shares will be reduced by the same amount as the amount distributed on each such Share; or ▪ there is: <ul style="list-style-type: none"> ✓ any issue of shares, options or other securities by the Company which, in the reasonable opinion of a note holder, is not on reasonable arm's length terms or for fair market value, except: ✓ in accordance with the terms of conversion of any notes; ✓ under a bonus issue made to all holders of Shares on a pro rata basis or under a rights issue; ✓ an issue of Shares with an issue price of at least 80% of the volume weighted average market price for securities in that class calculated over the period of 30 trading days immediately prior to the issue date; ✓ an issue of Shares or securities convertible into Shares to be issued to employees of the Company under an employee share ownership plan approved by the board of directors of the Company which upon issue together with any other securities previously issued under the plan or any other employee share ownership plan and upon conversion of all such

	<p>securities that are convertible into Shares would represent less than 5% of the total issued Shares;</p> <p>✓ or any other reconstruction or reorganisation of the Company's share capital which, in the reasonable opinion of a note holder, is not on reasonable arm's length terms or for fair market value,</p> <p>the conversion price applicable before that issue, reconstruction or reorganisation will be adjusted so that the number of Shares underlying the notes is equivalent in proportion and value to the Shares the note holder would have if the notes had been converted before, and the note holder had participated in, the relevant issue, reconstruction or reorganisation, except to the extent any such adjustment is waived by a resolution of note holders passed by at least a 60% majority.</p>
Bonus Issue Rights	<p>If there is a bonus issue and if after that time a note holder elects to convert all or a number of the note holder's notes into Shares, the Company must issue at the same time it issues the shares in respect of the conversion of the Notes, the number of bonus Shares which the note holder would have received if before the bonus issue the note holder held the Shares the note holder would have been entitled to had the note holder elected to convert the notes into Shares.</p>
Pro Rata Issue	<p>If at any time after the issue of any notes there is a pro rata issue (except a bonus issue) of Shares offered or made to the holders of ordinary shares, the conversion price of each note existing on the record date for determining entitlements in relation to the pro rata issue will be reduced according to the following formula:</p> $O' = O - \frac{E[P - (S + D)]}{N + 1}$ <p>where:</p> <p>O' is the new conversion price of the note;</p> <p>O is the old conversion price of the note;</p> <p>E is one or such other number of Shares into which the note is exercisable;</p> <p>P is the volume weighted average market price per Share of the Shares during the 5 trading days ending on the day before the 'ex rights date' or 'ex entitlements date' in relation to the pro rata issue;</p> <p>S is the subscription price for an Share under the pro rata issue;</p> <p>D is the dividend (if any) due by the Company but not yet paid on the existing Shares (except those to be issued under the pro rata issue); and</p> <p>N is the number of Shares with rights or entitlements that must be held to receive a right to one new Share pursuant to the pro rata issue.</p>
Security	<p>In consideration of the noteholder subscribing for the note, the Company shall grant the noteholder security over all shares and all options or other rights to be issued, or other securities convertible into, shares in the Company's Ecuadorian subsidiary, Avisoriaweb S.A. and Latamautos Corporacion S.A., and the Company's Mexican subsidiary, Latamautos Mexico S. de R.L. de C.V. and their assets.</p> <p>The noteholder's rights and entitlements to the Security shall be limited in all respects to the right to appoint a receiver to take possession of the secured property for the purpose of selling the secured property on arm's length terms and, for the avoidance of doubt, the Noteholder shall not be entitled at any time to take possession of the Security in its own right or to otherwise deal with it other than through an official receiver.</p>

Quotation of Shares upon Conversion	The Company must apply for quotation on ASX of the issued Shares.
Pre-emptive Rights	Notes may be offered for sale if they are offered first to each note holder and secondly to any other person and the notes may be sold and transferred pursuant to any such offer which is accepted.
Transmission of Notes	<p>A person who becomes entitled to notes because of a transmission event may:</p> <ul style="list-style-type: none"> ▪ sign a written notice stating that the person wishes to register as the holder of the Notes and serve it on the Company; or ▪ execute a transfer of the Notes to another person.
Consents and Approvals upon Conversion	If a person who agrees to subscribe for any notes in consequence of the Offer is a person referred to in rule 10.11.1 or 10.11.2 of the ASX Listing Rules or the conversion of the notes may trigger the application of the Chapter 6 of the Corporations Act, the Company must not convert any notes into Shares unless and until the holders of Shares approve to the issue of the Notes to that person for the purpose of rule 10.11 of the ASX Listing Rules and/or section 611, item 7 of the Corporations Act.
Default Events	<p>Default events include where:</p> <ul style="list-style-type: none"> ▪ the Company or a related party fails to pay within 14 days from the due date any interest or other amount payable by it in respect of any notes or under a transaction document; ▪ the Company or a related party otherwise breaches a transaction document and fails to remedy in 14 days' ▪ an insolvency event occurs; ▪ an event occurs in respect of the Company or a related party and the Company or a related party fails to redress the event to the reasonable satisfaction of the Lead Subscriber within 14 days from receipt of a written notice from the Lead Subscribers; or such longer period than 14 days as may be consented to by Lead Subscriber.
Trigger Events	<p>Trigger Events include:</p> <ul style="list-style-type: none"> ▪ not all consents, approvals and waivers to the issue of notes under the offer or the issue of any shares due to the conversion of any notes are obtained by 30 June 2017. ▪ without the prior written consent of the note holders, a group entity disposes of or parts with possession of, any collateral; ▪ the Company or any group entity proposes to take any action that that would require the approval of the Company's shareholders pursuant to Listing Rule 11 of the ASX Listing Rules; or ▪ without the prior written consent of the Note Holders, a transaction or series of transactions occurs which results in one or more persons (whether acting separately or in concert) directly or indirectly: <ul style="list-style-type: none"> ✓ acquiring all or a substantial part of the assets or a main undertaking of the Company or any group entity; or ✓ acquiring a relevant interest or legal or equitable interest in Shares or Securities which represent or would if converted represent at least 75% of the Shares in the Company on issue at that date

Consequences of Default Events	<p>If a default event occurs before the Maturity Date, a note holder may</p> <ul style="list-style-type: none"> • require all or a number of the Notes to be redeemed immediately; or • convert all or a number of its Notes immediately on notice
Consequences of Trigger Events	<p>If a trigger event occurs before the Maturity Date, a note holder may</p> <ul style="list-style-type: none"> • require all or a number of the Notes to be redeemed immediately, or • convert all or a number of its Notes within 30 days of notice

SCHEDULE 3 – INDEPENDENT EXPERT REPORT



LatAm Autos Limited
ABN 12 169 063 414

INDEPENDENT EXPERT'S REPORT

*We conclude the Proposed Transaction is Not Fair but Reasonable
for the shareholders of LatAm Autos Limited whose votes
are not to be disregarded.*

27 April 2017

27 April 2017

The Independent Directors
LatAm Autos Limited
Level 4, 100 Albert Road
SOUTH MELBOURNE VIC 3205

The Independent Directors,

RE: INDEPENDENT EXPERT'S REPORT (THE "REPORT")

1 Introduction

1.1 Overview of the Proposed Transaction

On 13 April 2017, LatAm Autos Limited ("**LatAm**" or "**the Company**") announced a proposed underwritten capital raising of AUD 10 million by way of the proposed issuance of convertible notes to both related and non-related parties ("**Proposed Transaction**").

The conversion price under the convertible notes is AUD 0.16. Based on their face value, 62,500,000 ordinary shares would be issued on conversion of the convertible notes, representing 16.8% of LatAm's post-conversion ordinary shares. Should interest in relation to the convertible notes be capitalised over the life of the notes, and then also converted into equity, a total of 78,641,393 ordinary shares would be issued on conversion of the convertible notes, representing 20.2% of LatAm's post-conversion ordinary shares.

The related parties are:

- Log Creek Pty Ltd ("**Log Creek**"), an entity controlled by Mr Michael Fitzpatrick, a Non-Executive Director; and
- Startive Ventures Inc ("**Startive**"), an entity controlled by Mr Simon Clausen, a Non-Executive Director.

In relation to the proposed funding of AUD 10 million:

- Log Creek and Startive have subscribed for AUD 2 million of Tranche 1 funding (Log Creek AUD 1.5 million and Startive AUD 0.5 million);
- Log Creek and Startive have underwritten AUD 7.25 million of Tranche 2 funding (Log Creek AUD 6.75 million and Startive AUD 0.5 million); and
- Non-related parties have subscribed for AUD 750,000 of Tranche 2 funding.

At the time of this Report, Mr Fitzpatrick and Mr Clausen had effective interests in approximately 12.1% and 8.5% of the shares in LatAm respectively. Allowing for subscriptions already received, if Mr Fitzpatrick subscribed for all of the remaining convertible notes, his maximum potential effective shareholding on conversion of the notes would be 26.4%, and Mr Clausen's maximum potential effective shareholding would be 8.8%¹ (assuming that all interest is capitalised over the full life of the convertible notes, and is also converted into equity).

¹ Refer Section 2.4.

LatAm will seek shareholder approval of the Proposed Transaction at an Extraordinary General Meeting (“**EGM**”) to be held in June 2017. Mr Fitzpatrick, Mr Clausen and their related entities will not be able to cast any votes in relation to the Proposed Transaction.

1.2 Purpose of the Report

If the Proposed Transaction is approved, it is possible that, upon conversion of the convertible notes, Mr Fitzpatrick’s shareholding may move from less than 20% to more than 20% of the ordinary equity in LatAm. Accordingly, as set out in Section 3, LatAm is seeking shareholder approval of the Proposed Transaction under Section 611(7) of the Corporations Act 2001 (the “**Act**”).

LatAm is also seeking approval of the Proposed Transaction Australian Securities Exchange (“**ASX**”) Listing Rule 10.11, related to the issuance of securities to a related party.

The Independent Directors of LatAm have appointed Crowe Horwath Corporate Finance (Aust) Ltd (“**Crowe Horwath**”) to prepare an Independent Expert’s Report expressing our opinion as to whether or not the Proposed Transaction is fair and reasonable to those shareholders not associated with the convertible notes issuance, to assist those shareholders to form a view as to whether or not to approve the Proposed Transaction.

This Report will form part of LatAm’s Notice of Meeting (“**Notice of Meeting**”) and Explanatory Notes (“**Explanatory Notes**”) to be sent to shareholders.

1.3 Approach to Our Assessment

Regulatory Guide 111 ‘Content of Expert Reports’ (“**Regulatory Guide 111**”) issued by the Australian Securities and Investments Commission (“**ASIC**”) considers that all transactions involving a party increasing or potentially increasing a shareholding above 20% are control transactions, and should be assessed as a takeover bid (refer further information Section 3.4).

Accordingly, we are required to assess the fairness of the Proposed Transaction as if the convertible noteholders will obtain control of LatAm, despite the fact that in the case of the Proposed Transaction, they are not.

Accordingly, in forming our opinion on whether or not the Proposed Transaction is fair for LatAm shareholders, we compared:

- From the perspective of ordinary equity:
 - the value of the shares in LatAm pre-implementation of the Proposed Transaction, on a controlling basis; and
 - the value of the shares in LatAm post-implementation of the Proposed Transaction, on a minority interest basis.
- From the perspective of the convertible notes:
 - the face value of the convertible notes to be received by LatAm as cash; and
 - the intrinsic value of the convertible notes.

Based on the intended timing of the Proposed Transaction, we adopted a valuation date of 30 April 2017 for the purpose of this Report (“**Valuation Date**”).

Under Regulatory Guide 111, an offer is deemed to be “reasonable” if it is fair, however, an offer might also be reasonable if, despite being “not fair”, the expert believes that there are sufficient reasons for non-associated shareholders to accept the offer in the absence of a superior alternative.

In assessing whether the Proposed Transaction is reasonable, we first considered whether the Proposed Transaction is fair. Additionally, we have compared the potential advantages and disadvantages of the Proposed Transaction to LatAm shareholders, and assessed whether the advantages outweigh the disadvantages. The advantages and disadvantages in relation to the Proposed Transaction are summarised in Section 1.6 and discussed in detail in Section 9.4.

Additionally, we have given due consideration to relevant matters in other guidelines, including Regulatory Guide 112 'Independence of Experts' ("**Regulatory Guide 112**") issued by ASIC.

1.4 The Proposed Transaction is Not Fair but Reasonable

In our opinion, the Proposed Transaction is not fair but reasonable for the non-associated shareholders of LatAm.

Our fairness and reasonableness assessment for the Proposed Transaction is set out below.

1.5 The Proposed Transaction is Not Fair

1.5.1 Ordinary Equity Perspective

Controlling Basis

Summarised below is a comparison of the assessed value of a LatAm share before the Proposed Transaction on a controlling basis and after the Proposed Transaction on a minority basis, as required under RG 111.

LatAm Fairness Assessment - Controlling Basis (AUD)			
		Low	High
Undiluted			
Value per LatAm share pre Proposed Transaction - controlling basis	Section 7.4.1	0.125	0.250
Value per LatAm share post Proposed Transaction - minority basis	Section 7.4.2	0.100	0.200
Value differential		(0.025)	(0.050)
Fully diluted			
Value per LatAm share pre Proposed Transaction - controlling basis	Section 7.4.2	0.123	0.245
Value per LatAm share post Proposed Transaction - minority basis	Section 7.4.2	0.098	0.197
Value differential		(0.024)	(0.048)

The value range considers the absolute low and high scenarios. Table includes rounding.

The adopted range, whilst wide, is representative of the uncertainty and potential upside that LatAm faces, which is reflected in the prices at which LatAm shares have recently traded.

The fact that the value of a LatAm share after the Proposed Transaction is less than the value of a LatAm share prior to the Proposed Transaction indicates the Proposed Transaction is not fair for LatAm's non-associated shareholders. We also consider the convertible note perspective in Section 1.5.2.

Non-controlling Basis

Notwithstanding the above, the Proposed Transaction does not confer control to Mr Fitzpatrick. If a control premium was excluded from the assessment, there would be no material change in value before and after the Proposed Transaction, as summarised below:

LatAm		Alternative Assessment - Not on a Controlling Basis (AUD)	
		Low	High
Undiluted			
Value per LatAm share pre Proposed Transaction - minority basis	Section 7.4.1	0.100	0.200
Value per LatAm share post Proposed Transaction - minority basis	Section 7.4.2	0.100	0.200
Value differential		nil	nil
Fully diluted			
Value per LatAm share pre Proposed Transaction - minority basis	Section 7.4.2	0.098	0.196
Value per LatAm share post Proposed Transaction - minority basis	Section 7.4.2	0.098	0.197
Value differential		nil	0.001

The value range considers the absolute low and high scenarios. Table includes rounding.

The adopted range, whilst wide, is representative of the uncertainty and potential upside that LatAm faces, which is reflected in the prices at which LatAm shares have recently traded.

Valuation Framework

In relation to the assessed value of LatAm shares, we note:

- We are required to look at the Proposed Transaction as a control transaction in forming our opinion.
- The value attributed to LatAm shares does not reflect our opinion of the potential future share price of LatAm, rather, it reflects the valuation concepts required for the purpose of this Report as at the Valuation Date.
- If valued on a basis consistent with the metrics of certain comparable transactions and certain prior offers for LatAm, the assessed value per LatAm share would have been higher, in some instances materially.

1.5.2 Convertible Note Perspective

We calculated the face value of the convertible notes to be received by LatAm as cash to be:

- more than the intrinsic value of the convertible notes under the low valuation scenario, which represents a benefit to LatAm; and
- less than the intrinsic value of the convertible notes under the high valuation scenario, which represents a detriment to LatAm.

Refer to Section 8 for full calculations.

1.5.3 Conclusion on Fairness

Since the value of a LatAm share after the Proposed Transaction is less than the value of a LatAm share prior to the Proposed Transaction, and the face value of the convertible notes to be received by LatAm as cash is less than the intrinsic value of the convertible notes under the high valuation scenario, in our opinion, the Proposed Transaction is not fair for LatAm's non-associated shareholders.

Notwithstanding, we note that under the low valuation scenario, the face value of the convertible notes to be received by LatAm as cash is greater than the intrinsic value of the convertible notes, which represents a benefit to LatAm shareholders.

1.6 The Proposed Transaction is Reasonable

Notwithstanding that the Proposed Transaction is not fair, in our opinion, the advantages outweigh the disadvantages of the Proposed Transaction, and accordingly, the Proposed Transaction is reasonable.

1.6.1 Advantages to LatAm shareholders from the Proposed Transaction

The primary advantages to the shareholders of LatAm in proceeding with the Proposed Transaction are as follows:

- a) *The Proposed Transaction provides a level of new capital that is essential to LatAm's ability to continue trading in the short term without material disruption to the business***

At current cash burn rates, LatAm will deplete its cash reserves by around April / May in the absence of a capital raising or additional short term cost cutting measures. For the avoidance of doubt, Tranche 1 funding, which has already been subscribed for, will effectively become repayable in the event the Proposed Transaction is not approved.

- b) *Based on Management projections, the Proposed Transaction provides funding to estimated breakeven under LatAm's renewed strategy***

Management expect LatAm will reach cash flow breakeven during the second half of CY18, and that the Proposed Transaction will provide the required level of capital to reach this point.

- c) *The Proposed Transaction provides an opportunity to benefit from growth in revenues from new revenue streams and regional and macro-economic trends***

Without additional capital, LatAm will not be able to continue to launch its schedule of new products in various geographies. Capital raised under the Proposed Transaction will enable LatAm to employ its growth strategy (i.e. launch new products). It is possible that LatAm's share price will increase if LatAm executes on its growth strategy.

- d) *No superior alternatives exist***

The Directors have explored a number of other strategic alternatives, which either did not progress, or it was determined were not in the best interests of LatAm's shareholders. At the date of this Report, the Directors were not aware of any superior alternatives to the Proposed Transaction.

- e) *Participation of Directors of LatAm in providing capital and underwriting the Proposed Transaction***

The fact that Mr Fitzpatrick and Mr Clausen are providing capital and underwriting the Proposed Transaction up to AUD 10 million demonstrates their support of LatAm and commitment to the growth strategy of the Company.

- f) *The Independent Directors of LatAm, including Directors who hold shares but are not party to the convertible notes, intend to vote in favour of the Proposed Transaction***

The Independent Directors of LatAm have advised they unanimously recommend the Proposed Transaction on the basis they consider it a positive outcome for LatAm.



- g) We consider the underwriting arrangements to be reasonable on the basis that they provide certainty that required funding will be provided to execute on LatAm's growth strategy, with a view to realising future value***

If the Proposed Transaction is approved, total underwriting fees will represent 1.8% of Tranche 2 funding, which in our experience is consistent with the lower end of underwriting fees generally paid, and is therefore reasonable.

If the Proposed Transaction is not approved, only Tranche 1 capital will be raised, however, the total underwriting fees will remain paid. In this instance, the total underwriting fees will represent 7.3% of total (Tranche 1) capital raised, which in our experience is consistent with the upper end of underwriting fees generally paid.

1.6.2 Disadvantages to LatAm shareholders from the Proposed Transaction

The primary disadvantages to the shareholders of LatAm in proceeding with the Proposed Transaction are as follows:

- a) The convertible notes are dilutive to LatAm's current shareholders**

Presuming the conversion price remains less than the market price of LatAm shares, any conversion of the notes would be dilutive to LatAm's existing shareholders, and reduce the free float portion of LatAm's total equity.

- b) Whilst Mr Fitzpatrick will not obtain control of LatAm, an effective interest of 25% or more would provide a blocking stake**

Should Mr Fitzpatrick obtain an effective interest of 25% or more as a result of the Proposed Transaction, he would be able to block special resolutions. Notwithstanding, it is possible that Mr Fitzpatrick may not obtain a blocking stake. In fact, depending upon the take-up of the convertible note offer by other investors, and potential associated conversion of capitalised interest, Mr Fitzpatrick may obtain a total effective interest of less than 20%.

- c) Uncertainty as to whether the capital raising and resultant development and launch of new products will drive the intended level of growth**

There is commercial risk associated with the new products being developed and launched off the back of the capital raising. The products may not result in the intended performance improvements the capital raising is designed to achieve.

- d) Potential requirement for additional capital prior to LatAm breaking even**

Whilst the Proposed Transaction appears to satisfy LatAm's short term cash requirements, additional future capital may be required. Any additional future equity capital raised may be further dilutionary to shareholders at that time.

- e) Potential emergence of a superior alternative**

The non-associated shareholders of LatAm may consider that a superior alternative opportunity to the Proposed Transaction will emerge. Notwithstanding, the Directors have explored a number of alternative capital raising and corporate transactions, which either did not progress, or it was determined were not in the best interests of LatAm's shareholders. At the date of this Report, the Directors were not aware of any superior alternatives to the Proposed Transaction. Added to this, the available time for viable alternative opportunities to emerge is running short, with additional capital required by LatAm by late April / early May.



f) Quantum of underwriting fees if the Proposed Transaction is not approved

If the Proposed Transaction is not approved, only Tranche 1 capital will be raised, however, the total underwriting fees will remain paid. In this instance, the total underwriting fees will represent 7.3% of total (Tranche 1) capital raised, which in our experience is consistent with the upper end of underwriting fees generally paid.

1.7 Other

This letter is a summary of Crowe Horwath's opinion on the Proposed Transaction. This letter should be read in conjunction with the detailed Report and appendices as attached. Unless the context requires otherwise, references to "we", "our" and similar terms refer to Crowe Horwath.

Our limitations and reliance on information, including unaudited financial statements, is set out in Section 3.5.

For the avoidance of doubt:

- the term "CY" refers the years ended 31 December;
- all figures are in "AUD" unless otherwise stated; and
- "cps" refers to cents per share.

Yours faithfully

Crowe Horwath .

CROWE HORWATH CORPORATE FINANCE (AUST) LTD

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2 The Proposed Transaction

2.1 Overview of the Proposed Transaction

On 13 April 2017, LatAm announced a proposed underwritten capital raising of AUD 10 million by way of the proposed issuance of convertible notes to both related and non-related parties.

The related parties are:

- Log Creek, an entity controlled by Mr Fitzpatrick, a Non-Executive Director; and
- Startive, an entity controlled by Mr Clausen, a Non-Executive Director.

In relation to the proposed funding of AUD 10 million:

- Log Creek and Startive have subscribed for AUD 2 million of Tranche 1 funding (Log Creek AUD 1.5 million and Startive AUD 0.5 million);
- Log Creek and Startive have underwritten AUD 7.25 million of Tranche 2 funding (Log Creek AUD 6.75 million and Startive AUD 0.5 million); and
- Non-related parties have subscribed for AUD 750,000 of Tranche 2 funding.

At the time of this Report, Mr Fitzpatrick and Mr Clausen had an effective interests in approximately 12.1% and 8.5% of the shares in LatAm respectively. Allowing for subscriptions already received, if Mr Fitzpatrick subscribed for all of the remaining convertible notes, his maximum potential effective shareholding on conversion of the notes would be 26.4%, and Mr Clausen's maximum potential effective shareholding would be 8.8% (assuming that all interest is capitalised over the full life of the convertible notes, and is also converted into equity) – refer Section 2.4.

LatAm will seek shareholder approval of the Proposed Transaction at an Extraordinary General Meeting ("EGM") to be held in June 2017. Mr Fitzpatrick, Mr Clausen and their related entities will not be able to cast any votes in relation to the Proposed Transaction.

2.2 Use of Funds

The funds raised under the convertible note issuance will be used for:

- Pre-sales expenses and business development in relation to the new products;
- General sales and marketing activities;
- Operating costs and expenses; and
- General working capital purposes.

2.3 Overview of the Convertible Notes

2.3.1 Key Terms

Key terms of the convertible notes are summarised on the following page:

LatAm Key Terms of Convertible Notes	
Term	Details
Capital to be raised	<ul style="list-style-type: none"> - Tranche 1 - AUD 2 million (already fully subscribed by Log Creek - AUD 1.5 million and Startive AUD 0.5 million); and - Tranche 2 - AUD 8 million (AUD 0.75 million subscribed and \$7.25 million underwritten).
Underwriting commitments	Log Creek - AUD 6.75 million, Startive - AUD 0.5 million (in relation to Tranche 2).
Underwriting commissions	2% of the underwriting commitments, to be paid at completion of Tranche 1 funding.
Face value	AUD 1.00 per convertible note.
Interest	8% per annum, accrued daily and payable on first business day of each Quarter (based on calendar years).
Maturity date	30 April 2020.
Money Owing	The face value of the convertible notes plus all unpaid interest in relation to same.
Redemption date	<p>30 days after the earlier of:</p> <ul style="list-style-type: none"> - the Maturity Date; - the occurrence of a Trigger Event; or - written notice at LatAm's discretion. <p>Or immediately on the occurrence of an Event of Default.</p>
Conversion price	AUD 0.16
Redemption methods	<ul style="list-style-type: none"> - Payment in cash of the Money Owing - Conversion into shares of the Money Owing based on the formula: $\frac{\text{Money Owing}}{\text{AUD 0.16}}$
Security	Over the assets of LatAm's Mexican and Ecuadorian wholly owned subsidiaries in terms of rights to appoint a receiver.
Trigger Events	<ul style="list-style-type: none"> - Not all consents, approvals and waivers in relation to the Proposed Transaction are received by 30 June 2017; - Disposal of all or part of any secured property, without prior consent; - A material change in the nature of LatAm's undertakings, that requires shareholder approval of same under the ASX Listing Rules; and - Certain sale and merger transactions involving LatAm, without prior consent.
Events of Default	<ul style="list-style-type: none"> - Failure to pay interest or other amounts due under the convertible notes; - Appointment of a liquidator, administrator, receiver or manager; - LatAm's rights to the secured assets are lost, assigned or transferred; and - Breach of a material term of the convertible note deed.
Capital re-organisations	The conversion mechanism will be adjusted in accordance with any re-organisations of LatAm's capital.
Bonus shares	Bonus issuances of shares would result in similar issuances of shares to the convertible note holder such that they are not diluted, except that ordinary course of business issuances and remuneration related issuances such as STIs and LTIs are excluded.

2.3.2 Potential Convertible Notes to be Issued

Summarised below is the potential allocation of convertible notes to be issued, based on subscriptions received at the date of this Report:

LatAm Potential Convertible Notes to be Issued			
Associated parties	Tranche 1	Tranche 2	Total
Mr Fitzpatrick	1,500,000	6,750,000	8,250,000
Mr Clausen	500,000	500,000	1,000,000
Total Mr Fitzpatrick & Mr Clausen	2,000,000	7,250,000	9,250,000
Non-related parties	-	750,000	750,000
Total convertible notes to be issued	2,000,000	8,000,000	10,000,000

2.3.3 Conversion into Ordinary Shares

If converted at their face value, or face value plus capitalised interest over the life of the notes, the notes would convert into 62,500,000 to 78,641,393 ordinary LatAm shares respectively, as summarised below:

LatAm Dilutionary Impact on conversion of Convertible Notes									
		Mr Fitzpatrick		Mr Clausen		Non-related		Total	
		Low	High	Low	High	Low	High	Low	High
Convertible notes	(AUD 000s)	8,250	10,378	1,000	1,263	750	941	10,000	12,583
Conversion price	(AUD)	0.16	0.16	0.16	0.16	0.16	0.16	0.16	0.16
Shares to be issued on conversion	(#)	51,562,500	64,863,316	6,250,000	7,895,805	4,687,500	5,882,272	62,500,000	78,641,393

The low scenario assumes interest is paid quarterly and only the face value of the notes is converted into equity. The high scenario assumes interest is capitalised and both the face value of the notes and all interest capitalised over the full life of the notes is converted into equity.

2.4 Post Transaction Shareholdings

Summarised below is the dilutionary impact of the convertible notes:

LatAm Impact of Proposed Transaction					
	Pre transaction	Convertible Notes		Post transaction	
		Low	High	Low	High
Shares outstanding	310,258,777	62,500,000	78,641,393	372,758,777	388,900,170
% total shares		16.8%	20.2%		
<u>Dilutionary impact of other securities:</u>					
Performance rights	5,416,670	-	-	5,416,670	5,416,670
STI shares to be issued	886,184	-	-	886,184	886,184
Fully diluted shares outstanding	316,561,631	62,500,000	78,641,393	379,061,631	395,203,024
% total shares		16.5%	19.9%		

The low scenario assumes interest is paid quarterly and only the face value of the notes is converted into equity. The high scenario assumes interest is capitalised and both the face value of the notes and all interest capitalised over the full life of the notes is converted into equity.

Summarised below is the potential impact of the issuance of LatAm shares on conversion of the convertible notes, based on subscriptions received at the date of this Report:

LatAm Potential Incremental Shares to be Held				
	Low		High	
	#	%	#	%
Existing shares outstanding	310,258,777	83.2%	310,258,777	79.8%
<u>Incremental shares to be issued</u>				
Mr Fitzpatrick	51,562,500	13.8%	64,863,316	16.7%
Mr Clausen	6,250,000	1.7%	7,895,805	2.0%
Non-related parties	4,687,500	1.3%	5,882,272	1.5%
Total incremental shares	62,500,000	16.8%	78,641,393	20.2%
Total shares outstanding (excl. dilution of other securities)	372,758,777	100.0%	388,900,170	100.0%

The low scenario assumes interest is paid quarterly and only the face value of the notes is converted into equity. The high scenario assumes interest is capitalised and both the face value of the notes and all interest capitalised over the full life of the notes is converted into equity.

Allowing for subscriptions already received, if Mr Fitzpatrick took up all of the remaining convertible notes, his maximum potential effective shareholding on conversion of the notes would be 26.4% (assuming that all interest is capitalised over the full life of the convertible notes, and is also converted into equity), as summarised below:

LatAm Maximum Effective Shareholding of Mr Fitzpatrick				
	Low		High	
	#	%	#	%
Existing shares held by Mr Fitzpatrick	37,662,845	10.1%	37,662,845	9.7%
Incremental shares to be held by Mr Fitzpatrick	51,562,500	13.8%	64,863,316	16.7%
Total shares to be held by Mr Fitzpatrick	89,225,345	23.9%	102,526,161	26.4%
Shares to be held by all other parties	283,533,432	76.1%	286,374,009	73.6%
Total shares to be outstanding (excl. dilution of other securities)	372,758,777	100.0%	388,900,170	100.0%

The low scenario assumes interest is paid quarterly and only the face value of the notes is converted into equity. The high scenario assumes interest is capitalised and both the face value of the notes and all interest capitalised over the full life of the notes is converted into equity.

Allowing for subscriptions already received, Mr Clausen's maximum potential effective shareholding on conversion of the notes would be 8.8% (assuming that all interest is capitalised over the full life of the convertible notes, and is also converted into equity), as summarised below:

LatAm Maximum Effective Shareholding of Mr Clausen				
	Low		High	
	#	%	#	%
Existing shares held by Mr Clausen	26,500,000	7.1%	26,500,000	6.8%
Incremental shares to be held by Mr Clausen	6,250,000	1.7%	7,895,805	2.0%
Total shares to be held by Mr Clausen	32,750,000	8.8%	34,395,805	8.8%
Shares to be held by all other parties	340,008,777	91.2%	354,504,365	91.2%
Total shares to be outstanding (excl. dilution of other securities)	372,758,777	100.0%	388,900,170	100.0%

The low scenario assumes interest is paid quarterly and only the face value of the notes is converted into equity. The high scenario assumes interest is capitalised and both the face value of the notes and all interest capitalised over the full life of the notes is converted into equity.

2.5 Conditions Precedent

2.5.1 Provision of Tranche 1 Capital

Summarised below are the conditions precedent for the provision of Tranche 1 capital:

- A Secured Convertible Note Deed is executed by LatAm;
- LatAm enters into written deeds with investors for the subscription of convertible notes and underwriting of same under which the aggregate amount to be subscribed for is at least AUD 10 million; and
- None of the following occurs:
 - A material adverse change in respect of the business, operations, property, condition (financial or otherwise) or prospects of the LatAm;
 - A breach by the LatAm of a Proposed Transaction related document; or
 - An Event of Default Event.

2.5.2 Provision of Tranche 2 Capital

Summarised below are the conditions precedent for the provision of Tranche 2 capital:

- The conditions precedent for Tranche 1 capital have been met, and continue to be met, or are otherwise waived;
- The security interests summarised in Section 2.3.1 are granted; and
- All consents, approvals and waivers to the issue of the convertible notes are obtained in a form satisfactory to the Lead Subscriber, Log Creek, including relevant approvals of shareholders (refer Section 3.2 and Section 3.3).

2.5.3 Related Termination

The subscription deeds may be terminated if the above conditions precedent are not met by:

- **Tranche 1:** 30 April 2017, or such later date agreed to by the Parties; and
- **Tranche 2:** 30 June 2017, or such later date agreed to by the Parties.

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3 Scope of Report

3.1 Purpose of the Report

If the Proposed Transaction is approved, it is possible that, upon conversion of the convertible notes, Mr Fitzpatrick's effective shareholding may move from less than 20% to more than 20% of the ordinary equity in LatAm.

As set out below, LatAm is seeking shareholder approval of the above changes in ownership interests under Section 611(7) of the Act. Additionally, LatAm is seeking shareholder approval of the Proposed Transaction in respect of Listing Rule 10.

The Independent Directors of LatAm have appointed Crowe Horwath to prepare an Independent Expert's Report to assist shareholders of the Company to form a view as to whether to approve the Proposed Transaction.

The ultimate decision of voting for or against the Proposed Transaction should be based on each LatAm shareholder's assessment of their own circumstances. The factors which LatAm shareholders should have regard to in making this assessment include (but are not limited to) their risk profile, expectations as to the value of LatAm shares and future stock market conditions.

LatAm shareholders should read the Explanatory Notes issued by LatAm in relation to the Proposed Transaction. If LatAm shareholders are in doubt about the action they should take in relation to the Proposed Transaction, they should seek independent professional advice.

3.2 Corporations Act 2001

Subject to certain exceptions, Section 606(1) of the Corporations Act 2001 (the "**Act**") ("**Section 606**") does not allow a person to acquire voting shares in a public company if that person's or someone else's voting power in the Company increases, either from 20% or below to more than 20%, or any increase from a starting point that is above 20% and below 90%.

Section 611(7) of the Act ("**Section 611**") requires that, in the absence of an offer in which all shareholders can participate, any allotment of shares resulting in a person holding in excess of 20 percent of the issued share capital of the company must be approved by the shareholders who are not participating in the proposed allotment.

Section 611 provides an exemption to Section 606 if the transaction is approved by a resolution at a General Meeting of the Company's shareholders.

LatAm is seeking exemption under Section 611 through approval by the non-associated shareholders.

3.3 ASX Listing Rules

3.3.1 Listing Rule 10

Listing Rule 10.11 prevents LatAm from issuing securities to a related party (i.e. effectively to Mr Fitzpatrick) without the approval of LatAm's ordinary non-associated shareholders.

Accordingly, LatAm is seeking approval of the Proposed Transaction under Listing Rule 10.11.

3.3.1 Listing Rule 7

Prima facie, shareholder approval is also required for the Proposed Transaction under Chapter 7 of the Listing Rules, however, since LatAm is seeking shareholder approval under Section 611 and Listing Rule 10.11, approval under Chapter 7 is not required by virtue of Exception 16 to Listing Rule 7.1.

3.4 Basis of Evaluation

In evaluating the fairness and reasonableness of the Proposed Transaction, we have considered the requirements of the Act and relevant Regulatory Guides issued by ASIC, which provides guidance on interpretation.

This Report takes into account the provisions of Regulatory Guide 111 issued by ASIC which states that if a company issues securities and, as a consequence, the allottee acquires over 20% of the company, the transaction should be analysed as if it were a takeover bid.

Regulatory Guide 111 distinguishes “fair” from “reasonable” and considers:

- An offer to be “fair” if the value of the offer is equal to or greater than the value of the securities subject to the offer. This comparison should be made assuming 100% ownership of the “target” and irrespective of whether the consideration is scrip or cash. The expert should not consider the percentage held by the “bidder” or its associates in the target when making this comparison.
- An offer to be “reasonable” if it is fair. It might also be reasonable if, despite being “not fair”, the expert believes that there are sufficient reasons for non-associated shareholders to accept the offer in the absence of a superior alternative.

For the purposes of this Report, Crowe Horwath has treated “fair” and “reasonable” as separate concepts.

In forming our opinion on whether or not the terms of the Proposed Transaction are fair for LatAm shareholders, we:

- Compared the value of the shares in LatAm pre-implementation of the Proposed Transaction, on a controlling basis, to the value of the shares in LatAm post-implementation of the Proposed Transaction, on a minority interest basis;
- Compared the face value of the convertible notes to be received by LatAm as cash to the intrinsic value of the convertible notes; and
- Considered the likely advantages and disadvantages of the terms of the Proposed Transaction for LatAm and its shareholders.

The advantages and disadvantages in relation to the Proposed Transaction are discussed in detail in Section 9.4 and are summarised in Section 1.6.

Additionally, we have given due consideration to relevant matters in other guidelines, including Regulatory Guide 112 issued by ASIC.

3.5 Limitations and Reliance on Information

3.5.1 Overview

Crowe Horwath's opinion is based on economic, share market, business and trading conditions prevailing at the date of this Report. These conditions can change significantly over relatively short periods. If they did change materially, the valuation and our opinion could vary significantly. Should we become aware of any factors that alter our assumptions as given, we reserve the right to alter our Report.

This Report is based upon financial and non-financial information provided by LatAm and their advisers. Crowe Horwath has used and relied on this information for the purposes of its analysis.

Crowe Horwath has considered and relied upon the information provided by LatAm and has no reason to believe that any material facts have been withheld. The information provided to Crowe Horwath has been evaluated through analysis, inquiry and review for the purposes of forming an opinion as to whether the Proposed Transaction is fair and reasonable to the shareholders of LatAm. Crowe Horwath does not warrant that its inquiries have identified or verified all of the matters that an audit, extensive examination or due diligence investigation might disclose.

To the extent that there are legal issues relating to assets, properties, or business interests or issues relating to compliance with applicable laws, continuous disclosure rules, regulations, and policies, Crowe Horwath:

- Assumes no responsibility and offers no legal opinion or interpretation on any issue; and
- Has generally assumed that matters such as title, compliance with laws and regulations and contracts in place are in good standing and will remain so and that there are no legal proceedings, other than as publicly disclosed.

4 Industry Overview

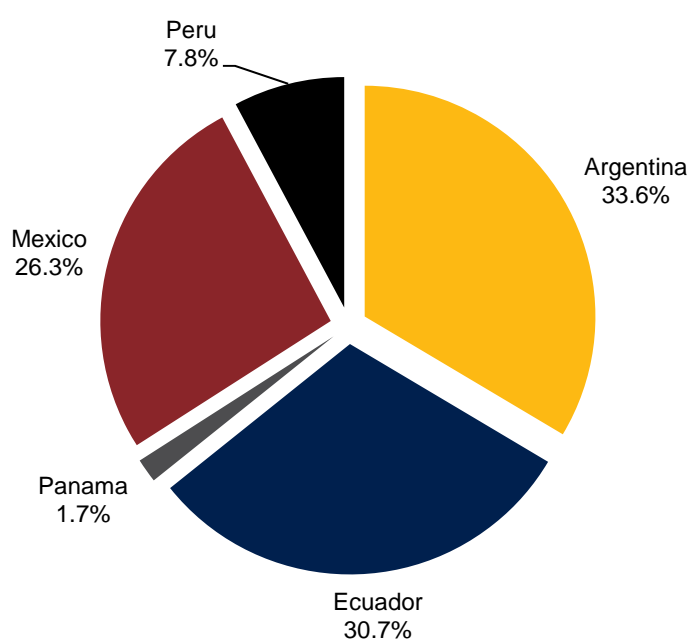
4.1 Industry Overview

LatAm Autos operates primarily within the 'Online Car Classifieds' industry in Latin America.

Companies operating in the Online Car Classifieds industry facilitate the placement of classified advertisements for the sale of automobiles. The industry also provides services and information to aid in the purchase of automobiles. Automobiles sold typically include passenger cars, trucks and sports utility vehicles.

The following chart summarises LatAm's CY16 revenues by country:

Figure 1: Revenue by Country



Source: Annual Report 2016 and Management

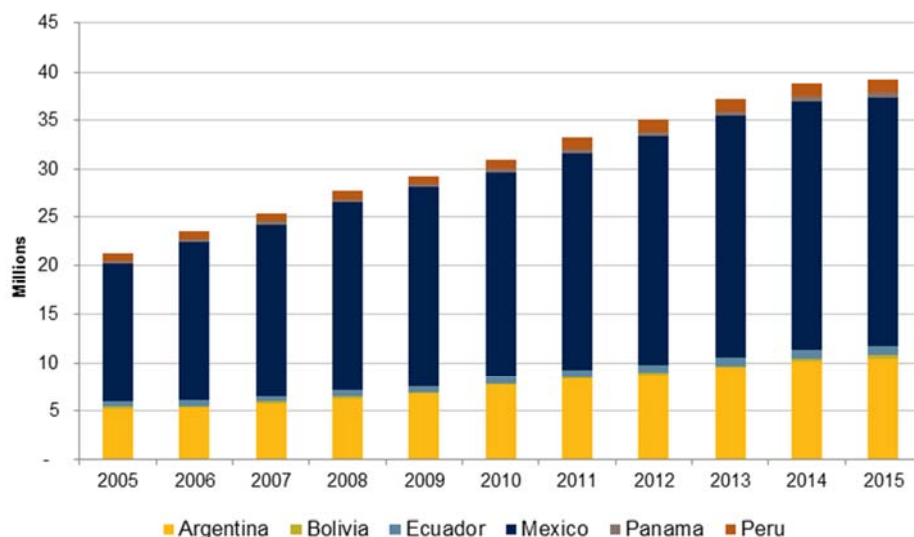
As summarised above, LatAm Autos is most heavily exposed to the Argentinian, Ecuadorian and Mexican markets. As discussed in Section 5.2, LatAm is focussing on the Mexican and Ecuadorian markets going forward.

4.2 Key Industry Drivers

Key drivers of industry performance for the Online Car Classifieds industry include:

- **Number of motor vehicles:** the number of vehicles directly influences the size of the online car classifieds market as it determines the potential number of motor vehicles available for sale. The number of passenger vehicles in Argentina, Bolivia, Ecuador, Mexico, Panama and Peru has grown at a CAGR of 6.9% since 2005 to 38.8 million vehicles in 2014.

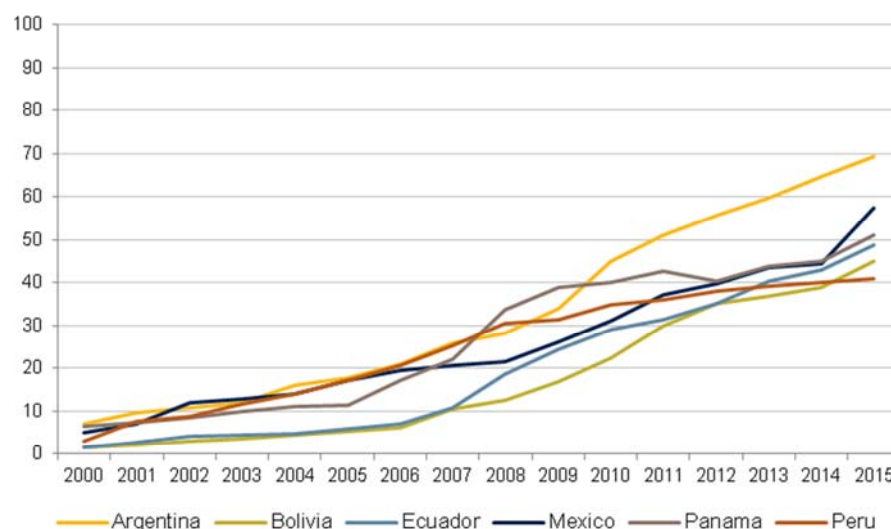
Figure 2: Number of passenger vehicles per country, 2005 – 2015



Source: International Organization of Motor Vehicle Manufacturers (OICA) statistics

- **Internet connections:** the number of internet users per 100 people is an indicator of the uptake of internet services. Increasing internet access, broadband roll-outs and increasing take-up of mobile internet are expected in Latin America in the near term. In 2015 the number of internet connections per 100 people in Argentina, Bolivia, Ecuador, Mexico, Panama and Peru varied between 41 and 69, as shown in the following figure.

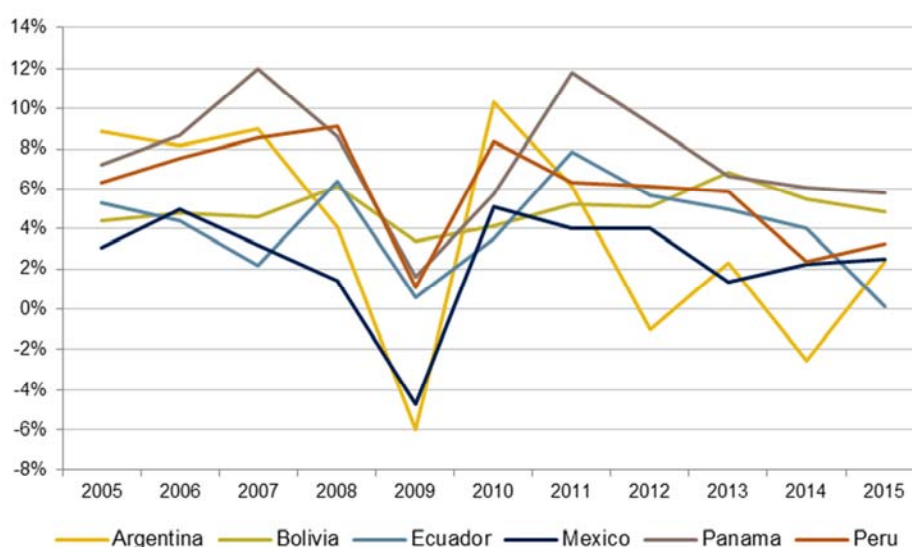
Figure 3: Number of internet users per 100 people per country, 2000 - 2015



Source: International Organization of Motor Vehicle Manufacturers (OICA) statistics

- **Average age of vehicle fleet:** an individual or household's decision to purchase a car is influenced by several factors, including the vehicle's safety record, performance, cost and fuel efficiency. A falling average age of vehicle fleet indicates that people are changing their cars more frequently, which typically increases demand for online car classified services.
- **Gross Domestic Product ("GDP") growth:** the number and turnover of vehicles in an economy is closely tied to the prosperity of that country. GDP growth is a measure of changing prosperity. GDP growth across the relevant Latin American countries has been positive in 2015, ranging from approximately 0.2% to 6.0%. Overall, GDP growth per capita across the markets in which LatAm Autos operates of 4.0% per annum is expected to 2019.

Figure 4: GDP growth rate, 2005 - 2015



Source: World Bank Development Indicators: GDP Growth

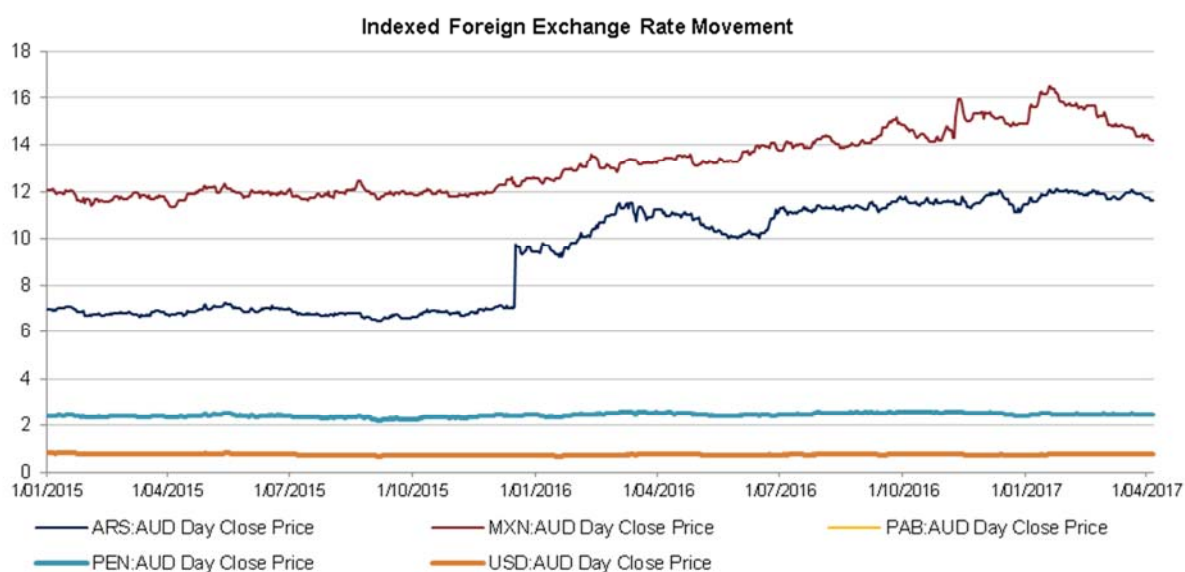
- Demand from newspaper publishing: the newspapers publishing industry is the main competitor to online car classifieds. Lower demand from newspaper publishing is linked to a rise in online media, which positively affects industry revenues.

4.3 Foreign Exchange Rates

LatAm is exposed to foreign currency risk via the operations conducted by its business units and subsidiaries throughout Latin America. The activities of these business units are denominated and initially accounted for in their respective local currencies (summarised below which are then converted into AUD for reporting purposes:

- Argentina - Argentine Peso ("**ARS**");
- Ecuador – United States Dollar ("**USD**");
- Panama –USD or Panamanian Balboa ("**PAB**"); and
- Peru - Peruvian Nuevo Sol ("**PEN**").

The chart below summarises relative fluctuations in the key currencies that LatAm is exposed to:



4.4 Conclusion

The future growth and success of LatAm will be closely aligned with its ability to leverage the following geographical and demographical trends combined with the launch of new products leading to new and enhanced revenue streams:

- Growth in online advertising expenditure resulting from a shift in expenditure away from traditional / offline media channels due to increasing internet accessibility and usage;
- Increasing levels of car ownership stimulated by increasing GDP and therefore individual income levels;
- Increased take up of internet and mobile connections; and
- Growing focus on Latin America by major vehicle manufacturers.

5 Profile of LatAm

5.1 Background

5.1.1 Overview

Formed via a series of acquisitions and listed on the ASX on 17 December 2014, LatAm Autos is an online automotive classifieds business that also provides online automotive content, various automotive magazines and is in the process of diversifying into new automotive-related revenue streams in the areas of car finance, GPS tracking, car insurance and mechanical guarantees.

Across its traditional operating activities, LatAm generates revenues primarily from listing fees, advertisers and subscription fees. Depending upon the ongoing development and effectiveness of the new revenue streams, they may transform the LatAm business.

Whilst listed on the ASX, LatAm's operating businesses are located in Argentina, Bolivia, Ecuador, Mexico, Panama and Peru.

In addition to expanding into new revenue streams, LatAm is placing an increased focus on its Ecuadorian and Mexican markets, and a reduced focus on its other geographic markets.

5.1.2 Business Units

Summarised below is an overview of LatAm's operating businesses:

LatAm Summary of Business Units				
Business / entity	Brand / website	Locations	Founded	Date acquired
AutoFoco	Autofoco.com	Argentina	1999	15-Sep-14
Seminuevos	Seminuevos.com & cars.mx	Mexico	2000	22-Oct-14
Avisoriaweb	Patituerca.com	Ecuador, Panama & Bolivia	2004	17-Dec-14
Todoautos	Todoautos.com.pe	Peru	2005	31-Oct-14
Demotores	Demotores.com.mx & demotores.com.pe	Mexico & Peru	2010	24-Dec-14

In relation to operations:

- All businesses have online auto classified operations;
- All businesses leverage online content developed by the Group and a new short form, free-to-consumer magazine;
- Autofoco has a traditional, large form, print magazine in Argentina;
- Since 2015, Seminuevos and Demotores have operated together as Seminuevos; and
- Certain new products have and are in the process of being launched across the various geographies.

5.1.3 Competition

LatAm competes against other car focussed classifieds websites, general classifieds websites and offline channels of car sales. Based on the number of listings and traffic in its key markets of Mexico and Ecuador, LatAm's businesses are the clear market leaders compared to other dedicated auto classifieds websites. Offline channels for auto sales include car dealers and print publications.

5.1.4 High Underlying Growth

LatAm has experienced a high level of underlying growth since 2014. Due to foreign exchange rate fluctuations, not all of this underlying growth is necessarily visible in AUD reported revenues.

Total revenues increased at a compound annual growth rate ("**CAGR**") of 17.6% during from CY14 to CY16, reflecting the aggregation and investment in integrating the businesses and demographic and regional growth factors related to the relevant geographies. Notwithstanding the underlying and headline revenue growth, each business unit, with the exception of Ecuador, reported an EBITDA loss in FY16.

Evidence of underlying growth can be seen by the increase in the following from December 2015 to December 2016:

- **Monthly sessions:** increased by 33% to 9.1 million;
- **Vehicle listings:** increased by 8% to 191,000;
- **New and used car dealers using LatAm's website:** increased by 21% to over 3,000 dealers;
- **Leads:** increased by 12% to 145,800; and
- **Social media fans:** increased by 54% to approximately 680,000.

5.2 Change in Focus

In early 2017 LatAm Autos changed its focus to concentrate on monetising its best performing markets, being in Ecuador and Mexico, whilst reducing expenditure across the Argentina, Panama and Peru in the short term.

Ecuador has been the strongest performing market historically, and Mexico presents the largest opportunity. LatAm will concentrate on maximising the growth in traditional revenues and new revenue streams in these markets. Marketing costs will be reduced in each country and redirected to the new revenue streams, with approximately 80% of marketing spend focused on Mexico.

The Argentinian and Panamanian operations continued to grow in CY16, however, due to the market positions of these businesses and competitive environment of those markets, LatAm believes it will be difficult to achieve profitability in the short term. The websites of Argentina and Panama will continue to operate, though the company will no longer have a physical presence in these countries, and will no longer invest in advertising, personnel or operating expenses in these geographies. This is likely to result in a decrease in both revenues and losses in CY17. It is estimated that Peru will be maintained at cash flow breakeven in CY17.

LatAm estimates that upon successful execution of strategic priorities, the Company will breakeven in Q3 2018.

5.3 New Revenue Streams

In the fourth quarter of CY16, LatAm launched two new revenue streams in Ecuador:

- **MotorCredit:** an automotive finance product launched with Ecuador's largest financial institution, Banco Pichincha. MotorCredit facilitates transactions between car buyers and sellers via providing bank-backed financing to car buyers. MotorCredit was developed specifically for Latin America and is fully integrated across mobile and desktop devices.

MotorCredit will launch in Mexico in April 2017 in partnership with leading financial institutions, and potentially in Peru, Argentina and Panama during CY18.

- **CarSync:** is a telematics product which is installed in vehicles, generating continuous data on customer behaviour. LatAm Autos has an exclusive agreement with an automotive software developer to distribute CarSync hardware devices and software in Latin America. Product features include GPS intelligence, motion sensors and mobile data connectivity which allows users to create a driving profile based on their travel and safety statistics. CarSync is licensed to customers under one to four year agreements, generating Software-as-a-Service ("**SaaS**") revenue streams.

CarSync will launch in Mexico in April 2017, and potentially in Peru, Argentina and Panama during CY18.

In addition to the above, LatAm plans to launch a car insurance product and a mechanical guarantee product in the Ecuadorian and Mexican markets during CY17, and potentially in Peru, Argentina and Panama during CY18.

Importantly, the four new revenue streams leverage LatAm's existing users, dealership network, technology capabilities and workforce.

5.4 Capital Raising History

5.4.1 Successful Capital Raisings

Key recent capital raising activities occurred on:

- **17 December 2014:** being the IPO whereby LatAm raised AUD 18 million at AUD 0.30 per share to fund the acquisitions and initial integration and operational capital; and
- **30 October 2015:** being a share placement whereby LatAm raised AUD 20.2 million at AUD 0.31 per share to fund investment in new products and support ongoing operations. AUD 18 million related to a private placement component and AUD 2.2 million to a Directors' placement component.

5.4.2 Attempted Capital Raisings

In addition to the above, LatAm currently has a requirement for additional capital and has made the following announcements to the market in relation to attempted capital raisings:

- **31 January 2017:** LatAm requested a trading halt in connection with a proposed institutional private placement for AUD 15 million. We understand the minimum subscription for this transaction was not achieved;
- **2 February 2017:** LatAm requested a suspension from trading in order to evaluate a potential alternative to the institutional private placement, with Rothschild acting as financial advisory to LatAm;
- **14 February 2017:** LatAm updated the market that it and Rothschild continued to evaluate potential alternatives to the institutional private placement;
- **24 February 2017:** LatAm updated the market that it had received a number of proposals from strategic parties interested in acquiring selected country specific operations of LatAm. We understand the Board considered these proposals either materially undervalued the operations of LatAm, or were unacceptable for a range of reasons.

5.5 Key Events

Key events since inception are summarised below:

LatAm History of Key Events	
Date	Milestone
2014	<ul style="list-style-type: none"> Seed capital raised to acquire assets. Online auto-classified businesses acquired in Latin America: AutoFoco.com, PatioTuerca.com, Seminuevos.com, todoautos.pe, Demotores.com. LatAm lists on the ASX at a market capitalisation of AUD 72m and with an offer price of AUD 0.30 per share. IPO in the amount of AUD18m.
2015	<ul style="list-style-type: none"> Investment made to integrate regional websites under a consistent platform and brand. AUD 20.2m in capital raised under a share placement.
2016	<ul style="list-style-type: none"> Investment in brands while continuing market share growth. Launch of MotorCredit and CarSync in Ecuador. Change in focus to the Ecuadorian and Mexican markets, with a reduced focus on other markets. Impairment of Argentinian assets.
2017	<ul style="list-style-type: none"> Trading halt on 31 January to undertake a capital raising. Further new product launches. Recommencement of trading on 18 April 2017.

Source: Directors of LatAm

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5.6 Financial Performance

Summarised below is the historical financial performance of LatAm for CY12 to CY16.

LatAm						
Financial Performance (AUD 000s)						
	Notes	CY12*	CY13*	CY14*	CY15	CY16
Operating income	1	7,046	6,579	6,054	6,623	8,141
YoY growth			(6.6%)	(8.0%)	9.4%	22.9%
Foreign exchange gain	2	-	-	-	404	-
Expenses	3	(7,209)	(6,436)	(10,025)	(19,020)	(21,693)
Reported EBITDA	4	(163)	143	(3,972)	(11,993)	(13,552)
Depreciation & amortisation	5	(219)	(214)	(209)	(1,138)	(1,658)
Impairment	6				(151)	(970)
Reported EBIT		(382)	(71)	(4,181)	(13,282)	(16,180)
Net interest	7	-	-	-	54	64
NPBT		(382)	(71)	(4,181)	(13,228)	(16,116)
Income tax (expense)/benefit	8	(199)	(200)	(201)	(1,220)	436
NPAT		(581)	(271)	(4,382)	(14,448)	(15,680)

Source: Prospectus, FY15 and FY16 Annual Reports and Management; * CY12, CY13 and CY14 reflect pro-forma periods

Notes:

- Sales:** increased at a CAGR of 16% from FY14 to FY16, reflecting the aggregation and integration of the five business units and demographic and geographical trends in LatAm's market place.
- Foreign exchange gain:** In CY15, foreign exchange gains were separately reported. In other periods, foreign exchange losses were incurred and are included in expenses. Operating throughout Latin America, foreign exchange gains and losses are a normal occurrence for LatAm.
- Expenses:** predominantly comprised staff and advertising costs as well as professional fees, and have increased in accordance with integrating and scaling the business for future growth.
- Reported EBITDA:** has been negative in all periods. All market segments reported an EBITDA loss in FY16, with the exception of Ecuador which reported EBITDA of AUD 147,000 in FY15 and AUD 523,000 in FY16.
- Depreciation & amortisation:** comprised depreciation in relation to plant and equipment, as well as amortisation of software, domain names and trademarks. Consistent with accounting standards, LatAm's identifiable intangible assets and goodwill in relation to the business units are tested for impairment.
- Impairment:** In CY16, assets of the Argentinian business were impaired by approximately AUD 970,000, reflecting LatAm's reduced focus on this market going forward.
- Net interest:** reflects interest earned on cash held during CY15 and CY16, following the IPO and subsequent private placement.
- Income tax benefit/(expense):** reflects the reconciliation of prima facie income tax expenses / benefits in each period to tax related adjustments as set out in the audited financial statements.

5.7 Financial Position

Summarised below is the historical financial position of LatAm as at 31 December 2014, 2015 and 2016.

LatAm Financial Position (AUD 000s)				
	Notes	As at 31-Dec-14	As at 31-Dec-15	As at 31-Dec-16
Assets				
Cash and cash equivalents	1	12,760	18,361	4,915
Trade and other receivables	2	1,945	3,322	4,179
Inventories	2	26	18	15
Prepayments	2	266	157	355
Total current assets		14,997	21,858	9,464
Sales tax receivables		818	351	44
Property, plant & equipment	3	227	525	532
Intangible assets	4	24,183	25,018	24,171
Deferred tax		321	313	513
Other		54	-	-
Total non-current assets		25,603	26,207	25,260
Total assets		40,600	48,065	34,724
Liabilities				
Trade and other payables	2	2,678	2,251	3,011
Provisions	5	446	1,122	1,039
Deferred revenue	6	280	372	315
Total current liabilities		3,404	3,745	4,365
Deferred tax		37	1,248	830
Employee benefits		23	24	151
Total non-current liabilities		60	1,272	981
Total liabilities		3,464	5,017	5,346
Net assets		37,136	43,048	29,378
Equity				
Issued Capital	7	38,834	56,992	59,647
Reserves	8	141	2,345	1,700
Accumulated losses	9	(1,839)	(16,289)	(31,969)
Total equity		37,136	43,048	29,378

Source: FY15 and FY16 Audited Financial Statements

Notes:

1. **Cash & cash equivalents:** comprises cash at bank.
2. **Working capital:** comprises trade and other receivables, inventories and trade and other payables.
3. **Property, plant & equipment:** comprises predominantly office fitouts and equipment.
4. **Intangible assets:** represents software, domain and trademarks, content and residual goodwill. Goodwill is allocated across the Mexico; Ecuador, Panama and Bolivia; and Peru. Consistent with accounting standards, LatAm's identifiable intangible assets and goodwill are tested for impairment annually. In CY16, certain assets of the Argentinian business were impaired, reflecting LatAm's reduced focus on this market going forward.
5. **Current provisions:** relate to employee benefits and provisions for labour and regulatory costs.
6. **Deferred revenue:** relates to cash received from customers paying for subscriptions where services have not yet been delivered.
7. **Issued capital:** movements in share capital are summarised in Section 5.9.2. As at 31 December 2014, the balance of issued capital reflected the post IPO capital structure of LatAm. Movements in CY15 and CY16 related to the private placement, issuances of shares as deferred consideration for the acquisitions and issuances of shares to staff.
8. **Reserves:** represents a foreign currency reserve and a share-based payments reserve.
9. **Accumulated losses:** reflects the retained losses of LatAm net of current year earnings.

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5.8 Cash Flow Statement

Summarised below are the historical cash flows of LatAm for FY15 and FY16.

LatAm Cash Flows (AUD 000s)			
	Notes	FY15	FY16
Cash flows from operating activities			
Receipts from customers		6,861	7,853
Payments to suppliers and employees		(16,734)	(21,436)
Interest received		54	64
Other - Net Sales tax recovered/(paid)		-	(221)
Net cash used in operating activities	1	(9,819)	(13,740)
Cash flows from investing activities			
Payments for intangible assets		(920)	(1,566)
Payments for property, plant & equipment		(417)	(267)
Payment for purchase of businesses, r	2	(280)	-
Net cash used in investing activities		(1,617)	(1,833)
Cash flows from financing activities			
Proceeds from issue of shares	3	18,000	2,150
Share issue transaction costs		(1,389)	(63)
Net cash used in financing activities		16,611	2,087
Net increase/(decrease) in cash & cash equivalents		5,175	(13,486)
Cash & cash equivalents at the		12,760	18,361
Effects of exchange rate changes on		426	40
Cash & cash equivalents at the end		18,361	4,915

Source: FY15 and FY16 Audited Financial Statements

Notes:

1. **Net cash used in operating activities:** represents an outflow of cash in each period reflecting the early stage nature of LatAm.
2. **Payments for purchase of businesses:** relates to deferred consideration paid for the acquisitions.
3. **Proceeds from issue of shares:** represents two tranches of the private placement.

5.9 Shares Outstanding

5.9.1 Top 10 Largest Shareholders

Summarised below are LatAm's largest shareholders as at 26 April 2017:

LatAm Top 10 Largest Shareholders				
Rank	Effective shareholder	Role	Shares outstanding	% Total
1	Michael Fitzpatrick (incl. Log Creek)	Non-Executive Director	37,662,845	12.1%
2	Simon Clausen (incl. Startive Ventures)	Non-Executive Director	26,500,000	8.5%
3	Tim Handley (incl. Chestnut Partners)	Founder & Executive Chairman	28,366,935	9.1%
4	Citicorp Nominees Pty Limited		21,469,610	6.9%
5	Gareth Bannan (incl. Chestnut Partners)	Founder & CFO	20,054,032	6.5%
6	Salvatore Tarascio (incl. Salta Capital companies*)		13,910,770	4.5%
7	Jorge Mejia Ribadeneira	Founder and CEO	13,293,477	4.3%
8	Andres Jacobo Moreno Noboa	Chief Technology Officer	6,219,675	2.0%
9	Meruma Pty Limited		5,925,926	1.9%
10	MPC Nominees Pty Ltd		5,283,334	1.7%
Top 10 largest shareholders			178,686,604	57.6%
Shares held by other shareholders			131,572,173	42.4%
Total shares outstanding			310,258,777	100%

Source: FY16 Audited Financial Statements and Management; * Fern Estates Pty Ltd and SDS Capital No. 2 Pty Ltd

5.9.2 Shares Issued Since 1 January 2015

Summarised below are new issues of LatAm shares since 1 January 2015:

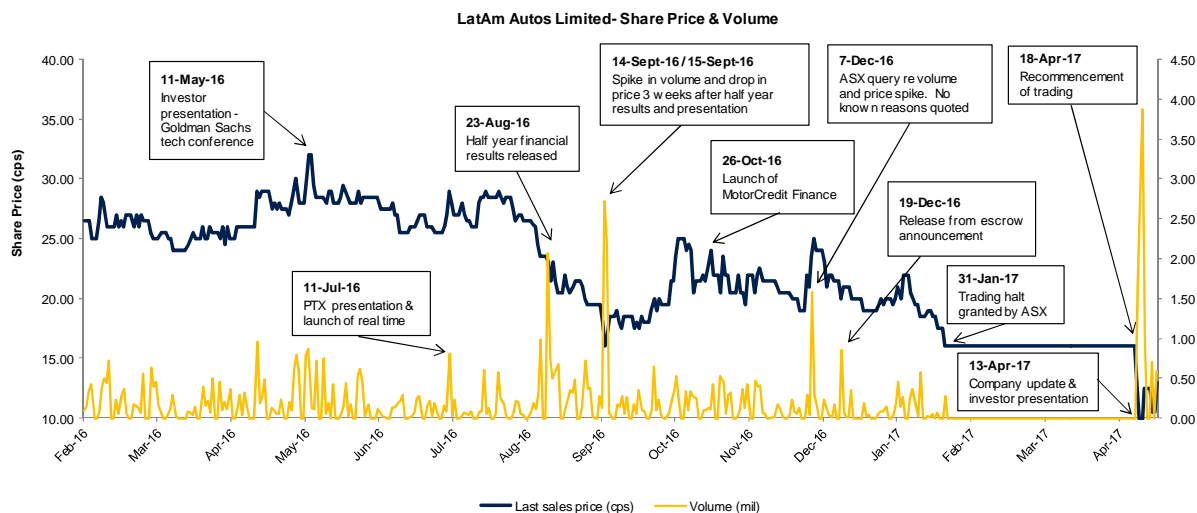
LatAm Issuances of Ordinary Share Capital				
Details	Date	Shares	Issue price (AUD)	\$'000
Balance - opening	01-Jan-15	239,822,166		38,834
Shares issued to settle employee entitlement	12-May-05	286,487	0.37	106
Bonus shares issued to Chief Executive Officer	12-May-05	1,209,235	0.37	450
Shares issued to settle consideration payable on previous business acquisition	06-Jul-15	783,886	0.35	270
Shares issued to settle consideration payable on previous business acquisition	01-Oct-15	1,122,842	0.30	337
Issue of placement shares	05-Nov-15	58,064,515	0.31	18,000
Costs of issuing shares		-		(1,006)
Balance - sub total	31-Dec-15	301,289,131		56,992
Issue of placement shares	20-Jan-16	6,935,485	0.31	2,150
Share issue to employees	18-Mar-16	1,492,293	0.31	463
Share issue to employee	18 & 21 March 2016	312,836	0.31	97
Share issue to employee	16-May-16	229,032	0.31	71
Costs of issuing shares		-		(126)
Balance - closing	31-Dec-16	310,258,777		59,646

Source: ASX Source: ASX announcements

5.10 Share Price Analysis

5.10.1 Overview

Summarised below are the prices and volumes at which LatAm shares traded during the past twelve months, together with commentary in relation to key events:



Source: Capital IQ

5.10.1 Prior to Trading Halt and Announcement of a Proposed Capital Raising

Summarised below is volume and price information in relation to trading in LatAm on a monthly basis during the 12 months prior to the trading halt and first announcement, on 31 January 2017, that LatAm was undertaking a capital raising:

LatAm Recent Share Trading Activity - Monthly					
Period	Share Price AUD			Volume Traded	
	Low	High	VWAP	Total	%
Jan-17	0.155	0.220	0.196	3,224,940	1.806%
Dec-16	0.190	0.260	0.220	4,627,940	2.591%
Nov-16	0.195	0.235	0.214	4,218,160	2.362%
Oct-16	0.180	0.260	0.218	5,171,080	2.895%
Sep-16	0.130	0.225	0.175	8,663,350	4.850%
Aug-16	0.200	0.290	0.234	9,387,860	5.256%
Jul-16	0.255	0.290	0.276	3,427,210	1.919%
Jun-16	0.250	0.300	0.278	3,917,680	2.193%
May-16	0.270	0.315	0.292	7,102,330	3.978%
Apr-16	0.240	0.300	0.267	5,510,380	3.089%
Mar-16	0.240	0.270	0.256	4,182,740	2.358%
Feb-16	0.245	0.295	0.268	5,163,250	2.924%

Source: Capital IQ

The percentage of volume traded was calculated against the free float balance of shares outstanding, being total shares outstanding excluding shares owned by Management or Directors.

Summarised below is further share price and volume data, but from a lookback perspective, being various periods immediately prior to the first announcement, on 31 January 2017, that LatAm was undertaking a capital raising:

LatAm Recent Share Trading Activity - Lookback					
Lookback period	Share Price AUD			Volume Traded	
	Low	High	VWAP	Total	%
1 day	0.155	0.175	0.160	273,740	0.153%
1 week	0.160	0.190	0.167	413,530	0.232%
1 month	0.160	0.220	0.196	3,224,940	1.806%
2 months	0.160	0.250	0.210	7,852,880	4.397%
3 months	0.160	0.250	0.211	12,071,040	6.758%
6 months	0.160	0.290	0.210	35,293,330	19.760%
9 months	0.160	0.320	0.231	49,740,550	27.848%
12 months	0.160	0.320	0.239	64,596,920	36.166%

Source: Capital IQ

Key observations in relation to trading in LatAm shares are that:

- LatAm shares traded on every day on which the ASX was open for trading during the 12 month observation period, being 252 days;
- An average of around 5.4 million LatAm shares trade each month, which represented around 36% of LatAm's free float capital base during the 12 month period; and
- Whilst LatAm's share price dropped to AUD 0.16 on 30 January 2017, it traded at a VWAP of around AUD 0.20 to 0.21 during the one, two and three month and six month period prior to the announcement that LatAm was looking to raise capital.

We also note that LatAm regularly discloses extensive information to the market in terms of its strategy, environment and ongoing operational and financial performance.

5.10.1 Post Trading Halt and Announcement of a Proposed Capital Raising

Following a series of ASX announcements on 13 April 2017, including a company update in relation to the Proposed Transaction and an investor presentation, LatAm shares recommenced trading on 18 April 2017.

In the six trading days since recommencement of trading and the date of this Report, LatAm shares traded at a VWAP of AUD 0.10, and closed at a daily low and high of AUD 0.09 and 0.13 respectively.

6 Valuation Methodology

6.1 Overview

The best determinant of value is the price at which the business or a comparable business or an equity interest in that business has been bought or sold in an arm's length transaction. In its absence, estimates of value are made using methodologies that infer value from other available evidence.

In order to calculate the fair market value of shares in LatAm, we have considered the following generally accepted valuation methodologies.

6.2 Asset Based Methods

Asset based methods estimate the market value of a company's shares based on the realisable value of its identifiable net assets. Asset based methods include:

- Net tangible assets;
- Orderly realisation of assets; and
- Liquidation of assets.

The **net assets method** is based on the value of the assets of the business less certain liabilities, at book values, adjusted to market value.

The **orderly realisation of assets method** estimates fair market value by determining the amount that would be distributed to shareholders assuming the Company is wound up in an orderly manner realising a reasonable market value for assets.

The **liquidation method** is similar to the orderly realisation of assets method except for the fact that the liquidation method assumes the assets are sold in a shorter period, under a "distressed seller" scenario.

These approaches ignore the possibility that a company's value could exceed the realisable value of its assets. Asset based methods are appropriate when companies are not profitable, not actively trading or a significant proportion of a company's assets are liquid.

6.3 Market Based Methods

Market based methods estimate a company's fair market value by considering the market price of transactions in its shares or the market value and valuation metrics of comparable companies. Market based methods include:

- Capitalisation of maintainable earnings;
- Analysis of a company's recent share trading history; and
- Industry specific methods.

The **capitalisation of maintainable earnings method** estimates fair market value by multiplying the Company's future maintainable earnings by an appropriate capitalisation multiple. An appropriate earnings multiple is derived from price earnings multiples and market transactions involving comparable companies. The capitalisation of maintainable earnings method is appropriate where the Company's earnings are relatively stable and comparable companies have similar cost structures and growth profiles.

The **most recent share trading history** provides strong evidence of the fair market value of the shares in a company where they are publicly traded in an informed and liquid market.

Industry specific methods estimate market value using industry benchmarks. These methods generally provide less persuasive evidence on market value of a company, as they may not account for company specific factors. Industry specific methods are only used as a cross check to the primary valuation methodology.

6.4 Discounted Cash Flow Method

The discounted cash flow method estimates market value by discounting a company's future cash flows to their present value. This method is appropriate where a projection of future cash flows can be made with a reasonable degree of confidence (ideally for a period of three to five years for a going concern business). The discounted cash flow method is commonly used to value early stage companies or projects with a finite life.

6.5 Selection of Methodologies

In selecting our valuation methodology, we considered:

- That sophisticated forecasts for a sufficient period of time do not exist;
- There is no reasonable basis for the preparation of such forecasts under Regulatory Guide 170 *Prospective Financial Information* ("**RG 170**");
- Positive historical or forecast earnings do not exist / are not forecast in the short term;
- LatAm's provides the market with significant and regular information in relation to its strategy, environment and ongoing operational and financial performance;
- LatAm shares traded on every day that the ASX was open for the twelve months prior to announcement that LatAm was looking to raise capital, being 252 days, and at reasonable volumes;
- LatAm has historically traded at a significant premium to its reported net asset backing;
- High growth, scaleable technology businesses trade and transact at observable revenue multiples; and
- The net asset and dilutionary impacts of the Proposed Transaction.

Based on the above, there is insufficient information available to adopt either a discounted cash flow or capitalisation of earnings methodology.

On the basis the market is well informed in relation to LatAm's strategy, environment and ongoing operational and financial performance, and that its shares are frequently traded, we have adopted LatAm's recent share trading history as our primary valuation methodology.

As a cross check, we considered enterprise value to revenue multiples implied by our primary valuation in comparison to trading multiples of comparable listed companies and multiples paid to acquire comparable target businesses.

An asset based methodology does not account for the future growth potential of LatAm and is therefore not an appropriate methodology as evidenced by the fact that LatAm shares have recently traded at a significant premium to its net asset backing.

7 Valuation of LatAm

7.1 Valuation Summary

Based on the intended timing of the Proposed Transaction, we adopted a valuation date of 30 April 2017 for the purpose of this Report.

Based on LatAm's recent share trading history, and implied enterprise value to revenue multiple cross check, we assessed the value of LatAm shares, on an undiluted basis, to be:

- **Pre-implementation of the Proposed Transaction and on a controlling basis:** between AUD 0.125 per share and 0.250 cents per share;
- **Pre-implementation of the Proposed Transaction and on a minority basis:** between AUD 0.100 per share and 0.200 cents per share; and
- **Post-implementation of the Proposed Transaction and on a minority basis:** between AUD 0.100 per share and 0.200 cents per share.

7.2 Recent Share Trading History

7.2.1 Overview

This methodology relies on the market price of a company's shares reflecting all available information to willing but not anxious buyers and sellers acting at arm's length. The market value of listed shares on the ASX is influenced by many factors, including but not limited to:

- the value of the underlying assets of the company, including intangibles;
- the industry in which the company operates;
- managerial skills within the company;
- liquidity of the particular stock, as indicated by share trading volumes;
- future expectations for the company;
- the prevailing market and economic conditions; and
- supply and demand for the shares.

A change in these perceptions can significantly affect share value over a relatively short period.

In the case of LatAm, we consider the market is well informed in relation to LatAm's strategy, environment and ongoing operational and financial performance, and that its shares are frequently traded (refer Section 5.10).

7.2.2 Conclusion on Recent Share Trading History

As detailed in Section 5.10, LatAm's shares traded at a VWAP of approximately:

- AUD 0.10 in the six trading days post recommencement of trading, on 18 April 2017; and
- AUD 0.20 in the one month prior to the announcement that LatAm was looking to raise capital, on 31 January 2017.

The former period above represents the most recent trading information available, albeit this period is short and was likely subject to an overhang in supply of LatAm shares following the 2.5 month suspension from trading. Such an overhang would have put downwards pressure on LatAm's share price.

The later period above reflects the most recent month of trading in LatAm shares prior to the trading halt, and was a period that exhibited reasonable liquidity in trading (against the free float balance of shares outstanding).

Based on the above, we adopted a share price pre-implementation of the Proposed Transaction and on a minority basis of AUD 0.10 to AUD 0.20. The adopted range, whilst wide, is representative of the uncertainty and potential upside that LatAm faces.

7.3 Implied Revenue Multiple Cross Checks

7.3.1 Overview

As a cross check to LatAm's recent share trading history, we considered enterprise value to revenue multiples implied by our primary valuation in comparison to trading multiples of comparable listed companies and multiples paid to acquire comparable target businesses.

In order to calculate implied enterprise value to revenue multiples from the assessed value per LatAm share on a minority interest basis, it was first necessary to:

- calculate the value per LatAm share on a controlling basis; and
- calculate the enterprise value of LatAm on a controlling basis.

7.3.2 Control Premium

Equity interests of 100% are typically inherently more valuable than equity interests of less than 100%, reflecting a premium for control or 'control premium', since a 100% shareholder can exert a greater level of control over day-to-day and strategic decision making, including:

- appointing and removing Directors from the Board;
- influencing the strategic decision making of a business by voting to enforce resolutions at a Board or shareholder level;
- preventing other shareholders or shareholding groups from exerting influence by blocking resolutions at a Board or shareholder level; or
- declaring dividends to access cash flows from their investment when they desire (or preventing other shareholders / shareholder groups from doing likewise).

Control premiums are evident in takeover transactions.

Empirical evidence from a broad range of studies of takeover transactions indicates that typical control premiums range between 20% and 35%². Notwithstanding, larger premiums are paid dependent upon the competitive bidding environment and level of synergies which the purchaser(s) may receive from the acquisition.

As the Proposed Transaction does not involve a trade buyer with material synergies, nor a competitive bidding situation, we adopted a control premium of 25%.

7.3.3 Value per LatAm share on a Controlling Basis

Summarised below is the assessed value per LatAm share prior to the Proposed Transaction on a controlling basis:

LatAm Value per Share based on Share Trading History - pre Proposed Transaction & Controlling Basis (AUD)		
	Low	High
Value per LatAm share pre Proposed Transaction (minority basis)	0.100	0.200
Control premium	25%	25%
Value per LatAm share pre Proposed Transaction (controlling basis)	0.125	0.250

7.3.4 Enterprise Value on a Controlling Basis

Summarised below is the enterprise value of LatAm prior to the Proposed Transaction on a controlling basis:

LatAm Implied Enterprise Value based on Assessed value per Share (AUD)			
		Low	High
Value per LatAm share pre Proposed Transaction (controlling basis)	(AUD)	0.13	0.25
Shares outstanding - pre Proposed Transaction	(#)	310,258,777	310,258,777
Equity value	(AUD 000s)	38,782	77,565
Cash at 31-Dec-16	(AUD 000s)	(4,915)	(4,915)
Cash burn to 30-Apr-17	(AUD 000s)	5,136	5,136
Enterprise value pre Proposed Transaction (controlling basis)	(AUD 000s)	39,003	77,785

The above figures are subject to rounding. Cash burn includes transaction costs that will be incurred whether or not the Proposed Transaction proceeds.

7.3.1 Implied Revenue Multiples

Summarised below are the revenue multiples implied by our primary valuation of LatAm on a controlling basis:

LatAm Implied Revenue Multiple Cross Checks (AUD 000s)		
	Low	High
Enterprise value pre Proposed Transaction (controlling basis)	39,003	77,785
CY16 operating revenue	8,141	8,141
Implied revenue multiples (control basis)	4.8x	9.6x

We also considered multiples of implied CY17 and CY18 revenues, based on high level Management projections.

² 'Applied Valuation', Masters of Applied Finance, Kaplan Professional/ FINSIA.

7.3.2 Comparable Multiples

Refer Appendix 4 and Appendix 5 for detailed research in relation to trading multiples of comparable listed businesses and multiples paid to acquire comparable target businesses.

In summary:

- **ASX listed online classifieds businesses:** with an average enterprise value of around AUD 4 billion, which are on a minority interest basis, had:
 - **Historical revenue multiples:** ranged from 6.5 times to 12.9 times, and averaged 9.2 times;
 - **Current revenue multiples:** ranged from 6.3 times to 12.0 times, and averaged 8.2 times; and
 - **Forecast revenue multiples:** ranged from 4.6 times to 10.5 times, and averaged 6.9 times.

If the equity values of the listed companies were restated to include a control premium of 25%, the average revenue multiples would have been 11.4 times, 10.2 times and 8.6 times respectively.

- **Globally listed online classifieds businesses, excluding China:** with an average enterprise value of also around AUD 4 billion, which are on a minority interest basis, had:
 - **Historical revenue multiples:** ranged from 3.2 times to 20.4 times, and averaged 9.9 times;
 - **Current revenue multiples:** ranged from 3.1 times to 16.7 times, and averaged 9.2 times; and
 - **Forecast revenue multiples:** ranged from 2.9 times to 15.1 times, and averaged 7.5 times.

If the equity values of the listed companies were restated to include a control premium of 25%, the average revenue multiples would have been 12.5 times, 11.5 times and 9.4 times respectively.

- **Comparable transactions:** with an average enterprise value of around AUD 595 million, which are on a controlling basis, had revenue multiples that ranged from 4.7 times to 29.1 times, and averaged 9.7 times.

7.3.3 Conclusion on Implied Revenue Multiple Cross Checks

In our opinion, the range of observed revenue multiples provide support for the revenue multiples implied by our primary valuation of LatAm.

7.4 Conclusion on Value

7.4.1 Pre Transaction on a Controlling Basis

In accordance with Section 7.3.3, we assessed the value per LatAm share pre Transaction and on a controlling basis to be as follows:

LatAm Value per Share based on Share Trading History - pre Proposed Transaction & Controlling Basis (AUD)		
	Low	High
Value per LatAm share pre Proposed Transaction (minority basis)	0.100	0.200
Control premium	25%	25%
Value per LatAm share pre Proposed Transaction (controlling basis)	0.125	0.250

7.4.2 Post Transaction on a Minority Basis

The value of LatAm shares post Transaction requires consideration of the incremental impacts associated with the convertible notes, being either that they are:

- **Not converted:** in which case, immediately post the Proposed Transaction, LatAm would have incremental cash of AUD 10 million, offset by an equal incremental liability to repay the same. Over time, LatAm would also have accrued interest owing to the extent that interest is not paid each quarter; and
- **Converted:** in which case, assuming they were able to be converted immediately post the Proposed Transaction, LatAm would have incremental cash of AUD 10 million, plus an additional 62,500,000 shares on issue. Over the life of the convertible notes, if all interest was capitalised, 78,641,393 incremental LatAm shares would be issued on conversion at the maturity date.

Whilst the convertible notes would not convert into LatAm shares prior to the maturity date of 30 April 2020 unless a Trigger Event occurs, or LatAm uses its discretion to redeem the notes earlier, the above commentary and calculations below address the full range of potential outcomes.

Summarised below is the assessed value per LatAm share post Transaction on a minority basis:

LatAm Value per Share - post Proposed Transaction & Minority Basis					
		Low value scenario		High value scenario	
		No conversion	Conversion	No conversion	Conversion
Face value only					
Value per LatAm share pre Proposed Transaction (minority basis)	(AUD)	0.100	0.100	0.200	0.200
Shares outstanding - pre Proposed Transaction	(#)	310,258,777	310,258,777	310,258,777	310,258,777
Pre Proposed Transaction market capitalisation (minority)	(AUD 000s)	31,026	31,026	62,052	62,052
Incremental cash	(AUD 000s)	10,000	10,000	10,000	10,000
Incremental debt	(AUD 000s)	(10,000)	-	(10,000)	-
Post Proposed Transaction market capitalisation (minority)	(AUD 000s)	31,026	41,026	62,052	72,052
Shares outstanding - post Proposed Transaction	(#)	310,258,777	372,758,777	310,258,777	372,758,777
Value per share - post Proposed Transaction (minority)	(AUD)	0.100	0.110	0.200	0.193
Face value plus capitalised interest					
Value per LatAm share pre Proposed Transaction (minority basis)	(AUD)	0.100	0.100	0.200	0.200
Shares outstanding - pre Proposed Transaction	(#)	310,258,777	310,258,777	310,258,777	310,258,777
Pre Proposed Transaction market capitalisation (minority)	(AUD 000s)	31,026	31,026	62,052	62,052
Incremental cash	(AUD 000s)	12,583	12,583	12,583	12,583
Incremental debt	(AUD 000s)	(12,583)	-	(12,583)	-
Post Proposed Transaction market capitalisation (minority)	(AUD 000s)	31,026	43,609	62,052	74,634
Shares outstanding - post Proposed Transaction	(#)	310,258,777	388,900,170	310,258,777	388,900,170
Value per share - post Proposed Transaction (minority)	(AUD)	0.100	0.112	0.200	0.192

On conversion:

- **Under the low scenario:** the value of LatAm shares increases marginally, since the conversion price is higher than the underlying value per share adopted (i.e. AUD 0.16 compared with AUD 0.10); and
- **Under the high scenario:** the value of LatAm shares reduces marginally, since the conversion price is lower than the underlying value per share adopted (i.e. AUD 0.16 compared with AUD 0.20).

7.4.3 Post Transaction - Fully Diluted Basis

In addition to the shares on issues as at the time of this Report, there were:

- 5,416,670 zero exercise performance rights outstanding in relation to key members of Management team and Board of Directors; and
- 886,184 STI shares to be issued by LatAm during CY17 in relation to CY16 performance of certain members of the Management team and Board of Directors.

Notwithstanding material uncertainty as to the amount, if any, of the performance rights that will vest, summarised below are the fully diluted values per LatAm share, both before and after the Proposed Transaction:

	LatAm Fully Diluted Values per Share (AUD)					
	Pre Transaction & Controlling		Pre Transaction & Minority		Post Transaction & Minority	
	Low	High	Low	High	Low	High
Value per LatAm share - undiluted	0.125	0.250	0.100	0.200	0.100	0.200
Shares outstanding - undiluted	310,258,777	310,258,777	310,258,777	310,258,777	372,758,777	388,900,170
Market capitalisation (minority basis)	38,782	77,565	31,026	62,052	37,276	77,780
Shares outstanding - fully diluted	316,561,631	316,561,631	316,561,631	316,561,631	379,061,631	395,203,024
Value per LatAm share - fully diluted	0.123	0.245	0.098	0.196	0.098	0.197

In performing our analysis, we considered the full range of potential outcomes associated with the proposed capital raising (i.e. where interest is paid quarterly as well as where interest is fully capitalised). The low and high values adopted for the post Transaction scenarios reflect the absolute lowest and highest scenarios from Section 7.4.2 adopting this approach.

7.4.4 Summary Conclusion

Summarised below are the values adopted for the purpose of this Report (i.e. where the pre Proposed Transaction scenario is considered on a controlling basis):

LatAm Fairness Assessment - Controlling Basis (AUD)			
		Low	High
Undiluted			
Value per LatAm share pre Proposed Transaction - controlling basis	Section 7.4.1	0.125	0.250
Value per LatAm share post Proposed Transaction - minority basis	Section 7.4.2	0.100	0.200
Value differential		(0.025)	(0.050)
Fully diluted			
Value per LatAm share pre Proposed Transaction - controlling basis	Section 7.4.2	0.123	0.245
Value per LatAm share post Proposed Transaction - minority basis	Section 7.4.2	0.098	0.197
Value differential		(0.024)	(0.048)

The value range considers the absolute low and high scenarios. Table includes rounding.

Additionally, summarised below are alternative values if a minority basis had been adopted for the pre Proposed Transaction scenario:

LatAm Alternative Assessment - Not on a Controlling Basis (AUD)			
		Low	High
Undiluted			
Value per LatAm share pre Proposed Transaction - minority basis	Section 7.4.1	0.100	0.200
Value per LatAm share post Proposed Transaction - minority basis	Section 7.4.2	0.100	0.200
Value differential		nil	nil
Fully diluted			
Value per LatAm share pre Proposed Transaction - minority basis	Section 7.4.2	0.098	0.196
Value per LatAm share post Proposed Transaction - minority basis	Section 7.4.2	0.098	0.197
Value differential		nil	0.001

The value range considers the absolute low and high scenarios. Table includes rounding.

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8 Valuation of Convertible Notes

8.1 Valuation Summary

We calculated the face value of the convertible notes to be received by LatAm as cash to be less than the intrinsic value of the convertible notes. This represents a detriment to LatAm.

8.2 Approach

The convertible note possesses characteristics of debt and equity. In valuing a convertible note on this basis, it is important to assess the value of the debt instrument, based on the financial strength of the company issuing the debt instrument, and add the value of the option to convert into shares.

If the Proposed Transaction is approved by LatAm's non-associated shareholders, LatAm would issue convertible notes with a total face value of AUD 10 million, at a conversion price of AUD 0.16.

The face value of the convertible notes is being paid to LatAm in two cash instalments:

- **Tranche 1:** AUD 2 million (estimated to be circa 30 April 2017); and
- **Tranche 2:** AUD 8 million (estimated to be circa 30 June 2017).

We calculated the fundamental or intrinsic value of the Convertible Note as being the sum of:

- the present value of future benefits to the holders of the convertible notes, being interest (either paid quarterly or capitalised and redeemed with the notes on the redemption date) and the face value at redemption; and
- the present value of option to convert into LatAm shares.

In determining the present value of the benefits to convertible note holders, we assumed that:

- either:
 - interest is accrued daily and paid quarterly, in accordance with the terms of the Convertible Note ("**Scenario 1**"); or
 - all interest is capitalised ("**Scenario 2**"); and
- the full face value (and all capitalised interest under Scenario 2) is repaid / converted on the repayment date. Under the terms of the convertible note, the holders cannot convert the notes into shares prior to the redemption date. It is unlikely that LatAm would repay the convertible note earlier than this based on its financial position and growth forecasts.

8.3 Variables Adopted

8.3.1 Debt Component (cash flows under the convertible note)

We performed a discounted cash flow calculation with respect to the benefits to noteholders associated with the debt component of the convertible note. We adopted the following variables:

- cash instalments of AUD 2 million and AUD 8 million circa 30 April 2017 and 30 June 2017 respectively;

- interest:
 - **Scenario 1:** accrued daily at 8% per annum and paid quarterly in arrears (based on calendar year quarters); and
 - **Scenario 2:** accrued daily at 8% per annum but capitalised over the term of the convertible note;
- a term from issue to 30 April 2020;
- a cost of equity discount rate we assessed for LatAm of 18% to 20%, based on:
 - **Risk free rate:** the ten year Australian Government Bond Rate as at the date of this Report, being 2.60%;
 - **Beta:** 1.3, based on an analysis of the betas of the comparable listed companies we considered in Appendix 4;
 - **Market risk premium:** 7%, being the widely accepted market risk premium for Australia³; and
 - **Small stock premium:** 3% to 4%⁴; and
 - **Specific risk premium:** 3% to 4% to account for risk associated with LatAm's current change in business model and uncertainty associated with performance following the capital raising through to breakeven.

We adopted the assessed cost of equity for LatAm as the relevant discount rate as the convertible notes are convertible into LatAm ordinary shares.

8.3.2 Option Component

We applied a binomial American call option valuation model to value the option that noteholders will have to convert the notes into LatAm shares, adopting the following variables:

- a range of underlying share prices, being:
 - **AUD 0.10 per share:** our assessed low end value of LatAm shares; and
 - **AUD 0.20 per share:** our assessed high end value of LatAm shares;
- exercise price being the conversion price under the convertible notes of AUD 0.16 per share;
- expected life of the option to convert being three years;
- expected volatility of 35% based on an analysis of historical share price volatility of the basket of companies comparable considered in Appendix 4;
- risk free rate of 1.81%, being the three year Government bond rate as at the date of this Report; and
- a dividend yield of 0%, since LatAm is not generating positive cash flows to enable dividends to be paid.

³ A range of empirical studies indicate the MRP for Australia is generally in the range of 5.0% to 8.0%. Additionally, in recent years it has been common market practice in Australia in Expert's reports and regulatory decisions to adopt a MRP of 6.0% to 7.0%. Taking this in to account and the current low interest rate environment, we adopted a MRP of 7.0%. Source: Recent studies undertaken by the Centre for Research in Finance at the Australian Graduate School of Management, Morningstar Inc, ABN AMRO/London Business School and Aswath Damodaran.

⁴ Based on a range of empirical studies, including the work of Ibbotson.

8.4 Valuation of the Convertible Notes

8.4.1 Value of Option Component

Based on a conversion price of AUD 0.16, and the:

- **Low end of our valuation range, being AUD 0.10 per share:** the options were effectively 'out of the money'⁵ as at the date of this Report; and
- **High end of our valuation range, being AUD 0.20 per share:** the options were effectively 'in the money'⁶ as at the date of this Report.

Based on the assumptions set out in Section 8.3.2, we calculated the value of the option component to be as follows:

LatAm Value of Option to Convert					
Underlying share price (AUD)		0.10		0.20	
		Interest paid	Interest capitalised	Interest paid	Interest capitalised
Value of option (AUD)		0.01	0.01	0.07	0.07
Number of shares on conversion (000s)		62,500	78,641	62,500	78,641
Value of option to convert (AUD 000s)		667	839	4,393	5,527

8.4.2 Valuation Summary

Based on the assumptions above, we calculated the fundamental or intrinsic value of the convertible notes, as detailed below:

LatAm						
Valuation of Convertible Notes (AUD 000s)						
Underlying share price (AUD)	0.10			0.20		
	Low	Midpoint	High	Low	Midpoint	High
Scenario 1 - AUD 10m face value, interest paid quarterly						
Present value of convertible note cash flows	7,504	7,677	7,849	7,504	7,677	7,849
Value of option to convert	667	667	667	4,393	4,393	4,393
Present value of obligations under convertible notes	8,171	8,343	8,516	11,897	12,069	12,242
Scenario 2 - AUD 10m face value, interest capitalised						
Present value of convertible note cash flows	7,274	7,462	7,651	7,274	7,462	7,651
Value of option to convert	839	839	839	5,527	5,527	5,527
Present value of obligations under convertible notes	8,113	8,301	8,489	12,801	12,989	13,177

⁵ Out of the money – for a call option is when the exercise price of the option is greater than the value of the underlying asset. As it would cost more to acquire the underlying asset via paying the exercise price than it would to acquire the underlying asset directly in the market, a rationale investor ordinarily does not exercise such an option.

⁶ In the money – for a call option is when the exercise price of the option is less than the value of the underlying asset. As the underlying asset can be acquired for less than its market price via paying the exercise price, a rationale investor ordinarily exercises such an option.

8.4.3 Comparison to Face Value

Summarised below is a comparison of the face value of the convertible notes to their intrinsic value:

LatAm Benefit / (Detriment) to LatAm (AUD 000s)						
Underlying share price (AUD)	0.10			0.20		
	Low	Midpoint	High	Low	Midpoint	High
Scenario 1 - AUD 10m face value, interest paid quarterly						
Face value of convertible notes to be received	10,000	10,000	10,000	10,000	10,000	10,000
Present value of obligations under convertible notes	(8,171)	(8,343)	(8,516)	(11,897)	(12,069)	(12,242)
Benefit / (detriment) to LatAm	1,829	1,657	1,484	(1,897)	(2,069)	(2,242)
Scenario 2 - AUD 10m face value, interest capitalised						
Face value of convertible notes to be received	10,000	10,000	10,000	10,000	10,000	10,000
Present value of obligations under convertible notes	(8,113)	(8,301)	(8,489)	(12,801)	(12,989)	(13,177)
Benefit / (detriment) to LatAm	1,887	1,699	1,511	(2,801)	(2,989)	(3,177)

8.4.4 Sensitivity Analysis

We performed sensitivity calculations using the above methodology and adopting various underlying share prices and expected volatilities.

The results of our sensitivity analysis did not alter our conclusions as set out below, or our opinion with respect to the Proposed Transaction.

8.5 Conclusion

We calculated the face value of the convertible notes to be received by LatAm as cash to be:

- more than the intrinsic value of the convertible notes under the low valuation scenario, which represents a benefit to LatAm; and
- less than the intrinsic value of the convertible notes under the high valuation scenario, which represents a detriment to LatAm.

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9 Evaluation of the Proposed Transaction

9.1 Approach

In evaluating whether the Proposed Transaction is fair for the non-associated shareholders of LatAm, we compared:

- the value of the shares in LatAm pre-implementation of the Proposed Transaction, on a controlling basis, to the value of the shares in LatAm post-implementation of the Proposed Transaction, on a minority interest basis; and
- the face value of the convertible notes to be received by LatAm as cash to the intrinsic value of the convertible notes.

Under Regulatory Guide 111 an offer is deemed to be "reasonable" if it is fair, however, an offer might also be reasonable if, despite being "not fair", the expert believes that there are sufficient reasons for non-associated shareholders to accept the offer in the absence of a superior alternative.

In assessing if the Proposed Transaction is reasonable we have first considered whether the Proposed Transaction is fair. Additionally, we have compared the potential advantages and disadvantages of the Proposed Transaction to the non-associated shareholders of LatAm, and have determined whether the advantages outweigh the disadvantages.

9.2 The Proposed Transaction is Not Fair but Reasonable

In our opinion, the Proposed Transaction is not fair but reasonable for the non-associated shareholders of LatAm.

Our fairness and reasonableness assessment for the Proposed Transaction is set out below.

9.3 The Proposed Transaction is Not Fair

9.3.1 Ordinary Equity Perspective

Controlling Basis

Summarised below is a comparison of the assessed value of a LatAm share before the Proposed Transaction on a controlling basis and after the Proposed Transaction on a minority basis, as required under RG 111:

LatAm Fairness Assessment - Controlling Basis (AUD)			
		Low	High
Undiluted			
Value per LatAm share pre Proposed Transaction - controlling basis	Section 7.4.1	0.125	0.250
Value per LatAm share post Proposed Transaction - minority basis	Section 7.4.2	0.100	0.200
Value differential		(0.025)	(0.050)
Fully diluted			
Value per LatAm share pre Proposed Transaction - controlling basis	Section 7.4.2	0.123	0.245
Value per LatAm share post Proposed Transaction - minority basis	Section 7.4.2	0.098	0.197
Value differential		(0.024)	(0.048)

The value range considers the absolute low and high scenarios. Table includes rounding.

The adopted range, whilst wide, is representative of the uncertainty and potential upside that LatAm faces, which is reflected in the prices at which LatAm shares have recently traded.

The fact that the value of a LatAm share after the Proposed Transaction is less than the value of a LatAm share prior to the Proposed Transaction indicates the Proposed Transaction is not fair for LatAm's non-associated shareholders. We also consider the convertible note perspective in Section 9.3.2.

Non-controlling Basis

Notwithstanding the above, the Proposed Transaction does not confer control to Mr Fitzpatrick. If a control premium was excluded from the assessment, there would be no material change in value before and after the Proposed Transaction, as summarised below:

LatAm			
Alternative Assessment - Not on a Controlling Basis (AUD)			
		Low	High
Undiluted			
Value per LatAm share pre Proposed Transaction - minority basis	Section 7.4.1	0.100	0.200
Value per LatAm share post Proposed Transaction - minority basis	Section 7.4.2	0.100	0.200
Value differential		nil	nil
Fully diluted			
Value per LatAm share pre Proposed Transaction - minority basis	Section 7.4.2	0.098	0.196
Value per LatAm share post Proposed Transaction - minority basis	Section 7.4.2	0.098	0.197
Value differential		nil	0.001

The value range considers the absolute low and high scenarios. Table includes rounding.

The adopted range, whilst wide, is representative of the uncertainty and potential upside that LatAm faces, which is reflected in the prices at which LatAm shares have recently traded.

Valuation Framework

In relation to the assessed value of LatAm shares, we note:

- We are required to look at the Proposed Transaction as a control transaction in forming our opinion.
- The value attributed to LatAm shares does not reflect our opinion of the potential future share price of LatAm, rather, it reflects the valuation concepts required for the purpose of this Report as at the Valuation Date.
- If valued on a basis consistent with the metrics of certain comparable transactions and certain prior offers for LatAm, the assessed value per LatAm share would have been higher, in some instances materially.

9.3.2 Convertible Note Perspective

We calculated the face value of the convertible notes to be received by LatAm as cash to be:

- more than the intrinsic value of the convertible notes under the low valuation scenario, which represents a benefit to LatAm; and
- less than the intrinsic value of the convertible notes under the high valuation scenario, which represents a detriment to LatAm.

Refer to Section 8 for full calculations.

9.3.3 Conclusion on Fairness

Since the value of a LatAm share after the Proposed Transaction is less than the value of a LatAm share prior to the Proposed Transaction, and the face value of the convertible notes to be received by LatAm as cash is less than the intrinsic value of the convertible notes under the high valuation scenario, in our opinion, the Proposed Transaction is not fair for LatAm's non-associated shareholders.

Notwithstanding, we note that under the low valuation scenario, the face value of the convertible notes to be received by LatAm as cash is greater than the intrinsic value of the convertible notes, which represents a benefit to LatAm shareholders.

9.4 The Proposed Transaction is Reasonable

Notwithstanding that the Proposed Transaction is not fair, in our opinion, the advantages outweigh the disadvantages of the Proposed Transaction, and accordingly, the Proposed Transaction is reasonable.

9.4.1 Advantages to LatAm shareholders from the Proposed Transaction

The primary advantages to the shareholders of LatAm in proceeding with the Proposed Transaction are as follows:

a) *The Proposed Transaction provides a level of new capital that is essential to LatAm's ability to continue trading in the short term without material disruption to the business*

At current cash burn rates, LatAm will deplete its cash reserves by around April / May in the absence of a capital raising or additional short term cost cutting measures. For the avoidance of doubt, Tranche 1 funding, which has already been subscribed for, will effectively become repayable in the event the Proposed Transaction is not approved.

b) *Based on Management projections, the Proposed Transaction provides funding to estimated breakeven under LatAm's renewed strategy*

Management expect LatAm will reach cash flow breakeven during the second half of CY18, and that the Proposed Transaction will provide the required level of capital to reach this point.

c) *The Proposed Transaction provides an opportunity to benefit from growth in revenues from new revenue streams and regional and macro-economic trends*

Without additional capital, LatAm will not be able to continue to launch its schedule of new products in various geographies. Capital raised under the Proposed Transaction will enable LatAm to employ its growth strategy (i.e. launch new products). It is possible that LatAm's share price will increase if LatAm executes on its growth strategy.

d) *No superior alternatives exist*

The Directors have explored a number of other strategic alternatives, which either did not progress, or it was determined were not in the best interests of LatAm's shareholders. At the date of this Report, the Directors were not aware of any superior alternatives to the Proposed Transaction.

e) *Participation of Directors of LatAm in providing capital and underwriting the Proposed Transaction*

The fact that Mr Fitzpatrick and Mr Clausen are providing capital and underwriting the Proposed Transaction up to AUD 10 million demonstrates their support of LatAm and commitment to the growth strategy of the Company.

f) *The Independent Directors of LatAm, including Directors who hold shares but are not party to the convertible notes, intend to vote in favour of the Proposed Transaction*

The Independent Directors of LatAm have advised they unanimously recommend the Proposed Transaction on the basis they consider it a positive outcome for LatAm.

g) *We consider the underwriting arrangements to be reasonable on the basis that they provide certainty that required funding will be provided to execute on LatAm's growth strategy, with a view to realising future value*

If the Proposed Transaction is approved, total underwriting fees will represent 1.8% of Tranche 2 funding, which in our experience is consistent with the lower end of underwriting fees generally paid, and is therefore reasonable.

If the Proposed Transaction is not approved, only Tranche 1 capital will be raised, however, the total underwriting fees will remain paid. In this instance, the total underwriting fees will represent 7.3% of total (Tranche 1) capital raised, which in our experience is consistent with the upper end of underwriting fees generally paid.

9.4.2 Disadvantages to LatAm shareholders from the Proposed Transaction

The primary disadvantages to the shareholders of LatAm in proceeding with the Proposed Transaction are as follows:

a) *The convertible notes are dilutive to LatAm's current shareholders*

Presuming the conversion price remains less than the market price of LatAm shares, any conversion of the notes would be dilutive to LatAm's existing shareholders, and reduce the free float portion of LatAm's total equity.

b) *Whilst Mr Fitzpatrick will not obtain control of LatAm, an effective interest of 25% or more would provide a blocking stake*

Should Mr Fitzpatrick obtain an effective interest of 25% or more as a result of the Proposed Transaction, he would be able to block special resolutions. Notwithstanding, it is possible that Mr Fitzpatrick may not obtain a blocking stake. In fact, depending upon the take-up of the convertible note offer by other investors, and potential associated conversion of capitalised interest, Mr Fitzpatrick may obtain a total effective interest of less than 20%.

c) *Uncertainty as to whether the capital raising and resultant development and launch of new products will drive the intended level of growth*

There is commercial risk associated with the new products being developed and launched off the back of the capital raising. The products may not result in the intended performance improvements the capital raising is designed to achieve.

d) *Potential requirement for additional capital prior to LatAm breaking even*

Whilst the Proposed Transaction appears to satisfy LatAm's short term cash requirements, additional future capital may be required. Any additional future equity capital raised may be further dilutionary to shareholders at that time.

e) Potential emergence of a superior alternative

The non-associated shareholders of LatAm may consider that a superior alternative opportunity to the Proposed Transaction will emerge. Notwithstanding, the Directors have explored a number of alternative capital raising and corporate transactions, which either did not progress, or it was determined were not in the best interests of LatAm's shareholders. At the date of this Report, the Directors were not aware of any superior alternatives to the Proposed Transaction. Added to this, the available time for viable alternative opportunities to emerge is running short, with additional capital required by LatAm by late April / early May.

f) Quantum of underwriting fees if the Proposed Transaction is not approved

If the Proposed Transaction is not approved, only Tranche 1 capital will be raised, however, the total underwriting fees will remain paid. In this instance, the total underwriting fees will represent 7.3% of total (Tranche 1) capital raised, which in our experience is consistent with the upper end of underwriting fees generally paid.

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10 Qualifications, Declarations and Consents

10.1 Qualifications

Crowe Horwath provides corporate finance services in relation to mergers and acquisitions, capital raisings, corporate restructuring and financial matters generally. One of its activities is the preparation of company and business valuations and the provision of independent advice and expert reports concerning mergers and acquisitions, takeovers and capital reconstructions.

The executives responsible for preparing this Report on behalf of Crowe Horwath are Mr Nathan Timosevski, B.Bus, CA, A.Fin and Ms Nicole Vignaroli, MAppFin, BBus, BA, F.Fin, Aff.CA. Both Nathan and Nicole have significant experience in relevant corporate advisory matters. Both are Representatives in accordance with the Australian Financial Services Licence No. 239170 held by Crowe Horwath under the Corporations Act 2001 (Cth).

10.2 Disclaimers

It is not intended that this report be used or relied upon for any purpose other than as an expression of Crowe Horwath's opinion as to whether the Proposed Transaction is fair and reasonable to the non-associated shareholders of LatAm. Crowe Horwath expressly disclaims any liability to any person who relies or purports to rely on the report for any other purpose and to any other party who relies or purports to rely on the report for any purpose.

This Report has been prepared by Crowe Horwath with care and diligence and statements and opinions given by Crowe Horwath in this report are given in good faith and in the belief on reasonable grounds that such statements and opinions are correct and not misleading. However, no responsibility is accepted by Crowe Horwath or any of its officers or employees for errors or omissions however arising in the preparation of this report, provided that this shall not absolve Crowe Horwath from liability arising from an opinion expressed recklessly or in bad faith.

10.3 Declarations

Crowe Horwath does not have at the date of this report nor has had any shareholding in or other relationship with LatAm or any of the subscribers to the convertible notes that could reasonably be regarded as capable of affecting its ability to provide an unbiased opinion in relation to the Proposed Transaction. Crowe Horwath had no part in the formulation of the Proposed Transaction. Crowe Horwath's only role has been the preparation of this Independent Expert's Report. Crowe Horwath considers itself independent in terms of Regulatory Guide 112 issued by ASIC on 30 October 2007.

Crowe Horwath will receive a fee in the vicinity of \$35,000 (plus GST) based on time costs for the preparation of this report. This fee is not contingent on the outcome of the Proposed Transaction. Crowe Horwath will receive no other benefit for the preparation of this report.

LatAm has agreed that to the extent permitted by law that it will indemnify Crowe Horwath employees and officers in respect of any liability suffered or incurred as a result of or arising out of the preparation of this Report. This indemnity will not apply in respect of any conduct involving negligence or wilful misconduct. LatAm has also agreed to indemnify Crowe Horwath and its employees and officers for time spent and reasonable legal costs and expenses incurred in relation to any inquiry or proceeding initiated by any person except where Crowe Horwath or its employees and officers are found liable for or guilty of conduct involving negligence or wilful misconduct in which case Crowe Horwath shall bear such costs.

Advance drafts of this report (and parts of it) were provided to LatAm and its advisers. Certain changes were made to this report as a result of the circulation of the draft report. There was no alteration to the methodology, valuation of LatAm, conclusions or recommendations made to LatAm shareholders as a result of issuing the drafts.

10.4 Consents

Crowe Horwath consents to the issuing of this report in the form and context in which it is to be included in the Proposed Transaction documentation to be sent to LatAm shareholders. Neither the whole nor any part of this report nor any reference thereto may be included in any other document without the prior written consent of Crowe Horwath as to the form and context in which it appears.

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Appendix 1 – Financial Services Guide

Dated of issue: 27 April 2017

General Advice – Independent Expert's Report

This Financial Services Guide is designed to help retail clients make a decision as to their use of the relevant general financial product advice; to ensure that we comply with our obligations as a financial services licensee; and to provide you with information on:

- how we and our associates are paid;
- any potential conflict of interest we may have; and
- our internal and external dispute resolution procedures and how you can access them.

Introduction

Crowe Horwath Corporate Finance (Aust) Ltd, ABN 95 001 508 363 has been engaged to issue general financial product advice in the form of an Independent Expert's Report for inclusion in a disclosure or other document in relation to the issuing of a financial product.

Who is responsible for the financial services provided to me?

Crowe Horwath Corporate Finance (Aust) Ltd holds an Australian Financial Services Licence No. 239170 and is responsible for the financial services provided by it and its Authorised Representatives, including authorising the distribution of this Financial Services Guide.

Crowe Horwath Corporate Finance (Aust) Ltd is wholly owned by Crowe Horwath Australasia Ltd and operates as part of the business advisory and professional accounting practice of Crowe Horwath.

General Financial Product Advice

In the Independent Expert's Report we provide general financial product advice, not personal financial product advice, because the advice has been prepared without taking into account your personal objectives, financial situation or needs.

You should, before acting on the advice, consider the appropriateness of the advice, having regard to your objectives, financial situation and needs.

What kinds of financial services are you authorised to provide to me?

We are authorised to provide advice on, and deal in, the following classes of financial products to wholesale and retail clients:

1. Provide financial product advice for the following classes of financial products:
 - a) derivatives; and
 - b) securities.
2. Deal in a financial product by:
 - a) issuing, applying for, acquiring, varying or disposing of a financial product in respect of the following classes of financial products:
 - i. derivatives,
 - b) applying for, acquiring, varying or disposing of a financial product on behalf of another person in respect of the following classes of products:
 - i. derivatives; and
 - ii. securities.

Independent Expert's Reports

We provide financial product advice by issuing an Independent Expert's Report in connection with a financial product of another person or entity. Our Report includes a description of the circumstances of our engagement and identifies the person or entity who has engaged us. You have not engaged us directly but you will be provided with a copy of the Report due to your connection to the matters in respect of which we have been engaged to report.

Any report we provide is provided on our own behalf as an Australian Financial Services Licensee authorised to provide the financial product advice contained in the Report.

Do you have any relationships or associations with financial product issuers?

Crowe Horwath Corporate Finance (Aust) Ltd and any of its associated entities may at any time provide professional or financial services to financial product issuers in the ordinary course of our business.

How is Crowe Horwath Corporate Finance (Aust) Ltd paid to produce an Independent Expert's Report?

We will charge a fee in the vicinity of \$35,000 excluding GST for providing this Independent Expert's Report. This fee will be paid by the person or entity which engages us to provide the Report. The fee has not affected the opinion we have expressed in the Report.

Except for this fee, neither Crowe Horwath Corporate Finance (Aust) Ltd, nor any of its principals, employees or related entities, receives any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of the Report.

Does Crowe Horwath Corporate Finance (Aust) Ltd get paid for referring clients to invest in the products associated with your Independent Expert's Reports?

We do not pay commissions or provide any other benefits to any person for referring clients to us in connection with the Independent Expert's Report that we are engaged to provide.

We do not receive commissions or any other benefits for referring clients in connection with the underlying financial product and/or financial service that is the subject of the reports we are engaged to provide.

Do I pay for the financial services provided?

You do not pay us a fee for the production of the Independent Expert's Report. It is the responsibility of the person or entity which engaged our services to produce the Report to meet this cost.

Who can I complain to if I have a complaint about the financial services provided?

If you have any complaint about the service provided to you, you should take the following steps:

Contact us and tell us about your complaint.

If your complaint is not satisfactorily resolved within three business days, please contact the Complaints Officer on (02) 9262 2155, or put your complaint in writing and send it to us at:

The Complaints Officer
Crowe Horwath Corporate Finance (Aust) Ltd
Level 15, 1 O'Connell St
SYDNEY NSW 2000

If you still do not get a satisfactory outcome you can contact the Financial Ombudsman Service (FOS) of which Crowe Horwath is a member. FOS can be contacted on 1300 780 808 or you can write to them at GPO Box 3, Melbourne, Victoria 3001.

ASIC has a freecall Infoline on 1300 300 630 which you may also use to make a complaint or obtain information about your rights.

If you have any further questions about the financial services Crowe Horwath Corporate Finance (Aust) Ltd provides, please contact our office on (02) 9262 2155.

Appendix 2 – Glossary

Defined Term	Meaning
Act	Corporations Act 2001
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange
AUD	Australian Dollar
CAGR	Compound annual growth rate
CAPM	Capital asset pricing model
cps	Cents per share
Crowe Horwath	Crowe Horwath Corporate Finance (Aust) Ltd
CY	Years ended 31 December
GDP	Gross Domestic Product
IP	Intellection Property
IPO	Initial Public Offering
LatAm	LatAm Autos Limited
Log Creek	Log Creek Pty Ltd
LTIP	Long term incentive plan
MRP	Market risk premium
Notice of Meeting	LatAm's Notice of Meeting regarding the Proposed Transaction
NPV	Net present value
OICA	International Organization of Motor Vehicle Manufacturers
Proposed Transaction	Issuance of convertible notes by LatAm to raise AUD 10 million to AUD 15 million
Regulatory Guide 111	Regulatory Guide 111 'Content of Expert Reports'
Regulatory Guide 112	Regulatory Guide 112 'Independence of Experts'
Regulatory Guide 170	Regulatory Guide 170 'Prospective Financial Information'
Report	Independent Expert's Report

SaaS	Software as a Service
Section 606	Section 606(1) of the Act
Section 611	Section 611(7) of the Act
SRP	Specific risk premium
VWAP	Volume weighted average price

Appendix 3 – Sources of Information

Sources of information utilised and relied upon in the preparation of this Report include:

Proposed Transaction Documentation

- Term Sheet;
- Notice of Meeting; and
- Convertible Note Deed.

LatAm

- Prospectus;
- Annual Report for CY15 and CY16;
- CY14 pro-forma financials;
- Monthly Management Accounts;
- High-level Monthly Cash Flow Forecast for CY17 and CY18;
- Top 20 shareholders summary as at 2 February 2017;
- ASX announcements and investor presentations;
- Minutes of meetings of Directors; and
- Discussions & correspondence with the Management and Directors of LatAm.

Industry & Economic Research

- International Organization of Motor Vehicle Manufacturers (OICA) statistics;
- Word Bank Development Indicators: GDP Growth; and
- Capital IQ financial research.

Appendix 4 – Comparable Trading Multiples

Summarised below are the trading multiples of globally listed comparable companies:

LatAm																				
Comparable Company Trading Multiples																				
Company Name	Current period end	Country	Mkt Cap	EV	Revenue Multiple (times)				EBITDA Multiple (times)				EBIT Multiple (times)				Normalised PE Multiple (times)			
					1 Year Historical	Current (Hist / Est)	1 Year Estimate	2 Year Estimate	1 Year Historical	Current (Hist / Est)	1 Year Estimate	2 Year Estimate	1 Year Historical	Current (Hist / Est)	1 Year Estimate	2 Year Estimate	1 Year Historical	Current (Hist / Est)	1 Year Estimate	2 Year Estimate
					(A\$m)	(A\$m)	(x)	(x)	(x)	(x)	(x)	(x)	(x)	(x)	(x)	(x)	(x)	(x)	(x)	(x)
Tier 1: Australian listed companies																				
REA Group Limited	30-Jun-17	Australia	7,815	8,142	12.9 x	12.0 x	10.5 x	9.4 x	25.4 x	20.3 x	17.9 x	15.5 x	26.1 x	23.4 x	19.7 x	17.0 x	32.2 x	34.1 x	28.1 x	23.9 x
SEEK Limited	30-Jun-17	Australia	5,519	6,281	6.5 x	6.3 x	5.5 x	5.0 x	18.1 x	16.8 x	14.1 x	12.7 x	19.5 x	19.9 x	16.5 x	14.6 x	17.6 x	31.2 x	27.2 x	23.5 x
carsales.com Ltd	30-Jun-17	Australia	2,694	2,876	8.4 x	7.8 x	7.2 x	6.7 x	17.3 x	16.0 x	14.7 x	13.9 x	17.7 x	16.8 x	15.3 x	14.4 x	26.3 x	24.3 x	21.8 x	19.9 x
Mitula Group Limited	31-Dec-16	Spain	205	184	9.0 x	6.6 x	4.6 x	3.6 x	24.5 x	15.7 x	10.5 x	8.4 x	28.6 x	18.5 x	11.3 x	9.1 x	71.1 x	22.5 x	14.7 x	11.5 x
Min					6.5 x	6.3 x	4.6 x	3.6 x	17.3 x	15.7 x	10.5 x	8.4 x	17.7 x	16.8 x	11.3 x	9.1 x	17.6 x	22.5 x	14.7 x	11.5 x
Max					12.9 x	12.0 x	10.5 x	9.4 x	25.4 x	20.3 x	17.9 x	15.5 x	28.6 x	23.4 x	19.7 x	17.0 x	71.1 x	34.1 x	28.1 x	23.9 x
Median					8.7 x	7.2 x	6.3 x	5.9 x	21.3 x	16.4 x	14.4 x	13.3 x	22.8 x	19.2 x	15.9 x	14.5 x	29.3 x	27.8 x	24.5 x	21.7 x
Average					9.2 x	8.2 x	6.9 x	6.2 x	21.3 x	17.2 x	14.3 x	12.6 x	23.0 x	19.6 x	15.7 x	13.8 x	36.8 x	28.1 x	22.9 x	19.7 x
Average (excl high and low)					8.7 x	7.2 x	6.3 x	5.9 x	21.3 x	16.4 x	14.4 x	13.3 x	22.8 x	19.2 x	15.9 x	14.5 x	29.3 x	27.8 x	24.5 x	21.7 x
Tier 2: Offshore listed companies (excl. China)																				
TrueCar, Inc.	31-Dec-16	United States	1,755	1,652	4.9 x	4.5 x	4.0 x	3.5 x	n/m	n/m	54.4 x	33.5 x	n/m	n/m	n/m	n/m	n/m	n/m	n/m	n/m
iCar Asia Limited	31-Dec-16	Malaysia	88	62	9.8 x	9.3 x	6.7 x	4.0 x	n/m	n/m	n/m	n/m	n/m	n/m	n/m	n/m	n/m	n/m	n/m	n/m
Schibsted ASA	31-Dec-16	Norway	7,180	7,390	3.2 x	3.1 x	2.9 x	2.8 x	24.8 x	22.2 x	18.6 x	14.7 x	33.3 x	29.2 x	23.9 x	17.7 x	38.4 x	n/m	44.0 x	28.1 x
Mercadolibre, Inc.	31-Dec-16	Argentina	12,225	11,998	14.1 x	10.9 x	7.8 x	6.1 x	51.3 x	40.9 x	30.2 x	23.2 x	59.0 x	47.0 x	35.0 x	26.4 x	86.6 x	67.2 x	45.7 x	34.5 x
Rightmove plc	31-Dec-16	United Kingdom	6,038	6,009	19.1 x	16.7 x	15.1 x	13.9 x	26.5 x	22.5 x	20.0 x	18.2 x	26.7 x	22.7 x	20.2 x	18.5 x	33.5 x	28.3 x	25.1 x	22.9 x
Trade Me Group Limited	30-Jun-17	New Zealand	1,866	1,957	9.8 x	9.0 x	8.3 x	7.7 x	16.8 x	13.7 x	12.6 x	11.6 x	17.3 x	16.0 x	14.5 x	13.3 x	28.5 x	23.0 x	20.8 x	18.9 x
ZIGEXN Co., Ltd.	31-Mar-17	Japan	763	748	20.4 x	12.7 x	8.7 x	5.8 x	47.3 x	34.5 x	26.1 x	18.8 x	52.6 x	39.6 x	28.9 x	21.8 x	92.9 x	70.8 x	n/a	n/a
Trader Media East Limited	31-Dec-16	Netherlands	346	457	5.5 x	16.3 x	n/a	n/a	n/m	n/m	n/a	n/a	n/m	n/m	n/a	n/a	n/m	n/m	n/a	n/a
Scout24 AG	31-Dec-16	Germany	4,604	5,482	9.7 x	8.6 x	8.1 x	7.4 x	23.6 x	19.7 x	15.9 x	13.8 x	38.2 x	27.9 x	16.6 x	14.5 x	68.2 x	58.3 x	26.5 x	22.8 x
ZPG Plc	30-Sep-17	United Kingdom	2,589	2,829	8.7 x	7.3 x	6.4 x	5.8 x	24.6 x	19.1 x	16.2 x	14.2 x	28.3 x	20.3 x	17.4 x	15.5 x	47.0 x	28.0 x	24.0 x	20.3 x
CoStar Group, Inc.	31-Dec-16	United States	8,844	8,544	9.2 x	7.8 x	6.9 x	6.1 x	72.1 x	30.3 x	24.7 x	17.5 x	n/m	45.0 x	38.5 x	24.3 x	n/m	76.7 x	46.9 x	31.0 x
Jobindex A/S	31-Dec-16	Denmark	245	233	4.9 x	4.4 x	n/a	n/a	16.1 x	15.0 x	n/a	n/a	17.8 x	16.0 x	n/a	n/a	22.8 x	20.2 x	n/a	n/a
Min					3.2 x	3.1 x	2.9 x	2.8 x	16.1 x	13.7 x	12.6 x	11.6 x	17.3 x	16.0 x	14.5 x	13.3 x	22.8 x	20.2 x	20.8 x	18.9 x
Max					20.4 x	16.7 x	15.1 x	13.9 x	72.1 x	40.9 x	34.4 x	33.5 x	59.0 x	47.0 x	38.5 x	26.4 x	92.9 x	76.7 x	46.9 x	34.5 x
Median					9.4 x	8.8 x	7.4 x	6.0 x	24.8 x	22.2 x	20.0 x	17.5 x	30.8 x	27.9 x	22.1 x	18.1 x	42.7 x	43.3 x	26.5 x	22.9 x
Average					9.9 x	9.2 x	7.5 x	6.3 x	33.7 x	24.2 x	24.3 x	18.4 x	34.1 x	29.3 x	24.4 x	19.0 x	52.2 x	46.6 x	33.3 x	25.5 x
Average (excl high and low)					9.6 x	9.1 x	7.1 x	5.8 x	30.7 x	23.3 x	21.7 x	17.2 x	32.8 x	28.7 x	23.7 x	18.7 x	50.4 x	45.9 x	33.1 x	25.0 x
Tier 3: Chinese listed companies																				
Autohome Inc.	31-Dec-16	China	4,740	3,659	0.8 x	0.5 x	3.3 x	2.8 x	2.2 x	2.3 x	11.0 x	8.7 x	2.3 x	2.4 x	11.6 x	9.2 x	2.8 x	2.3 x	11.9 x	9.9 x
58.com Inc.	31-Dec-16	China	6,711	6,727	7.2 x	4.5 x	3.9 x	3.1 x	n/m	76.1 x	25.5 x	14.6 x	n/m	n/m	38.4 x	20.3 x	n/m	n/m	65.1 x	21.8 x
Bitauto Holdings Limited	31-Dec-16	China	2,310	2,724	0.5 x	0.4 x	2.0 x	1.7 x	6.2 x	4.4 x	13.5 x	9.9 x	n/m	n/m	77.9 x	18.5 x	n/m	n/m	21.5 x	15.2 x
Zhaopin Limited	30-Jun-17	China	1,252	833	0.4 x	0.4 x	0.3 x	n/a	1.9 x	n/a	n/a	n/a	2.1 x	2.2 x	2.0 x	n/a	2.2 x	2.1 x	1.9 x	n/a
Fang Holdings Limited	31-Dec-16	China	1,885	2,140	1.8 x	1.8 x	3.1 x	1.6 x	n/m	n/m	13.9 x	12.3 x	n/m	n/m	17.1 x	13.7 x	n/m	n/m	n/m	15.5 x
Leju Holdings Limited	31-Dec-16	China	608	244	0.3 x	0.3 x	0.4 x	0.3 x	2.6 x	13.2 x	4.3 x	3.6 x	4.3 x	n/m	5.9 x	3.7 x	5.3 x	n/m	5.7 x	4.3 x
51job, Inc.	31-Dec-16	China	2,885	1,977	0.7 x	0.6 x	0.5 x	0.5 x	2.4 x	2.2 x	1.6 x	1.4 x	2.7 x	2.5 x	1.9 x	1.5 x	2.4 x	2.7 x	2.0 x	1.5 x
Min					0.3 x	0.3 x	0.3 x	0.3 x	1.9 x	2.2 x	1.6 x	1.4 x	2.1 x	2.2 x	1.9 x	1.5 x	2.2 x	2.1 x	1.9 x	1.5 x
Max					7.2 x	4.5 x	3.9 x	3.1 x	6.2 x	76.1 x	25.5 x	14.6 x	4.3 x	2.5 x	77.9 x	20.3 x	5.3 x	2.7 x	65.1 x	21.8 x
Median					0.7 x	0.5 x	2.0 x	1.6 x	2.4 x	4.4 x	12.3 x	9.3 x	2.5 x	2.4 x	11.6 x	11.5 x	2.6 x	2.3 x	8.8 x	12.5 x
Average					1.7 x	1.2 x	1.9 x	1.7 x	3.1 x	19.6 x	11.6 x	8.4 x	2.8 x	2.4 x	22.1 x	11.1 x	3.2 x	2.4 x	18.0 x	11.4 x
Average (excl high and low)					0.9 x	0.7 x	1.9 x	1.6 x	2.4 x	6.6 x	10.7 x	8.6 x	2.5 x	2.4 x	15.0 x	11.3 x	2.6 x	2.3 x	10.3 x	11.2 x

The above trading multiples:

- are on a minority interest basis;
- reflect marketable securities;
- reflect the level of liquidity relevant to each company;
- reflect businesses typically larger and more diversified than LatAm; and
- reflect a range of growth and associated risk profiles.

LatAm Comparable Company Descriptions		
Company name	Geographic location	Business description
Tier 1: Australian listed companies		
REA Group Limited	Australia	REA Group Limited provides advertising services to the real estate industry in Australia, Europe, and Asia. The company advertises property and property-related services on Websites and mobile apps. It operates Australian residential and commercial property Websites, such as realestate.com.au and realcommercial.com.au; European sites, including casa.it, atHome.lu, atOffice.lu, atHome.de, and immoRegion.fr; Chinese property site myfun.com; and various property portals in Asia. It also provides a range of property listings, as well as products for markets adjacent to property, such as utility connections; and advertising solutions for property developers and display media advertisers, as well as publishes specialist property insights and guides through realestate.com.au blog. The company was formerly known as realestate.com.au Ltd. and changed its name to REA Group Limited in December 2008. REA Group Limited was founded in 1995 and is headquartered in Richmond, Australia. REA Group Limited operates as a subsidiary of News Limited.
SEEK Limited	Australia	SEEK Limited operates online employment marketplaces in Australia, New Zealand, Brazil, Mexico, China, Hong Kong, Malaysia, Singapore, Thailand, the Philippines, South East Asia, Africa, India, and internationally. The company matches hirers and jobseekers with career opportunities and related services on the Internet; and distributes and provides vocational training and higher education courses. It also offers online employment advertising services. SEEK Limited was founded in 1997 and is headquartered in Melbourne, Australia.
carsales.com Ltd	Australia	carsales.com Ltd engages in online automotive, motorcycle, and marine classifieds business in Australia and internationally. The company operates in four segments: Online Advertising Services, Data and Research Services, International, and Finance and Related Services. It provides online advertising services, such as classified advertising to dealers and consumers; and display advertising services that include placing advertisements on company's Websites to corporate customers comprising automotive manufacturers/importers, finance and insurance companies, etc. The company also offers software, analysis, research and reporting, valuation, and Website development and hosting services, as well as photography services to manufacturers/importers, dealers, industry bodies, and finance and insurance companies. In addition, it operates a network of automotive Websites consisting of carsales.com.au, discountnewcars.com.au, and bikesales.com.au, as well as boat, truck, caravan, machinery, shopping and auctions, home sales classified, and other Websites. Further, the company provides information relating to used and new cars, motoring news, new model releases, future models, car reviews, motoring events, and others; and advertises special offers on cars and other services, as well as offers car valuation, and car finance and insurance services. Additionally, it engages in online retail business. The company was founded in 1997 and is headquartered in Richmond, Australia.
Mitula Group Limited	Spain	Mitula Group Limited, together with its subsidiaries, owns, operates, and manages vertical search Websites. The company allows its Website users to search across listings from various classifieds portals, such as real estate, automotive, employment, and holiday rentals with one search query. It operates 90 vertical search Websites in 51 countries and 19 languages under the Mitula, Nestoria, and Nuroa brand names; 10 property portals in 9 countries under the DotProperty and Thailand-property brand names; and 16 fashion vertical Websites in 15 countries under the Kleding.nl and Fashiola brand names. The company was founded in 2006 and is headquartered in Madrid, Spain.
Tier 2: Offshore listed companies (excl. China)		
TrueCar, Inc.	United States	TrueCar, Inc., together with its subsidiaries, operates as an Internet-based information, technology, and communication services company in the United States. It operates its platform on the TrueCar Website and mobile applications. The company also customizes and operates its platform for its affinity group marketing partners, including financial institutions, membership-based organizations, and employee buying programs for large enterprises. Its platform enables users to obtain market-based pricing data on new and used cars, and to connect with its network of TrueCar certified dealers. In addition, the company offers forecast, consulting, and other services regarding determination of the residual value of an automobile at given future points in time, which are used to underwrite automotive loans and leases, and by financial institutions to measure exposure and risk across loan, lease, and fleet portfolios. Further, it provides geographically specific and real-time pricing information for consumers and dealers. The company was formerly known as Zag.com Inc. TrueCar, Inc. was founded in 2005 and is headquartered in Santa Monica, California.
iCar Asia Limited	Malaysia	iCar Asia Limited develops and operates Internet-based automotive portals in the South East Asia. It owns and operates online automotive portals, including Carlist.my and LiveLifeDrive.com in Malaysia; Mobil123.com and Otospirit.com in Indonesia; and one2car.com, Autospinn.com, and Thaicar.com in Thailand. The company was founded in 2012 and is headquartered in Kuala Lumpur, Malaysia.
Schibsted ASA	Norway	Schibsted ASA, together with its subsidiaries, operates as a media company. It operates through three segments: Online Classifieds, Schibsted Norge Media House, and Schibsted Sverige Media House. The company provides online classifieds services; and publishes single-copy print and online newspapers, subscription-based newspapers, and free newspapers. It is also involved in printing, distribution, and book publishing operations. The company operates in Norway, Sweden, France, and Spain, as well as other countries in Europe, Latin America, Asia, and Africa. Schibsted ASA was founded in 1839 and is headquartered in Oslo, Norway.
Mercadolibre, Inc.	Argentina	MercadoLibre, Inc. hosts online commerce platforms in Latin America. It offers MercadoLibre Marketplace, an automated online commerce service for businesses and individuals to list items and conduct their sales and purchases online in a fixed-price or auction-based format. The company's Marketplace platform enables commerce through online classifieds for motor vehicles, vessels, aircraft, services, and real estate; and Internet users to browse through various products that are listed on its Website and to register with MercadoLibre to list and purchase items and services. It also provides MercadoLibre Classifieds service that enables users to list their offerings related to motor vehicles, vessels, aircraft, real estate, and services outside the Marketplace platform; and MercadoPago, an integrated online payments solution to facilitate transactions on and off the MercadoLibre Marketplace by providing a mechanism that allows its users to send and receive payments online. In addition, the company offers MercadoLibre Advertising platform, which enables large retailers and various other consumer brands to promote their products and services on the Internet by providing branding and performance marketing services; and advertisers to place text, display, or banner advertisements in order to promote their brands and offerings on its Webpages and associated sites. Further, it provides MercadoShops, a software-as-a-service, hosted online store solution that enables users to set-up, manage, and promote their own Webstores; and MercadoEnvíos, a shipping service for marketplace users. The company was founded in 1999 and is headquartered in Buenos Aires, Argentina.

Rightmove plc	United Kingdom	Rightmove plc operates property portal in the United Kingdom. The company operates through Agency, New Homes, and Other segments. The Agency segment offers resale and lettings property advertising services on its platforms. The New Homes segment provides property advertising services to new home developers and housing associations on its platforms. The Other segment offers commercial property advertising services; and non-property advertising services, which include third party and consumer services, as well as data services. The company serves estate agents, lettings agents, and new homes developers. Rightmove plc was founded in 2000 and is based in Milton Keynes, the United Kingdom.
Trade Me Group Limited	New Zealand	Trade Me Group Limited, together with its subsidiaries, operates and manages online marketplace and classified advertising platform in New Zealand. It operates through General Items, Classifieds, and Other segments. The General Items segment operates online marketplace for goods. The Classifieds segment operates classified advertising sites for motors, property, and jobs. The Other segment operates advertising, travel, dating, payments gateway, life and health insurance comparison, and general insurance platforms. The company also provides online vehicle data services; and online advertising and other ancillary services, as well as operates new and used goods marketplaces. Trade Me Group Limited was founded in 1999 and is based in Wellington, New Zealand.
ZIGEXN Co., Ltd.	Japan	ZIGEXN Co., Ltd. engages in the life media platform business in Japan. It operates Career Change EX, a job site; Dispatch EX, a job search site that provides work and dispatch company information services; part-time job EX, a part time job recruitment site; Nurse jobs EX, a nurse recruitment site; Pharmacist jobs EX, a pharmacist job search site; and JOB ZIGEXN, a part-time job search site. The company also operates Rent SMOCCA-Ex, a search site for real estate rental housing property information; Premium scan currently -EX, a search site for luxury rental apartments; Maisumi EX, a site for the sale of real estate, land use, and rental management; Home purchase EX, a search site that provides information on condominiums and detached real estate properties; Moving estimate EX, a moving estimate site; and Provider EX, a comparison site for contract-transfer methods. In addition, it operates Solar power generation EX site; Used car EX, a used car information site; Car purchase EX, a site for car purchase and car assessment activities; and Automobile insurance EX, an insurance information review site for automobile insurance companies. Further, the company operates Matchmaking EX, a matchmaking information portal for marriage agencies; Travel EX, a domestic travel information site; SHOP ZIGEXN, a shopping site to buy fashion items. ZIGEXN Co., Ltd. was founded in 2006 and is headquartered in Tokyo, Japan.
Trader Media East Limited	Netherlands	Trader Media East Limited operates as a marketplace for the communities of generalist, real estate, auto, and recruitment primarily in Russia and the Commonwealth of Independent States. The company provides classified advertising services through daily and weekly newspapers, periodicals, magazines, and Internet services. It produces approximately 6 print titles with 0.5 million readers per month; and hosts 9 Websites with 14.8 million monthly visitors. The company's print portfolio products includes Iz Ruk v Ruki; and vertical and niche classifieds and magazines, including the Rabota Segodnya, Iz Ruk v Ruki-Auto, Iz Ruk v Ruki-Commercial Auto, Vse Auto, Vsyia Nedvizhimost, Vsyia Rabota, Vsyia Stroyka, Commercial Real Estate, and other print titles. Its online portfolio comprises IRR.ru, Job.ru, Trucklist.ru, CREnews-tv.ru, Online.Aviso.ua, irr.by, automania.by, domania.by, myjob.by, irr.kz, gojob.kz, and other Internet resources. The company was founded in 2005 and is headquartered in Amsterdam, the Netherlands. Trader Media East Limited is a subsidiary of Hürriyet Invest B.V.
Scout24 AG	Germany	Scout24 AG operates digital marketplaces specializing in the real estate and automotive sectors in Germany and other European countries. The company operates through ImmobilienScout24 and AutoScout24 segments. The ImmobilienScout24 segment operates digital real estate classifieds portal for commercial and private customers for the sale and rental of real estate, as well as offers advertising services to third-party suppliers, such as insurance and financial service companies, utilities, or removal companies. The AutoScout24 segment operates an online car classifieds portal likewise for commercial and private customers for the sale of new and second-hand cars, as well as offers advertising services to third-party suppliers. Scout24 AG was founded in 1998 and is headquartered in Munich, Germany.
ZPG Plc	United Kingdom	ZPG Plc owns and operates home-related digital platforms in the United Kingdom. It operates through Property Services and Comparison Services segments. The company operates platforms under the Zoopla, uSwitch, PrimeLocation, and Property Software Group brands, which helps consumers to research the market. It also offers property advertising, display advertising, and data services to estate agents, lettings agents, and new homes developers; and switching services. The company was formerly known as Zoopla Property Group Plc and changed its name to ZPG Plc in February 2017. ZPG Plc was founded in 2007 and is headquartered in London, the United Kingdom.
CoStar Group, Inc.	United States	CoStar Group, Inc. provides information, analytics, and online marketplace to the commercial real estate industry in North America and internationally. The company offers CoStar Property Professional service that provides inventory of office, industrial, retail, and multifamily properties and land. It also provides CoStar COMPS Professional, that covers comparable commercial real estate sales information; CoStar Tenant, an online business-to-business prospecting and analytical tool; CoStarGo, an iPad application; CoStar Market Analytics, an analytics platform; CoStar Lease Comps, an integrated solution that captures, manages, maintains, and analyzes lease data; CoStar Advertising to market a space for lease or a property for sale; and CoStar Portfolio Strategy to meet the research needs of commercial real estate owners, investors, lenders, and government regulators. In addition, the company offers CoStar Investment Analysis Portfolio Maximizer, CoStar Investment Analysis Request, CoStar Real Estate Manager Corporate Edition, and CoStar Real Estate Manager Retail Edition that are real estate management software solutions; CoStar Private Sale Network, which provides clients with custom-designed and branded Websites; and CoStar Brokerage Applications to manage and optimize business operations. Further, it offers LoopNet Premium Lister for commercial real estate professionals and other customers to market their listings; LoopNet Premium Searcher for members searching for commercial real estate; LoopLink, an online real estate marketing and database services suite; apartment marketing sites, including Apartments.com, ApartmentHomeLiving.com, ApartmentFinder.com, Apartamentos.com, and WestsideRentals.com; LandsOfAmerica and LandAndFarm that are online marketplaces for rural land for sale; and BizBuySell and BizQuest that are online marketplaces for operating businesses for sale. The company was founded in 1987 and is headquartered in Washington, the District of Columbia.
Jobindex A/S	Denmark	Jobindex A/S operates a Website for job searching in Denmark. It offers a search machine and database to search for jobs, as well as to post individuals profiles on the Website. The company also enables other companies to advertise and search for new employees on its Website. It serves individuals, companies, and institutions. The company was founded in 1996 and is headquartered in Frederiksberg, Denmark.

Tier 3: Chinese listed companies		
Autohome Inc.	China	Autohome Inc. operates as an online destination for automobile consumers in the People's Republic of China. The company, through its Websites, autohome.com.cn and che168.com, delivers comprehensive, independent, and interactive content to automobile buyers and owners, including professionally produced content that comprises automobile-related articles and reviews, pricing trends in various markets, and photos and video clips; automobile library, which includes a range of specifications covering performance levels, dimensions, powertrains, vehicle bodies, interiors, safety, entertainment systems, and other unique features, as well as manufacturers' suggested retail prices; new and used automobile listings, and promotional information; and user forums and user generated content. Autohome Inc. also offers advertising services for automakers and dealers; dealer subscription services that allow dealers to market their inventory and services through its Websites; used automobile listings services, which allow used automobile dealers and individuals to market their automobiles for sale on its Websites; and automobile dealer subscription services that enable dealers to establish and maintain online showrooms of automobiles with pricing and promotional information on autohome.com.cn. In addition, it operates Autohome Mall, an online transaction platform that facilitates direct vehicle sales and commission-based services; provides iOS- and Android-based applications to allow its users to access its content; and offers technical and consulting services. The company was formerly known as Sequel Limited and changed its name to Autohome Inc. in October 2011. The company was founded in 2008 and is headquartered in Beijing, the People's Republic of China. Autohome Inc. operates as a subsidiary of Telstra Holdings Pty Ltd.
58.com Inc.	China	58.com Inc. operates an online marketplace for local merchants and consumers in the People's Republic of China. Its online marketplace enables local merchants and consumers to connect, share information, and conduct business. The company's online marketplace contains local information in approximately 485 cities in various content categories, including jobs, real estate, used goods, automotive, and yellow pages. It offers membership services, such as merchant certification and listing benefits, as well as display of online storefronts; and online marketing services comprising listing services, such as real-time bidding and priority listing, and marketing services through collaboration with third party Internet companies. 58.com Inc. was founded in 2005 and is headquartered in Beijing, the People's Republic of China.
Bitauto Holdings Limited	China	Bitauto Holdings Limited provides Internet content and marketing services for the automotive industry in the People's Republic of China. The company operates in three segments: Advertising Business, EP Platform Business, and Digital Marketing Solutions Business. The Advertising Business segment provides advertising services, including new automobile pricing and promotional information, specifications, reviews, and consumer feedback to automakers through its bitauto.com and taoche.com Websites, as well as mobile applications. The EP Platform Business segment provides Web-based and mobile-based integrated digital marketing, customer relationship management (CRM), and automobile listing services to automobile customers in China. This segment's platform enables dealer subscribers to create their own online showrooms, list pricing and promotional information, provide dealer contact information, place advertisements, and manage customer relationships. It also provides automobile transaction, CRM, and online automotive financial platform services to automobile customers. The Digital Marketing Solutions Business segment provides one-stop digital marketing solutions, such as Website creation and maintenance, online public relations, online marketing campaigns, and advertising agent services to automakers. The company also distributes its dealer customers' automobile pricing and promotional information through its partners who provides Internet services. In addition, it provides customer services and training to dealer customers. Bitauto Holdings Limited was founded in 2000 and is headquartered in Beijing, the People's Republic of China.
Zhaopin Limited	China	Zhaopin Limited, through its subsidiaries, operates online recruitment platform in the People's Republic of China. It operates zhaopin.com, a career-focused Website that provides online recruitment services, including classified job postings and display advertisements, resume access, and other online value-added recruitment services, as well as mobile applications. The company also offers campus recruitment services, such as selecting campuses, organizing recruiting events, collecting and managing resumes, and conducting interviews and assessment tests with potential candidates; and online and offline assessment services. In addition, it provides executive search services for mid-level professional, managerial, and junior executive positions; and online and offline education and training services to other enterprises and their employees, as well as operates highpin.cn for high-end employment positions in various industries, including information technology, financial services, real estate, automotive, and consumer products. Further, the company offers other value-added services, such as print advertising; and publishing research reports on salary and compensation, and job search trends, as well as other useful information tailored for human resources professionals. It serves multinational corporations, small and medium-sized enterprises, and state-owned entities. The company was formerly known as Zhaopin.com Limited and changed its name to Zhaopin Limited in 2002. Zhaopin Limited was founded in 1994 and is headquartered in Beijing, in the People's Republic of China.
Fang Holdings Limited	China	Fang Holdings Limited operates a real estate online platform through which it provides e-commerce, marketing, listing, financial, and value-added services. It supports active online communities and networks of users seeking information on, and other value-added services for, the real estate and home furnishing and improvement sectors. The company was formerly known as SouFun Holdings Limited and changed its name to Fang Holdings Limited in September 2016. Fang Holdings Limited was founded in 1999 and is based in Beijing, China.
Leju Holdings Limited	China	Leju Holdings Limited, through its subsidiaries, provides online real estate services in the People's Republic of China. It offers e-commerce services that comprise selling discount coupons and facilitating online property viewing, physical property visits, marketing events, and pre-sale customer support for new residential properties and home furnishing sales through jiaju.com and leju.com. The company also sells advertising on sina.com and baidu.com, which are new residential properties and home furnishings Websites operated by the company, as well as acts as an advertising agent for sina.com and other non-real estate Websites. In addition, it provides fee-based online property listing services to real estate agents; and free services to individual property sellers. Further, the company operates through the SinaWEIBO microblog; Weixin social communication platform; and various mobile applications, such as Pocket Leju, Leju Er Shou Fang, Fang Niu Jia, and Pocket Renovation. It sells its products through direct sales force and third party advertising agencies. The company was incorporated in 2013 and is headquartered in Beijing, the People's Republic of China. Leju Holdings Limited operates as a subsidiary of E-House (China) Holdings Limited.
51job, Inc.	China	51job, Inc., through its subsidiaries, provides integrated human resource services in the People's Republic of China. The company provides recruitment advertising services, including online recruitment services through its Websites comprising 51job.com, yingjiesheng.com, and 51jingying.com; and print advertising services through 51job Weekly, a city-specific recruitment advertising publication. It also offers other human resource related services, such as business process outsourcing that consist of social insurance and benefits processing, regulatory compliance with local governmental employment regulations, and payroll processing; and conducts training seminars in business management, leadership, sales and marketing, human resource, negotiation skills, financial planning and analysis, public administration, manufacturing, secretarial, and other skills. In addition, the company provides campus recruitment services to corporations that seek to recruit college and university students; and executive search and placement services to employers seeking to fill mid-level professional, managerial, and junior executive positions. Further, it offers professional assessment tools that assist human resource departments in evaluating capabilities and dispositions of job candidates and existing employees; provides talent assessment services; conducts general and customized surveys on salary, employee retention, and other human resource related topics; organizes and hosts annual human resource conferences and events; and offers hiring and support services to employers on select recruitment projects. The company serves multinational corporations, large national Chinese corporations, and local Chinese enterprises. It provides its services through sales offices, and a national sales and customer service call center in Wuhan. 51job, Inc. was founded in 1998 and is based in Shanghai, the People's Republic of China.

Appendix 5 – Comparable Transaction Multiples

Summarised below are multiples that were paid in transactions involving the acquisition of target businesses with operations similar to LatAm:

LatAm Comparable Transaction Multiples (AUD)							
Closed Date	Target	Acquirer	Acquired (%)	Transaction value (m)	Implied EV (m)	Implied multiples	
						Revenue	EBITDA
Controlling transactions							
Apr-16	The Property Software Group	Zoopla Property Group Plc (nka:ZPG Plc)	100%	138	138	4.7x	14.7x
Nov-15	iProperty Group Limited	REA Group Limited	77%	589	754	29.1x	n/a
Nov-14	One2Car Co. Ltd	iCarAsia Limited	100%	18	18	12.1x	n/a
Oct-14	Square Foot Limited	iProperty Group Limited	100%	15	15	5.9x	n/a
Sep-14	Move, Inc	News Corporation	100%	978	1,922	7.0x	n/a
Jul-14	Stratton Finance Pty Ltd	Carsales.com Limited	50%	60	60	4.8x	15.5x
Jul-14	Trulia, Inc	Zillow Group, Inc.	100%	2,657	2,657	12.0x	n/a
Apr-14	Apartments, LLC	CoStar Group, Inc.	100%	655	655	6.8x	23.9x
Mar-14	SK Encarsales.com Ltd	carsales.com Limited	50%	126	253	13.3x	n/a
Feb-14	SEEK Asia Investments Pte. Ltd	JobStreet.com Pte. Ltd	100%	641	641	11.4x	26.6x
Aug-13	StreetEasy, Inc	Zillow Group, Inc.	100%	55	51	7.6x	39.3x
May-13	Market Leader, Inc	Trulia, Inc	100%	307	286	6.2x	n/a
Apr-11	LoopNet, Inc	CoStar Group Inc	100%	567	476	6.3x	22.0x
Dec-10	Consortium led by SEEK Asia	Jobs DB Inc.	100%	406	406	8.5x	22.6x
Average						9.7x	23.5x
Median						7.3x	22.6x
Non-controlling transactions							
Nov-14	Move, Inc	REA Group Limited	20%	228	1,104	4.0x	n/a
Apr-14	BdJobs.com Ltd.	SEEK Limited	25%	5	21	11.1x	20.0x
Mar-14	Leju Holdings Limited	Tencent Holdings Limited	15%	198	1,252	3.3x	13.2x
Aug-10	SouFun	Apax Partners LLP; General Atlantic LLC	38%	364	789	4.2x	12.1x
Average						5.7x	15.1x
Median						4.1x	13.2x

The above multiples:

- are on a controlling basis;
- include any strategic value paid in the transactions;
- reflect completed transactions (i.e. are on a marketable basis); and
- relate to target companies for which there is limited publicly available information (for example, in relation to growth and associated risk profiles); and
- reflect businesses of a range of sizes and diversity.

LatAm Target Company Descriptions	
Target company name	Transaction Description
Controlling transactions	
The Property Software Group	Zoopla Property group Plc (Zoopla), the listed UK-based digital media business and property website, has agreed to acquire The Property Software Group (PSG), the UK-based supplier of software and management tools to the real estate industry, from LDC (Managers) Limited (LDC), the UK-based private equity house that invests in unlisted UK-based businesses making at least GBP 5m of turnover and GBP 1m of profit, for a total consideration of GBP 75m on a cash free debt free basis.
One2Car Co. Ltd	One2Car Co., Ltd is a Thailand based company engaged in operating online retailing of automobiles. iCar Asia acquired the company for a total consideration of approximately AUD 16.7m comprising approximately AUD 13.4m in cash and approximately AUD 3.3m worth of iCar Shares. The acquisition was expected to increase the market share of iCar in Thailand.
Square Foot Limited	iProperty Group Limited acquired Square Foot Limited, the Hong Kong-based website engaged in promoting and showcasing properties for sale and rent, from REA Group Limited for an equity consideration of AUD 15 million. Under the terms, iProperty issued 5,000,000 shares at a price of AUD 3 per share for the acquisition. This transaction increased REA Group's iProperty holding from 17.22% to approximately 19.43%.
Move, Inc	Move, Inc, a US listed company operating a network of websites for real estate and finance. The acquisition was anticipated to accelerate News Corp's digital and global expansion, adding online real estate to the company's portfolio. News Corp acquired all the outstanding shares (including shares underlying outstanding restricted stock awards held by non-employee directors) of Move for USD 21 per share via an all-cash tender offer.
Stratton Finance Pty Ltd	Carsales.com listed Australian-based company acquired a 50.1% stake in Stratton Finance Pty Ltd. Carsales.com is an online auto and trader classifieds site. Stratton Finance Pty Ltd (SFP), Australia-based, is a provider of brokerage services for vehicle finance, property finance, equipment finance, boat finance and insurance products. Terms: CCL has agreed to pay AUD 60.1m (USD 56.89m) in cash.
Trulia, Inc	Trulia, Inc. was a listed US-based company that provides tools to consumers for researching homes and neighborhoods through Web and mobile applications. The acquisition was completed for USD 2.5 billion in a stock-for-stock transaction and was in line with Zillow's strategy to grow and expand its business.
Apartments, LLC	CoStar Group Inc listed US based company acquired Apartments.com, L.L.C., from Classified Ventures, LLC, via a definitive merger agreement. CCoStar is a provider of commercial information to real estate companies. Apartments.com, L.L.C.(Apartments), the US based company is a provider of online listings for rental properties.
SK Encarsales.com Ltd	SK Encaris a South Korea based online and offline car retailer. The KRW 121 billion transaction was expected to enable Carsales to expand its business globally.
SEEK Asia Investments Pte. Ltd	Jobstreet.Com Pte. Ltd. is a Singapore based provider of online recruitment services. The company was acquired for consideration of MYR 1,890 million and was expected to unlock substantial value in the online job portal business for Jobstreet.
StreetEasy, Inc	StreetEasy owns and operates a real estate site which lists the properties for sale in the USA. The USD 50 million acquisition will help Zillow to gain a considerable market share in its sector.
Market Leader, Inc	Market Leader, Inc. provides internet based marketing services, generation and lead management services to consumers and real estate professionals. Trulia offered USD 6 per share and 0.1553 shares of Trulia shares for each share of Market Leader. The transaction will enable better services to its customers and agents by providing comprehensive end-to-end solution via web and mobile devices.
LoopNet, Inc.	LoopNet is a US based online marketplace for commercial real estate in the United States. LoopNet's shareholders received USD 16.50 in cash and 0.03702 shares of CoStar Group for each share of LoopNet. The transaction was expected to double the size of CoStar's paid subscriber base.
Jobs DB Inc.	Jobs DB Inc. owns and operates a recruitment Website for job seekers and employers in Hong Kong. Its Website posts various job opportunities in a variety of areas.

Non-controlling transactions	
Move, Inc	REA Group Limited acquired a 20% stake in Move, Inc. from News Corporation for a cash consideration of USD 198.7 million.
BdJobs.com Ltd.	SEEK Limited listed on ASX acquired 25% stake in BdJobs.com Ltd. for \$5 million in cash on April 11, 2014. SEEK operates online employment marketplaces. BdJobs operates career management site. It offers online job advertisement/application, online CV bank access etc.
Leju Holdings Limited	Tencent Holdings Ltd, the listed China based investment holding company engaged in the provision of Internet value-added services and other mobile and telecommunications value-added services acquired a 15% stake in Leju Holdings Limited, the China based company which provides online-to-offline real estate services for a consideration of USD 180m. The acquisition will provide Tencent with Leju's real estate information and enhance its product portfolio and service offerings.
SouFun	General Atlantic LLC, Apax Partners Worldwide LLP, Tianquan Vincent Mo and Shan Li entered into an agreement to acquire an additional 42.85% stake in SouFun Holdings Ltd. (NYSE: SFUN) from Telstra Corporation Limited (ASX: TLS) for approximately AUD 460 million on August 13, 2010. General Atlantic LLC and Apax Partners Worldwide LLP will acquire 15.35 million class A ordinary shares representing 19% stake. Tianquan Vincent Mo will acquire 0.89 million class A ordinary shares and Shan Li will acquire 0.09 million class A ordinary shares.

All Correspondence to:

- ✉ **By Mail** Boardroom Pty Limited
GPO Box 3993
Sydney NSW 2001 Australia
- 📠 **By Fax:** +61 2 9290 9655
- 💻 **Online:** www.boardroomlimited.com.au
- ☎ **By Phone:** (within Australia) 1300 737 760
(outside Australia) +61 2 9290 9600

YOUR VOTE IS IMPORTANT

For your vote to be effective it must be recorded **before 10:00am AEST on Saturday 17 June 2017.**

🖥 TO VOTE ONLINE

- STEP 1: VISIT** www.votingonline.com.au/latamgm2017
- STEP 2: Enter your Postcode OR Country of Residence (if outside Australia)**
- STEP 3: Enter your Voting Access Code (VAC):**

📱 BY SMARTPHONE



Scan QR Code using smartphone
QR Reader App

TO VOTE BY COMPLETING THE PROXY FORM

STEP 1 APPOINTMENT OF PROXY

Indicate who you want to appoint as your Proxy.

If you wish to appoint the Chair of the Meeting as your proxy, mark the box. If you wish to appoint someone other than the Chair of the Meeting as your proxy please write the full name of that individual or body corporate. If you leave this section blank, or your named proxy does not attend the meeting, the Chair of the Meeting will be your proxy. A proxy need not be a securityholder of the company. Do not write the name of the issuer company or the registered securityholder in the space.

Appointment of a Second Proxy

You are entitled to appoint up to two proxies to attend the meeting and vote. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by contacting the company's securities registry or you may copy this form.

To appoint a second proxy you must:

- complete two Proxy Forms. On each Proxy Form state the percentage of your voting rights or the number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.
- return both forms together in the same envelope.

STEP 2 VOTING DIRECTIONS TO YOUR PROXY

To direct your proxy how to vote, mark one of the boxes opposite each item of business. All your securities will be voted in accordance with such a direction unless you indicate only a portion of securities are to be voted on any item by inserting the percentage or number that you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given item, your proxy may vote as he or she chooses. If you mark more than one box on an item for all your securities your vote on that item will be invalid.

Proxy which is a Body Corporate

Where a body corporate is appointed as your proxy, the representative of that body corporate attending the meeting must have provided an "Appointment of Corporate Representative" prior to admission. An Appointment of Corporate Representative form can be obtained from the company's securities registry.

STEP 3 SIGN THE FORM

The form **must** be signed as follows:

Individual: This form is to be signed by the securityholder.

Joint Holding: where the holding is in more than one name, all the securityholders should sign.

Power of Attorney: to sign under a Power of Attorney, you must have already lodged it with the registry. Alternatively, attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: this form must be signed by a Director jointly with either another Director or a Company Secretary. Where the company has a Sole Director who is also the Sole Company Secretary, this form should be signed by that person. **Please indicate the office held by signing in the appropriate place.**

STEP 4 LODGEMENT

Proxy forms (and any Power of Attorney under which it is signed) must be received no later than 48 hours before the commencement of the meeting, therefore by **10:00am AEST on Saturday 17 June 2017**. Any Proxy Form received after that time will not be valid for the scheduled meeting.

Proxy forms may be lodged using the enclosed Reply Paid Envelope or:

- 💻 **Online** www.votingonline.com.au/latamgm2017
- 📠 **By Fax** + 61 2 9290 9655
- ✉ **By Mail** Boardroom Pty Limited
GPO Box 3993,
Sydney NSW 2001 Australia
- 👤 **In Person** Boardroom Pty Limited
Level 12, 225 George Street,
Sydney NSW 2000 Australia

Attending the Meeting

If you wish to attend the meeting please bring this form with you to assist registration.

☐

Your Address

This is your address as it appears on the company's share register. If this is incorrect, please mark the box with an "X" and make the correction in the space to the left. Securityholders sponsored by a broker should advise their broker of any changes. **Please note, you cannot change ownership of your securities using this form.**

PROXY FORM

STEP 1 APPOINT A PROXY

I/We being a member/s of **LatAm Autos Limited** (Company) and entitled to attend and vote hereby appoint:

☐

the **Chair of the Meeting (mark box)**

OR if you are **NOT** appointing the Chair of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered securityholder) you are appointing as your proxy below

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chair of the Meeting as my/our proxy at the General Meeting of **LatAm Autos Limited** to be held at **the offices of Grant Thornton, Rialto – North Tower, Level 30, 525 Collins Street, Melbourne VIC 3000 on Monday 19 June 2017 at 10:00am AEST** and at any adjournment of that meeting, to act on my/our behalf and to vote in accordance with the following directions or if no directions have been given, as the proxy sees fit.

The Chair of the Meeting will vote all undirected proxies in favour of all Items of business.

STEP 2 VOTING DIRECTIONS

* If you mark the Abstain box for a particular item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your vote will not be counted in calculating the required majority if a poll is called.

		For	Against	Abstain*
Resolution 1	Approval of Issue of Convertible Notes to Professional and Sophisticated Investors (Non-Related Parties)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Approval of Issue of Convertible Notes to Startive Ventures Inc.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Approval of Issue of Convertible Notes to Log Creek Pty Ltd (ACN 100 874 851)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Approval to issue Performance Rights to Mr Timothy Handley (or his nominee)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Approval to issue Performance Rights to Mr Gareth Bannan (or his nominee)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Approval to issue Performance Rights to Mr Jorge Mejia Ribadeneira (or his nominee)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

STEP 3 SIGNATURE OF SECURITYHOLDERS

This form must be signed to enable your directions to be implemented.

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director / Company Secretary

Contact Name.....

Contact Daytime Telephone.....

Date / / 2017