

21 October 2016

RE: UNSOLICITED TAKEOVER OFFER FROM BAPCOR FINANCE PTY LIMITED

Dear Shareholder

You will shortly receive a takeover offer from Bapcor Finance Pty Limited, for your shares in Hellaby Holdings Limited.

THERE IS NO BENEFIT IN ACCEPTING THE TAKEOVER OFFER EARLY – HELLABY'S INDEPENDENT DIRECTORS ADVISE YOU TO DO NOTHING UNTIL YOU RECEIVE OUR RECOMMENDATION.

Hellaby has appointed Grant Samuel to provide an independent report on the merits of the offer. Hellaby's independent directors will also provide their recommendation to shareholders. These documents will be incorporated in the Target Company Statement that will be sent to shareholders within the next three weeks.

Notwithstanding the above, the independent directors' preliminary view is that:

- **THE OFFER IS OPPORTUNISTIC** and comes at a time when Hellaby's new strategy, which was announced earlier this year, is only just starting to be implemented. We have concentrated our focus on two core business Groups - Automotive and Resource Services - both of which operate in multi-billion dollar markets and offer significant potential for growth. We are well resourced and believe our new strategy and focus will allow us to achieve \$1 billion in annual revenues with \$100 million EBIT in five years' time.
- **THE OFFER DOES NOT REPRESENT FAIR VALUE FOR YOUR SHARES IN HELLABY** given the opportunity we see ahead.

ONLY THREE OUT OF MORE THAN 6,000 SHAREHOLDERS HAVE AGREED TO ACCEPT THE OFFER FOR SOME OR ALL OF THEIR SHARES. Of these, Castle Investments, which holds ~27% and constitutes the vast majority of acceptances, is associated with the estate of the late Hugh Green and family circumstances have altered since his death in 2012. Of the other two shareholders, one has agreed to only accept the offer for a small percentage (less than 10%) of its total shareholding of more than 9 million shares. We note that any shares available on market have been quickly snapped up by existing and new investors at a price above the current proposed offer price.

THERE IS NO BENEFIT OR ADVANTAGE TO HELLABY SHAREHOLDERS IN ACCEPTING THE BAPCOR OFFER EARLY. The offer cannot be closed early or withdrawn (except in the unlikely event the Takeovers Panel agrees or if the offer does not become unconditional), and the offer price cannot be reduced. However, once given, your acceptance cannot be withdrawn. Shareholders who accept the offer will not be paid unless and until the offer is unconditional.

Given these factors, the independent directors strongly advise shareholders to **TAKE NO ACTION** and **DO NOT ACCEPT THE OFFER**. Hellaby shareholders will receive a copy of Hellaby's Target Company Statement and a recommendation from the independent directors by about 4th November 2016, and this will more fully inform shareholders around their decision in relation to the Bapcor offer.

Your directors take their responsibility seriously to act in good faith and in the best interests of the company and all our shareholders by maximising value for all Hellaby businesses and assets.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'SS', with a large loop at the bottom.

Steve Smith
Hellaby Holdings Limited, Chairman