

4 October 2016

Dear Shareholder

NOTICE OF PROPOSED TAKEOVER RECEIVED FROM BAPCOR FINANCE PTY LIMITED.

THE PRELIMINARY VIEW OF HELLABY'S INDEPENDENT DIRECTORS IS THAT THE BAPCOR OFFER UNDERVALUES THE COMPANY.

SHAREHOLDERS ARE ADVISED TO DO NOTHING UNTIL YOU RECEIVE THE HELLABY BOARD'S FORMAL RECOMMENDATION AND THE INDEPENDENT ADVISER'S REPORT.

On 27 September 2016, Hellaby Holdings Limited received notice from Bapcor Finance Pty Limited, a subsidiary of ASX-listed Australian auto parts business, Bapcor Limited, that it intends to make a full takeover offer for all the shares in Hellaby Holdings Limited.

The preliminary view of the independent directors is that the proposed Bapcor takeover offer is opportunistic and does not represent fair value for Hellaby. The directors recommend that shareholders DO NOT sell their shares or enter into any commitment to accept the proposed offer, pending future communications from Hellaby.

We note that it is primarily one large shareholder, Castle Investments (which is in effect the trustees of the estate of the late Hugh Green), which has signed a lock up agreement with Bapcor agreeing to sell its shares into the offer, with only two other investors committing a combined total of 2.64% of shares to a lock up agreement. Of these two, ACC has committed only 750,000 of its total holding of more than 8.8 million shares.

The fact that Bapcor intends to make an offer speaks to our reputation and the strength of our automotive business. Obviously Bapcor sees a lot of value in Hellaby's Automotive Group and its future potential in both New Zealand and Australia, as do we.

Hellaby has a clear focus on growth and improving financial performance. We have recently embarked on a new strategy, under CEO Alan Clarke, with a targeted focus on two core business groups – Automotive and Resources Services. These are both highly respected market leaders operating in multi-billion dollar markets and the board believes they both offer significant long term opportunities and value for the company.

Growth strategies have been developed for each business group, focused on both organic and acquisition growth. These are in an early stage and significant value is expected to be built up over the next few years. Experienced leadership teams are in place at both businesses, including the recent appointment of Ivor Ferguson, who has many years of leadership experience in the oil & gas industry, as CEO for the Resource Services Group. As announced recently, Hellaby has also appointed retail experts to oversee the restructure of its non-core Footwear Group, which will then be divested at an appropriate time.

Hellaby's board has formed a committee of independent directors, chaired by Steve Smith, to consider the proposed offer and to oversee Hellaby's response obligations under the Takeovers Code.

To ensure shareholders are fully informed, the Hellaby board has appointed Grant Samuel as independent adviser to provide a report on the merits of the proposed offer, and the board will also provide its own written statement to shareholders. These documents will be incorporated into the Target Company Statement that will be sent to shareholders.

The takeover notice is not a takeover offer. If Bapcor proceeds with a formal offer, it must do so between 12 October and 27 October 2016.

Your directors advise that you take no action in response to the Bapcor offer and wait until you read the Target Company Statement, which will discuss the merits of the offer, before you make any decision.

Kind regards

A handwritten signature in blue ink, appearing to read 'SS', with a stylized flourish extending to the right.

Steve Smith
Chairman