



5 April 2019

The Manager
Market Announcements Office
ASX Limited

Dear Sir/Madam

**Takeover bid by A.P. Eagers Limited for Automotive Holdings Group Limited
Bidder's Statement**

We attach, by way of service pursuant to item 5 of section 633(1) of the *Corporations Act 2001* (Cth), a copy of A.P. Eagers Limited's (**AP Eagers**) bidder's statement in relation to its off-market takeover bid for all the ordinary shares in Automotive Holdings Group Limited (**AHG**) that are not already owned by AP Eagers (**Bidder's Statement**).

A copy of the Bidder's Statement has been lodged with the Australian Securities and Investments Commission and sent to AHG today.

Yours sincerely

Denis Stark
Company Secretary

A.P. EAGERS LIMITED
ABN 87 009 680 013

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BIDDER'S STATEMENT

ACCEPT

THE OFFER BY

A.P. EAGERS LIMITED

ABN 87 009 680 013

to purchase all of your shares in

AUTOMOTIVE HOLDINGS GROUP LIMITED

ABN 35 111 470 038

for 1 APE Share for every 3.8
AHG Shares that you own

The Offer will close at 7.00pm (Sydney time) on [•] 2019, unless extended or withdrawn.

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to how to deal with it, you should consult your legal,
financial or other professional adviser as soon as possible



FINANCIAL ADVISER



LEGAL ADVISER

Important Notices

Nature of this document

This Bidder's Statement is given by A.P. Eagers Limited ACN 009 680 013 (**AP Eagers**) under Part 6.5 Corporations Act and sets out certain disclosures required by the Corporations Act together with the terms of the Offer to acquire your shares in Automotive Holdings Group Limited ACN 111 470 038 (**AHG**).

This Bidder's Statement is dated 5 April 2019. It includes an Offer dated [•] 2019 on the Offer Terms set out in Schedule 1 and Bid Conditions set out in Schedule 2.

A copy of this Bidder's Statement was lodged with ASIC on 5 April 2019. Neither ASIC nor any of its officers takes any responsibility for the content of this Bidder's Statement.

Investment decisions

This Bidder's Statement does not take into consideration your individual investment objectives, financial situation or particular needs. You may wish to seek independent legal, financial or other professional advice before deciding whether or not to accept the Offer for your AHG Shares.

Forward looking statements

This Bidder's Statement contains certain forward looking statements and statements of current intention. The forward looking statements in this Bidder's Statement reflect views held at the date of this Bidder's Statement.

You should be aware that those statements involve inherent risks and uncertainties. Actual events or results may differ materially from the events or results expressed or implied in any forward looking statement and those deviations are both normal and to be expected.

None of AP Eagers, its officers or any person named in this Bidder's Statement with their consent or involved in the preparation of this Bidder's Statement makes any representation or warranty as to the accuracy or likelihood of fulfilment of any forward looking statement. You should not place undue reliance on those statements.

Disclaimer as to AHG and Merged Group information

The information on AHG, AHG Shares and the AHG Group contained in this Bidder's Statement has been prepared by AP Eagers using publicly available information only. None of the information in this Bidder's Statement concerning AHG and the assets and liabilities, financial position and performance, profits and losses and

prospects of the AHG Group has been independently verified by AP Eagers. Accordingly, AP Eagers does not, subject to the Corporations Act, make any representation or warranty, express or implied, as to the accuracy or completeness of such information.

The information on the Merged Group contained in this Bidder's Statement, to the extent that it incorporates or reflects information on AHG and the AHG Group, has also been prepared using publicly available information only. Accordingly, such information is also subject to the foregoing disclaimer.

Further information relating to AHG's business may be included in the Target's Statement which AHG must provide to its shareholders in response to this Bidder's Statement.

Privacy statement

AP Eagers has collected your information from the register of AHG Shareholders. The Corporations Act permits information to be made available to certain persons, including AP Eagers. Your information may also be disclosed on a confidential basis to AP Eagers' related bodies corporate and external service providers and may be required to be disclosed to regulators such as ASIC. You can contact us for details of information held by us about you.

Financial amounts

All financial amounts in this Bidder's Statement are expressed in Australian currency unless otherwise stated.

Effect of rounding

A number of amounts, percentages, prices, estimates and other figures in this Bidder's Statement are subject to the effect of rounding. Accordingly, actual numbers may differ from those set out in this Bidder's Statement.

Websites

References in this Bidder's Statement to AP Eagers' website (www.apeagers.com.au), to AP Eagers' Offer website (www.apeagersoffer.com.au) and to AHG's website (www.ahgir.com.au) are for information purposes only. No information contained in or otherwise accessible from those websites form part of this Bidder's Statement.

Maps and diagrams

Any diagrams and maps appearing in this Bidder's Statement are illustrative only and may not be drawn to scale. Unless stated otherwise, all data contained in charts, maps, graphs and tables is based on information available at the date of this Bidder's Statement.

Implied value

AHG Shareholders (other than Foreign Shareholders) will receive a fixed number of APE Shares as consideration under the Offer. The value of those APE Shares will fluctuate depending upon the market value of APE Shares. Accordingly, any reference to the implied value of the Offer Consideration should not be taken as an indication that the implied value is fixed.

Defined terms

A number of defined terms are used in this Bidder's Statement. These terms are explained in section 14.

Foreign jurisdictions

The distribution of this Bidder's Statement in jurisdictions outside Australia may be restricted by law, and persons who come into possession of it should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

This Bidder's Statement does not constitute an offer in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer. APE Shares have not been, and will not be, registered under the *United States Securities Act of 1933 (Securities Act)* and may not be offered or sold in the United States or to, or for the account or benefit of, a U.S. person (as defined in Regulation S under the Securities Act), except in a transaction exempt from the registration requirements of the Securities Act and applicable United States state securities laws.

Warning statement for AHG Shareholders in New Zealand

This Bidder's Statement is not a New Zealand product disclosure statement or other similar offering or disclosure document under New Zealand law and has not been registered, filed with or approved by any New Zealand regulatory authority under or in accordance with the *Financial Markets Conduct Act 2013 (NZ)* or any other relevant New Zealand law. The offer of APE Shares under the Offer is being made to existing AHG Shareholders with registered addresses in New Zealand in reliance upon an exemption from the relevant New Zealand securities regime, and, accordingly, this Bidder's Statement may not contain all the information that a product disclosure statement under New Zealand law is required to contain.

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Key dates

Announcement Date	Friday, 5 April 2019
Bidder's Statement lodged with ASIC	Friday, 5 April 2019
Date of the Offer (Offer opens)	[•] 2019
Closing Date for the Offer (unless extended or withdrawn)	7.00pm (Sydney time) on [•] 2019

All dates following the date of the Offer are indicative only and subject to change. Any changes to the above timetable will be announced through the ASX and notified on AP Eagers' website at www.apeagers.com.au. Unless otherwise stated, all references to time in this Bidder's Statement are references to Sydney time. Any obligation to do an act by a specified time in an Australian time zone must be done at the corresponding time in any other jurisdiction.

How to accept the Offer

Acceptances for the Offer must be received before the close of the Offer Period.

There are different ways to accept the Offer depending on how you hold your AHG Shares.

CHESS Holdings

Instruct your stockbroker or other Controlling Participant (usually your stockbroker) to initiate acceptance of the Offer on your behalf in sufficient time for the Offer to be accepted before the end of the Offer Period.

Otherwise please complete and sign the enclosed Acceptance Form in accordance with the instructions on that form so that it is received in time to give instructions to your Controlling Participant, and for your Controlling Participant to carry out those instructions, before the end of the Offer Period.

Issuer Sponsored Holdings

Complete and sign the enclosed Acceptance Form in accordance with the instructions on that form and within this Bidder's Statement and return it before the end of the Offer Period to:

BY MAIL (a reply paid envelope is enclosed)
Computershare Investor Services Pty Limited
Automotive Holdings Group Limited Takeover
GPO Box 52
MELBOURNE VIC 3001
AUSTRALIA

Acceptance Form

The Acceptance Form which accompanies this Bidder's Statement forms part of the Offer. Subject to paragraph 5 of the Offer Terms in Schedule 1, the requirements on the Acceptance Form must be observed in accepting the Offer for your AHG Shares.

Acceptance Facility

AP Eagers has also established an Acceptance Facility to facilitate early acceptances of the Offer. Additional information regarding the Acceptance Facility is set out in section 3.4.

Offers to Foreign Shareholders

If you are a Foreign Shareholder, unless AP Eagers otherwise determines that:

- it is lawful and not unduly onerous and not unduly impracticable to make the Offer to you and to issue you with APE Shares on acceptance of the Offer; and
- it is not unlawful for you to accept the Offer by the law of the relevant place outside Australia, its external territories or New Zealand,

you will not be entitled to receive APE Shares as consideration for your AHG Shares.

If you are a Foreign Shareholder and you accept the Offer or your AHG Shares are compulsorily acquired, you will receive the cash amount calculated under paragraph 8.2 of Schedule 1.

Further information about the entitlement of a Foreign Shareholder is set out in section 13.2.

Enquiries

If you are in any doubt about how to deal with this document, you should consult your stockbroker or your legal, financial or other professional adviser.

If you have any questions about the Offer or how to accept it, please call the AP Eagers Offer information line on 1300 560 339 (or +61 2 8011 0354 for overseas domiciled holders) between 9.00am and 5.00pm (Sydney time) Monday to Friday.



Letter from the Chairman

5 April 2019

Dear fellow AHG Shareholder

AP Eagers' Offer to acquire all of your AHG Shares and merge with AHG creating Australia's leading automotive retail group

On behalf of the board of A.P. Eagers Limited (**AP Eagers**), I am pleased to present AP Eagers' Offer to acquire all of your shares in Automotive Holdings Group Limited (**AHG**).

The Offer provides AHG Shareholders with an opportunity to participate in the expected benefits and longer term performance afforded by the combination of two highly complementary businesses in AP Eagers and AHG to create Australia's leading automotive retail group (**Merged Group**). Through its diversified portfolio of motor vehicle dealerships, greater financial scale and larger, more flexible balance sheet, the Merged Group is expected to be better placed to respond to the rapidly evolving motor vehicle retailing market and pursue future growth opportunities.

Under the Offer, AHG Shareholders (other than Foreign Shareholders) will receive 1 APE Share for every 3.8 AHG Shares owned by them (**Offer Consideration**).

The implied value per AHG Share represented by the Offer Consideration compared to the market value of AHG Shares (calculated on the same basis) as at 4 April 2019 is as follows:

Basis of assessing implied value and market value ¹	Market value of an AHG Share ²	Implied value per AHG Share represented by the Offer Consideration ³	Implied premium
closing price on 4 April 2019	\$1.780	\$1.916	7.63%
based on the two day VWAP ⁴	\$1.792	\$1.916	6.91%
based on the 10 day VWAP	\$1.759	\$1.927	9.57%
based on the 30 day VWAP	\$1.933	\$1.953	1.06%
based on the 120 day VWAP	\$1.757	\$1.828	4.02%

Source: Based on trading data prepared by IRESS. IRESS has not consented to the use of this trading data in this Bidder's Statement.

The implied value of the Offer will fluctuate with the APE Share price. Accordingly, if the APE Share price falls, the implied value of the Offer Consideration will also fall. Likewise, if the APE Share price rises, the implied value of the Offer Consideration will rise.

¹ Each VWAP calculation is made to 4 April 2019, being the last day APE Shares and AHG Shares were traded prior to the Announcement Date. On 20 February 2019, AP Eagers announced a fully franked final dividend for FY18 of 22.5 cents per APE Share. The record date for this dividend was 29 March 2019. The ex-dividend date was 28 March 2019, with payment due on 18 April 2019.

² The 'market value' of an AHG Share when assessed on the basis set out in the first column of the table above.

³ The 'implied value' per AHG Share is calculated by applying a 1 to 3.8 ratio to the APE Shares comprised in the Offer Consideration when the value of those APE Shares is assessed on the basis set out in the first column of the table above.

⁴ In this Bidder's Statement, VWAP is calculated based on the cumulative value traded on the ASX and CHI-X divided by cumulative volume traded on the ASX and CHI-X. VWAPs have been rounded to the third decimal place.

Commercial rationale for the Offer

The Offer represents an opportunity for AHG Shareholders to participate in the expected benefits afforded by the enhanced diversification and flexibility of the combined group, particularly in the context of AHG's deteriorating financial performance over time.

The commercial rationale for combining AP Eagers and AHG is underpinned by:

- greater geographical portfolio diversification;⁵
- enhanced brand portfolio diversification;⁶
- anticipated pre-tax cost synergies estimated at \$13.5 million per annum if AP Eagers acquires a Relevant Interest in greater than 90% of AHG Shares (and therefore moves, by way of compulsory acquisition, to acquire full ownership of AHG);⁷ and
- the Merged Group having a larger, more flexible balance sheet and greater financial strength.⁸

In addition, the Offer is expected to provide AHG Shareholders with the opportunity:

- to benefit from exposure to AP Eagers' proven management expertise that has delivered a consistent record of profit, dividend and earnings per share (**EPS**) growth over the long-term;⁹ and
- to participate in the potential upside associated with AP Eagers' future growth strategy, The Next100, details of which were released to the ASX on 2 April 2019.

AP Eagers currently owns 28.84% of AHG. As a consequence, AP Eagers' believes that the likelihood of a Competing Proposal emerging for your AHG Shares is low.

ACCC approval

AP Eagers currently intends to apply to the Australian Competition and Consumer Commission (**ACCC**) for a *merger authorisation*, the effect of which, if granted, is that AP Eagers will be able to acquire AHG Shares under the Offer without risk of legal action against it by the ACCC (or third parties) for a contravention of section 50 CCA¹⁰ for the period specified by the ACCC in the authorisation.¹¹ The ACCC has 90 days from the date it receives a valid application to make its determination.¹²

The Bid Conditions include that all Regulatory Approvals for the acquisition of AHG Shares under the Offer are given, made or obtained before the end of the Offer Period. The granting of a *merger authorisation* would satisfy that Bid Condition insofar as it relates to approval under the CCA.

Other conditions of the Offer

The Offer is not subject to any minimum acceptance threshold, nor is it subject to any finance condition or due diligence.

The terms of the Offer, including the Bid Conditions, are set out in Schedule 1 and Schedule 2 to this Bidder's Statement, respectively.

⁵ Refer to section 2.1 for more details.

⁶ Refer to section 2.1 for more details.

⁷ Refer to section 2.1 for more details.

⁸ Refer to section 2.1 for more details.

⁹ Refer to section 2.3 for more details. For information about AP Eagers' Directors and senior management team refer to sections 4.5 and 4.6.

¹⁰ Section 50 CCA prohibits any merger which has, or is likely to have, the effect of substantially lessening competition in a substantial market in Australia. Refer to section 13.8 for more information.

¹¹ If a *merger authorisation* is granted, that authorisation will come into force on the day specified in the ACCC's determination, which cannot be earlier than 21 days after the determination is issued.

¹² Unless extended by agreement of AP Eagers.

We encourage you to read this Bidder's Statement for more details about the Offer and about AP Eagers. The Offer is open for your acceptance until 7.00pm (Sydney time) on [•] 2019, unless extended or withdrawn (**Closing Date**).

If you wish to accept the Offer, please follow the instructions in this Bidder's Statement and the enclosed Acceptance Form.

If you have any questions about the Offer, please contact your legal, financial or other professional adviser or call the AP Eagers Offer information line on 1300 560 339 (or +61 2 8011 0354 for overseas domiciled holders) between 9.00am to 5.00pm (Sydney time) during the Offer Period or visit AP Eagers' Offer website at www.apeagersoffer.com.au.

I look forward to the opportunity to welcome you as a new shareholder of AP Eagers.

Yours sincerely

A handwritten signature in dark ink, appearing to read 'Tim Crommelin', with a stylized flourish at the end.

Tim Crommelin
Chairman
A.P. Eagers Limited

1 Investment overview

The process governing takeovers is complex. This section answers some key questions that you may have about the Offer and should be read in conjunction with the remainder of this Bidder's Statement. You are strongly encouraged to read the entire Bidder's Statement before deciding how to deal with your AHG Shares.

1.1 OVERVIEW OF THE OFFER AND AP EAGERS

Question	Summary	Further details
What is the Offer?	<p>AP Eagers is offering to acquire all of your AHG Shares by way of an off-market takeover bid on the terms and conditions set out in Schedule 1 and Schedule 2 of this Bidder's Statement.</p> <p>The Offer Consideration is 1 APE Share for every 3.8 of your AHG Shares.</p> <p>The Offer relates to all AHG Shares on issue at the Register Date that AP Eagers does not already own and any AHG Shares that are issued between that date and the end of the Offer Period as a result of the conversion of, or exercise of rights attached to, other securities that are convertible into AHG Shares (including as a result of the exercise of AHG Performance Rights) that are on issue at the Register Date.</p>	Offer Terms (Schedule 1) and Bid Conditions (Schedule 2)
Who is AP Eagers?	AP Eagers is an ASX listed automotive retail group with operations in Queensland, Adelaide, Darwin, Melbourne, Sydney, the Newcastle and Hunter Valley region of New South Wales and Tasmania.	Section 4
What is AP Eagers' business model?	<p>AP Eagers' principal activities consist of:</p> <ul style="list-style-type: none">▪ the sale of new and used motor vehicles;▪ the sale or distribution of ancillary products and services, such as finance, insurance and aftermarket products, alongside the sale of motor vehicles;▪ the sale of motor vehicle spare parts;▪ the provision of motor vehicle servicing;▪ the provision of collision repair services; and▪ the ownership of property and investments.	Section 4.3
What interest does AP Eagers have in AHG Shares?	As at the date of this Bidder's Statement, AP Eagers had a Relevant Interest in 95,632,358 AHG Shares and Voting Power of 28.84% in AHG.	Section 7.5
Who are the Directors of AP Eagers?	<p>The current Directors of AP Eagers are:</p> <ul style="list-style-type: none">▪ Timothy Boyd Irving Crommelin, <i>Chairman & Non-executive Director</i>▪ Martin Andrew Ward, <i>Managing Director & CEO</i>▪ Nicholas George Politis, <i>Non-executive Director</i>▪ Daniel Thomas Ryan, <i>Non-executive Director</i>▪ David Arthur Cowper, <i>Non-executive Director</i>▪ Marcus John Birrell, <i>Non-executive Director</i>▪ Sophie Alexandra Moore, <i>Executive Director & CFO</i>	Section 4.5

Question	Summary	Further details																								
Do AP Eagers' Directors have any interests in APE Shares?	<p>As at the date of this Bidder's Statement, the Directors of AP Eagers or entities associated with them had the following interests in APE Shares:</p> <table> <tr> <th></th><th>Relevant Interest in APE Shares</th><th>Voting Power in AP Eagers¹</th></tr> <tr> <td>T B I Crommelin</td><td>392,286</td><td>0.21%</td></tr> <tr> <td>M A Ward²</td><td>2,484,527</td><td>1.30%</td></tr> <tr> <td>N G Politis</td><td>69,535,038</td><td>36.35%</td></tr> <tr> <td>D T Ryan</td><td>-</td><td>-</td></tr> <tr> <td>D A Cowper</td><td>15,053</td><td>0.01%</td></tr> <tr> <td>M J Birrell</td><td>2,000,000</td><td>1.05%</td></tr> <tr> <td>S A Moore³</td><td>16,622</td><td>0.01%</td></tr> </table> <p>¹ Excludes the effect of dilution on exercise of the APE Awards granted under the AP Eagers Incentive Plan (refer to section 5.5 for details).</p> <p>² Mr Ward has also been granted 2,153,985 APE Options and 99,067 APE Performance Rights under the terms of the AP Eagers Incentive Plan.</p> <p>³ Ms Moore has also been granted 117,570 APE Options and 5,167 APE Performance Rights under the terms of the AP Eagers Incentive Plan.</p>		Relevant Interest in APE Shares	Voting Power in AP Eagers ¹	T B I Crommelin	392,286	0.21%	M A Ward ²	2,484,527	1.30%	N G Politis	69,535,038	36.35%	D T Ryan	-	-	D A Cowper	15,053	0.01%	M J Birrell	2,000,000	1.05%	S A Moore ³	16,622	0.01%	Section 13.11
	Relevant Interest in APE Shares	Voting Power in AP Eagers ¹																								
T B I Crommelin	392,286	0.21%																								
M A Ward ²	2,484,527	1.30%																								
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M J Birrell	2,000,000	1.05%																								
S A Moore ³	16,622	0.01%																								

Do AP Eagers' Directors have any interests in AHG Shares?	<p>As at the date of this Bidder's Statement, the Directors of AP Eagers or entities associated with them had the following interests in AHG Shares:</p> <table> <tr> <th></th><th>Relevant Interest in AHG Shares</th><th>Voting Power in AHG¹</th></tr> <tr> <td>M A Ward</td><td>317</td><td>0.0001%</td></tr> <tr> <td>N G Politis²</td><td>95,637,677</td><td>28.839%</td></tr> <tr> <td>D T Ryan</td><td>4,319</td><td>0.001%</td></tr> </table> <p>¹ Excludes the effect of dilution on exercise of AHG Performance Rights (refer to section 7.8 for further information).</p> <p>² Mr Politis has a Relevant Interest in 95,632,358 AHG Shares as a result of him, and entities associated with him, holding, in aggregate, greater than 20% of the APE Shares on issue (refer to section 13.11 for details of Mr Politis' shareholding (and Voting Power) in AP Eagers). Mr Politis is also a director and controlling shareholder of NGP Investments (No 2) Pty Ltd which holds 5,319 AHG Shares, representing 0.002% of the Voting Power in AHG.</p>		Relevant Interest in AHG Shares	Voting Power in AHG ¹	M A Ward	317	0.0001%	N G Politis ²	95,637,677	28.839%	D T Ryan	4,319	0.001%	Section 7.7
	Relevant Interest in AHG Shares	Voting Power in AHG ¹												
M A Ward	317	0.0001%												
N G Politis ²	95,637,677	28.839%												
D T Ryan	4,319	0.001%												

1.2 OFFER CONSIDERATION AND CONDITIONS

Question	Summary	Further details
What will I receive if I accept the Offer?	If you accept the Offer and you are not a Foreign Shareholder, you will receive 1 APE Share for every 3.8 AHG Shares you own (subject to the Bid Conditions being satisfied or waived). By way of example, if you own 1,000 AHG Shares and you accept the Offer for all of those shares, you will receive 263 APE Shares. ¹³	Paragraph 2 of the Offer Terms (Schedule 1)
Can I choose to receive cash instead of APE Shares?	No. There is no option for AHG Shareholders to elect to receive cash instead of APE Shares. APE Shares which would otherwise have been issued to a Foreign Shareholder will, instead, be issued to a Nominee who will account to the Foreign Shareholders for the net proceeds delivered from the sale of those APE Shares pro rata according to their respective holdings of AHG Shares.	Section 13.2 and paragraph 8 of the Offer Terms (Schedule 1)

¹³ Subject to the Offer becoming unconditional.

Question	Summary	Further details
What if I am a Foreign Shareholder?	<p>Foreign Shareholders, being AHG Shareholders with a registered address outside of Australia, its external territories or New Zealand, who accept the Offer will not be entitled to receive APE Shares. Instead, the APE Shares that Foreign Shareholders would have been entitled to receive will be issued to, and sold by, a Nominee and the net proceeds will be paid to each relevant Foreign Shareholder pro rata according to their respective holdings of AHG Shares by cheque in Australian dollars drawn on an Australian bank account.</p> <p>Foreign Shareholders should read section 13.2 and paragraph 8.2 of Schedule 1 which provides further information on Foreign Shareholders and the Nominee sale process.</p>	Section 13.2 and paragraph 8.2 of the Offer Terms (Schedule 1)
If I accept the Offer, when will I receive consideration for my AHG Shares?	<p>If you accept the Offer in the manner set out in the Offer Terms and the Acceptance Form and you are not a Foreign Shareholder, you will be issued APE Shares within one month of the later of:</p> <ul style="list-style-type: none"> the date that you accept the Offer; and the date that the Offer becomes unconditional. <p>In any event, you will be issued APE Shares within 21 days after the Offer closes (assuming all Bid Conditions are satisfied or waived).</p>	Paragraph 8 of the Offer Terms (Schedule 1)
What rights will my APE Shares have?	<p>The APE Shares issued under the Offer will be fully paid and will rank equally for dividends and other rights with existing APE Shares.</p> <p>A detailed explanation of the rights and liabilities attaching to APE Shares is set out in section 5.6.</p>	Section 5.6
Will my APE Shares be listed on the ASX?	<p>Yes. AP Eagers will apply to the ASX for quotation of the APE Shares to be issued under the Offer on the official list of the ASX (Code: APE).</p> <p>Quotation of the APE Shares to be issued under the Offer will not be automatic but will depend on the ASX exercising its discretion to admit them to the official list. However, AP Eagers is already admitted to the official list of the ASX and shares in AP Eagers in the same class and on the same terms as those to be issued under the Offer are already quoted.</p>	Paragraph 14 of the Offer Terms (Schedule 1)
Does the merger of AP Eagers and AHG require ACCC approval?	<p>To create confidence about compliance with the CCA, AP Eagers intends to apply to the ACCC for <i>merger authorisation</i> for the Offer. The Bid Conditions include that all Regulatory Approvals for the acquisition of AHG Shares under the Offer are given, made or obtained before the end of the Offer Period. The granting of a <i>merger authorisation</i> would satisfy that Bid Condition insofar as it relates to approval under the CCA.</p>	Section 13.8
Are there any conditions to the Offer?	<p>The Offer is subject to the following Bid Conditions:</p> <ul style="list-style-type: none"> no Prescribed Occurrences in respect of AHG occurring; no Material Adverse Change occurring in respect of AHG; all Regulatory Approvals being received; no material regulatory action occurring; neither the S&P/ASX 200 nor the All Ordinaries Index falling below 85% of the level of that index as at the close on the Announcement Date for three consecutive trading days; 	Schedule 2

Question	Summary	Further details
	<ul style="list-style-type: none"> any third party which could terminate a material contract with AHG as a result of the Offer, consenting to the Offer or stating an intention not to exercise its right in that regard; and no material acquisitions, disposals or significant events occurring. <p>This is only a summary of the Bid Conditions. The Bid Conditions are set out in full in Schedule 2.</p> <p>AP Eagers may choose to waive certain Bid Conditions in accordance with the Offer Terms in Schedule 1.</p>	
What happens if the Bid Conditions are not satisfied or waived?	Generally, if the Bid Conditions are not satisfied or waived by AP Eagers (which it may do in its discretion), by the Closing Date, the Offer will lapse. In this case, even if you have accepted the Offer, your AHG Shares will not be exchanged for APE Shares.	Paragraph 9 of the Offer Terms (Schedule 1)

1.3 ACCEPTING THE OFFER

Question	Summary	Further details
What should I do?	<p>To accept the Offer, you should:</p> <ul style="list-style-type: none"> read this Bidder's Statement in full; read AHG's Target's Statement in full (when issued); consult your broker, financial or other professional adviser if you are in any doubt as to what action to take or how to accept the Offer; and accept the Offer in the manner described in section 3. <p>If you have any queries about the Offer, you may also call AP Eagers' Offer information line on 1300 560 339 (or +61 2 8011 0354 for overseas domiciled holders) between 9.00am and 5.00pm (Sydney time) Monday to Friday.</p>	Section 3
How do I accept the Offer?	You may accept the Offer in respect of all (but not part) of your AHG Shares. The manner in which you accept the Offer depends on whether you hold your AHG Shares in an Issuer Sponsored Holding or CHESS Holding. Details on how to accept the Offer are set out in section 3.	Section 3 and paragraph 4 of the Offer Terms (Schedule 1)
Can I accept the Offer for part of my holding?	No, you cannot accept the Offer for only part of your holding. The Offer is only in respect of all of your AHG Shares.	Paragraph 4.1 of the Offer Terms (Schedule 1)
How long is the Offer open for?	The Offer opens on [•] 2019 and is scheduled to close at 7.00pm (Sydney time) on [•] 2019 (unless extended or withdrawn).	Paragraph 3 of the Offer Terms (Schedule 1)
What happens if I accept the Offer?	<p>If you accept the Offer and it becomes or is declared unconditional, you will be issued APE Shares within the time specified above.</p> <p>Once you accept the Offer (even while it remains subject to the Bid Conditions) you will not be able to sell your AHG Shares on market or otherwise deal with the Rights attaching to your AHG Shares, subject to your limited statutory rights to withdraw your acceptance in certain circumstances.</p>	Paragraph 6 of the Offer Terms (Schedule 1)

Question	Summary	Further details
What happens if I do not accept the Offer?	<p>If you do not accept the Offer, you will remain an AHG Shareholder and will not be issued APE Shares.</p> <p>However, if AP Eagers becomes entitled to compulsorily acquire your AHG Shares, it intends to do so. If this occurs, you will still receive the Offer Consideration for your AHG Shares but at a later date than you would have received it if you had accepted the Offer. If AP Eagers does not become entitled to compulsorily acquire your AHG Shares, you will remain an AHG Shareholder.</p>	Section 8
Can I withdraw my acceptance?	Once you accept the Offer, you will be unable to revoke your acceptance, except in limited circumstances in accordance with the Corporations Act.	Paragraph 6.1 of the Offer Terms (Schedule 1)
Can I sell my AHG Shares on-market during the Offer Period?	<p>You may sell all, or some, of your AHG Shares on-market during the Offer Period, but you may incur brokerage and other transaction costs if you do.</p> <p>However, if you accept the Offer, you agree not to sell your AHG Shares to anyone other than AP Eagers and you will not be able to sell your AHG Shares on-market after the date on which you accept the Offer.</p>	Paragraph 6.1 of the Offer Terms (Schedule 1)
Do I have to pay brokerage or stamp duty on acceptance?	<p>If your AHG Shares are registered in an Issuer Sponsored Holding in your name and you deliver them directly to AP Eagers, no brokerage, charges or stamp duty may be payable by you on acceptance of the Offer.</p> <p>If you hold your AHG Shares through a CHESS Holding, you should ask your Controlling Participant (normally your stockbroker) or nominee whether it will charge any transaction fees or service charges in connection with acceptance of the Offer.</p> <p>If you choose to sell your AHG Shares on market, you may incur brokerage costs and GST on those costs.</p>	Section 2.7
What are the tax implications of accepting the Offer?	<p>A general outline of the taxation consequences for certain Australian resident AHG Shareholders accepting the Offer is set out in section 12.</p> <p>You should not rely on that description as advice for your own affairs.</p> <p>You should consult your taxation adviser for detailed taxation advice in light of current tax laws and your particular circumstances before making a decision as to whether or not to accept the Offer for your AHG Shares.</p> <p>AHG Shareholders should be aware that if, in connection with the Offer, AP Eagers does not end up with a holding of at least 80% of the AHG Shares on issue, then CGT roll-over relief would not be available to AHG Shareholders in respect of the disposal of AHG Shares on acceptance of the Offer.</p>	Section 12

1.4 KEY RISKS

If you accept the Offer and it becomes unconditional, you will be issued with APE Shares as the Offer Consideration (unless you are a Foreign Shareholder). A summary of the key risks associated with an investment in APE Shares and with the Offer itself is set out below. These key risks, together with other risk factors, including general industry and investment risks, are described in detail in section 10. You should carefully consider each of the risks in section 10 before deciding whether or not to accept the Offer.

Key risk	Summary	Further details
Evolving market and industry conditions	<p>The Merged Group's operations may be impacted by changes in the market for new and used automotive vehicles, related parts and servicing requirements and other ancillary products and services. Subject to the Merged Group's ability to adapt, its financial performance may be adversely affected by factors influencing the automotive industry, including, amongst other things:</p> <ul style="list-style-type: none"> ▪ the availability of alternative transportation methods (such as, for example, public transport) and growth in popularity of alternatives to motor vehicle ownership (such as, for example, car sharing and ride share arrangements); ▪ changes in consumer sentiment toward motor vehicles in general or specific brands in particular; and ▪ technological developments in relation to autonomous (driverless) motor vehicles. 	Section 10.1
Economic conditions	<p>The operating and financial performance of the Merged Group is sensitive to the current state of, and future changes to, general economic conditions overall as well as any of the markets in which it operates. These economic conditions include levels of consumer spending, inflation, interest rates and exchange rates, access to consumer credit and the availability of consumer finance, government fiscal, monetary and regulatory policies, and fuel prices. A deterioration in general economic and business conditions could impact consumer purchasing decisions and cause consumers to reduce their level of spending on discretionary items, which may have an adverse effect on the financial performance of the Merged Group.</p> <p>Changes in real property markets and conditions in the geographic regions in which the Merged Group owns or occupies properties could also have an adverse impact on the financial performance of the Merged Group.</p>	Section 10.1
Relationships with manufacturers	<p>The traditional automotive business model relies on the retention of existing relationships with motor vehicle manufacturers and development of new relationships in order to grow. There is no guarantee that the Merged Group's relationships will continue or if they do continue, that these relationships will be successful. Key relationships may be lost or impaired due to a variety of factors, including commercial disputes, competitor actions or under-performance against manufacturer key performance indicators over a period of time. If the Merged Group is unable to maintain its existing relationships or attract new motor vehicle manufacturers, its business and operating and financial performance could be adversely affected.</p>	Section 10.1
Regulatory compliance	<p>The Merged Group could face legal, or regulatory sanctions or reputational damage as a result of any failure to comply with (or comply with developing interpretations of) laws, regulations, codes of conduct and standards of good practice which apply to the operations of the Merged Group. A breach in any of these areas could result in fines or penalties, the payment of compensation or the cancellation or suspension of the Merged Group's ability to carry on certain aspects of its activities or businesses, which could adversely affect the Merged Group's financial performance.</p>	Section 10.1

Key risk	Summary	Further details
	Further future laws or regulations may be introduced, or existing laws and regulations may be changed, which could adversely impact the business of the Merged Group. For example, the recent legislative changes in relation to the sale of consumer finance and insurance have had an adverse impact on the automotive industry.	
Competition	The motor vehicle retailing market is highly competitive. The Merged Group's financial performance could be affected if, for example, new manufacturers enter the market (especially if they successfully introduce a different distribution or sales model to the traditional dealership model) or if substitutes for new motor vehicles (for example, car sharing or ride sharing) become more attractive.	Section 10.1
Impairment of goodwill	Consistent with the Accounting Standards, the Merged Group will be periodically required to assess the carrying value of its assets. Where the value of an asset is deemed to be less than its carrying value, the Merged Group may be obliged to recognise a non-cash impairment charge in its profit or loss account. Impairment charges could have an adverse effect on the Merged Group's financial results, and potentially its capacity to pay dividends, for the period in which the impairment occurs.	Section 10.1
Insurance and liability	AP Eagers has in place a level of insurance considered suitable for its current business undertakings. However, there is risk that AP Eagers' insurance arrangements may not adequately protect it against liability for all losses, including but not limited to environmental losses, property damage, public liability or losses arising from contractual defaults, business interruption, cyber security risk and product liability risk. Should the Merged Group be unable to maintain sufficient insurance cover in the future or experience losses in excess of the scope of its insurance cover, the Merged Group's financial performance may be adversely affected.	Section 10.1
Ability to service or refinance debt	The Merged Group's ability to make scheduled payments on its indebtedness and its ability to extend existing debt facilities or to borrow money for refinancing, capital expenditure or acquisitions will depend on a range of factors, including general economic conditions, debt and equity market conditions, as well as the Merged Group's financial position, financial performance and reputation. Changes in these factors may impact the cost or availability of funding, and accordingly, the Merged Group's financial performance and financial position. There can be no assurances that future financing will be available on terms acceptable to the Merged Group or at all.	Section 10.1
Issue of APE Shares as Offer Consideration	The consideration being offered for your AHG Shares consists of a specified number of APE Shares. Accordingly, the value of the Offer Consideration will fluctuate depending upon the market value of the APE Shares from time to time.	Section 10.2
Integration risks	There are risks that integration of the businesses of AP Eagers and AHG may take longer than expected and that the anticipated benefits of that integration may be less than estimated. These risks include possible differences in the management culture of the two groups, inability to achieve synergy benefits and cost savings, and the potential loss of key personnel.	Section 10.2

Key risk	Summary	Further details
Termination of material agreements	A change of control of AHG may occur as result of the Offer. It is possible that material agreements to which AHG is a party (including dealership agreements, floor plan financing arrangements and current syndicate debt arrangements) may be subject to review or termination upon such a change of control. Should any material agreement be terminated, the Merged Group would lose the benefit of those agreements and may not be able to obtain similarly favourable terms upon entry into replacement arrangements (should replacement arrangements be available).	Section 10.2

1.5 OVERVIEW OF AP EAGERS' INTENTIONS FOR THE MERGED GROUP

Question	Summary	Further details
Who will be on the board of the Merged Group?	<p>If AP Eagers acquires 100% of the AHG Shares, AHG will become a wholly owned subsidiary of AP Eagers and the board of the Merged Group will comprise all or most of the members of the current AP Eagers Board (refer to section 4.5 for information regarding the current Directors of AP Eagers).</p> <p>It is also proposed that three members of the current AHG Board will be asked to join the board of the Merged Group. AP Eagers has not made any decisions as to the identity of the AHG Directors who will be asked to join the board of the Merged Group in that case.</p>	Section 8.3 and section 9.6
Who will be the management team of the Merged Group?	<p>If AP Eagers acquires 100% of the AHG Shares, the AP Eagers Board (including any current AHG Board members who accept the invitation to join the AP Eagers Board) will undertake a review process to determine the senior management team for the Merged Group.</p> <p>It is anticipated that the senior management team will include members from AP Eagers' current senior management team, as well as members from AHG's current senior management team. Profiles of the current members of AP Eagers' senior management team are set out in section 4.6.</p> <p>The AP Eagers Board has not made any decisions as to the identity of the current members of the AP Eagers or AHG senior management teams who would form part of the Merged Group's senior management team.</p>	Section 8.3
What will the Merged Group be called?	If AHG becomes wholly owned by AP Eagers, it is currently proposed that the Merged Group will operate under the name Eagers Automotive Holdings Limited.	Section 8.3
What will the dividend policy of the Merged Group be?	<p>AP Eagers has paid a dividend in respect of every financial year since listing on the ASX in 1957. The full year dividend to be paid in respect of the 2018 Financial Year of 36.5 cents per APE Share will be the 17th record full year dividend paid in respect of the previous 18 Financial Years.</p> <p>The payment of a dividend by the Merged Group would be at the discretion of the board of the Merged Group and will be a function of a number of factors, including (but not limited to) the general business and financial conditions, the operating results and capital expenditure requirements of the Merged Group, future funding requirements (including potential acquisition opportunities), capital management initiatives, taxation considerations (including the level of franking credits available),</p>	Section 5.3 and section 8.3

Question	Summary	Further details
	any contractual, legal or regulatory restrictions on the payment of dividends by the Merged Group, and any other factors the board may consider relevant.	

1.6 OTHER QUESTIONS

Where can I find out further information?	If you have any questions about the Offer or how to accept it, please call the AP Eagers Offer information line on 1300 560 339 (or +61 2 8011 0354 for overseas domiciled holders) between 9.00am and 5.00pm (Sydney time) Monday to Friday.
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Important notice

The information set out in this section 1 is not intended to be comprehensive and should be read in conjunction with the detailed information contained in other sections of this Bidder's Statement, including the full terms and conditions of the Offer contained in Schedule 1 and Schedule 2 to this Bidder's Statement. You are strongly encouraged to read the entire Bidder's Statement as well as AHG's Target's Statement before deciding how to deal with your AHG Shares.

Why you should accept AP Eagers' Offer

- 1 Opportunity to participate in the benefits of the larger Merged Group
- 2 The Offer's implied value reflects the relative valuations of AP Eagers and AHG
- 3 Exposure to AP Eagers' proven track record of profitable growth and shareholder returns
- 4 Exposure to AP Eagers' future growth strategy
- 5 The likelihood of a Competing Proposal emerging is low
- 6 You may be eligible for capital gains tax roll-over relief
- 7 You may not incur brokerage costs on the transfer of your AHG Shares

Further details on each of these reasons for accepting the Offer are set out in section 2 of this Bidder's Statement. You should read this entire Bidder's Statement, including the risks set out in section 10, before deciding whether to accept the Offer.

2 Why you should accept AP Eagers' Offer

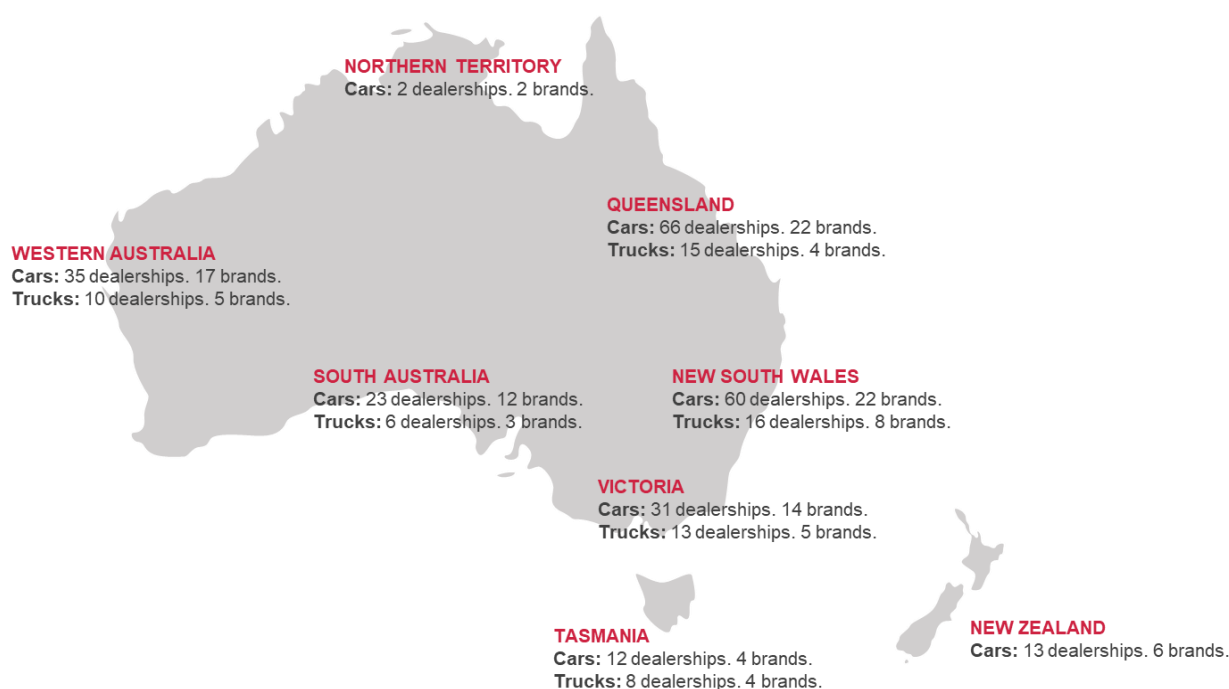
2.1 OPPORTUNITY TO PARTICIPATE IN THE BENEFITS OF THE LARGER MERGED GROUP

The Offer seeks to combine the two highly complementary businesses of AP Eagers and AHG to create Australia's leading automotive retail group. Through its diversified portfolio of motor vehicle dealerships, greater financial scale and larger, more flexible balance sheet, AP Eagers' expects the Merged Group to be better placed to respond to the rapidly evolving motor vehicle retailing market and to pursue future growth opportunities. The Offer Consideration allows AHG Shareholders (other than Foreign Shareholders) the opportunity to participate as shareholders in the Merged Group, with the potential to benefit from the greater scale and long-term prospects of a larger automotive business, while also retaining their exposure to AHG.

Greater geographical portfolio diversification

The Merged Group will have exposure to motor vehicle retailing markets in all Australian States and Territories (other than the Australian Capital Territory), representing approximately 11.9% of the Australian new vehicle sales market.¹⁴ AHG's dealership portfolio has a complimentary geographical footprint to AP Eagers' business. AHG does not have automotive retailing operations in South Australia, Tasmania and the Northern Territory where AP Eagers has a strong presence. Likewise, AHG has a strong presence in Western Australia where AP Eagers does not operate any dealerships and has a large presence in Sydney where AP Eagers only operates one new car dealership site, with five brand franchises.

Figure 1: Anticipated dealership locations and brand portfolio of the Merged Group¹⁵



¹⁴ As at 31 December 2018. Calculated based on AP Eagers' new vehicle market share of 5.2% (as stated in AP Eagers' 2018 full year results presentation) and AHG's new vehicle market share of circa 6.7% (as stated in AHG's 1H19 Results Announcement).

¹⁵ Calculated as at February 2019 by reference to new car dealership locations disclosed on AHG's website and publicly available information (including articles published by GoAutoNews Premium on 2 June 2016 and 22 February 2019). Dealerships for Toyota and Volkswagen have been calculated by reference to PMAs rather than new vehicle sales locations within PMAs.

Enhanced brand portfolio diversification

The Merged Group is anticipated to have 229 new car dealership locations in Australia,¹⁶ 13 new car dealership locations in New Zealand and 68 new truck and bus dealership locations in Australia.

The Australian dealerships will represent 33 car brands and 12 truck and bus brands, including all of the top 26 leading car brands for the 12 months ended 31 December 2018.¹⁷ Collectively, these leading 26 car brands represented 95.5% of the total new vehicle sales market in Australia for that same period.

Figure 2: Top 10 brands by new vehicle sales in Australia (CY2018)

Top 10 brands ¹	National market share ¹	Number of new dealership locations in Australia		
		AHG ²	AP Eagers	Merged Group
Toyota ³	18.8%	7	8	15
Mazda	9.7%	6	2	8
Hyundai	8.2%	8	14	22
Mitsubishi	7.4%	11	3	14
Ford	6.0%	10	8	18
Holden	5.3%	10	10	20
Kia	5.1%	9	4	13
Nissan	5.0%	14	10	24
Volkswagen ³	4.9%	7	6	13
Honda	4.5%	1	7	8
Total – Top 10	74.8%	83	72	155

¹ Source: FCAI, VFACTS National Report – New Vehicle Sales, December 2018.¹⁸

² Calculated as at February 2019 by reference to the new car dealership locations in Australia disclosed on AHG's website and publicly available information (including articles published by GoAutoNews Premium on 2 June 2016 and 22 February 2019). AP Eagers understands that AHG also has 4 Mazda, 1 Holden, 1 Hyundai, 1 Mitsubishi, 4 Ford and 2 Nissan dealership locations in New Zealand (as at February 2019).

³ Dealerships for Toyota and Volkswagen have been calculated by reference to PMAs rather than new vehicle sales locations within PMAs.

The strength of the Merged Group's enhanced brand portfolio is expected to provide an opportunity to leverage the size of the Merged Group to expand into adjacent complementary businesses, including ride sharing and subscription services.

Operational and corporate synergies

AP Eagers' analysis and review of publicly available information on AHG and its experience with previous acquisitions and industry integration has led it to consider that, if AP Eagers acquires a Relevant Interest in greater than 90% of AHG Shares (and therefore moves, by way of compulsory acquisition, to acquire full ownership of AHG), anticipated pre-tax cost synergies estimated at \$13.5 million per annum may be realised by the Merged Group.

¹⁶ Dealerships for Toyota and Volkswagen have been calculated by reference to PMAs rather than new vehicle sales locations within PMAs.

¹⁷ FCAI, VFACTS National Report – New Vehicle Sales, December 2018: Toyota, Mazda, Hyundai, Mitsubishi, Ford, Holden, Kia, Nissan, Volkswagen, Honda, Subaru, Mercedes-Benz Cars, Isuzu Ute, BMW, Audi, Suzuki, Land Rover, Renault, Lexus, Mercedes-Benz Vans, Jeep, Volvo Cars, LDV, Skoda, Porsche and Mini.

¹⁸ FCAI has not consented to the use of VFACTS sales data in this Bidder's Statement.

The anticipated synergies have been assessed by AP Eagers as realisable through:

- removing duplication of costs across the operations of the Merged Group, including such areas as head office, board, senior executives, technology, audit, compliance and corporate services; and
- removing AHG's corporate costs associated with operating as a listed company on the ASX.¹⁹

The anticipated synergies are based on estimates by AP Eagers. AP Eagers has not discussed its analysis of the identified synergies with the AHG Board or management and does not yet have available to it (based on the publicly available information) sufficient information to develop a detailed integration plan to achieve the synergies.

The extent and timing of the benefit of the potential synergies is currently uncertain and will depend on, amongst other things, whether or not AP Eagers is able to acquire 100% of AHG and the results of the operational review that AP Eagers intends to conduct following the conclusion of the Offer, as referred to in section 8.

The full benefit of the potential synergies would not be available if AP Eagers acquires less than 100% of AHG.

Larger balance sheet and financial strength to pursue growth opportunities

Holding shares in the Merged Group compared to AHG Shares should result in you owning shares in a company with a larger, more flexible balance sheet and greater capacity to access capital to fund further growth opportunities.

If AP Eagers acquires 100% of AHG, the Merged Group is estimated to have:

- unaudited pro forma FY18 profit before tax of \$203.0 million (excluding synergies);²⁰
- a pro forma market capitalisation of approximately \$1.84 billion;²¹ and
- a pro forma FY18 enterprise value of approximately \$2.42 billion.²²

Refer to section 9 for financial information on the Merged Group.

2.2 THE OFFER'S IMPLIED VALUE REFLECTS THE RELATIVE VALUATIONS OF AP EAGERS AND AHG

AHG Shareholders who accept the Offer (other than Foreign Shareholders) will receive the Offer Consideration of 1 APE Share in respect of every 3.8 AHG Shares owned by them (subject to the Bid Conditions being satisfied or waived).

The Offer Consideration is based on the relative market values of AP Eagers and AHG.

¹⁹ Assumes AP Eagers is able to acquire 100% of AHG and AHG is delisted.

²⁰ The Merged Group unaudited pro forma FY18 profit before tax is based on the Merged Group Pro Forma Financial Information under a 100% Acquisition Scenario as outlined in section 9.10, including the pro forma adjustments and transaction assumptions outlined in section 9.9.

²¹ Based on the market capitalisation of AP Eagers immediately prior to the Announcement Date and a valuation of each AHG Share of \$1.78, being the close price on 4 April 2019, the last trading day prior to the Announcement Date.

²² The pro forma enterprise value of the Merged Group is estimated to be \$2.42 billion and is based on the market capitalisation of AP Eagers immediately prior to the Announcement Date and a valuation of each AHG Share of \$1.78, being the close price on 4 April 2019, the last trading day prior to the Announcement Date, plus the pro forma FY18 net debt of the Merged Group, being \$579.8 million. The Merged Group pro forma FY18 net debt is based on the combination of pro forma FY18 net debt (excluding bailment financing) for AP Eagers and AHG.

The implied value per AHG Share represented by the Offer Consideration compared to the market value of AHG Shares (calculated on the same basis) as at 4 April 2019 is as follows:

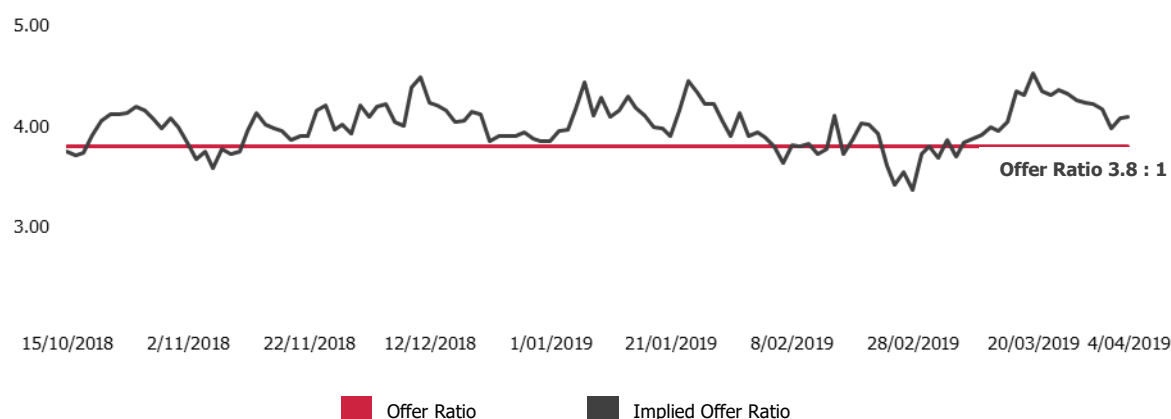
Figure 3: Implied value vs market value of AHG Shares

Basis of assessing implied value and market value ²³	Market value of an AHG Share ²⁴	Implied value per AHG Share represented by the Offer Consideration ²⁵	Implied premium
closing price on 4 April 2019	\$1.780	\$1.916	7.63%
based on the two day VWAP	\$1.792	\$1.916	6.91%
based on the 10 day VWAP	\$1.759	\$1.927	9.57%
based on the 30 day VWAP	\$1.933	\$1.953	1.06%
based on the 120 day VWAP	\$1.757	\$1.828	4.02%

Source: Based on trading data prepared by IRESS²⁶

Figure 4 below sets out the Offer Ratio implied by the relative daily closing prices of APE Shares and AHG Shares traded on the ASX for the period from 15 October 2018 to 4 April 2019 (each inclusive).

Figure 4: Offer Ratio implied by the relative daily closing prices of APE Shares and AHG Shares



Source: IRESS

2.3 EXPOSURE TO AP EAGERS' PROVEN TRACK RECORD OF PROFITABLE GROWTH AND SHAREHOLDER RETURNS

The Offer is expected to provide AHG Shareholders with the opportunity to benefit from AP Eagers' proven management expertise that has demonstrated a consistent record of delivering profit, dividend and earnings per share (**EPS**) growth over the long term.²⁷

Since 2000, AP Eagers' total revenue has increased from \$498.3 million to \$4.1 billion in 2018 and profit after tax has increased from \$4.3 million to \$101.2 million in 2018.

AP Eagers has paid a dividend in respect of every financial year since listing on the ASX in 1957. The full year dividend to be paid in respect of the 2018 Financial Year of 36.5 cents per APE

²³ Each VWAP calculation is made to 4 April 2019, being the last day APE Shares and AHG Shares were traded prior to the Announcement Date. On 20 February 2019, AP Eagers announced a fully franked final dividend for FY18 of 22.5 cents per APE Share. The record date for this dividend was 29 March 2019. The ex-dividend date was 28 March 2019, with payment due on 18 April 2019.

²⁴ The 'market value' of an AHG Shares when assessed on the basis set out in the first column of Figure 3.

²⁵ The 'implied value' per AHG Share is calculated by applying a 1 to 3.8 ratio to the APE Shares comprised in the Offer Consideration when the value of those APE Shares are assessed on the basis set out in the first column of Figure 3.

²⁶ IRESS is not required to consent, and has not consented, to the use of this trading data in this Bidder's Statement.

²⁷ Refer to sections 4.5 and 4.6 for further information about AP Eagers' Directors and senior management team.

Share will be the 17th record full year dividend paid in respect of the previous 18 Financial Years. AP Eagers also has a track record of delivering EPS growth from acquisitions, having completed 29 acquisitions of dealerships or dealership groups since 2005 and increasing EPS from \$0.128 per APE Share to \$0.52 per APE Share during that same period.²⁸

A comparison of the compound annual growth rate (**CAGR**) for both AP Eagers' and AHG's profits (see Figure 5), dividends (see Figure 6) and EPS (see Figure 7) since 2010 is set out below.²⁹

Figure 5: AP Eagers and AHG net profit after tax (NPAT)³⁰

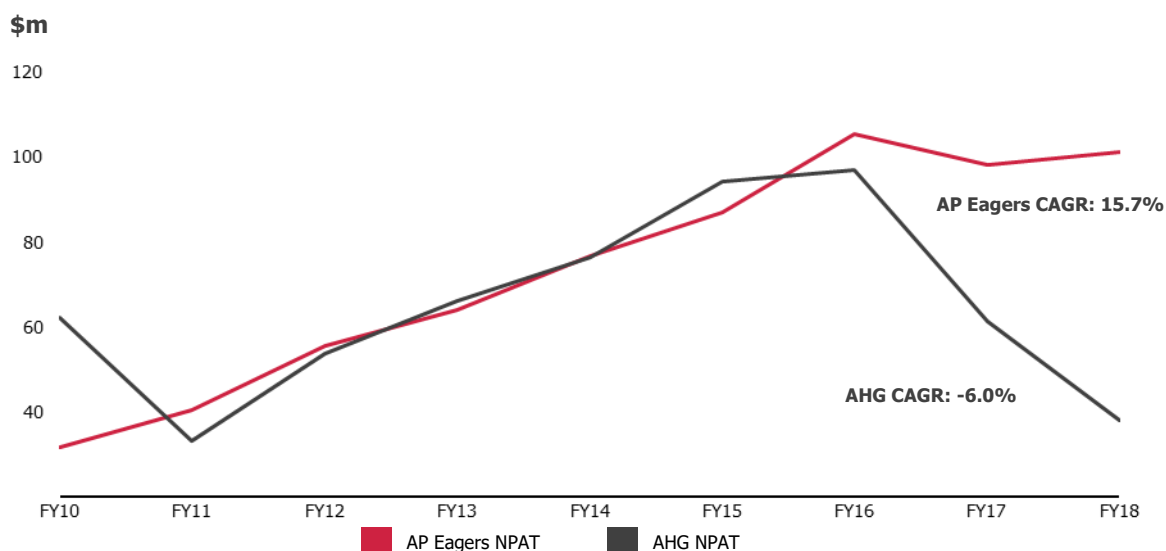
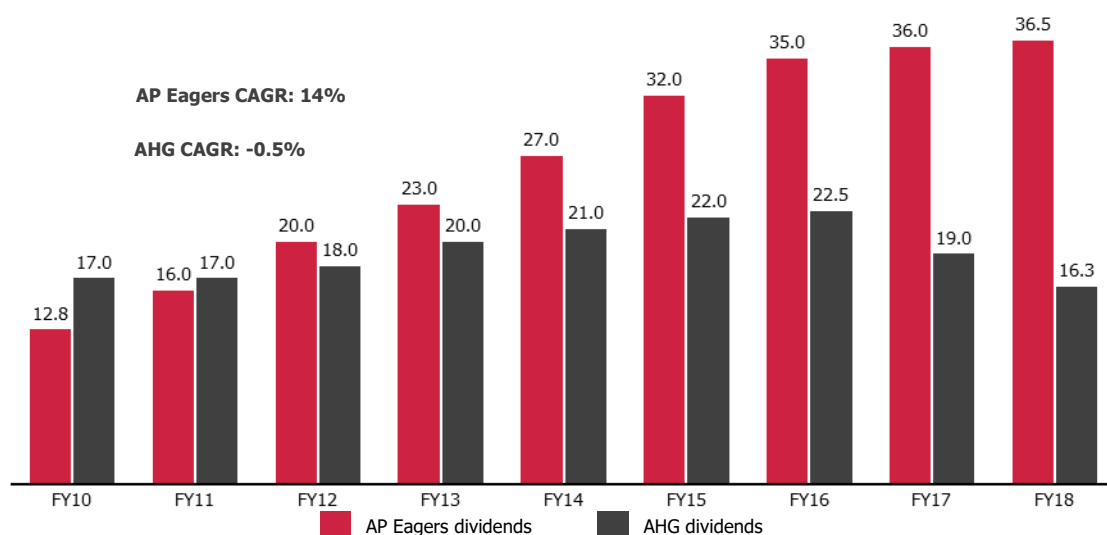


Figure 6: AP Eagers and AHG full year dividends (cents per share)³¹



²⁸ AP Eagers' reported EPS for the Financial Year ended 31 December 2005 of \$0.638 per APE Share adjusted for the 5:1 share split executed on 24 May 2012.

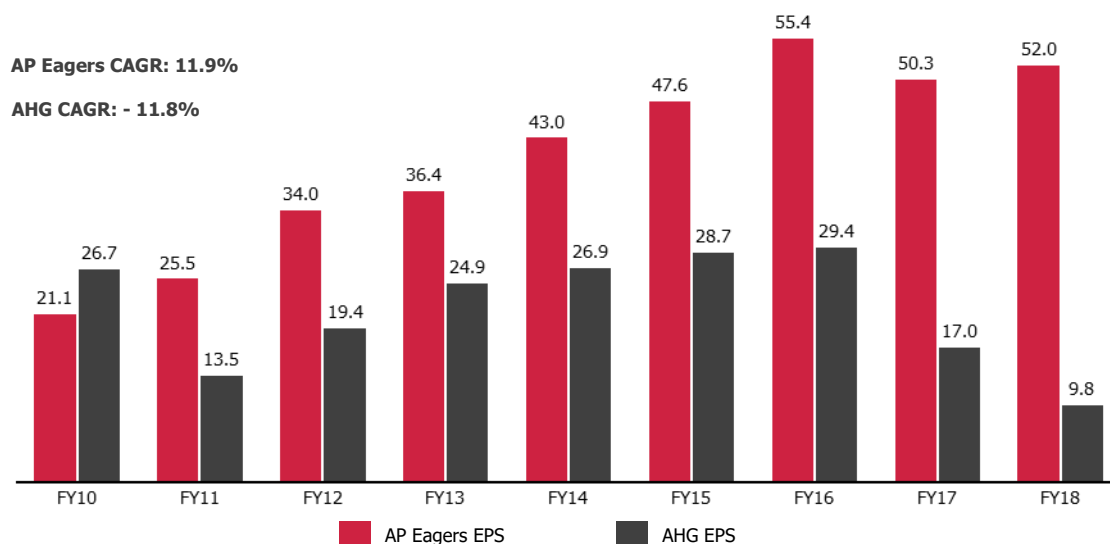
²⁹ Based on AP Eagers' Financial Year ending 31 December and AHG's Financial Year ending 30 June. Source: Annual financial reports and the ASX announcements released by each of AP Eagers and AHG in respect of the relevant Financial Year.

³⁰ Where applicable, the net profit after tax reflects AHG's restated figure as disclosed within the financial report for the subsequent period.

³¹ Based on the cumulative dividend amount paid by each of AP Eagers and AHG in respect of its relevant Financial Year. Dividends paid by AP Eagers in respect of each of FY10 and FY11 have been adjusted to reflect the 5:1 share split executed on 24 May 2012.

As stated in AHG's results announcement for the six months to 31 December 2018 which was released to the ASX on 22 February 2019 (**1H19 Results Announcement**), the AHG Board has temporarily suspended AHG's dividend policy of paying 65% to 75% of operating profit.³² In accordance with the modified dividend policy, and as disclosed in the 1H19 Results Announcement, AHG did not declare an interim dividend for the half year ended 31 December 2018.

Figure 7: AP Eagers and AHG earnings per share (basic) (cents per share)³³



As an illustrative example, \$1,000 invested in AP Eagers on 4 April 2009 (i.e. 10 years prior to the Announcement Date) would now be worth \$9,147, representing an investor gain of \$8,147. By comparison, \$1,000 invested in AHG over the same period would now be worth \$4,076, representing an investor gain of \$3,076.³⁴

Furthermore, AHG's financial performance has deteriorated over the prior three years as evidenced by:

- five consecutive reporting periods of profit decline and underperformance;³⁵
- write-downs over the prior two and a half years of \$341.9 million pre-tax, including \$279.5 million of non-cash impairment charges and \$62.4 million of restructure costs associated with exit from underperforming operations;³⁶
- interim dividend for the half-year period ended 31 December 2018 reduced to nil following capital management issues; and
- significant investment in its refrigerated logistics business³⁷ which has eroded shareholder value.

³² As stated in AHG's 2018 annual report, released to the ASX on 28 September 2018.

³³ AP Eagers' reported EPS in respect of each of FY10 and FY11 has been adjusted to reflect the 5:1 share split executed on 24 May 2012. Where applicable, EPS reflects AHG's restated figure as disclosed within its financial report for the subsequent period.

³⁴ Based on an APE Share price of \$7.28 and an AHG Share price of \$1.78 on 4 April 2019, being the last trading day before the Announcement Date and assumes no reinvestment of dividends paid.

³⁵ AHG financial reports periods ending 30 June 2017 and 30 June 2018 and AHG interim financial reports for the half years ending 31 December 2017 and 31 December 2018.

³⁶ AHG financial reports for the periods ending 30 June 2017 and 30 June 2018 and AHG interim financial reports for the half years ending 31 December 2017 and 31 December 2018.

³⁷ AHG's 2017 full year presentation, released to the ASX on 25 August 2017, and AHG's FY18 Appendix 4E and results presentation, released to the ASX on 24 August 2018.

2.4 EXPOSURE TO AP EAGERS' FUTURE GROWTH STRATEGY

The Offer is expected to provide AHG Shareholders with the opportunity to participate in the potential upside associated with AP Eagers' future growth strategy, The Next100, details of which were released to the ASX on 2 April 2019. This strategy is focused on sustaining AP Eagers' proven track record of profitable growth and delivering shareholder returns. Key components of this strategy include:

- significant investment in an omni-channel retail approach to satisfy changing customer preferences such as online, at the airport, in shopping malls, and in multi-brand service hubs;
- leveraging its large and flexible portfolio of owned and leased properties to bring rationalisation and expansion opportunities (as demonstrated by the plans AP Eagers is currently progressing for the possible sale, or sale and leaseback, of the Newstead property portfolio as part of its Brisbane auto mall strategy);
- capitalising on its distribution presence in the motor vehicle industry and extensive funding relationships to increase penetration of automotive and mobility finance;
- redefining its workforce to better match customer shopping behaviour and deliver a more sustainable and productive cost base;
- supporting innovation by its manufacturing partners to introduce ACE (autonomous connected and electric) vehicles and other emerging products and services; and
- disciplined use of its larger, more flexible balance sheet to invest in future industry evolution and consolidation opportunities.

2.5 THE LIKELIHOOD OF A COMPETING PROPOSAL EMERGING IS LOW

AP Eagers currently owns 28.84% of AHG. As a consequence, AP Eagers believes that the likelihood of a Competing Proposal emerging for your AHG Shares is low.

2.6 YOU MAY BE ELIGIBLE FOR CAPITAL GAINS TAX ROLL-OVER RELIEF

If AP Eagers owns at least 80% of the AHG Shares as a consequence of the Offer, capital gains tax roll-over relief may be available for certain AHG Shareholders who accept the Offer in respect of the AHG Shares that they dispose of under the Offer. A general outline of the taxation consequences for certain Australian resident AHG Shareholders accepting the Offer is set out in section 12.

2.7 YOU MAY NOT INCUR BROKERAGE COSTS ON THE TRANSFER OF YOUR AHG SHARES

Issuer Sponsored Holdings

If your AHG Shares are registered in an Issuer Sponsored Holding in your name and you deliver them directly to APE, you will not incur any brokerage fees in connection with your acceptance of the Offer.

CHESS Holdings

If your AHG Shares are registered in a CHESS Holding, or if you are a beneficial owner whose AHG Shares are registered in the name of a broker, bank, custodian, or other nominee, you should ask your Controlling Participant (normally your stockbroker) or nominee whether it will charge any transaction fees or service charges in connection with acceptance of the Offer.

Foreign Shareholder

If you are a Foreign Shareholder, brokerage will be payable in respect of the APE Shares sold under the Nominee facility described in section 13.2 and will be deducted from the proceeds of sale.

3 How to accept the Offer

3.1 ISSUER SPONSORED HOLDINGS

If you hold your AHG Shares in an Issuer Sponsored Holding (in which case your Securityholder Reference Number will commence with 'I'), you will need to complete, sign and return the Acceptance Form accompanying this Bidder's Statement in accordance with the instructions on that form and return it by post so that it is received by AP Eagers' share registry before the end of the Offer Period. A reply paid envelope (for use within Australia only) is enclosed with this Bidder's Statement.

3.2 CHESS HOLDINGS

If you hold your AHG Shares in a CHESS Holding (in which case your Holder Identification Number will commence with 'X'), you will need to comply with the ASX Settlement Operating Rules by doing one of the following:

- instruct your Controlling Participant (usually your stockbroker) to initiate acceptance of the Offer on your behalf in accordance with Rule 14.14 of the ASX Settlement Operating Rules in sufficient time for the Offer to be accepted before the end of the Offer Period; or
- complete, sign and send the Acceptance Form accompanying this Bidder's Statement directly to your Controlling Participant (usually your stockbroker) in sufficient time for the Offer to be accepted before the end of the Offer Period; or
- complete, sign and return the Acceptance Form in accordance with the instructions on it so that AP Eagers is authorised to instruct your Controlling Participant to initiate acceptance of the Offer on your behalf before the end of the Offer Period.

A reply paid envelope (for use within Australia only) is enclosed for your convenience.

3.3 PARTICIPANTS

If you are a Broker or Participant, you will need to initiate acceptance of the Offer under the requirements of the ASX Settlement Operating Rules before the end of the Offer Period.

3.4 INSTITUTIONAL ACCEPTANCE FACILITY

AP Eagers has established an institutional acceptance facility open to persons identified by AP Eagers as sophisticated or professional investors (within the meaning of section 708 Corporations Act) that hold or beneficially own at least \$500,000 worth of AHG Shares based on the consideration payable under the Offer (**Eligible AHG Shareholders**) in order to facilitate receipt of acceptances of the Offer (**Acceptance Facility**). AHG Shareholders who are not Eligible AHG Shareholders will not be able to participate in the Acceptance Facility.

AP Eagers encourages all AHG Shareholders to accept the Offer without delay, but recognises there may be certain AHG Shareholders who may be unable or unwilling to accept the Offer (for example, by reason of their investment mandates) until the Offer becomes or is declared unconditional. The Acceptance Facility has therefore been established to provide Eligible AHG Shareholders with the ability to register their support for the Offer and their intention to accept the Offer before the Offer becomes or is declared unconditional.

AP Eagers has appointed Computershare Clearing Pty Ltd ACN 063 286 228 AFSL No. 234715 to act as acceptance facility agent and operator in relation to the Acceptance Facility (**Facility Operator**).

Before making a decision whether or not to participate in the Acceptance Facility, Eligible AHG Shareholders are encouraged to consult with their financial, legal or other professional adviser.

In summary, the Acceptance Facility will operate in the following way:

- An Eligible AHG Shareholder who wishes to participate in the Acceptance Facility must provide to the Facility Operator duly completed and executed documentation appointing the Facility Operator as the acceptance facility collection agent, together with a signed Acceptance Form and/or direction to its custodian, nominee or trustee (**Custodian Direction**) to accept the Offer (each, **Acceptance Instructions**).
- The Facility Operator will hold the Acceptance Instructions as an acceptance collection agent only and will not acquire a Relevant Interest in any of the AHG Shares that are the subject of the Acceptance Instructions. Whilst Acceptance Instructions lodged with the Facility Operator will demonstrate the intention of the relevant Eligible AHG Shareholder to accept the Offer, they will not constitute acceptances of the Offer while they are held by the Facility Operator.
- AP Eagers may provide a written notice (**Confirmation Notice**) to the Facility Operator, at any time and in its discretion (subject to the Corporations Act), stating that AP Eagers has declared the Offer free of all Bid Conditions or will declare the Offer free of all Bid Conditions no later than the time that all Acceptance Instructions are processed.
- Immediately after the Facility Operator receives a Confirmation Notice from AP Eagers, the Facility Operator must deliver:
 - the Acceptance Forms to AP Eagers or its share registry in accordance with the instructions on the relevant Acceptance Forms; and
 - all Custodian Directions to the relevant custodians, nominees or trustees.
- AP Eagers is under no obligation to provide a Confirmation Notice to the Facility Operator.
- Eligible AHG Shareholders retain all Rights in relation to, and full control over, their AHG Shares and are able to withdraw their Acceptance Instructions at any time prior to the Facility Operator receiving the Confirmation Notice.
- AP Eagers reserves the right to declare the Offer free from all Bid Conditions at any time (subject to the Corporations Act), irrespective of the number of acceptances held by AP Eagers, or the number of AHG Shares that are the subject of Acceptance Instructions held by the Facility Operator.

A copy of the documentation underlying the Acceptance Facility may be requested from the Facility Operator by email to custodians@computershare.com.au.

By 8.30am on each Business Day (or at any other time upon request from AP Eagers), the Facility Operator will notify AP Eagers of the number of AHG Shares in respect of which Acceptance Instructions have been received as at 7.00pm the previous day. AP Eagers will disclose details of the number of AHG Shares the subject of the Acceptance Instructions held in the Acceptance Facility to the ASX and AHG on the Business Day following movement of 1% in the aggregate of AP Eagers' Voting Power in AHG and the votes attached to AHG Shares the subject of the Acceptance Facility.

4 Profile of AP Eagers

4.1 OVERVIEW OF AP EAGERS

AP Eagers is a 106 year old automotive retail group founded in 1913. AP Eagers has its origins in the formation of E.G. Eager & Son Ltd, a family automotive company established in Brisbane by Edward Eager and his son, Frederic. The company has been listed on the ASX for 62 years and has a track record of paying a dividend in respect of every financial year as a listed company.

With its main operations in Queensland, Adelaide, Darwin, Melbourne, Sydney, the Newcastle and Hunter Valley region of New South Wales and Tasmania, AP Eagers' focus is on its core business of owning and operating motor vehicle dealerships which provide full service facilities covering new motor vehicle sales, used motor vehicle sales, servicing, spare parts and the facilitation of allied consumer finance.

The majority of AP Eagers' operations are provided through strategically clustered dealerships, many of which are situated on properties owned by AP Eagers, with the balance being leased.

AP Eagers represents a diversified portfolio of automotive brands, including 21 of the top 22 selling car brands³⁸ and 8 of the 10 top selling truck and bus brands³⁹ in Australia (for the 12 months ended 31 December 2018). In total, the AP Eagers Group represents 26 car brands and 10 truck and bus brands at 108 new car dealership locations and 33 new truck and bus dealership locations.⁴⁰

Figure 8: Overview of AP Eagers automotive brands and dealerships⁴¹

Car brands

Toyota, Mazda, Hyundai, Mitsubishi, Ford, Holden, Kia, Nissan, Volkswagen, Audi, Renault, BMW, Land Rover, Jaguar, MINI, Mercedes-Benz Cars, Mercedes-Benz Vans, Honda, Porsche, Chrysler, Lexus, Subaru, Fiat, Jeep, Suzuki and Volvo.



Truck and bus brands

Isuzu, Volvo Trucks, Freightliner, Iveco, Fuso, Yutong, Hino, Mercedes-Benz Trucks, Mack and UD Trucks



³⁸ Source: FCAI, VFACTS National Report – New Vehicle Sales, December 2018: Toyota, Mazda, Hyundai, Mitsubishi, Ford, Holden, Kia, Nissan, Volkswagen, Honda, Subaru, Mercedes-Benz Cars, BMW, Audi, Suzuki, Land Rover, Renault, Lexus, Mercedes-Benz Vans, Jeep and Volvo Cars.

³⁹ Source: FCAI, VFACTS National Report – New Vehicle Sales, December 2018: Isuzu, Hino, Fuso, Iveco, Volvo Commercial, Mercedes-Benz Trucks, Mack and UD Trucks.

⁴⁰ Dealerships for Toyota and Volkswagen have been calculated by reference to PMAs rather than new vehicle sales locations within PMAs.

⁴¹ The number below each brand represents the number of new vehicle dealership locations held by AP Eagers as at the date of this Bidder's Statement. Dealerships for Toyota and Volkswagen have been calculated by reference to PMAs rather than new vehicle sales locations within PMAs.

AP Eagers has significant real property assets supporting its dealership network. These properties are positioned primarily in high profile main road locations in Brisbane, Sydney, Melbourne, Adelaide and Newcastle. As at 31 December 2018, the land and buildings associated with these properties had a book value of \$332 million.⁴² AP Eagers is, however, currently progressing plans for the possible sale, or sale and leaseback, of the Newstead property portfolio as part of its Brisbane auto mall strategy.

In the Financial Year ended 31 December 2018, AP Eagers achieved:

- an annual fully franked record dividend of 36.5 cents per APE Share;
- statutory profit before tax of \$133.7 million; and
- earnings per APE Share (basic) of 52.0 cents.

With more than 4,300 employees,⁴³ total revenue of \$4.1 billion per annum for the Financial Year ended 31 December 2018⁴⁴ and approximately 5,000 shareholders, AP Eagers had a market capitalisation of \$1.39 billion based on a share price of \$7.28 as at 4 April 2019.⁴⁵

4.2 AP EAGERS' BUSINESSES

AP Eagers core business is the ownership and management of authorised motor vehicle dealerships. An authorised dealership is a business which has a franchise or 'dealership agreement' with a motor vehicle manufacturer giving it the right to act, within a defined geographical area, as the primary distributor of the manufacturer's vehicles and authorised replacement parts, and provider of authorised car servicing and repairs.

Dealership portfolio

AP Eagers currently operates 108 new car dealership locations and 33 new truck and bus dealership locations across all Australian States and Territories except for Western Australia and the Australian Capital Territory.⁴⁶ The portfolio of dealerships includes a range of brands within each geographical region as outlined in Figure 9 below.

Figure 9: AP Eagers' dealership locations and brand portfolio per State and Territory

		National market share per brand (CY2018) ⁴⁷	AP Eagers new motor vehicle dealership locations						
New motor vehicle brand			QLD	NSW	VIC	SA	TAS	NT	Total
CAR BRANDS	Audi	1.68%	1	-	-	-	-	-	1
	BMW	2.00%	-	1	-	-	-	-	1
	Chrysler	0.02%	-	-	-	1	-	-	1
	Fiat	0.10%	-	-	-	1	-	-	1
	Ford	5.99%	2	3	-	3	-	-	8
	Holden	5.27%	6	-	-	-	4	-	10
	Honda	4.47%	4	2	-	-	1	-	7
	Hyundai	8.17%	3	3	-	4	4	-	14
	Jaguar	0.23%	2	1	-	-	-	-	3
	Jeep	0.64%	-	-	-	1	-	-	1

⁴² AP Eagers' 2018 full year results presentation, released to the ASX on 20 February 2019.

⁴³ As at 31 December 2018.

⁴⁴ Total revenue for FY17 and FY16 was \$4.058 billion and \$3.833 billion, respectively. Refer to section 4.8 for further details regarding AP Eagers' historical financial information.

⁴⁵ Being the last trading day prior to the Announcement Date.

⁴⁶ Dealerships for Toyota and Volkswagen have been calculated by reference to PMAs rather than new vehicle sales locations within PMAs.

⁴⁷ Source: FCAI, VFACTS National Report – New Vehicle Sales, December 2018.

New motor vehicle brand		National market share per brand (CY2018) ⁴⁷	AP Eagers new motor vehicle dealership locations						
			QLD	NSW	VIC	SA	TAS	NT	Total
	Kia	5.10%	2	-	-	2	-	-	4
	Land Rover	0.87%	2	1	-	-	-	-	3
	Lexus	0.76%	-	-	-	-	-	1	1
	Mazda	9.65%	2	-	-	-	-	-	2
	Mercedes-Benz Cars	2.79%	2	-	2	-	-	-	4
	Mercedes-Benz Vans	0.64%	2	-	1	1	-	-	4
	Mini	0.31%	-	1	-	-	-	-	1
	Mitsubishi	7.37%	2	1	-	-	-	-	3
	Nissan	5.00%	2	2	-	3	3	-	10
	Porsche	0.34%	1	-	-	1	-	-	2
	Renault	0.87%	-	-	-	3	-	-	3
	Subaru	4.34%	5	1	-	2	-	-	8
	Suzuki	1.53%	-	1	-	-	-	-	1
	Toyota*	18.82%	4	1	1	1	-	1	8
	Volkswagen*	4.91%	4	2	-	-	-	-	6
	Volvo	0.58%	1	-	-	-	-	-	1
TOTAL CAR		92.46%	47	20	4	23	12	2	108
TRUCK AND BUS BRANDS	Freightliner	0.04%	-	1	2	2	-	-	5
	Fuso	0.36%	-	1	3	2	-	-	6
	Hino	0.49%	-	3	-	-	-	-	3
	Isuzu	0.87%	3	-	-	-	2	-	5
	Iveco	0.19%	-	-	2	-	-	-	2
	Mack	0.09%	-	-	-	-	2	-	2
	Mercedes-Benz	0.10%	-	1	2	2	-	-	5
	UD	0.08%	-	-	-	-	2	-	2
	Volvo	0.11%	-	-	-	-	2	-	2
	Yutong ⁴⁸	-%	-	1	-	-	-	-	1
TOTAL TRUCK AND BUS		1.69%	3	7	9	6	8	-	33
TOTAL DEALERSHIP LOCATIONS			50	27	13	29	20	2	141

*Dealerships for Toyota and Volkswagen have been calculated by reference to PMAs rather than new vehicle sales locations within PMAs.

AP Eagers also operates a large number of used motor vehicle dealerships at both the locations listed in Figure 9 above and standalone used motor vehicle locations.

AP Eagers' Carzoos business, after prudent early investment, is now into the break-even phase of its business growth plan. With the business trading on a solid platform and continued exceptional customer feedback AP Eagers look to open a third store in south-east Queensland in 2019, with a national presence possible based on the continued successful growth of the business.

⁴⁸ FCAI VFACTS does not disclose the national market share for Yutong.

4.3 AP EAGERS' BUSINESS MODEL

AP Eagers' principal activities consist of the selling of new and used motor vehicles, distribution and sale of parts, accessories and car care products, repair and servicing of vehicles, provision of extended warranties, facilitation of finance and leasing in respect of motor vehicles, and the ownership of property and investments.

4.4 AP EAGERS STRATEGY AND OUTLOOK

AP Eagers' future growth strategy, The Next100, is set out in its announcement released to the ASX on 2 April 2019. This strategy is focused on sustaining AP Eagers' proven track record of profitable growth and shareholder returns.⁴⁹ Key components of this strategy include:

- significant investment in an omni-channel retail approach to satisfy changing customer preferences such as online, at the airport, in shopping malls and in multi-brand service hubs;
- leveraging its large and flexible portfolio of owned and leased properties to bring rationalisation and expansion opportunities (as demonstrated by the plans AP Eagers is currently progressing for the possible sale, or sale and leaseback, of the Newstead property portfolio as part of its Brisbane auto mall strategy);
- capitalising on its distribution presence in the motor vehicle industry and extensive funding relationships to increase penetration of automotive and mobility finance;
- redefining its workforce to better match changing customer shopping behaviour and deliver a more sustainable and productive cost base;
- supporting innovation by its manufacturing partners to introduce ACE (autonomous connected and electric) vehicles and other emerging products and services; and
- disciplined use of its larger, more flexible balance sheet to invest in future industry evolution and consolidation opportunities.

4.5 DIRECTORS OF AP EAGERS

The current Directors of AP Eagers and a brief description of their qualifications, experience and other directorships are set out below.

Timothy Boyd Irving Crommelin BCom, FSIA, FSLE

Chairman of the Board, Member of Audit, Risk & Remuneration Committee

Mr Crommelin has been an independent non-executive Director since February 2011. He is also chairman of Morgans Holdings (Australia) Limited, a director of Senex Energy Ltd (appointed October 2010) and the Australian Cancer Research Foundation and member of the University of Queensland Senate. Mr Crommelin has broad knowledge of corporate finance, risk management and acquisitions and over 40 years' experience in the stockbroking and property industry.

Martin Andrew Ward BSc (Hons), FAICD

Managing Director, Chief Executive Officer

23 years of experience in the automotive retail industry.⁵⁰

Mr Ward has been an executive Director since March 2006 and the chief executive officer since January 2006, having joined AP Eagers in July 2005. He is a motor vehicle dealer and a director of Australian Automotive Dealer Association Limited (appointed January 2014). Mr Ward was formerly the chief executive officer of Ford Motor Company's Sydney Retail Joint Venture.

⁴⁹ Refer to section 2.3.

⁵⁰ Time spent as a Director of AP Eagers has not, in itself, been regarded as experience in the automotive retail industry for these purposes.

Nicholas George Politis BCom
Non-Executive Director

54 years of experience in the automotive retail industry.⁵⁰

Mr Politis has been a non-executive Director since May 2000. He is a motor vehicle dealer and the executive chairman of WFM Motors Pty Ltd, AP Eagers' largest shareholder, and director of a substantial number of proprietary limited companies.⁵¹

Daniel Thomas Ryan BEc, MBus, FAICD
Non-Executive Director

19 years of experience in the automotive retail industry.⁵⁰

Mr Ryan has been a non-executive Director since January 2010. He is a director and the chief executive officer of WFM Motors Pty Ltd, AP Eagers' largest shareholder, and a director of a substantial number of other proprietary limited companies. Mr Ryan has significant automotive, transport, manufacturing and retail industry experience.

David Arthur Cowper BCom, FCA
Non-Executive Director, Chairman of Audit, Risk & Remuneration Committee

36 years of experience in the automotive retail industry.⁵⁰

Mr Cowper has been an independent non-executive Director since July 2012. He is a chartered accountant, with 38 years in the profession and former partner of Horwath Chartered Accountants and Deloitte Touche Tohmatsu. Mr Cowper was also the former chairman of Horwath's motor industry specialisation unit for six years. His area of professional specialisation while at Horwath and Deloitte was in providing audit, financial and taxation services to public and large private companies in the motor industry.

Marcus John Birrell
Non-Executive Director, Member of Audit, Risk & Remuneration Committee

39 years of experience in the automotive retail industry.⁵⁰

Mr Birrell has been a non-executive Director since July 2016. He was also a director of Australian Automotive Dealer Association Limited (appointed January 2014, retired October 2017). Mr Birrell has a distinguished career in the automotive retail industry, including 39 years at manufacturer, financier and/or retail level and 21 years as executive chairman of Birrell Motors Group.

Sophie Alexandra Moore BBus, CA, FFin
Executive Director, Chief Financial Officer

3 years of experience in the automotive retail industry.⁵⁰

Ms Moore has been an executive Director since March 2017 and the chief financial officer since August 2015. She has executive responsibilities for accounting, taxation, internal audit and treasury functions. Ms Moore was admitted as a chartered accountant in 1997 and has previously held senior finance roles with PricewaterhouseCoopers and Flight Centre Travel Group Limited.

⁵¹ Refer to section 13.11 for further information regarding Mr Politis' shareholding and Voting Power in AP Eagers.

4.6 SENIOR MANAGEMENT OF AP EAGERS

The members of senior management of AP Eagers (in addition to Mr Ward and Ms Moore) and a brief description of their qualifications and experience are set out below.

Keith Thomas Thornton BEc
Chief Operating Officer – Cars

Mr Thornton is a licensed motor dealer and has been responsible for all AP Eagers' car operations since January 2017, having been responsible for all operational issues in Queensland and Northern Territory since June 2007 and held dealership general manager roles since joining AP Eagers in 2002. Mr Thornton has retail and wholesale operations experience in volume, niche and prestige industry sectors, and has prior industry experience with various manufacturers. He has also been an alternate director of Australian Automotive Dealer Association Limited since September 2014.

Denis Gerard Stark LLB, BEc
General Counsel & Company Secretary

Mr Stark commenced with AP Eagers in January 2008. He is responsible for overseeing the company secretarial, legal, insurance and investor relations functions and property portfolio. He was admitted as a solicitor in 1994. Mr Stark has significant senior executive and company secretarial experience with a number of public companies.

4.7 CORPORATE GOVERNANCE

AP Eagers seeks, where appropriate, to provide accountability levels that meet or exceed the corporate governance recommendations published by the ASX Corporate Governance Council.

AP Eagers' corporate governance statement can be obtained from its website www.apeagers.com.au.

4.8 HISTORICAL FINANCIAL PROFILE OF AP EAGERS

This section includes historical financial information in relation to AP Eagers. The information included is standalone financial information for AP Eagers and the AP Eagers Group and accordingly does not reflect any impact of the Offer.

Reference to financial information relating to the AP Eagers Group refers to the consolidated entities shown in the financial statements for the financial periods described below and does not include any changes to results or balances as a result of subsequent announcements not otherwise mentioned in this Bidder's Statement.

The historical financial information for AP Eagers and the AP Eagers Group has been presented in an abbreviated form and therefore it does not contain all the disclosures usually provided in an annual report prepared in accordance with Accounting Standards and the Corporations Act. Full financial accounts for AP Eagers for the financial periods described, which include the notes to the accounts, can be found in AP Eagers' annual reports for those periods. Copies of those annual reports are available at www.apeagers.com.au.

Consolidated statement of profit or loss

	Audited for the Financial Year ended 31 Dec		
	2018	2017	2016
	\$'000	\$'000	\$'000
Revenue	4,112,802	4,058,779	3,833,222
Other Gains	8,492	17,934	4,326
Share of net profits of associate	77	407	191
Changes in inventories of finished goods and work in progress	39,459	27,645	94,844
Raw materials and consumables purchased	(3,439,625)	(3,374,157)	(3,230,501)
Employee benefits expense	(330,622)	(331,009)	(311,423)
Finance costs	(26,530)	(24,598)	(24,378)
Depreciation and amortisation expense	(15,641)	(16,651)	(13,993)
Other expenses	(214,681)	(222,721)	(210,883)
Profit Before Tax	133,731	135,629	141,405
Income tax expense	(32,556)	(37,456)	(35,879)
Profit for the year	101,175	98,173	105,526
Attributable to:			
Owners of AP Eagers Limited	99,556	96,027	103,984
Non-controlling interests	1,619	2,146	1,542
	101,175	98,173	105,526

Consolidated statement of financial position

	Audited as at 31 Dec		
	2018	2017 ⁵²	2016 ⁵²
	\$'000	\$'000 (Restated)	\$'000
Current assets			
Cash and cash equivalents	18,868	10,827	17,615
Trade and other receivables	156,286	161,807	148,746
Inventories	690,167	652,652	625,007
Current tax receivables	-	-	3,817
Prepayments and deposits	12,617	11,172	8,844
Property sale receivable	-	7,145	9,466
Total current assets	877,938	843,603	813,495
Non-current assets			
Other loans receivable	8,303	10,600	10,612
Financial assets at fair value through other comprehensive income	149,774	288,033	264,817
Investments in associates	12,077	12,000	11,893
Property, plant and equipment	388,407	361,121	354,710
Intangible assets	313,325	309,414	298,908
Deferred tax assets	17,844	-	-
Total non-current assets	889,730	981,168	940,940
Total assets	1,767,668	1,824,771	1,754,435
Current liabilities			
Trade and other payables	145,919	152,853	133,601

⁵² AASB 9 was effective 1 January 2018. AP Eagers applied the requirements of AASB 9 to financial assets within the scope of AASB 9 to instruments that continue to be recognised as at 1 January 2018. Comparative financial information in relation to instruments that were held by AP Eagers at 31 December 2017 were restated from available-for-sale financial assets to financial assets at fair value through other comprehensive income in the 31 December 2018 annual report. For comparability, the presentation of these financial assets has also been reclassified in the 31 December 2016 comparative financial information as presented above in the Bidder's Statement.

	Audited as at 31 Dec		
	2018	2017 ⁵²	2016 ⁵²
	\$'000	\$'000 (Restated)	\$'000
Derivative financial instruments	35	20	210
Borrowings - bailment and other current loans	571,615	545,200	485,875
Current tax liabilities	2,190	13,221	-
Provisions	48,481	46,041	51,111
Other current liabilities	5,862	5,569	-
Total current liabilities	774,102	762,904	670,797
Non-current liabilities			
Borrowings	312,614	248,344	283,650
Derivative financial instruments	-	118	206
Deferred tax liabilities	-	2,273	7,447
Provisions	5,052	5,988	9,226
Other	19,422	19,369	19,317
Total non-current liabilities	337,088	276,092	319,846
Total liabilities	1,111,190	1,038,996	990,643
Net assets	656,478	785,775	763,792
Equity			
Contributed equity	371,405	369,028	364,449
Reserves	(124,306)	38,131	55,398
Retained earnings	401,377	367,855	335,779
	648,476	775,014	755,626
Non-controlling interests	8,002	10,761	8,166
Total equity	656,478	785,775	763,792

Consolidated statement of cash flows

	Audited for the Financial Year ended 31 Dec		
	2018	2017	2016
	\$'000	\$'000	\$'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)	4,495,529	4,426,933	4,154,100
Payments to suppliers and employees (inclusive of GST)	(4,369,230)	(4,258,688)	(4,012,247)
Receipts from insurance claims	16,139	7,235	8,737
Interest and other costs of finance paid	(26,530)	(24,598)	(24,151)
Income taxes paid	(40,983)	(20,995)	(34,028)
Dividends received	13,868	14,501	14,633
Interest received	196	588	2,678
Net cash provided by operating activities	88,989	144,976	109,722
Cash flows from investing activities			
Payment for acquisition of businesses - net of cash acquired	(5,138)	(11,534)	(118,333)
Payments for property, plant and equipment	(38,891)	(29,383)	(52,706)
Payments for intangible assets	-	-	(500)
Proceeds from sale of businesses	2,807	2,303	-
Proceeds from sale of property, plant and equipment	19,456	32,115	50,077
Proceeds from sale of available-for-sale financial assets	-	3,116	2,633
Payments for shares in other corporations	(43,142)	(49,134)	(29,469)
Net cash used in investing activities	(64,908)	(52,517)	(148,298)

Cash flows from financing activities

	Audited for the Financial Year ended 31 Dec		
	2018	2017	2016
	\$'000	\$'000	\$'000
Proceeds from issue of shares and other equity securities	4,664	1,636	6,948
Proceeds from borrowings	95,000	43,200	114,650
Payments for shares acquired by the trust	(13,965)	-	-
Repayment of borrowings	(30,394)	(77,500)	(41,145)
Transactions with non-controlling interests	(1,100)	1,400	-
Dividends paid to members of A.P. Eagers Limited	(69,828)	(67,770)	(61,640)
Dividends paid to minority shareholders of a subsidiary	(417)	(213)	(157)
Net cash (used in) / provided by financing activities	(16,040)	(99,247)	18,656
Net increase/(decrease) in cash and cash equivalents	8,041	(6,788)	(19,920)
Cash and cash equivalents at the beginning of the financial year	10,827	17,615	37,535
Cash and cash equivalents at the end of the financial year	18,868	10,827	17,615

5 Information on AP Eagers' securities

5.1 CAPITAL STRUCTURE OF AP EAGERS

As at the date of this Bidder's Statement, AP Eagers has the following securities on issue:

Class	Number
APE Shares	191,309,301
APE Options (unquoted)*	6,817,796
APE Performance Rights (unquoted)*	190,157

*Refer to section 5.5 for further details in relation to the APE Options and APE Performance Rights.

Details of the effect of the Offer on AP Eagers' capital structure are set out in section 9.4.

5.2 RECENT TRADING OF APE SHARES

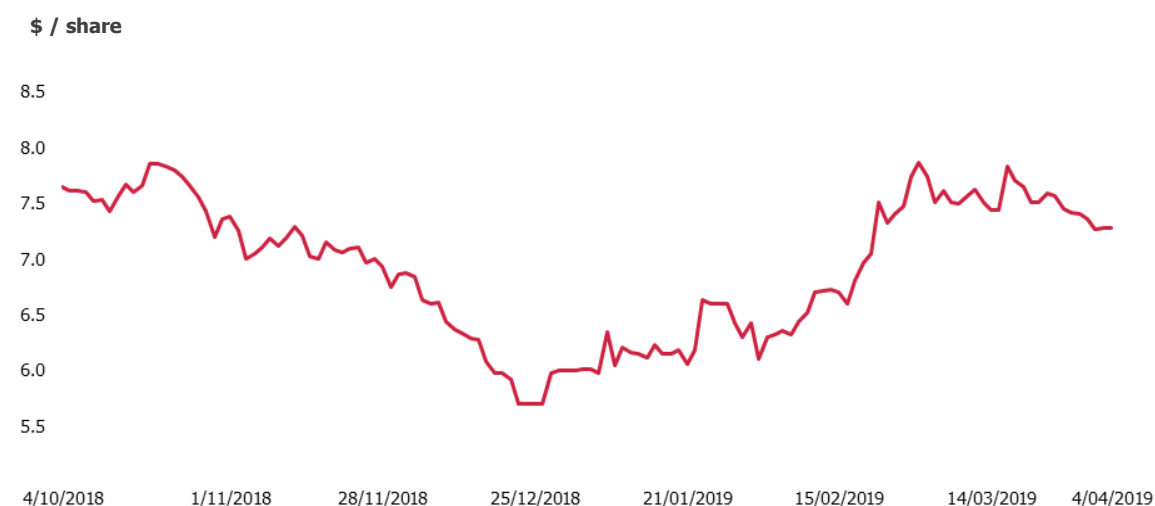
APE Shares are quoted on the ASX under the code 'APE'.

The closing price of APE Shares on the ASX on 4 April 2019, being the last trading day before the Announcement Date, was \$7.28.

As depicted in Figure 10 below, during the six months ended 4 April 2019:

- the highest recorded closing price for APE Shares on the ASX was \$7.86 on 1 March 2019; and
- the lowest recorded closing price for APE Shares on the ASX was \$5.70 on each of 21 and 24 December 2018.

Figure 10: APE Shares – historical price performance (six months ended 4 April 2019)⁵³



Source: IRESS⁵⁴

⁵³ On 20 February 2019, AP Eagers announced a fully franked final dividend for FY18 of 22.5 cents per APE Share. The record date for this dividend was 29 March 2019. The ex-dividend date was 28 March 2019, with payment due on 18 April 2019.

⁵⁴ IRESS is not required to consent, and has not consented, to the use of this trading data in this Bidder's Statement.

5.3 DIVIDENDS

AP Eagers has paid a dividend in respect of every financial year since listing as a public company in 1957. The full year dividend to be paid in respect of FY18 of 36.5 cents per APE Share will be the 17th record full year dividend paid during the previous 18 Financial Years.

The following table sets out the distributions paid (or proposed to be paid) per APE Share in respect of AP Eagers' last three Financial Years.

Year ended 31 December (cents per share)	2016	2017	2018
Interim dividend	13.0	13.5	14.0
Final dividend	22.0	22.5	22.5 ⁵⁵
Full year dividend	35.0	36.0	36.5

5.4 SUBSTANTIAL HOLDERS OF AP EAGERS

As at the date of this Bidder's Statement, so far as is known by AP Eagers, the substantial shareholders of AP Eagers are:

	Relevant Interest in APE Shares ⁵⁶	Voting Power in AP Eagers
WFM Motors Pty Ltd and its Associates*	69,535,038	36.35%
Patterson Cheney Investments Pty Ltd	12,591,761	6.58%
Jove Pty Ltd	10,193,381	5.33%

*WFM Motors Pty Ltd, NGP Investments (No 2) Pty Ltd and Mr Politis are the registered holders of those APE Shares. Mr Politis, a non-executive Director of AP Eagers, is a director and controlling shareholder of each of WFM Motors Pty Ltd and NGP Investments (No 2) Pty Ltd.

5.5 AWARDS GRANTED UNDER THE AP EAGERS INCENTIVE PLAN

AP Eagers operates an executive incentive plan (**AP Eagers Incentive Plan**) which acts as both a long-term and short-term incentive for senior management by focussing on corporate performance and the creation of shareholder value over multi-year periods. The AP Eagers Incentive Plan was first adopted by AP Eagers in 2009 and was last approved by AP Eagers' Shareholders (for the purposes of Listing Rule 7.2 exception 9) at AP Eagers' 2013 annual general meeting.

The rules of the AP Eagers Incentive Plan are available on AP Eagers' website at www.apeagers.com.au.

The key features of the plan are summarised below.

- The AP Eagers Incentive Plan may apply to any person who is a full-time or part-time employee or director of AP Eagers or any other person the AP Eagers Board considers appropriate (**Eligible Participants**).
- Under the plan, AP Eagers may offer or issue equity awards in the form of performance rights (**APE Performance Rights**) and options (**APE Options**) (collectively, **APE Awards**) to Eligible Participants. APE Performance Rights are rights to acquire one APE Share at nil issue price upon specific vesting conditions being achieved. APE Options are rights to acquire one APE Share upon payment of an exercise price and which can only be exercised if specific vesting conditions are achieved. The AP Eagers Board may elect to either issue new APE Shares, or procure the acquisition of APE Shares, to satisfy these allocation requirements following the valid exercise of the APE Awards.

⁵⁵ The record date for this dividend was 29 March 2019. The ex-dividend date was 28 March 2019, with payment due on 18 April 2019.

⁵⁶ Based on substantial holder notices received by AP Eagers for Patterson Cheney Investments Pty Ltd and Jove Pty Ltd on 2 May 2016 and 11 July 2012, respectively, and the Appendix 3Y Change of Director's Interest Notice for Mr Politis released to the ASX on 18 February 2019.

- Eligible Participants have no beneficial interest or other proprietary right in APE Shares which are the subject of the APE Awards (including any right to dividends or voting rights in respect of the APE Shares) until the APE Awards are both vested and exercised.

Details of the APE Awards on issue as at the date of this Bidder's Statement are as follows:

No. granted	Expiry date	Exercise price
2,930,160 APE Options	27 March 2020	\$5.0375
1,919,399 APE Options	4 July 2021	\$5.4652
1,206,919 APE Options	30 September 2022	\$5.4652
269,648 APE Options	21 January 2022	\$5.65
161,852 APE Options	30 September 2022	\$5.65
84,066 APE Options	12 June 2022	\$9.25
62,895 APE Options	30 September 2022	\$9.25
182,857 APE Options	31 March 2024	\$10.3407
190,157 APE Performance Rights		

Neither the Offer, nor the acquisition by AP Eagers of any AHG Shares under it, will result in the vesting of any unvested APE Awards.

5.6 RIGHTS AND LIABILITIES ATTACHING TO APE SHARES

The rights and liabilities attaching to ownership of APE Shares arise from a combination of AP Eagers' constitution, statute, the Listing Rules and general law.

A summary of the significant rights and liabilities attaching to APE Shares is set out below. This summary is not exhaustive nor does it constitute a definitive statement of the rights and liabilities of AP Eagers Shareholders.

Voting at a general meeting

Subject to any shares which may in the future be issued with special or preferential rights, every member present in person at a general meeting of AP Eagers or by proxy, representative or attorney has one vote on a show of hands and, on a poll, one vote for each fully paid APE Share held. On a poll, partly paid shares confer a fraction of a vote in proportion to the amount paid up on the share.

Meeting of members

Each AP Eagers Shareholder is entitled to receive notice of, attend and vote at general meetings of AP Eagers and to receive all notices, accounts and other documents required to be sent to AP Eagers Shareholders under AP Eagers' constitution, the Corporations Act and the Listing Rules.

Dividends

The Directors may authorise the payment to members of dividends as permitted by law. Dividends are payable on all APE Shares in proportion to the amount of the total issue price paid for the APE Shares. This is subject to any special or preferential rights attached to any class of shares created after the issue of the APE Shares. If an amount is paid on an APE Share during the period to which a dividend relates, the AP Eagers Board may resolve that only the proportion of that amount equal to the proportion which the period from the date of payment to the end of the period to which the dividend relates bears to the total period to which the dividend relates, counts as part of the amount for the time being paid on the APE Share, unless the terms of issue of the APE Shares provides otherwise.

Transfer of APE Shares

APE Shares may be transferred by a proper transfer effected under the ASX Settlement Operating Rules, or by a written instrument of transfer in any usual form or in any other form approved by the Directors. The Directors may only decline to register a transfer of APE Shares (other than a proper transfer under the ASX Settlement Operating Rules) where permitted or required to do so under the Listing Rules.

Issue of further APE Shares

The Directors may allot, issue, grant options in respect of, further shares in AP Eagers on terms as they see fit. However, the Directors must act in accordance with the restrictions imposed by AP Eagers' constitution, the Corporations Act, the Listing Rules and any rights for the time being attached to the shares in any special class of those shares.

Winding-up

If AP Eagers is wound up, then, subject to any special rights or restrictions attaching to any class of shares, AP Eagers Shareholders will be entitled to participate in any surplus assets of AP Eagers in proportion to the amount paid (including amounts credited) on their APE Shares when the winding-up begins.

Unmarketable parcels

Subject to the Corporations Act, Listing Rules and the ASX Settlement Operating Rules, AP Eagers may refuse to register a transfer where to do so would create a parcel of shares less than a marketable parcel of shares.

Share buy-back

Subject to the provisions of the Corporations Act and the Listing Rules, AP Eagers may buy back APE Shares on terms and at times determined by the Directors.

Variation of class rights

Unless otherwise provided by AP Eagers' constitution or by the terms of issue of a class of shares, the rights attaching to any class of shares may be varied or abrogated:

- with the consent in writing of the holders of three-quarters of the issued shares included in that class; or
- with the sanction of a special resolution passed at a separate meeting of the holders of those shares.

Dividend reinvestment plan and bonus share plan

AP Eagers' constitution authorises the Directors to establish and maintain a dividend reinvestment plan (whereby participants may elect that the whole or part of any dividends payable by AP Eagers be reinvested by way of subscription for APE Shares) and a bonus share plan (whereby participants may elect to forego any dividends that may be payable on all or some of their APE Shares held by that member and to receive instead APE Shares).

Indemnities

To the extent permitted by law, AP Eagers indemnifies every person who is or has been a director or secretary of AP Eagers against a liability incurred in or arising out of the discharge of their duties as an officer of AP Eagers or out of the conduct of the business of AP Eagers and specified legal costs. The indemnity is enforceable without the person having first incurred any expense or payment and is a continuing and enforceable obligation even though the person may have ceased to be an officer of AP Eagers.

Alteration of AP Eagers' constitution

AP Eagers' constitution can only be amended by special resolution passed by at least 75% of AP Eagers Shareholders present and voting at a general meeting of AP Eagers. AP Eagers must give at least 28 days written notice of its intention to propose a resolution as a special resolution.

5.7 PUBLICLY AVAILABLE INFORMATION

AP Eagers is a company listed on the ASX (Code: APE) and is subject to the continuous and periodic disclosure requirements of the Listing Rules and the Corporations Act (see section 13.1). A substantial amount of information on AP Eagers is publicly available and may be accessed by referring to AP Eagers on www.asx.com.au.

A list of announcements made by AP Eagers to the ASX between 20 February 2019, being the date on which AP Eagers' most recent annual financial report was released, and the date of this Bidder's Statement is set out in Schedule 3. This information may be relevant to your assessment of the Offer. Copies of the announcements are available from the ASX and will be made available by AP Eagers, free of charge, to any person on request during the Offer Period.

If you would like to receive a copy of any of these announcements, please contact the AP Eagers Offer information line on 1300 560 339 (or +61 2 8011 0354 for overseas domiciled holders) between 9.00am to 5.00pm (Sydney time) Monday to Friday.

5.8 FURTHER INFORMATION

Further information about AP Eagers can also be found on AP Eagers' website: www.apeagers.com.au.

6 Profile of AHG

6.1 DISCLAIMER

The following information on AHG has been prepared by AP Eagers using publicly available information and has not been independently verified. Accordingly, AP Eagers does not, subject to the Corporations Act, make any representation or warranty, express or implied, as to the accuracy or completeness of this information.

The information should not be considered comprehensive. Further information may be included in AHG's Target's Statement in relation to the Offer which will be sent to you by AHG.

6.2 OVERVIEW OF AHG

AHG is a diversified automotive retailing and logistics group with operations in Western Australia, New South Wales, Queensland, Victoria and New Zealand. As disclosed in AHG's 2018 annual report, AHG currently operates three main business divisions:

- automotive retailing;
- refrigerated logistics; and
- other logistics.

6.3 PRINCIPAL ACTIVITIES OF THE AHG GROUP

Automotive retailing

As at February 2019, as far as is known to AP Eagers, AHG held 134 new car dealership locations and 35 new truck and bus dealership locations in Australia and New Zealand,⁵⁷ representing 27 car brands and 8 truck and bus brands.⁵⁸

Figure 11: Overview of AHG's automotive brands and dealerships in Australia and New Zealand⁵⁹

Car brands

Toyota, Mazda, Hyundai, Mitsubishi, Ford, Holden, Kia, Nissan, Honda, Audi, Subaru, Fiat, Land Rover, Jaguar, Jeep, Bentley, Volkswagen, Fiat Professional, Porsche, Chrysler, Suzuki, LDV, Isuzu Ute, Peugeot, Skoda, Infiniti, Mercedes-Benz Vans

 TOYOTA 7	 MAZDA 10	 HYUNDAI 9	 MITSUBISHI MOTORS 12	 Ford 14	 HOLDEN 11	 KIA 9	 NISSAN 16	 HONDA 1
 Audi 1	 SUBARU 7	 FIAT 1	 LAND -ROVER 2	 JAGUAR 2	 Jeep 5	 BENTLEY 1	 Volkswagen 7	 FIAT PROFESSIONAL 1
 PORSCHE 1	 CHRYSLER 1	 SUZUKI 5	 LDV 4	 ISUZU UTE 2	 PEUGEOT 1	 SKODA 1	 INFINITI 2	 Mercedes-Benz Vans & Coaches 1

⁵⁷ Dealerships for Toyota and Volkswagen have been calculated by reference to PMAs rather than new vehicle sales locations within PMAs.

⁵⁸ Calculated as at February 2019 based on the number of dealerships disclosed on AHG's websites and publicly available information (including articles published by GoAutoNews Premium on 2 June 2016 and 22 February 2019). Dealerships for Toyota and Volkswagen have been calculated by reference to PMAs rather than new vehicle sales locations within PMAs.

⁵⁹ The number below each brand represents the number of new vehicle dealership locations held by AHG in Australia and New Zealand (as at February 2019). Calculated by reference to new vehicle dealership locations disclosed on AHG's website and publicly available information (including articles published by GoAutoNews Premium on 2 June 2016 and 22 February 2019). Dealerships for Toyota and Volkswagen have been calculated by reference to PMAs rather than new vehicle sales locations within PMAs.

Truck and bus brands

Mercedes-Benz Trucks, Freightliner, Fuso, Hino, JAC Motors, IVECO, Higer Bus, Yutong



AHG operates in the used car and wholesale markets through its easyauto123 and Carlins Auctions businesses.

The franchised dealerships sell both new and used cars whereas easyauto123 sells only pre-owned vehicles.

The AHG Group is involved in the 'private to private' market through its digital strategies and the operations of its wholly-owned 360 Financial Services business, which operates independently from the dealer network to provide customers with access to financial services through online marketing.

Refrigerated logistics

AHG's refrigerated logistics division operates in every Australian mainland State through Rand Transport, Harris, Scott's Refrigerated Freightways and JAT Refrigerated Road Services.

The division provides temperature controlled transport and cold storage services across mainland Australia.

Other logistics

AMCAP operates warehousing and distribution of automotive parts and accessories.

KTM Sport Motorcycles and HQVA import and distribute the KTM and Husqvarna range of motorcycles across Australia and New Zealand.

VSE Solutions provides vehicle storage and truck chassis engineering to the trucking industry. Genuine Truck Bodies specialises in truck body building services.

6.4 DIRECTORS OF AHG

As at the date of this Bidder's Statement, the AHG Directors are as follows:

- John Patrick McConnell, *Managing Director*
- Howard John Critchley, *Non-executive Director*
- Gregory (Greg) James Duncan, *Non-executive Director*
- Giovanni (John) Groppoli, *Non-executive Director*
- Andrea Hall, *Non-executive Director*
- Jane Matisse McKellar, *Non-executive Director*
- David Blackhall, *Non-executive Director*

6.5 INTERESTS OF AHG DIRECTORS IN AHG SECURITIES

As at the date of this Bidder's Statement, as far as is known to AP Eagers based on documents provided by AHG to the ASX, the AHG Directors have direct or indirect interests in the following AHG Shares:

	No. of AHG Shares	% of AHG Shares on issue ⁶⁰
J P McConnell	229,683	0.069%
H J Critchley	15,650	0.005%
G J Duncan	150,000	0.045%
G Groppoli	85,898	0.026%
A Hall	10,000	0.003%
J M McKellar	4,351	0.001%
D Blackhall	20,000	0.006%

6.6 HISTORICAL FINANCIAL PROFILE OF AHG

This section includes historical financial information in relation to AHG. The information included represents the standalone financial information for AHG and accordingly does not reflect any impact of the Offer.

Reference to financial information relating to AHG refers to the consolidated entities shown in the audited financial statements of AHG for the financial periods described below and does not include any changes to results or balances as a result of subsequent announcements not otherwise mentioned in this Bidder's Statement.

The historical financial information for AHG has been presented in an abbreviated form and therefore it does not contain all the disclosures usually provided in an annual report prepared in accordance with Accounting Standards and the Corporations Act. Full financial accounts for AHG for the financial periods described, which include the notes to the accounts, can be found in AHG's annual reports for those periods. Copies of those annual reports are available on AHG's website www.ahg.com.au and, as set out in section 13.6, AP Eagers will make available a copy of those reports (or relevant extracts of them) free of charge to AHG Shareholders who request them during the bid period.

Important note on sources of AHG historical financial information

AP Eagers has relied on the information in financial reports issued by AHG to prepare the financial information for AHG contained in this Bidder's Statement. Financial information relating to AHG has been sourced from its audited financial reports for the Financial Years ended 30 June 2016, 30 June 2017 and 30 June 2018 as well as its reviewed results for the half year ended 31 December 2018 announced on 22 February 2019.

AP Eagers does not, except as required by law, make any representation or warranty, express or implied, as to the accuracy or completeness of this information.

⁶⁰ Excludes the effect of dilution on exercise of any AHG Performance Rights.

Consolidated statement of profit or loss

	Audited for the Financial Year ended 30 June		
	2018	2017	2016
	\$'000	\$'000	\$'000
Revenue from continuing operations	6,474,053	6,106,064	5,625,999
Profit on sale of assets and investments	10	-	2,893
Raw materials and inventory expense	(4,966,237)	(4,634,829)	(4,165,593)
Employee benefits expense	(786,142)	(766,977)	(744,203)
Depreciation and amortisation expense	(52,509)	(46,920)	(43,386)
Finance costs	(44,584)	(41,447)	(39,924)
Advertising and promotion	(45,707)	(48,336)	(49,524)
Occupancy costs	(196,341)	(180,650)	(167,694)
Vehicle preparation and service	(53,036)	(52,615)	(47,158)
Supplies and outside services	(85,262)	(80,666)	(79,543)
Motor vehicle expense	(14,286)	(12,454)	(11,035)
Equipment rental	(19,406)	(21,169)	(20,216)
Professional services	(12,427)	(13,568)	(9,342)
Other expenses	(111,771)	(97,427)	(110,168)
Loss on sale of assets and investments	-	(636)	-
Impairment of non-current assets	(34,368)	(18,713)	(4,281)
Share of profit of joint venture	340	337	324
Profit Before Income Tax	52,327	89,994	137,149
Income tax expense	(14,535)	(28,901)	(40,263)
Profit from continuing operations	37,792	61,093	96,886
Profit attributable to:			
Owners of Automotive Holdings Group Limited	32,639	55,539	90,071
Non-controlling interest	5,153	5,554	6,815
	37,792	61,093	96,886

Consolidated statement of financial position

	Audited as at the Financial Year ended 30 June		
	2018	2017	2016
	\$'000	\$'000	\$'000
Current assets			
Cash and cash equivalents	73,046	95,035	108,593
Trade and other receivables	416,570	357,373	333,614
Inventories	1,110,746	899,796	828,111
Other current assets	26,331	49,707	34,548
Assets classified as held for sale	18,650	-	-
Total current assets	1,645,343	1,401,911	1,304,866
Non-current assets			
Investments accounted for using the equity method	1,127	1,088	1,048
Available for sale financial assets	7,228	7,228	4,028
Property, plant & equipment	376,524	401,130	359,041
Intangible assets	539,168	513,170	462,260
Deferred tax assets	68,701	60,866	60,192
Total non-current assets	992,748	983,482	886,569
Total assets	2,638,091	2,385,393	2,191,435

	Audited as at the Financial Year ended 30 June		
	2018	2017	2016
	\$'000	\$'000	\$'000
Current liabilities			
Trade and other payables	379,501	322,796	259,923
Interest-bearing loans and borrowings	1,028,661	827,830	759,873
Income tax payable / (receivable)	8,013	(4,110)	5,051
Provisions	87,032	78,041	74,494
Total current liabilities	1,503,207	1,224,557	1,099,341
Non-current liabilities			
Interest-bearing loans and borrowings	317,439	314,657	334,251
Deferred tax liabilities	11,778	21,136	15,800
Provisions	29,153	22,700	22,540
Total non-current liabilities	358,370	358,493	372,591
Total liabilities	1,861,577	1,583,050	1,471,932
Net assets	776,514	802,343	719,503
Equity			
Contributed equity	653,134	653,134	541,532
Reserves	2,440	2,997	2,669
Retained earnings	100,929	131,298	150,374
Capital and reserves attributable to the owners of Automotive Holdings Group Limited	756,503	787,429	694,575
Non-controlling interests	20,011	14,914	24,928
Total equity	776,514	802,343	719,503

Consolidated statement of cash flow

	Audited for the Financial Year ended 30 June		
	2018	2017	2016
	\$'000	\$'000	\$'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)	7,060,057	6,653,825	6,165,924
Payments to suppliers and employees (inclusive of GST)	(6,850,708)	(6,442,693)	(5,949,255)
Interest paid and costs of finance	(44,585)	(41,447)	(39,924)
Interest received	1,482	2,193	3,345
Income tax paid	(18,937)	(30,940)	(40,283)
Net cash inflow from operating activities	147,309	140,938	139,807
Cash flows from investing activities			
Payments for purchase of business, net of cash acquired	(30,736)	(74,691)	(75,842)
Proceeds from sale of businesses	-	13,964	22,829
Payments for property, plant and equipment	(80,060)	(101,696)	(113,936)
Proceeds of sale of property, plant and equipment	19,248	21,837	54,519
Dividends and distributions received	378	468	258
Proceeds of sale of investments	4,968	-	4,200
Payments for purchase of investment (net)	-	(3,200)	-
Net cash outflow from investing activities	(86,202)	(143,318)	(107,972)

	Audited for the Financial Year ended 30 June		
	2018	2017	2016
	\$'000	\$'000	\$'000
Cash flows from financing activities			
Net (repayments of) / proceeds from borrowings	(15,103)	(41,323)	81,813
Proceeds from issue of shares, net of transaction costs	-	111,602	-
Dividends paid to members	(63,008)	(74,615)	(68,972)
Dividends paid to non-controlling interests	(4,985)	(6,842)	(5,945)
Net cash (outflow) / inflow from financing activities	(83,096)	(11,178)	6,896
Net (decrease) / increase in cash and cash equivalents	(21,989)	(13,558)	38,731
Cash and cash equivalents at the beginning of the financial year	95,035	108,593	69,862
Cash and cash equivalents at the end of the Financial Year	73,046	95,035	108,593

6.7 RECENT FINANCIAL RESULTS OF AHG

On 22 February 2019, AHG released its interim financial report for the half year ended 31 December 2018.⁶¹

The interim financial information for AHG has been presented in an abbreviated form and therefore it does not contain all the disclosures usually provided in an interim report prepared in accordance with the Accounting Standards and the Corporations Act. Interim financial accounts for AHG for the financial periods described, which include the notes to the accounts, can be found in AHG's interim reports for those periods. Copies of those interim reports are available on AHG's website www.ahg.com.au and, as set out in section 13.6, AP Eagers will make available a copy of those reports (or relevant extracts of them) free of charge to AHG Shareholders who request them during the bid period.

Consolidated statement of profit or loss

	Reviewed for the half year ended 31 Dec	
	2018	2017 ⁶²
	\$'000	\$'000
Revenue from continuing operations	3,217,859	3,165,232
Profit on sale of assets and investments	3,920	-
Raw materials and inventory expense	(2,488,827)	(2,422,035)
Employee benefits expense	(407,360)	(386,711)
Depreciation and amortisation expense	(33,073)	(26,114)
Finance costs	(26,927)	(23,074)
Advertising and promotion	(23,650)	(20,840)
Occupancy costs	(100,671)	(95,709)
Vehicle preparation and service	(26,655)	(25,517)
Supplies and outside services	(23,157)	(34,780)
Motor vehicle expense	(8,328)	(6,935)
Equipment rental	(8,903)	(10,720)
Professional services	(4,123)	(3,723)

⁶¹ Per the independent auditor's review report contained within AHG's interim financial report for the half year ended 31 December 2018, a review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable the auditor to obtain assurance that would make them aware of all significant matters that might be identified in an audit.

⁶² The comparative financial information for the half year ended 31 December 2017 has been sourced from AHG's interim financial report for the half year ended 31 December 2018, released to the ASX on 22 February 2019.

	Reviewed for the half year ended 31 Dec	
	2018 \$'000	2017 ⁶² \$'000
Other expenses	(65,193)	(45,580)
Loss on sale of assets and investments	-	(1,701)
Impairment of non-current assets	(234,636)	-
Share of profit of joint venture	214	172
Profit/(Loss) Before Income Tax	(229,510)	61,965
Income tax benefit/(expense)	5,570	(18,321)
Profit/(Loss) from continuing operations	(223,940)	43,644
Profit/(Loss) attributable to:		
Owners of Automotive Holdings Group Ltd	(225,634)	40,674
Non-controlling interest	1,694	2,970
	(223,940)	43,644

Consolidated statement of financial position

	Reviewed as at	
	31 Dec 2018 \$'000	30 Jun 2018 ⁶³ \$'000
Current assets		
Cash and cash equivalents	64,576	73,046
Trade and other receivables	349,114	416,570
Inventories	1,128,976	1,110,746
Other current assets	34,381	26,331
Assets classified as held for sale	2,601	18,650
Total current assets	1,579,648	1,645,343
Non-current assets		
Investments accounted for using the equity method	1,139	1,127
Financial assets at fair value through profit or loss	7,228	7,228
Property, plant & equipment	397,098	376,524
Intangible assets	323,156	539,168
Deferred tax assets	77,054	68,701
Total non-current assets	805,675	992,748
Total assets	2,385,323	2,638,091
Current liabilities		
Trade and other payables	365,709	379,501
Interest-bearing loans and borrowings	1,019,531	1,028,661
Income tax payable	(3,890)	8,013
Provisions	101,375	87,032
Total current liabilities	1,482,725	1,503,207
Non-current liabilities		
Interest-bearing loans and borrowings	309,685	317,439
Deferred tax liabilities	10,165	11,778
Provisions	57,490	29,153
Total non-current liabilities	377,340	358,370

⁶³ The comparative financial information for the year ended 30 June 2018 was restated in AHG's interim financial report for the half year ended 31 December 2018, to reflect the financial impact of new standards effective from 1 July 2018 on the comparative financial information.

	Reviewed as at	
	31 Dec 2018 \$'000	30 Jun 2018 ⁶³ \$'000
Total liabilities	1,860,065	1,861,577
Net assets	525,258	776,514
Equity		
Contributed equity	653,134	653,134
Reserves	6,392	4,090
Retained earnings/(losses)	(150,881)	99,279
Capital and reserves attributable to the owners of Automotive Holdings Group Limited	508,645	756,503
Non-controlling interests	16,613	20,011
Total equity	525,258	776,514

Consolidated statement of cash flows

	Reviewed for the half year ended 31 Dec	
	2018 \$'000	2017 \$'000
Cash flows from operating activities		
Receipts from customers (inclusive of GST)	3,597,990	3,494,050
Payments to suppliers and employees (inclusive of GST)	(3,529,840)	(3,465,218)
Interest paid and costs of finance	(26,871)	(23,074)
Interest received	1,173	1,703
Income tax paid	(15,450)	(17,338)
Net cash inflow/(outflow) from operating activities	27,002	(9,877)
Cash flows from investing activities		
Payments for purchase of business, net of cash acquired	-	(12,340)
Payments for step acquisition of controlled entity	(166)	-
Payments for property, plant and equipment	(22,186)	(35,917)
Proceeds of sale of property, plant and equipment	29,054	7,578
Proceeds of sale of investments	-	4,708
Net cash inflow/(outflow) from investing activities	6,702	(35,971)
Cash flows from financing activities		
Net (repayments of)/proceeds from borrowings	(14,698)	21,278
Dividends paid to members	(22,550)	(31,504)
Dividends paid to non-controlling interests	(4,926)	(109)
Net cash outflow from financing activities	(42,174)	(10,335)
Net decrease in cash and cash equivalents	(8,470)	(56,183)
Cash and cash equivalents at the beginning of the half year	73,046	95,035
Cash and cash equivalents at the end of the half year	64,576	38,852

7 Information on AHG's securities

7.1 CAPITAL STRUCTURE OF AHG

According to documents provided by AHG to the ASX, as at the date of this Bidder's Statement, AHG's issued securities consisted of:

Class	Number
AHG Shares	331,623,014
AHG Performance Rights (unquoted)*	1,477,103

*If all AHG Performance Rights vest, the total number of AHG Shares on issue would be 333,100,117. Refer to section 7.5 for further information regarding the AHG Performance Rights.

AP Eagers' Offer is to acquire all of the issued AHG Shares as at the Register Date as well as any AHG Shares that are issued or otherwise come into existence during the period from the Register Date to the end of the Offer Period as a result of the conversion of, or exercise of rights attached to, securities convertible into AHG Shares (including AHG Performance Rights) that are on issue at the Register Date.

7.2 RECENT PRICE PERFORMANCE OF AHG SHARES

AHG Shares are quoted on the ASX under the code 'AHG'.

The closing price of AHG Shares on the ASX on 4 April 2019, being the last trading day before the Announcement Date, was \$1.78.

As depicted in Figure 12 below, during the six months ended 4 April 2019:

- the highest recorded closing price for AHG Shares on the ASX was \$2.30 on 28 February 2019; and
- the lowest recorded closing price for AHG Shares on the ASX was \$1.42 on 11 December 2018.

Figure 12: AHG Shares – historical price performance (six months ended 4 April 2019)



Source: IRESS⁶⁴

⁶⁴ IRESS is not required to consent, and has not consented, to the use of this trading data in this Bidder's Statement.

7.3 DIVIDENDS

The following table sets out the distributions paid per AHG Share in respect of AHG's last three Financial Years.

Year ended 30 June (cents per share)	2016	2017	2018
Interim dividend	9.5	9.5	9.5
Final dividend	13.0	9.5	6.8
Full year dividend	22.5	19.0	16.3

As stated in its 1H19 Results Announcement, the AHG Board did not declare an interim dividend in respect of the six month period ended 31 December 2018.

7.4 SUBSTANTIAL HOLDERS OF AHG

As at the date of this Bidder's Statement, so far as is known by AP Eagers based on publicly available information, the substantial shareholders of AHG are as follows:

	Relevant Interest in AHG Shares	Voting Power in AHG
WFM Motors Pty Ltd and its Associates*	95,637,677	28.84%
AP Eagers Limited and its Associates	95,632,358	28.84%
Perpetual Limited and its related bodies corporate	30,563,741	9.22%

*WFM Motors Pty Ltd, NGP Investments (No 2) Pty Ltd, NGP Investments (No 1) Pty Ltd, Sital Management Pty Ltd and Mr Nicholas George Politis are also substantial shareholders due to their Relevant Interest in the 95,632,358 AHG Shares held by AP Eagers and 5,319 AHG Shares held by NGP Investments (No 2) Pty Ltd. Mr Politis is also a non-executive Director of AP Eagers.

7.5 AP EAGERS' INTEREST IN AHG SECURITIES

AP Eagers' Relevant Interest in AHG Shares, and its Voting Power in AHG overall (as at the dates specified), is shown below:

	Relevant Interest in AHG Shares	Voting Power in AHG
At the date of this Bidder's Statement	95,632,358	28.84%
Immediately before the first Offer was sent	95,632,358	[•]%

7.6 DEALINGS IN AHG SHARES BY AP EAGERS DURING PREVIOUS FOUR MONTHS

Neither AP Eagers nor any of its Associates have acquired or disposed of AHG Shares during the four month period immediately prior to the date of this Bidder's Statement.

7.7 INTERESTS OF AP EAGERS' DIRECTORS IN AHG SECURITIES

As at the date of this Bidder's Statement, the following Directors of AP Eagers had a Relevant Interest in AHG Shares (either held directly, held by entities controlled by them or held by entities of which they are directors or held by family members) and Voting Power in AHG overall:

	Relevant Interest in AHG Shares	Voting Power in AHG
M A Ward	317	0.0001%
N G Politis*	95,637,677	28.839%
D T Ryan	4,319	0.001%

*Mr Politis has a Relevant Interest in the 95,632,358 AHG Shares held by AP Eagers by virtue of him, and entities associated with him, holding, in aggregate, greater than 20% of the APE Shares on issue (refer to section 13.11 for details of Mr Politis' shareholding (and Voting Power) in AP Eagers). Mr Politis is also a director and controlling shareholder of NGP Investments (No 2) Pty Ltd which holds 5,319 AHG Shares, representing 0.002% of the Voting Power in AHG.

No Director of AP Eagers has acquired or disposed of a Relevant Interest in any AHG Shares in the four month period immediately prior to the date of this Bidder's Statement.

7.8 AHG PERFORMANCE RIGHTS

As at the date of this Bidder's Statement, so far as is known by AP Eagers based on publicly available information, AHG has granted 1,477,103 AHG Performance Rights to senior executives under the terms of AHG's existing performance rights plan. Each AHG Performance Right entitles its holder to one AHG Share (or a cash equivalent value in respect of the AHG Performance Rights that vest), subject to the applicable vesting conditions being satisfied.

Under the terms of AHG's existing performance rights plan, the AHG Board has, as a result of the Offer (if it was to result in a change of control of AHG), discretion to determine whether any unvested AHG Performance Rights should ultimately vest, lapse, become subject to different vesting conditions, or be settled in AHG Shares, cash or securities other than AHG Shares. If completion of the Offer occurs before the AHG Board exercises its discretion, a pro-rata amount of the unvested AHG Performance Rights (based on the proportion of the performance period that has elapsed at the time of the change of control) will vest. The amount that may vest is based on the extent to which any applicable performance conditions have been satisfied (or are estimated to have been satisfied) at that time.

The Offer does not extend to AHG Performance Rights. The Offer does, however, extend to AHG Shares that are issued or otherwise come into existence during the period from the Register Date to the end of the Offer Period due to the conversion of, or exercise of rights attached to, securities convertible into AHG Shares (including AHG Performance Rights) that are on issue at the Register Date.

7.9 PUBLICLY AVAILABLE INFORMATION

AHG is a company listed on the ASX and is subject to the periodic and continuous disclosure requirements of the Listing Rules and the Corporations Act.

For information concerning the financial position and affairs of AHG, you should refer to the information that has been disclosed by AHG in accordance with these obligations including information available on its website (www.ahgir.com.au), announcements made to the ASX by AHG (which may be accessed by referring to AHG on www.asx.com.au) and the Target's Statement that AHG is required to provide you under the Corporations Act.

8 AP Eagers' intentions in relation to AHG

8.1 INTRODUCTION AND IMPORTANT NOTE

This section sets out AP Eagers' current intentions for:

- the continuation of AHG's business;
- any major changes to be made to AHG's business, including any redeployment of the fixed assets of AHG; and
- the future employment of the present employees of AHG.

These intentions have been formed on the basis of facts, information and circumstances concerning AHG, its business operations and the general industry environment which were known to AP Eagers at the time of preparing this Bidder's Statement, which is limited to publicly available information.

As at the date of this Bidder's Statement, no due diligence has been conducted on AHG's non-public confidential information. Therefore, AP Eagers does not currently have full knowledge of all material information, facts and circumstances that are necessary to assess the operational, commercial, tax and financial implications of its current intentions. Final decisions regarding these matters will only be made by AP Eagers once it has access to that information (and following receipt of appropriate legal, taxation and financial advice) and in light of the material circumstances at the relevant time. Accordingly, statements set out in this section 8 are statements of current intention only which may change as new information becomes available or circumstances change.

8.2 RATIONALE FOR THE OFFER

The Offer is designed to enable a merger of AP Eagers and AHG to create Australia's leading automotive retail group. The Merged Group is expected to benefit from increased geographic and brand portfolio diversification, anticipated synergies and financial strength. Refer to section 2.1 for further information.

Combining two substantial, complex businesses like AP Eagers and AHG carries significant integration risk. AP Eagers will endeavour to mitigate these risks through comprehensive integration planning, but not all risks can be eliminated. Integration risks are discussed in further detail in section 10.2.

AP Eagers' integration review and assessment will focus on the following key stakeholders:

- staff – reviewing the organisation and management structure of the Merged Group with a focus on developing a strong culture across all aspects of the Merged Group's operations;
- business partnerships – identifying strategic and operational opportunities to enhance the performance of, and expand, the automotive operations of the Merged Group;
- customers – developing a strategy to grow the customer base of the Merged Group;
- community – providing support and assistance to community focused initiatives, by engaging the collaboration of the Merged Group and its automotive industry network, employees and other stakeholders; and
- compliance – leveraging best practice for processes and systems to maintain high compliance standards and appropriately manage risks.

It is expected that, if AP Eagers is able to acquire 100% of the AHG Shares, the review and broad integration planning will take approximately six months to complete, and (if applicable) the subsequent integration process will occur in stages through to 2020.

8.3 INTENTIONS UPON ACQUISITION OF 90% OR MORE OF AHG SHARES

This section 8.3 sets out AP Eagers' current intentions if it acquires a Relevant Interest in 90% or more of the AHG Shares and is, therefore, entitled to proceed to compulsory acquisition of the remaining AHG Shares.

Compulsory acquisition

If it becomes entitled to do so, AP Eagers intends to compulsorily acquire any outstanding AHG Shares in accordance with section 661B Corporations Act.

Amend AHG's constitution

AP Eagers intends to amend the constitution of AHG to reflect its status as a wholly-owned subsidiary of AP Eagers and will seek to convert AHG from a public company to a proprietary company.

ASX listing

After conclusion of the compulsory acquisition process, AP Eagers intends to procure that AHG be removed from the official list of the ASX.

Head office and branding

If AP Eagers acquires 100% of the AHG Shares, it is proposed that the Merged Group would be named Eagers Automotive Holdings Limited.

AP Eagers intends to undertake a review of head office structures and associated functions currently operated by AP Eagers and AHG. Whilst the registered corporate head office would be in Brisbane, technology allows for functional expertise to exist in different locations. Duplication will be removed within the review process whilst retaining best practice functional support.

Similarly, AP Eagers intends to undertake a review of both AP Eagers' and AHG's regional corporate office functions and locations and remove duplication whilst retaining best practice operational performance.

Directors

AP Eagers intends to replace all members of the boards of the AHG Group (and of the board of any company on which AHG has nominee directors, if any) with AP Eagers nominee directors. Those nominees have not yet been identified by AP Eagers and their identity will depend on the circumstances at the relevant time.

AP Eagers also intends to review the composition of the board of the Merged Group to include three current AHG Directors, whilst retaining all or most of the current members of the AP Eagers Board. AP Eagers has not made any decisions as to the identity of those AHG Directors who will be asked to join the board of the Merged Group in this case. Profiles for each of the Directors of AP Eagers are set out in section 4.5.

Management

AP Eagers' intention is for the AP Eagers' Board to undertake a review process to determine the senior management team for the Merged Group. It is anticipated that the senior management team will include members from AP Eagers' current senior management team, as well as members from AHG's current senior management team.

AP Eagers has not made any decisions as to the identity of the members of the AP Eagers or AHG senior management teams who would form part of the Merged Group's senior management team. It is likely, however, that a number of key senior management roles may be made redundant.

AP Eagers' intention is to assess the optimal structure for all corporate functions for the Merged Group following the completion of the Offer. Following an assessment of all corporate positions, it is likely that a number of roles may be made redundant.

AP Eagers' intention is to continue to maintain State based operational management for the Merged Group. To the extent there is duplication in operational management in States where both AP Eagers and AHG currently operate, the intention is to merge the operational management functions.

If redeployment is not possible, any employee made redundant will receive their full entitlements at law.

Proposed divestment of refrigerated logistics

AP Eagers intends to pursue a divestment strategy for AHG's refrigerated logistics business division as soon as commercially possible after the conclusion of the compulsory acquisition process at a reasonable price. As at the date of this Bidder's Statement, AP Eagers has no agreement or understanding with any third party in relation to the proposed divestment of refrigerated logistics.

AP Eagers does not expect the divestment to have a material impact on AHG's automotive operations or non-refrigerated logistics business.

Other operations and assets

AP Eagers intends to continue to operate AHG's automotive retail operations in substantially the same manner as at the date of this Bidder's Statement, subject possibly to such reasonable structural undertakings as either the ACCC or any motor vehicle manufacturer (as applicable) might seek or suggest or to those changes which are considered desirable as a result of AP Eagers' detailed operational review.

Although AP Eagers does not consider that the merger with AHG will affect, or will be likely to affect, competition in a market or markets in which the companies operate, in order to assist in securing *merger authorisation* from the ACCC (as discussed in section 13.8), it is possible that a formal undertaking may be provided to the ACCC to divest some automotive business assets to facilitate that process.

To the extent that AP Eagers divests any part of AHG's automotive business, AP Eagers' current preference would be to divest those operations to established operators (acceptable to the manufacturer or the ACCC, as the case requires) in the automotive industry.

Operational review

If AP Eagers acquires all of the AHG Shares, AP Eagers also intends to conduct a thorough and broad-based general review of AHG's corporate structure, assets, businesses, employees and operations. This review will apply quantitative and qualitative factors to measure performance and areas of improvement.

Whilst AP Eagers does not have any specific intentions in relation to this review or its outcomes, its current expectation is that the review will focus on identifying opportunities in relation to:

- profit improvement measures involving a wide range of initiatives including, but not limited to, overhead costs reduction, non-core and underperforming businesses (particularly, AHG's non-automotive operations);

- organisation, governance and management structures; and
- engagement with motor vehicle manufacturers, floorplan financiers and major suppliers.

The outcome of this review may result in changes to the structure of the operating businesses, including changes to the way the businesses are managed or operated, changes to the number of employees and their functions required in each operating business and the possible divestment of certain assets or businesses.

Existing finance arrangements

AP Eagers intends to seek a strategy to refinance into a single debt package the existing syndicated bank facilities of each of AP Eagers and AHG should AP Eagers acquire all of the AHG Shares under the Offer. A refinancing shall only be undertaken if, amongst other things, the consolidation of the existing separate AP Eagers and AHG banking facilities into a single syndicated debt package provides sufficient financial advantages to justify the refinancing.

Whilst certain amendments to AP Eagers' current syndicated facilities will be required if AP Eagers acquires all of the AHG Shares under the Offer, it is not a requirement of the lenders to these facilities that a full refinancing take place. As at the date of this Bidder's Statement, AP Eagers has no agreement or understanding with the syndicated lenders to AHG in relation to such refinancing.

Financial reporting obligations

It is intended that the financial year end of AHG will be changed to 31 December to be aligned with that of AP Eagers.

Impact on employees

AP Eagers currently has more than 98% of its employees operating within dealerships or in operational roles. AP Eagers' intention is for this ratio of corporate to operational staff to continue for the Merged Group.

AP Eagers expects that the vast majority of AHG's employees will continue with the Merged Group on terms no less favourable than their current terms of employment with AHG.

As a result of the implementation of the intentions above, it is possible that a small number of organisational functions, for example, those relating to AHG's listing on the ASX, will become redundant. If the detailed review by AP Eagers identifies employees that are surplus to the Merged Group's business requirements, then AP Eagers will consider redeployment or redundancies. The review of AHG's operations may also result in additional staff recruitment. If any employees are made redundant, they will receive their full entitlements at law.

Dividend policy

AP Eagers' view on the payment of dividends by AHG may be different to those of the current AHG Board, which may result in their increase or decrease. No determination has been made by AP Eagers at this time regarding AHG's dividend and capital management policies after the conclusion of the Offer.

8.4 INTENTIONS UPON ACQUISITION OF BETWEEN 50% AND 90% OF AHG SHARES

This section 8.4 sets out AP Eagers' current intentions if, by virtue of acceptance of the Offer, it was to gain effective control of AHG but was not entitled to proceed to compulsory acquisition of the outstanding AHG Shares.

Compulsory acquisition

If AP Eagers does not become entitled to compulsorily acquire AHG Shares under section 661B Corporations Act, it may nevertheless become entitled to exercise the general compulsory acquisition power under Part 6A.2 Corporations Act in the future. AP Eagers intends to exercise that power over the remaining AHG Shares if it becomes entitled to do so.

ASX listing

AP Eagers would seek to review (following receipt of legal and financial advice in light of AP Eagers' post-Offer holding of AHG Shares and a consideration of the spread of AHG Shareholders and liquidity of AHG Shares) whether to maintain the listing of AHG on the ASX.

AP Eagers may also consider (or ask the AHG Board to consider) taking further actions following the Offer, as may be permitted by the Corporations Act, the Listing Rules and AHG's constitution, to manage the resultant spread of AHG Shareholders and liquidity of AHG Shares, including, without limitation, considering the use of a sale facility for unmarketable parcels held by AHG Shareholders.

Head office and branding

AP Eagers would not seek to combine the corporate head offices and branding of AHG and AP Eagers unless it acquires 100% of AHG Shares. However, AP Eagers would ask the AHG Board to consider possible head office cost reductions as part of a general operational review.

Directors and management

Subject to the Corporations Act and constitution of AHG, AP Eagers would seek to add to, or replace, a proportion of the members of the AHG Board with candidates nominated by AP Eagers (to reflect the proportionate ownership interest of AP Eagers in AHG). AP Eagers would seek to ensure that there remains strong independent board representation in those circumstances.

AP Eagers has not made any decisions as to the identity of the individuals who will be nominated for appointment to the AHG Board in this case.

Operations, assets and employees

If, following the close of the Offer, AHG becomes a controlled entity but not a wholly owned subsidiary of AP Eagers, it is the present intention of AP Eagers to ask the AHG Board that AHG implement a general operational review of the nature referred to in section 8.3, with the aim of pursuing possible cost reductions and improvement of efficiencies, including:

- implementing a divestment strategy for AHG's refrigerated logistics business as soon as commercially possible and at a reasonable price; and
- developing a strategy to improve AHG's operating and financial performance.

There is, however, no assurance that those opportunities will be available, or would deliver the same benefits for remaining AHG Shareholders, if AP Eagers does not own 100% of AHG Shares.

Further acquisitions of AHG Shares

AP Eagers may, at some later time, acquire further AHG Shares in a manner that is consistent with the Corporations Act.

Financing arrangements

If AP Eagers acquires a Relevant Interest in less than 90% of the AHG Shares (and was not, therefore, entitled to proceed with compulsory acquisition of the outstanding AHG Shares) then the existing corporate facilities for AP Eagers and AHG respectively would remain in place.

AP Eagers' existing corporate facility has already been amended to ensure that, under such circumstances, AHG is treated independently, at arms' length and otherwise not to be regarded as being part of the AP Eagers Group for the purposes of financial and other covenants under that existing facility.

Dividend policy

The payment of a dividend by AHG would be at the discretion of the AHG Board and will be a function of a number of factors, including (but not limited to) the general business and financial conditions, the operating results and capital expenditure requirements of AHG, future funding requirements (including potential acquisition opportunities), capital management initiatives, taxation considerations (including the level of franking credits available), any contractual, legal or regulatory restrictions on the payment of dividends by AHG, and any other factors the AHG Board may consider relevant.

8.5 INTENTIONS UPON ACQUISITION OF LESS THAN 50% OF AHG SHARES

This section describes AP Eagers' current intentions if AHG does not become a controlled entity of AP Eagers. In that circumstance, AP Eagers intends to:

- seek to obtain representation on the AHG Board; and
- use its best endeavours to encourage the AHG Board to give effect to the intentions set out in section 8.3 of this Bidder's Statement.

8.6 OTHER INTENTIONS

Subject to the matters described above, in this section 8.6 and elsewhere in this Bidder's Statement and, in particular, the completion of the review of AHG's operations (and the effect of any structural undertaking required by the ACCC or motor vehicle manufacturers), it is the intention of AP Eagers, on the basis of the facts and information concerning AHG that are known to it and the existing circumstances affecting the assets and operations of AHG at the date of this Bidder's Statement:

- to continue the business and operations of AHG;
- other than the divestment of AHG's refrigerated logistics business, not to make any major changes to the business of AHG or the deployment of AHG's assets; and
- to continue the employment of the vast majority of AHG employees.

8.7 LIMITATION ON INTENTIONS

The intentions and statements of future conduct set out in this section 8 must be read as being subject to:

- AHG's constitution, the law (including the Corporations Act) and the Listing Rules;
- the outcome of reviews referred to in this section 8; and
- the legal obligation of the AHG Directors at the time, including any candidates for the AHG Board nominated by AP Eagers, to act in good faith in the best interests of AHG and for proper purposes and to have regard to the interests of all AHG Shareholders.

To the extent that AHG is not a wholly owned subsidiary of AP Eagers and there are minority AHG Shareholders, AP Eagers intends to ensure that the candidates for the AHG Board nominated by AP Eagers act, at all times, in accordance with their fiduciary duties and that all requisite shareholder approvals and other legal requirements are complied with in pursuing any of the intentions outlined above.

The requirement to have regard to those fiduciary duties in the context of a partly owned company and the possible requirements of minority shareholder approval may prevent the particular objective being achieved.

9 Profile of the Merged Group and effect of the Offer

9.1 INTRODUCTION

The profile of the Merged Group will vary significantly depending on the number of acceptances received under the Offer. If AP Eagers is not entitled to compulsorily acquire AHG Shares as a consequence of the level of acceptances for the Offer, some of the benefits that would otherwise accrue to AP Eagers if AHG were to become a wholly-owned subsidiary of AP Eagers may not be fully realised. Unless otherwise indicated, the description of the Merged Group in this section 9 assumes that AHG is a wholly-owned subsidiary of AP Eagers.

9.2 OVERVIEW OF THE MERGED GROUP

Following the completion of the Offer, and assuming AP Eagers acquires a Relevant Interest in greater than 90% of AHG Shares (and therefore moves, by way of compulsory acquisition, to acquire full ownership of AHG), AP Eagers will increase its ownership of AHG from 28.84% to 100%, creating Australia's leading automotive group with:

- an estimated market capitalisation of approximately \$1.84 billion;⁶⁵
- exposure to motor vehicle retailing markets in Western Australia, Queensland, Northern Territory, New South Wales, Victoria, Tasmania and South Australia, representing approximately 11.9% of the total Australian new vehicle sales market;⁶⁶ and
- approximately 229 new car dealership locations in Australia,⁶⁷ 13 new car dealership locations in New Zealand and 68 new truck and bus dealership locations in Australia, representing 33 car brands and 12 truck and bus brands.

9.3 OPERATIONS OF THE MERGED GROUP

The operations of the Merged Group will represent the combined existing operations of both AP Eagers and AHG, subject to AP Eagers' current intention to divest AHG's refrigerated logistics business as noted in section 8.3.

The Merged Group will retain ownership of a substantial property portfolio with these properties positioned in high profile main road locations in Brisbane, Sydney, Adelaide, Victoria and Newcastle. The sites owned by AP Eagers at Newstead in Brisbane will likely be sold, or sold and leased back, in accordance with the Brisbane auto mall strategy AP Eagers is currently progressing in that regard.

The Merged Group will focus on core operations within the automotive retail business, including the rationalisation and rebalance of its dealership portfolio and strong cost management initiatives.

⁶⁵ Based on AP Eagers closing price of \$7.28 on 4 April 2019 and a valuation of each AHG Share of \$1.78, being the close price on 4 April 2019, the last trading day prior to the Announcement Date.

⁶⁶ As at 31 December 2018. Calculated based on AP Eagers' new vehicle market share of 5.2% (as stated in AP Eagers' 2018 full year results presentation) and AHG's new vehicle market share of circa 6.7% (as stated in AHG's 1H19 Results Announcement).

⁶⁷ Dealerships for Toyota and Volkswagen have been calculated by reference to PMAs rather than new vehicle sales locations within PMAs.

9.4 EFFECT OF THE OFFER ON THE CAPITAL STRUCTURE OF THE MERGED GROUP

The following table represents the effect of the Offer on AP Eagers' capital structure based on AP Eagers owning 100%, 50.1% and 49.9% (respectively) of the AHG Shares on issue at the date of this Bidder's Statement:⁶⁸

	Acquisition Scenario		
	100%	50.1%	49.9%
	APE Shares		
APE Shares on issue at the date of this Bidder's Statement	191,309,301	191,309,301	191,309,301
New APE Shares to be issued to AHG Shareholders under the Offer	62,102,804	18,555,466	18,380,928
Total APE Shares on issue following completion of the Offer	253,412,105	209,864,767	209,690,229
New APE Shares issued to AHG Shareholders as a percentage of total APE Shares on issue following completion of the Offer	24.5%	8.8%	8.8%

9.5 EFFECT OF THE OFFER ON SUBSTANTIAL HOLDERS OF THE MERGED GROUP

If AP Eagers acquires all of the AHG Shares, there will be approximately 253.4 million APE Shares on issue, of which approximately 62.1 million APE Shares (or 24.5%) will be held by existing AHG Shareholders (other than AHG foreign shareholders). If AP Eagers acquires 50.1% of the AHG Shares, there will be approximately 209.9 million APE Shares on issue, of which approximately 18.6 million APE Shares (or 8.8%) will be held by existing AHG Shareholders (other than AHG foreign shareholders). If AP Eagers acquires 49.9% of the AHG Shares, there will be approximately 209.7 million APE Shares on issue, of which approximately 18.4 million APE Shares (or 8.8%) will be held by existing AHG Shareholders (other than AP Eagers).

If AP Eagers acquires 100% of AHG Shares under the Offer (based on shareholdings reported prior to the date of this Bidder's Statement), the only substantial holder of the Merged Group is set out below.

	Number of shares	Voting Power in the Merged Group
WFM Motors Pty Ltd and its Associates*	69,536,438	27.44%

*WFM Motors Pty Ltd, NGP Investments (No 2) Pty Ltd and Mr Politis are the registered holders of those APE Shares. Mr Politis, a non-executive Director of AP Eagers, is a director and controlling shareholder of each of WFM Motors Pty Ltd and NGP Investments (No 2) Pty Ltd.

9.6 EFFECT OF THE OFFER ON THE BOARD OF THE MERGED GROUP

If AP Eagers acquires 100% of the AHG Shares under the Offer, AHG will become a wholly owned subsidiary of AP Eagers and the board of the Merged Group will comprise all or most of the members of the current AP Eagers Board (refer to section 4.5 for information on the Directors of AP Eagers). It is also currently proposed that three members of the existing AHG Board will be asked to join the board of the Merged Group. AP Eagers has not made any decisions as to the identity of the AHG Directors who will be asked to join the board of the Merged Group in that case.

⁶⁸ Excludes the effect of dilution on exercise of any APE Performance Rights, APE Options and AHG Performance Rights.

9.7 FINANCING ARRANGEMENTS FOR THE MERGED GROUP

If AP Eagers acquires 100% of the AHG Shares under the Offer, AP Eagers intends to seek a strategy to refinance into a single debt package the existing syndicated bank facilities of each of AP Eagers and AHG. A refinancing will only be undertaken if, amongst other things, the consolidation of the existing AP Eagers and AHG syndicated banking facilities into a single syndicated debt package provides sufficient financial advantages to justify the refinancing.

Whilst certain amendments to AP Eagers' current syndicated facilities will be required if AP Eagers acquires all of the AHG Shares under the Offer, it is not a requirement of the lenders to those facilities that a full refinancing take place. As at the date of this Bidder's Statement AP Eagers has no agreement or understanding with the syndicated lenders to AHG in relation to such refinancing.

Note that the 100% Acquisition Scenario, as depicted in section 9.10 below, has been prepared on the basis of no refinancing for the Merged Group.

Should the refinancing occur following completion of the Offer, the Merged Group's external debt is anticipated to consist of:⁶⁹

- a new syndicated corporate facility;
- existing third-party capital facilities; and
- existing finance lease and hire purchase facilities.

If AP Eagers acquires a Relevant Interest in less than 90% of the AHG Shares (and was not, therefore, entitled to proceed with compulsory acquisition of the outstanding AHG Shares) then the existing corporate facilities for AP Eagers and AHG, respectively, would remain in place. AP Eagers' existing corporate facility has already been amended to ensure that, under such circumstances, AHG is treated independently, at arms' length and otherwise not to be regarded as being part of the AP Eagers group for the purposes of financial and other covenants under that facility.

9.8 PRO FORMA FINANCIAL INFORMATION FOR THE MERGED GROUP

Summary of information

The information included in sections 9.10 to 9.13 is pro forma financial information for the Merged Group comprising AP Eagers and AHG as at 31 December 2018 to illustrate the impact of transactions relating to the Offer as if they occurred on 31 December 2018 from a statement of financial position perspective, and 1 January 2018 from a statement of profit or loss and statement of cash flows perspective (collectively, **Merged Group Pro Forma Financial Information**).

The Merged Group Pro Forma Financial Information is indicative only. AP Eagers has drawn conclusions based on the facts known and other information publicly available as at the date of this Bidder's Statement. If the facts, circumstances or other information should prove different to that described, the conclusions may change accordingly.

The Merged Group Pro Forma Financial Information should be read in conjunction with the:

- assumptions underlying its preparation as set out in section 9.9;
- pro forma adjustments described in section 9.9, which have been made to reflect certain financial impacts of the Offer;

⁶⁹ Bailment financing is not included within net debt given it is a form of trade financing that is specific to the automotive industry and is provided by financiers on a limited recourse basis with security limited to the underlying inventory.

- accounting policies of AP Eagers and AHG as disclosed in their most recent financial reports;
- risk factors set out in section 10; and
- other information contained in this Bidder's Statement.

Basis of preparation

The Merged Group Pro Forma Financial Information has been prepared under three scenarios:

- a scenario where AHG is wholly-owned by AP Eagers following the Offer (**100% Acquisition Scenario**) – presented in section 9.10;
- a scenario where AP Eagers has a Relevant Interest in 50.1% of AHG Shares following the Offer (**50.1% Acquisition Scenario**) – presented in section 9.11; and
- a scenario where AP Eagers has a Relevant Interest in less than 50.0% of AHG Shares following the Offer (**49.9% Acquisition Scenario**) – presented in section 9.12.

The Merged Group Pro Forma Financial Information does not represent what the Merged Group would look like on a consolidated basis, since it is not possible to produce this information from publicly available information. No adjustments for anticipated synergy benefits have been included as the exact timing of those benefits cannot be reliably estimated. However, the Merged Group Pro Forma Financial Information does reflect the issue of new APE Shares to AHG Shareholders, and certain other adjustments that could be required as a result of this Offer (refer to section 9.9).

The Merged Group Pro Forma Financial Information is for illustrative purposes only and is based on numerous assumptions that may or may not reflect the actual financial position of the Merged Group after completion of the Offer (see section 9.9).

The Merged Group Pro Forma Financial Information is presented in a summary format and does not contain all of the disclosures required under the Corporations Act and Accounting Standards. In addition, the presentation of the Merged Group Pro Forma Financial Information has been aligned with the format presented by AP Eagers within the 2018 annual report.

Sources of information

Financial information relating to AP Eagers has been sourced from its audited financial report for the full year ended 31 December 2018 which was released to the ASX on 20 February 2019.

Financial information relating to AHG has been sourced from its audited financial report for the full year ended 30 June 2018 and its reviewed financial reports for each of the half year ended 31 December 2017 and the half year ended 31 December 2018, extracted from the interim financial report for the half year ended 31 December 2018.

The AHG profit or loss and cash flows used for the Merged Group Pro Forma Financial Information for the period ending 31 December 2018 have been calculated based on the information contained within the audited financial report for the year ended 30 June 2018, less the 31 December 2017 comparative information contained within the reviewed financial report for the period ended 31 December 2018, plus the 31 December 2018 information contained within the reviewed financial report for the period ended 31 December 2018.

AP Eagers has relied on the information in financial reports issued by AHG to prepare the financial information for AHG contained in this Bidder's Statement. The financial information reflects the latest publicly available information for AHG that is capable of being compared.

AP Eagers does not, except as required by law, make any representation or warranty, express or implied, as to the accuracy or completeness of this information.

9.9 PRO FORMA ADJUSTMENTS AND TRANSACTION ASSUMPTIONS

The following assumptions have been made in producing the Merged Group Pro Forma Financial Information:

- the pro forma financial information has been prepared using the reported statutory financial information for both AP Eagers and AHG for the period 1 January 2018 to 31 December 2018;
- the Merged Group Pro Forma Financial Information is unaudited and amounts presented have been rounded;
- in determining the consideration for the acquisition of the AHG Shares under the Offer, either as a 100% or 50.1% subsidiary or as a 49.9% associate, depending on the relevant scenario, each APE Share to be issued under the Offer and recognised within contributed equity within the pro forma financial information is assumed to have an issue price of \$7.28 per APE Share (being the closing price of APE Shares on 4 April 2019, the last day on which APE Shares traded prior to the Announcement Date). The actual fair value of APE Shares to be issued under the Offer may differ from the assumed issue price noted above and will be determined by the market price of APE Shares at the actual date of acquisition of AHG;
- the Merged Group Pro Forma Financial Information does not include the anticipated synergies to be derived from the operation as a Merged Group (refer to section 2.1) or transaction costs associated with the Offer;
- the accounting policies of AP Eagers and AHG are assumed to be similar and consistent in all material aspects for the purposes of the compilation of the Pro Forma Financial Information of the Merged Group. However, the following differences in accounting policies have been identified based on available information:
 - AASB 116 Property, Plant and Equipment: AP Eagers carry land and buildings at fair value, AHG carry land and buildings at cost; and
 - AASB 9 Financial Instruments: AP Eagers revalue financial assets at fair value through other comprehensive income, AHG revalue financial assets at fair value through profit or loss.

The impact of the difference in accounting policies cannot be quantified based on available information for the purposes of presenting Merged Group Pro Forma Financial Information;

- the Merged Group Pro Forma Financial Information does not include any fair value adjustments to identifiable assets and liabilities of AHG acquired by AP Eagers as may be required under a 'Purchase Price Allocation process' in accordance with AASB 3 Business Combinations, nor any resulting tax adjustments at the acquisition date that may be required as part of an 'Allocable Cost Amount process' in accordance with AASB 112 Income Taxes (only applicable for Acquisition Scenario – 100%) and any resulting impact to goodwill;
- no APE or AHG Performance Rights have been assumed to have vested and been exercised for the purposes of the compilation of the Pro Forma Financial Information of the Merged Group; and
- the statutory reported statement of profit or loss for AHG for the period 1 January 2018 to 31 December 2018 has been adjusted to remove the impact of the following one-off and unusual items recognised during that period:

Figure 13: AHG unusual items

Unusual items	Amount (\$'000)
Impairment of non-current assets	269,005
Restructure and transformation provisions	54,815
Integration, acquisition and divestment activities	(1,559)
Total unusual items before income tax	322,261
Income tax benefits arising from unusual items	(31,690)
Total unusual items after income tax	290,571

- the unusual items reported in Figure 13 above have been calculated based on the AHG audited financial report for the year ended 30 June 2018, less the AHG reviewed financial report for the period ended 31 December 2017 sourced from the comparative information contained with the reviewed half year report for the period ended 31 December 2018, plus the AHG reviewed half year report for the period ended 31 December 2018;
- no adjustments have been made to the pro forma unaudited statement of financial position or the pro forma unaudited statement of cash flows in relation to the unusual items identified in the table at Figure 13 above on the basis that insufficient information is available; and
- no adjustments have been made for any unusual items contained within AP Eagers reported financial information for the period ended 31 December 2018 on the basis that there are no significant items.

9.10 ACQUISITION SCENARIO – 100%

Pro forma unaudited statement of profit or loss

The table at Figure 14 sets out the Merged Group pro forma unaudited statement of profit or loss for the 12 months ended 31 December 2018 which has been prepared to illustrate the impact of the following:

- the acquisition of all AHG Shares by AP Eagers under the Offer as if the acquisition had occurred on 1 January 2018; and
- elimination of AHG dividend income received by AP Eagers during 12 months ended 31 December 2018.

Figure 14: Merged Group pro forma unaudited statement of profit or loss for the year ended 31 December 2018

Pro forma unaudited statement of profit or loss 100% Acquisition Scenario	Year ended 31 December 2018			
	AP Eagers	AHG	Adjustments	Merged Group pro forma
	\$'000			
Revenue	4,112,802	6,526,680	(13,868)	10,625,614
Other Gains	8,492	3,930	-	12,422
Share of net profits of associate	77	382	-	459
Changes in inventories of finished goods and work in progress	39,459	-	-	39,459
Raw materials and consumables purchased	(3,439,625)	(5,033,029)	-	(8,472,654)
Employee benefits expense	(330,622)	(806,791)	-	(1,137,413)
Finance costs	(26,530)	(48,437)	-	(74,967)
Depreciation and amortisation expense	(15,641)	(59,468)	-	(75,109)
Other expenses	(214,681)	(822,415)	322,261	(714,835)
Profit / (Loss) Before Tax	133,731	(239,148)	308,393	202,976

Pro forma unaudited statement of profit or loss 100% Acquisition Scenario	Year ended 31 December 2018			
	AP Eagers	AHG	Adjustments	Merged Group pro forma
			\$'000	
Income tax (expense)/benefit	(32,556)	9,356	(31,690)	(54,890)
Profit / (Loss) for the year	101,175	(229,792)	276,703	148,086
Profit / (Loss) attributable to:				
Owners of Merged Group	99,556	(233,669)	276,703	142,590
Non-controlling interests	1,619	3,877	-	5,496
	101,175	(229,792)	276,703	148,086

Pro forma unaudited statement of financial position

The table at Figure 15 sets out the Merged Group pro forma unaudited statement of financial position as at 31 December 2018 which has been prepared to illustrate the impact of the following:

- the acquisition of all AHG Shares not currently owned by AP Eagers under the Offer as if the acquisition had occurred on 31 December 2018;
- the acquisition of AHG Shares by AP Eagers under the Offer based on a price for AHG Shares of \$1.92 per AHG Share (being the closing price for APE Shares on 4 April 2019, the last trading day prior to the Announcement Date, divided by the Offer Consideration) and the associated issue of APE Shares as consideration based on a price for APE Shares of \$7.28 per share (being the closing price for APE Shares on 4 April 2019, the last trading day prior to the Announcement Date);
- the existing AHG Shares held by AP Eagers prior to the Announcement Date have been revalued based on a price for AHG Shares of \$1.78 (being the closing price for AHG Shares on 4 April 2019, the last trading day prior to the Announcement Date);
- recognition of the required accounting entries to eliminate AP Eagers investment in AHG upon consolidation of the Merged Group and to recognise the goodwill as a result of the transaction (the value of goodwill may subsequently change as a result of the 'Purchase Price Allocation process' outlined below);
- the Merged Group Pro Forma Financial Information does not include any fair value adjustments to identifiable assets and liabilities of AHG acquired by AP Eagers as may be required under a 'Purchase Price Allocation process' in accordance with AASB 3 Business Combinations, nor any resulting tax adjustments at the acquisition date that may be required as part of an 'Allocable Cost Amount process' in accordance with AASB 112 Income Taxes and any resulting impact to goodwill; and
- the deferred tax asset held in AP Eagers in relation to the investment in AHG has been derecognised against other comprehensive income, on the basis that AP Eagers' expectation of realisation of the investment has changed as it is no longer probable that the method of recovery of the deferred tax asset is through sale.

Figure 15: Merged Group pro forma unaudited statement of financial position as at 31 December 2018

Pro forma unaudited statement of financial position 100% Acquisition Scenario	As at 31 December 2018			
	AP Eagers	AHG	Adjustments	Merged Group pro forma
			\$'000	
Current assets				
Cash and cash equivalents	18,868	64,576	-	83,444
Trade and other receivables	156,286	349,114	-	505,400
Inventories	690,167	1,128,976	-	1,819,143
Prepayments and deposits	12,617	34,381	-	46,998
Assets held for sale	-	2,601	-	2,601
Total current assets	877,938	1,579,648	-	2,457,586

Pro forma unaudited statement of financial position 100% Acquisition Scenario	As at 31 December 2018			
	AP Eagers	AHG	Adjustments	Merged Group pro forma
	\$'000			
Non-current assets				
Other loans receivable	8,303	-	-	8,303
Financial assets at fair value through other comprehensive income	149,774	-	(149,186)	588
Financial assets at fair value through profit or loss	-	7,228	-	7,228
Investments in associates	12,077	1,139	-	13,216
Property, plant and equipment	388,407	397,098	-	785,505
Intangible assets	313,325	323,156	97,076	733,557
Deferred tax assets	17,844	77,054	(21,550)	73,348
Total non-current assets	889,730	805,675	(73,661)	1,621,744
Total assets	1,767,668	2,385,323	(73,661)	4,079,330
Current liabilities				
Trade and other payables	145,919	365,709	-	511,628
Derivative financial instruments	35	-	-	35
Borrowings - bailment and other current loans	571,615	1,019,531	-	1,591,146
Current tax liabilities / (receivable)	2,190	(3,890)	-	(1,700)
Provisions	48,481	101,375	-	149,856
Other current liabilities	5,862	-	-	5,862
Total current liabilities	774,102	1,482,725	-	2,256,827
Non-current liabilities				
Borrowings	312,614	309,685	-	622,299
Deferred tax liabilities	-	10,165	-	10,165
Provisions	5,052	57,490	-	62,542
Other	19,422	-	-	19,422
Total non-current liabilities	337,088	377,340	-	714,428
Total liabilities	1,111,190	1,860,065	-	2,971,255
Net assets	656,478	525,258	(73,661)	1,108,075
Equity				
Contributed equity	371,405	653,134	(201,026)	823,513
Reserves	(124,306)	6,392	127,365	9,451
Retained earnings / (accumulated losses)	401,377	(150,881)	-	250,496
Total equity (attributable to owners of Merged Group)	648,476	508,645	(73,661)	1,083,460
Non-controlling interests	8,002	16,613	-	24,615
Total equity	656,478	525,258	(73,661)	1,108,075

Pro forma unaudited statement of cash flows

The table at Figure 16 sets out the Merged Group pro forma unaudited statement of cash flows for the 12 months ended 31 December 2018 which has been prepared to illustrate the impact of the following:

- the acquisition of all AHG Shares by AP Eagers under the Offer as if the acquisition had occurred on 1 January 2018; and
- elimination of AHG dividend income received by AP Eagers during the 12 months ended 31 December 2018.

Figure 16: Merged Group pro forma unaudited statement of cash flows for the year ended 31 December 2018

Pro forma unaudited statement of cash flows 100% Acquisition Scenario	Year ended 31 December 2018			
	AP Eagers	AHG	Adjustments	Merged Group pro forma
	\$'000			
Cash flows from operating activities				
Receipts from customers (inclusive of GST)	4,495,529	7,163,997	-	11,659,526
Payments to suppliers and employees (inclusive of GST)	(4,369,230)	(6,915,330)	-	(11,284,560)
Receipts from insurance claims	16,139	-	-	16,139
Interest and other costs of finance paid	(26,530)	(48,382)	-	(74,912)
Income taxes paid	(40,983)	(17,049)	-	(58,032)
Dividends received	13,868	-	(13,868)	-
Interest received	196	952	-	1,148
Net cash provided by operating activities	88,989	184,188	(13,868)	259,309
Cash flows from investing activities				
Payment for acquisition of businesses - net of cash acquired	(5,138)	(18,562)	-	(23,700)
Payments for property, plant and equipment	(38,891)	(66,329)	-	(105,220)
Proceeds from sale of businesses	2,807	-	-	2,807
Proceeds from sale of property, plant and equipment	19,456	40,724	-	60,180
Proceeds from sale of available-for-sale financial assets	-	260	-	260
Dividends and distributions received	-	378	-	378
Payments for shares in other corporations	(43,142)	-	-	(43,142)
Net cash used in investing activities	(64,908)	(43,529)	-	(108,437)
Cash flows from financing activities				
Proceeds from issue of shares and other equity securities	4,664	-	-	4,664
Payments for shares acquired by the trust	(13,965)	-	-	(13,965)
Proceeds from borrowings	95,000	-	-	95,000
Repayment of borrowings	(30,394)	(51,079)	-	(81,473)
Transactions with non-controlling interests	(1,100)	-	-	(1,100)
Dividends paid to members of Merged Group	(69,828)	(54,054)	13,868	(110,014)
Dividends paid to minority shareholders of a subsidiary	(417)	(9,802)	-	(10,219)
Net cash used in financing activities	(16,040)	(114,935)	13,868	(117,107)
Net increase in cash and cash equivalents	8,041	25,724	-	33,765
Cash and cash equivalents at the beginning of the financial year	10,827	38,852	-	49,679
Cash and cash equivalents at the end of the financial year	18,868	64,576	-	83,444

9.11 ACQUISITION SCENARIO – 50.1%

The table at Figure 17 sets out the Merged Group pro forma unaudited statement of profit or loss for the 12 months ended 31 December 2018 which has been prepared to illustrate the impact of the adjustments identified within the 100% Acquisition Scenario, with the exception that:

- 50.1% of the AHG Shares are acquired by AP Eagers under the Offer as if the acquisition had occurred on 1 January 2018; and
- recognition of the relevant non-controlling interest representing the portion of AHG's profit or loss for the period not attributable to the owners of the Merged Group.

Figure 17: Merged Group pro forma unaudited statement of profit or loss for the year ended 31 December 2018

Pro forma unaudited statement of profit or loss 50.1% Acquisition Scenario	Year ended 31 December 2018			
	AP Eagers	AHG	Adjustments	Merged Group pro forma
	\$'000			
Revenue	4,112,802	6,526,680	(13,868)	10,625,614
Other Gains	8,492	3,930	-	12,422
Share of net profits of associate	77	382	-	459
Changes in inventories of finished goods and work in progress	39,459	-	-	39,459
Raw materials and consumables purchased	(3,439,625)	(5,033,029)	-	(8,472,654)
Employee benefits expense	(330,622)	(806,791)	-	(1,137,413)
Finance costs	(26,530)	(48,437)	-	(74,967)
Depreciation and amortisation expense	(15,641)	(59,468)	-	(75,109)
Other expenses	(214,681)	(822,415)	322,261	(714,835)
Profit / (Loss) Before Tax	133,731	(239,148)	308,393	202,976
Income tax (expense)/benefit	(32,556)	9,356	(31,690)	(54,890)
Profit / (Loss) for the year	101,175	(229,792)	276,703	148,086
Profit / (Loss) attributable to:				
Owners of Merged Group	99,556	(233,669)	248,309	114,196
Non-controlling interests	1,619	3,877	28,394	33,890
	101,175	(229,792)	276,703	148,086

Pro forma unaudited statement of financial position

The table at Figure 18 sets out the Merged Group pro forma unaudited statement of financial position as at 31 December 2018 which has been prepared to illustrate the same pro forma transactions identified within the 100% Acquisition Scenario, with the exception that:

- the acquisition of AHG Shares not already owned by AP Eagers under the Offer, which results in AP Eagers holding a Relevant Interest in 50.1% of the AHG Shares, as if the acquisition had occurred on 31 December 2018; and
- recognition of the relevant non-controlling interest representing the portion of AHG's net assets as at 31 December 2018 not attributable to the owners of the Merged Group (determined on a percentage of net assets basis).

Figure 18: Merged Group pro forma unaudited statement of financial position as at 31 December 2018

Pro forma unaudited statement of financial position 50.1% Acquisition Scenario	As at 31 December 2018			
	AP Eagers	AHG	Adjustments	Merged Group pro forma
	\$'000			
Current assets				
Cash and cash equivalents	18,868	64,576	-	83,444
Trade and other receivables	156,286	349,114	-	505,400
Inventories	690,167	1,128,976	-	1,819,143
Prepayments and deposits	12,617	34,381	-	46,998
Assets held for sale	-	2,601	-	2,601
Total current assets	877,938	1,579,648	-	2,457,586

Pro forma unaudited statement of financial position 50.1% Acquisition Scenario	As at 31 December 2018			
	AP Eagers	AHG	Adjustments	Merged Group pro forma
	\$'000			
Non-current assets				
Other loans receivable	8,303	-	-	8,303
Financial assets at fair value through other comprehensive income	149,774	-	(149,186)	588
Financial assets at fair value through profit or loss	-	7,228	-	7,228
Investments in associates	12,077	1,139	-	13,216
Property, plant and equipment	388,407	397,098	-	785,505
Intangible assets	313,325	323,156	(119,100)	517,381
Deferred tax assets	17,844	77,054	(21,550)	73,348
Total non-current assets	889,730	805,675	(289,836)	1,405,569
Total assets	1,767,668	2,385,323	(289,836)	3,863,155
Current liabilities				
Trade and other payables	145,919	365,709	-	511,628
Derivative financial instruments	35	-	-	35
Borrowings - bailment and other current loans	571,615	1,019,531	-	1,591,146
Current tax liabilities / (receivables)	2,190	(3,890)	-	(1,700)
Provisions	48,481	101,375	-	149,856
Other current liabilities	5,862	-	-	5,862
Total current liabilities	774,102	1,482,725	-	2,256,827
Non-current liabilities				
Borrowings	312,614	309,685	-	622,299
Deferred tax liabilities	-	10,165	-	10,165
Provisions	5,052	57,490	-	62,542
Other	19,422	-	-	19,422
Total non-current liabilities	337,088	377,340	-	714,428
Total liabilities	1,111,190	1,860,065	-	2,971,255
Net assets	656,478	525,258	(289,836)	891,900
Equity				
Contributed equity	371,405	653,134	(518,050)	506,489
Reserves	(124,306)	6,392	127,365	9,451
Retained earnings / (accumulated losses)	401,377	(150,881)	-	250,498
Total equity (attributable to owners of Merged Group)	648,476	508,645	(390,685)	766,436
Non-controlling interests	8,002	16,613	100,849	125,464
Total equity	656,478	525,258	(289,836)	891,900

Pro forma unaudited statement of cash flows

The table at Figure 19 sets out the Merged Group pro forma unaudited statement of cash flows for the 12 months ended 31 December 2018 which has been prepared to illustrate the same pro forma transactions identified within the 100% Acquisition Scenario (see section 9.10).

Figure 19: Merged Group pro forma unaudited statement of cash flows for the year ended 31 December 2018

Pro forma unaudited statement of cash flows 50.1% Acquisition Scenario	Year ended 31 December 2018			
	AP Eagers	AHG	Adjustments	Merged Group pro forma
	\$'000			
Cash flows from operating activities				
Receipts from customers (inclusive of GST)	4,495,529	7,163,997	-	11,659,526
Payments to suppliers and employees (inclusive of GST)	(4,369,230)	(6,915,330)	-	(11,284,560)
Receipts from insurance claims	16,139	-	-	16,139
Interest and other costs of finance paid	(26,530)	(48,382)	-	(74,912)
Income taxes paid	(40,983)	(17,049)	-	(58,032)
Dividends received	13,868	-	(13,868)	-
Interest received	196	952	-	1,148
Net cash provided by operating activities	88,989	184,188	(13,868)	259,309
Cash flows from investing activities				
Payment for acquisition of businesses - net of cash acquired	(5,138)	(18,562)	-	(23,700)
Payments for property, plant and equipment	(38,891)	(66,329)	-	(105,220)
Proceeds from sale of businesses	2,807	-	-	2,807
Proceeds from sale of property, plant and equipment	19,456	40,724	-	60,180
Proceeds from sale of available-for-sale financial assets	-	260	-	260
Dividends and distributions received	-	378	-	378
Payments for shares in other corporations	(43,142)	-	-	(43,142)
Net cash used in investing activities	(64,908)	(43,529)	-	(108,437)
Cash flows from financing activities				
Proceeds from issue of shares and other equity securities	4,664	-	-	4,664
Payments for shares acquired by the trust	(13,965)	-	-	(13,965)
Proceeds from borrowings	95,000	-	-	95,000
Repayment of borrowings	(30,394)	(51,079)	-	(81,473)
Transactions with non-controlling interests	(1,100)	-	-	(1,100)
Dividends paid to members of Merged Group	(69,828)	(54,054)	13,868	(110,014)
Dividends paid to minority shareholders of a subsidiary	(417)	(9,802)	-	(10,219)
Net cash used in financing activities	(16,040)	(114,935)	13,868	(117,107)
Net increase in cash and cash equivalents	8,041	25,724	-	33,765
Cash and cash equivalents at the beginning of the financial year	10,827	38,852	-	49,679
Cash and cash equivalents at the end of the financial year	18,868	64,576	-	83,444

9.12 ACQUISITION SCENARIO – 49.9%

Pro forma unaudited statement of profit or loss

The table at Figure 20 sets out the Merged Group pro forma unaudited statement of profit or loss for the 12 months ended 31 December 2018 which has been prepared to illustrate the impact of the following:

- the acquisition of AHG Shares not already owned by AP Eagers under the Offer, which results in AP Eagers holding a Relevant Interest in 49.9% of the AHG Shares, as if the acquisition had occurred on 1 January 2018 and AP Eagers does not have control⁷⁰ of AHG, but is deemed to exert significant influence;
- elimination of AHG dividend income received by AP Eagers during the 12 months ended 31 December 2018;

⁷⁰ As defined by AASB 10 – Consolidated Financial Statements

- for the purposes of determining AP Eagers' share of AHG's attributable profit after tax for the 12 months ended 31 December 2018, the reported attributable profit after tax has been adjusted to remove the impact of AP Eagers' share of AHG's unusual items during the period and the associated impact on income tax expense, as depicted in the table at Figure 13 in section 9.9; and
- recognition of the required accounting entries to recognise AP Eagers' share of AHG's attributable profit after tax for the 12 months ended 31 December 2018 under the equity method of accounting, as presented in the table below:

AP Eagers' share of AHG's attributable profit after tax for the 12 months ended 31 December 2018	Amount (\$'000)
AHG Profit / (Loss) for the year	(229,792)
Unusual items after income tax (Figure 13)	290,571
AHG adjusted profit for the year	60,779
Non-controlling interests	(3,877)
Profit attributable to owners of AHG	56,902
AP Eagers ownership interest in AHG (%)	49.9%
AP Eagers share of net profits of associate	28,394

Figure 20: Merged Group pro forma unaudited statement of profit or loss for the year ended 31 December 2018

Pro forma unaudited statement of profit or loss 49.9% Acquisition Scenario	Year ended 31 December 2018			
	AP Eagers	AHG	Adjustments	Merged Group pro forma
	\$'000			
Revenue	4,112,802	-	(13,868)	4,098,934
Other Gains	8,492	-	-	8,492
Share of net profits of associate	77	-	28,394	28,471
Changes in inventories of finished goods and work in progress	39,459	-	-	39,459
Raw materials and consumables purchased	(3,439,625)	-	-	(3,439,625)
Employee benefits expense	(330,622)	-	-	(330,622)
Finance costs	(26,530)	-	-	(26,530)
Depreciation and amortisation expense	(15,641)	-	-	(15,641)
Other expenses	(214,681)	-	-	(214,681)
Profit Before Tax	133,731	-	14,526	148,257
Income tax expense	(32,556)	-	-	(32,556)
Profit for the year	101,175	-	14,526	115,701
Profit attributable to:				
Owners of Merged Group	99,556	-	14,526	114,082
Non-controlling interests	1,619	-	-	1,619
	101,175	-	14,526	115,701

Pro forma unaudited statement of financial position

The table at Figure 21 sets out the Merged Group pro forma unaudited statement of financial position as at 31 December 2018 which has been prepared to illustrate the impact of the following:

- the acquisition of AHG Shares not already owned by AP Eagers under the Offer, which results in AP Eagers holding a Relevant Interest in 49.9% of the AHG Shares, as if the acquisition had occurred on 31 December 2018 and AP Eagers does not have control⁷¹ of AHG, but is deemed to exert significant influence;
- the acquisition of AHG Shares by AP Eagers under the Offer based on a price for AHG Shares of \$1.92 per AHG Share (being the closing price for APE Shares on 4 April 2019, the last trading day prior to the Announcement Date, divided by the Offer Consideration) and the associated issue of APE Shares as consideration based on a price for APE Shares of \$7.28 per share (being the closing price for APE Shares on 4 April 2019, the last trading day prior to the Announcement Date);
- the deferred tax asset held in AP Eagers in relation to the investment in AHG has been derecognised against other comprehensive income, on the basis that AP Eagers' expectation of realisation of the investment has changed as it is no longer probable that the method of recovery of the deferred tax asset is through sale; and
- recognition of the required accounting entries to reclassify AP Eagers investment in AHG to investments in associates. No subsequent adjustment has been made in relation to AHG dividend income received by AP Eagers during the 12 months ended 31 December 2018 on the basis that the pro forma unaudited statement of financial position has been prepared to illustrate the completion of the pro forma transactions as if they had occurred on 31 December 2018.

Figure 21: Merged Group pro forma unaudited statement of financial position as at 31 December 2018

Pro forma unaudited statement of financial position 49.9% Acquisition Scenario	As at 31 December 2018			Merged Group pro forma
	AP Eagers	AHG	Adjustments	
	\$'000			
Current assets				
Cash and cash equivalents	18,868	-	-	18,868
Trade and other receivables	156,286	-	-	156,286
Inventories	690,167	-	-	690,167
Prepayments and deposits	12,617	-	-	12,617
Assets held for sale	-	-	-	-
Total current assets	877,938	-	-	877,938
Non-current assets				
Other loans receivable	8,303	-	-	8,303
Financial assets at fair value through other comprehensive income	149,774	-	(149,186)	588
Investments in associates	12,077	-	304,039	316,116
Property, plant and equipment	388,407	-	-	388,407
Intangible assets	313,325	-	-	313,325
Deferred tax assets	17,844	-	(17,844)	-
Total non-current assets	889,730	-	137,008	1,026,738
Total assets	1,767,668	-	137,008	1,904,676

⁷¹ As defined by AASB 10 – Consolidated Financial Statements

Pro forma unaudited statement of financial position 49.9% Acquisition Scenario	As at 31 December 2018			
	AP Eagers	AHG	Adjustments	Merged Group pro forma
	\$'000			
Current liabilities				
Trade and other payables	145,919	-	-	145,919
Derivative financial instruments	35	-	-	35
Borrowings – bailment and other current loans	571,615	-	-	571,615
Current tax liabilities	2,190	-	-	2,190
Provisions	48,481	-	-	48,481
Other current liabilities	5,862			5,862
Total current liabilities	774,102	-	-	774,102
Non-current liabilities				
Borrowings	312,614	-	-	312,614
Deferred tax liabilities	-	-	3,706	3,706
Provisions	5,052	-	-	5,052
Other	19,422	-	-	19,422
Total non-current liabilities	337,088	-	3,706	340,794
Total liabilities	1,111,190	-	3,706	1,114,896
Net assets	656,478	-	133,302	789,780
Equity				
Contributed equity	371,405	-	133,813	505,218
Reserves	(124,306)	-	(511)	(124,817)
Retained earnings	401,377	-	-	401,377
Total equity (attributable to owners of Merged Group)	648,476	-	133,302	781,778
Non-controlling interests	8,002	-	-	8,002
Total equity	656,478	-	133,302	789,780

Pro forma unaudited statement of cash flows

The table at Figure 22 sets out the Merged Group pro forma unaudited statement of cash flows for the 12 months ended 31 December 2018 which has been prepared to illustrate the impact of 49.9% of the AHG Shares being acquired by AP Eagers under the Offer as if the acquisition had occurred on 1 January 2018 and AP Eagers does not have control⁷² of AHG.

Figure 22: Merged Group pro forma unaudited statement of cash flows for the year ended 31 December 2018

Pro forma unaudited statement of cash flows 49.9% Acquisition Scenario	Year ended 31 December 2018			
	AP Eagers	AHG	Adjustments	Merged Group pro forma
	\$'000			
Cash flows from operating activities				
Receipts from customers (inclusive of GST)	4,495,529	-	-	4,495,529
Payments to suppliers and employees (inclusive of GST)	(4,369,230)	-	-	(4,369,230)
Receipts from insurance claims	16,139	-	-	16,139
Interest and other costs of finance paid	(26,530)	-	-	(26,530)
Income taxes paid	(40,983)	-	-	(40,983)
Dividends received	13,868	-	-	13,868
Interest received	196	-	-	196
Net cash provided by operating activities	88,989	-	-	88,989

⁷² As defined by AASB 10 – Consolidated Financial Statements

Pro forma unaudited statement of cash flows 49.9% Acquisition Scenario	Year ended 31 December 2018			
	AP Eagers	AHG	Adjustments	Merged Group pro forma
	\$'000			
Cash flows from investing activities				
Payment for acquisition of businesses - net of cash acquired	(5,138)	-	-	(5,138)
Payments for property, plant and equipment	(38,891)	-	-	(38,891)
Proceeds from sale of businesses	2,807	-	-	2,807
Proceeds from sale of property, plant and equipment	19,456	-	-	19,456
Proceeds from sale of available-for-sale financial assets	-	-	-	-
Payments for shares in other corporations	(43,142)	-	-	(43,142)
Net cash used in investing activities	(64,908)	-	-	(64,908)
Cash flows from financing activities				
Proceeds from issue of shares and other equity securities	4,664	-	-	4,664
Payments for shares acquired by the trust	(13,965)	-	-	(13,965)
Proceeds from borrowings	95,000	-	-	95,000
Repayment of borrowings	(30,394)	-	-	(30,394)
Transactions with non-controlling interests	(1,100)	-	-	(1,100)
Dividends paid to members of Merged Group	(69,828)	-	-	(69,828)
Dividends paid to minority shareholders of a subsidiary	(417)	-	-	(417)
Net cash used in financing activities	(16,040)	-	-	(16,040)
Net increase in cash and cash equivalents	8,041	-	-	8,041
Cash and cash equivalents at the beginning of the financial year	10,827	-	-	10,827
Cash and cash equivalents at the end of the financial year	18,868	-	-	18,868

9.13 PRO FORMA EARNINGS PER SHARE

The table at Figure 23 sets out the Merged Group pro forma unaudited FY18 EPS for the three acquisition scenarios under which the Merged Group Pro Forma Financial Information has been presented in section 9.10 to 9.12.

Figure 23: Merged Group pro forma unaudited EPS (basic) for the year ended 31 December 2018

	Acquisition Scenario		
	100%	50.1%	49.9%
APE Shares on issue at the date of this Bidder's Statement	191,309,301	191,309,301	191,309,301
New APE Shares to be issued to AHG Shareholders under the Offer	62,102,804	18,555,466	18,380,928
Total APE Shares on issue following completion of the Offer	253,412,105	209,864,767	209,690,229
Profit attributable to owners of Merged Group (\$'000)	142,590 ⁷³	114,196 ⁷⁴	114,082 ⁷⁵
Earnings per share (cents per share)	56.3	54.4	54.4

⁷³ Refer to section 9.9.

⁷⁴ Refer to section 9.10.

⁷⁵ Refer to section 9.11.

The pro forma earnings per share has been calculated based on the Merged Group pro forma unaudited statement of profit or loss for the period 1 January 2018 to 31 December 2018, as outlined in sections 9.10 to 9.12, and the issue of the new APE Shares for each respective scenario (as outlined in Figure 23) had occurred on 1 January 2018.

The historical financial performance of AP Eagers or AHG is no assurance or indicator of future financial performance of the Merged Group.

AHG has, however, announced in its 1H19 Results Announcement released to the ASX on 22 February 2019 that AHG's forecast for Operating⁷⁶ NPAT for the full-year ending 30 June 2019 is now in the range of \$52 million to \$56 million, whereas AHG's previous forecast for Operating⁷⁹ NPAT for the full-year ending 30 June 2019, as advised to AHG's annual general meeting on 23 November 2018 (and included in the addresses and presentations for that meeting released to the ASX on that same day) had been in the range of \$56 million to \$59 million.

9.14 PROSPECTIVE FINANCIAL INFORMATION OF THE MERGED GROUP

AP Eagers has given careful consideration as to whether a reasonable basis exists to produce reliable and meaningful forecast financial information on the Merged Group. The Directors of AP Eagers have concluded that providing forecast financial information would be misleading. A reasonable basis does not exist for producing forecasts that would be sufficiently meaningful and reliable, particularly considering the effect that variations in key inputs may have on future earnings performance and the impact of any new applicable accounting standards, particularly AASB 16 Leases, which may have an impact on the financial information for AP Eagers and AHG when applicable from 1 January 2019.

No forward looking financial statements

This document does not provide revenue or profit projections for the Merged Group. AP Eagers does not believe that it has reasonable grounds to include revenue or profit forecasts in this Bidder's Statement. AP Eagers believes that the inclusion of revenue or profit forecasts would be unduly speculative and potentially misleading for AHG Shareholders. The impact of accounting Standards effective after the financial period presented for the pro forma financial information has not been considered in the Merged Group Pro Forma Financial Information.

⁷⁶ Operating non-IFRS profit excludes costs and fees in relation to integration, acquisition and disposal-related activities, profit/loss on sale and/or restructures/closures of assets and operations, an impairment of assets, refer to note 1 AHG's 1H19 Results for details.

10 Risks

Before deciding whether to accept the Offer, you should read this entire Bidder's Statement carefully. You should also carefully consider the risk factors outlined in this section 10 and your personal circumstances. This section 10 does not take into account your individual investment objectives, financial and tax situation or particular needs.

If the Offer becomes unconditional, AHG Shareholders who accept the Offer (other than Foreign Shareholders) will receive APE Shares as consideration under the Offer and become shareholders of AP Eagers. The value of APE Shares will depend on the future performance of the Merged Group and the market price of APE Shares from time to time. The future performance of the Merged Group and the market price of APE Shares may be influenced by factors associated with investing in both the automotive retail industry and listed securities generally which are beyond the control of AP Eagers.

This section outlines:

- specific risks that are common to the existing businesses of AP Eagers and AHG, to which the Merged Group will be exposed (see section 10.1);
- risks that arise from the Offer (see section 10.2); and
- general investment risks (see section 10.3).

Many of these risks are outside the control of AP Eagers and AHG. Although AP Eagers will have in place a number of strategies to minimise exposure to, and mitigate the effects of, some of the risks outlined in this section, there can be no guarantee that such arrangements will protect the Merged Group from these risks.

10.1 RISKS ASSOCIATED WITH THE BUSINESS AND OPERATIONS OF THE MERGED GROUP

Both AP Eagers and AHG operate in the automotive industry which itself is exposed to a number of risk factors. Accordingly, any investment in the Merged Group will remain subject to the following industry risks.

Evolving market and industry conditions

The Merged Group's automotive retail operations may be impacted by changes in the market for new and used automotive vehicles and related parts and servicing. Subject to the Merged Group's ability to adapt, its financial performance may be adversely affected by factors influencing the automotive industry, including (but not limited to):

- changes in the profitability of specific vehicle brands as compared to other brands;
- changes in consumer sentiment toward motor vehicles in general or specific brands in particular;
- the availability of alternative transportation methods, such as, for example, car share services, which allow consumers to use a car without buying and maintaining their own motor vehicle, provide consumers with increased choice in their personal mobility options. The effect of these and similar mobility options on the retail automotive industry is uncertain, and may include lower levels of new vehicles sales, but with increasing miles driven, which could require additional demand for vehicle maintenance;
- growth of electric and hybrid vehicles may reduce considerably the requirements for servicing (as they have fewer parts) and the timing for servicing (as they are likely to need servicing less frequently);

- technological developments in relation to autonomous (driverless) vehicles, which are predicted to result in lower collision rates. The eventual timing of availability of driverless vehicles is uncertain due to regulatory requirements, additional technological requirements and uncertain consumer acceptance of these vehicles. The effect of driverless vehicles on the automotive retail industry is uncertain and could include, amongst other things, changes in the level of new and used vehicles sales, the price of new vehicles and the role of franchised dealers; and
- issues surrounding the ownership and operation of vehicles.

Changes in real property markets and conditions in the geographic regions in which the Merged Group owns or occupies properties could have an adverse impact on the financial performance of the Merged Group.

Economic conditions

As the products sold by the AP Eagers and AHG are discretionary for nearly all customers, the operating and financial performance of the Merged Group is sensitive to the current state of, and future changes to, general economic and business conditions overall, and in particular by economic conditions in the markets in which the Merged Group operates. These economic conditions include levels of consumer spending, inflation, interest rates and exchange rates, access to consumer credit, government fiscal, monetary and regulatory policies, and fuel prices. A deterioration in general economic and business conditions could impact consumer purchasing decisions and cause consumers to reduce their level of spending on discretionary items, which may have an adverse effect on the financial performance of the Merged Group.

Contractual relationships with manufacturers, floor plan financing and insurance distribution arrangements

The traditional automotive business model relies on the retention of existing relationships with motor vehicle manufacturers and development of new relationships in order to grow. There is no guarantee that the Merged Group's relationships will continue or if they do continue, that these relationships will be successful. Key relationships may be lost or impaired due to a variety of factors, including commercial disputes, competitor actions or under-performance against manufacturer key performance indicators over a period of time. If the Merged Group is unable to maintain its existing relationships or attract new motor vehicle manufacturers, its business and operating and financial performance could be adversely affected.

Each AP Eagers franchised dealership has the right to sell new motor vehicles, and service and repair certain manufacturer-branded vehicles as an authorised repairer, pursuant to the terms of dealership agreements. Therefore, the Merged Group's ability to conduct its new motor vehicle sales, and service and repair businesses as an authorised repairer derives from the rights under those agreements. As is standard practice in the automotive retail industry, dealer agreements usually run for a fixed term (typically between one and five years) and may include provisions allowing for early termination. A failure to renew these agreements, or renew them on favourable terms, would have a detrimental effect on the future financial performance of the Merged Group.

Additionally, members of the Merged Group may also be parties to separate floor plan financing arrangements as well as a party to various insurance distribution arrangements with third party insurers. Floor plan financing arrangements are subject to regular credit reviews (generally on an annual basis). Any change in the terms of the floor plan financing arrangements may impact the Merged Group's business model. The terms upon which floor plan finance can be obtained is a key driver of dealer profitability as floor plan financing costs make up a significant operational cost for dealers. The termination of these floor plan financier contracts or a decision by a financier to stop providing floor plan finance or to provide it on less favourable terms to the dealer may adversely affect the Merged Group's future financial performance.

A change in control of AHG may trigger an entitlement by its financiers to review and amend AHG's existing financing facilities or to terminate those facilities. If that was to occur, the business and financial performance of AHG could be adversely affected.

Customer contracts

AHG enters into contracts with each of the customers of its logistics business for the provision of transport services, some of which are short term contracts. There is a risk that these agreements may not be renewed which would have a detrimental effect on the future financial performance of the Merged Group.

Property leases

The Merged Group must renegotiate acceptable lease terms for existing automotive dealerships and its logistics and other operations where leases are due to expire. There can be no guarantee that the Merged Group will be able to identify suitable new premises or renegotiate acceptable terms for existing operations.

Legislative and regulatory compliance

The operations of the Merged Group's businesses in the automotive retail sector are governed by a large number of local, State and Federal laws, government policies, codes of conduct and regulations relating to, amongst other things:

- the sale of new and used motor vehicles;
- the sale of finance and insurance products sold through automotive dealerships, including the provision of insurance sold as part of consumer credit insurance policies and general insurance add-on products;
- licensing and registration of motor vehicle dealers and repairers;
- consumer protection laws;
- the importation of motor vehicles;
- property or environmental regulation;
- privacy and data collection laws in relation to the handling of personal information; and
- laws relating to workplace health and safety.

There is a risk that the Merged Group could face legal, or regulatory sanctions or reputational damage as a result of any failure to comply with (or comply with developing interpretations of) applicable laws, regulations, codes of conduct and standards of good practice. A breach in any of these areas could result in fines or penalties, the payment of compensation or the cancellation or suspension of the Merged Group's ability to carry on certain aspects of its activities or businesses, which could adversely affect the Merged Group's financial performance.

Further, changes to these laws, government policies and regulations, or the introduction of future laws or regulations, could have an adverse impact on the Merged Group. For example, the Merged Group may be impacted by legislation changes made in response to some of the recommendations of the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry, although neither AP Eagers nor AHG anticipates, at this stage, that the changes which would result from the implementation of those recommendations would adversely affect their respective operations in a material manner.

Any changes required to be made to the business model of the Merged Group as a result of any legislative or regulatory changes may result in a material loss of revenue for the Merged Group and to the extent that fixed costs cannot be reduced and/or costs cannot be passed on to customers, could adversely impact the financial performance of the Merged Group.

Impairment of goodwill

Consistent with the Accounting Standards, the Merged Group will be periodically required to assess the carrying value of its assets. Where the value of an asset is deemed to be less than its carrying value, the Merged Group may be obliged to recognise a non-cash impairment charge in its profit or loss account. Impairment charges could have an adverse effect on the Merged Group's financial results, and potentially its capacity to pay dividends, for the period in which the impairment occurs.

Access to capital

The Merged Group will rely on access to debt and equity financing. The ability to secure financing, or financing on acceptable terms, may be materially adversely affected by volatility in financial markets, either globally or affecting a particular geographic region, industry or economic sector, or by a downgrade in its credit rating. For these or other reasons, financing may be unavailable or the cost of financing may be significantly increased. Such inability to obtain, or increase to the costs of obtaining, financing could materially adversely affect the Merged Group's operations or financial performance.

Ability to service or refinance debt

The Merged Group may become unable to service or refinance its existing debt, or obtain new debt, on acceptable terms or at all, depending on future performance and cash flows of the Merged Group which are affected by various factors, some of which are outside the Merged Group control, such as interest and exchange rates, general economic conditions and global financial markets. If any of these scenarios materialise, the Merged Group may be unable to raise financing on acceptable terms to repay maturing indebtedness. This could adversely affect the longer term prospects and financial performance of its business. Additionally, ongoing requirements to meet debt covenants may impact the Merged Group's ability to refinance debt.

Health and safety

If any occupational health and safety incidents were to occur (or have occurred but have not been disclosed for some reason), they could have a material impact on the Merged Groups operations and/or financial performance.

Industrial action

There is no guarantee that the Merged Group will not experience some kind of industrial action in the future. Such action may result in disruptions to the Merged Groups operations and its financial performance may suffer as a result.

Fuel costs

Changes in the price of oil may be detrimental to the financial performance of the Merged Group. Prolonged periods of high oil prices could lead to customers deferring new vehicle purchases, reduced use of private motor vehicles and a contraction of the automotive retail market.

Vehicle affordability

The performance of the automotive retail industry is in part dependent on the general affordability of vehicles and parts. The Merged Group's financial performance could be adversely affected if the affordability of vehicles or parts is reduced as a result of increased manufacturing costs, increased interest rates, the effect of exchange rate fluctuations on imported vehicles, components and manufacturing materials.

Interest rates

The Merged Group's performance may be impacted by fluctuations in interest rates. Increases in the cost of finance may lead to reduced affordability for motor vehicles and parts and reduce sales of new and used vehicles and parts, and increased interest costs on the Merged Group's borrowings.

Competition and suppliers

The motor vehicle industry is highly competitive and subject to customer preferences. Competition in the motor vehicle industry is based on a variety of factors, including location, product range, price, product presentation, quality, innovation and customer service.

The Merged Group's competitive position may deteriorate as a result of actions by motor vehicle manufacturers, existing competitors, the entry of new competitors or a failure to respond successfully to changes in the industry. Any deterioration of the Merged Group's competitive position may adversely impact its financial performance.

Reputational risk

The success of the Merged Group is dependent on its reputation. Reputational damage could arise due to a number of circumstances, including inadequate service, poor quality products or failure to comply with legislation or regulation applicable to the business. The Merged Group's reputation may also be adversely impacted by the actions of motor vehicle manufacturers or issues relating to the motor vehicles manufactured by those manufacturers, with whom they have a relationship (including product defects, safety recalls or where a motor vehicle manufacturer has failed to comply with applicable legal or regulatory requirements in relation to the manufacture of motor vehicles). Some of the Merged Group's sales are likely to be derived from repeat long-term customers. As a consequence, reputational damage may impact its ability to maintain relationships with existing customers. A loss of those relationships could result in a fall in sales. Any adverse perception of the Merged Group's reputation or image on the part of customers, counterparties or regulators could adversely affect the Merged Group's financial performance.

Insurance and liability risk

AP Eagers has in place a level of insurance considered suitable for its current business undertakings. However, there is risk that AP Eagers' insurance arrangements may not adequately protect it against liability for all losses, including but not limited to environmental losses, property damage, public liability or losses arising from contractual defaults, business interruption, cyber security risk and product liability risk. Should the Merged Group be unable to maintain sufficient insurance cover in the future or experience losses in excess of the scope of its insurance cover, the Merged Group's financial performance may be adversely affected.

Insurance and liability

From time to time, AP Eagers may be subject to litigation. This litigation may include, but is not limited to, customer claims, personal injury claims, employee claims, contractual disputes, statutory claims and environmental claims. If a successful claim is pursued against AP Eagers, the litigation may adversely impact the sales, profits or financial position of the Merged Group.

Recruitment and retention of key management personnel

The successful operation of the Merged Group's business will rely on its ability to recruit and retain experienced and high-performing key management and operating personnel. The unexpected loss of key management or operating personnel, or the inability on the part of the Merged Group to attract experienced personnel, may adversely impact the Merged Group's operations, including its ability to develop and implement business strategies. Additionally,

increases in recruitment, wages and contractor costs may adversely impact upon the financial performance of the Merged Group.

Information technology

AP Eagers has a significant investment in information technology systems which support its operations. Should these systems not be adequately maintained, secured or updated, or disaster recovery systems fail, then this may impact negatively on the Merged Group's financial performance.

Property, environmental compliance costs and liabilities

AP Eagers has significant investments in real property. Anything which has a material impact on the value of the property may adversely impact the Merged Group's financial performance.

Where key properties are leased by the Merged Group, should the leases not be renewed, this may impact negatively on the Merged Group's financial performance.

Unforeseen environmental issues may also adversely affect any of the sites owned or leased by the Merged Group. While AP Eagers is not aware of any material environmental contamination at any of its dealerships, there is a risk that a dealership site may be contaminated now or in the future. Government environmental authorities may require the Merged Group to remediate such contamination and the Merged Group may be required to undertake such remediation at its own cost. The Merged Group may be liable to remedy sites affected by environmental issues even in circumstances where the Merged Group is not responsible for causing the environmental liability. The cost of such remediation could be substantial. In addition, if the Merged Group is not able to remediate the site properly, this may adversely impact its financial performance.

In addition, environmental laws impose penalties for environmental damage and contamination which may be material. If a person is exposed to a hazardous substance at a property used by the Merged Group, they may make a personal injury claim against the Merged Group. Such a claim could be for an amount that is greater than the value of the contaminated property.

An environmental issue may also result in interruptions to the operations of a dealership. Any lost income caused by such an interruption to operations may not be recoverable.

Acquisition and divestment activities

The Merged Group may pursue acquisitions of assets that meet its investment criteria as opportunities arise and if funding is available, or may seek to divest certain of its own assets if certain circumstances or opportunities arise. Such acquisitions or divestments are likely to involve a number of risks inherent in assessing the values, strengths, weaknesses and profitability of the relevant business or assets and it is possible that unexpected problems may arise.

10.2 TRANSACTION SPECIFIC RISKS

Approvals delays

There is a risk that the Regulatory Approvals may not be obtained, or may be obtained subject to conditions which adversely affect the Merged Group. In particular, it is currently AP Eagers' intention to seek *merger authorisation* from the ACCC before the end of the Offer Period as the means of complying with the Regulatory Approval Bid Condition, insofar as it relates to the CCA. There is a risk that the ACCC will refuse to grant this authorisation, will not issue its determination for authorisation by that time⁷⁷ or that it will grant authorisation subject to conditions, including the provision of structural undertakings. Any structural undertakings required to be given could have an adverse effect on the Merged Group. Unless you are able to

⁷⁷ If the ACCC does not make a determination within 90 days (or within the extended time period as agreed), the application is taken to be refused.

withdraw your acceptance in the circumstances set out in Schedule 1 of this Bidder's Statement, if you accept the Offer before the Bid Conditions are satisfied or waived, you will be unable to accept into a Competing Proposal (if one arises) or otherwise deal with your AHG Shares.

Change of control and termination of material contracts

There is a risk that some material contracts to which members of the AHG Group are a party (including dealership agreements, leases and financing arrangements) contain change of control, or pre-emptive rights, provisions that may be triggered if, following completion of the Offer, AP Eagers acquires control of AHG. The operation of such provisions may have negative consequences for AHG and the Merged Group.

In relation to AHG's automotive retailing arrangements, AP Eagers has not had access to the full terms of AHG's individual dealership agreements, floor plan financing arrangements and insurance distribution arrangements. AP Eagers anticipates, however, that if any change of control provisions within those agreement are triggered as a consequence of the Offer, the consent of the relevant manufacturer, floorplan financier or insurer may be required and the manufacturer, financier or insurer may seek to terminate or renegotiate the dealership agreement, floor plan financing arrangements or insurance distribution arrangements on terms less favourable to the Merged Group.

While AP Eagers is not aware of any manufacturer, floorplan financier or insurer that wishes to terminate a material agreement, should any such contracts be terminated, the Merged Group would lose the benefit of the agreement and may not be able to obtain similarly favourable terms upon entry into replacement arrangements (should replacement arrangements be available).

In respect of AHG's bank debt financing arrangements, AP Eagers will seek appropriate assurance from the relevant financiers, in an acceptable form, that any change of control resulting from the Offer will not lead to the exercise of termination or repayment rights under the review events or events of default (as applicable) for that financing arrangement. While AP Eagers is not aware of the terms of AHG's bank debt financing arrangements, it would expect that if appropriate assurance is not received, then there is a risk that AHG's bank debt facilities would need to be refinanced. Any requirement to refinance may be triggered immediately upon the change of control of AHG or within a specified period after the change of control of AHG has occurred.

Issue of APE Shares as consideration

AHG Shareholders are being offered consideration under the Offer that consists of a specified number of APE Shares, rather than a number of APE Shares with a specified market value. As a result, the value of the Offer Consideration will fluctuate depending upon the market value of the APE Shares.

Furthermore, AP Eagers may issue a significant number of APE Shares to AHG Shareholders under the Offer. Some of those AHG Shareholders may not intend to continue to hold their APE Shares and may wish to sell them on the ASX. There is a risk that if a significant number of AHG Shareholders seek to sell their APE Shares the price of APE Shares may be adversely impacted.

APE Share price

The price at which APE Shares trade on the ASX may be determined by a range of factors including movements in local and international equity and bond markets, general investor sentiment in those markets, inflation, interest rates, general economic conditions and outlooks and changes in the supply of, and demand for, automotive retail industry securities.

The market for APE Shares may also be affected by a wide variety of events and factors including variations in AP Eagers' operating results, recommendations by securities analysts, and the operating and trading price performance of other listed automotive retail industry entities that investors consider to be comparable to AP Eagers. Some of these factors could affect AP Eagers' share price regardless of AP Eagers' underlying operating performance.

Less than 100% ownership

It is possible that AP Eagers may not acquire all AHG Shares under the Offer. The impact upon AP Eagers of acquiring less than 100% will depend upon the final level of ownership acquired.

If, in connection with or following the Offer, AP Eagers acquires between 90% and 100% of the AHG Shares, AP Eagers may be entitled to compulsorily acquire the remaining shares of the AHG Shareholders.

If, in connection with or following the Offer, AP Eagers acquires more than 50.1% but less than 90% of the AHG Shares, AP Eagers will hold a controlling interest in AHG. The remaining AHG Shareholders will be in a minority position in a company with a large controlling shareholder whose objectives for the company may differ from their own. Those remaining AHG Shareholders could also encounter a lower level of liquidity in AHG Shares than exists today, which could result in a lower price for their AHG Shares should they wish to sell them in future.

If, following the Offer, AP Eagers does not acquire any AHG Shares or does not acquire a Relevant Interest in at least 50.1% of AHG Shares, it is possible that AP Eagers and another person (or persons) could each hold large minority interests in AHG. In those circumstances, any commercial misalignment between large minority shareholders could impact on the efficient and effective governance of AHG and could adversely affect its ongoing performance.

In any event, the existence of minority shareholders in AHG could have an impact on AP Eagers' intentions regarding AHG (refer to section 8).

Integration risks

There are risks that integration of the businesses of AP Eagers and AHG may take longer than expected and that anticipated efficiencies and benefits of that integration may be less than estimated. Potential issues and complications influencing the achievement of a successful integration and of targeted benefits include:

- inability to achieve synergy benefits and cost savings;
- integrating management information systems;
- merging the culture and management styles of the two organisations;
- experiencing lower than expected cost savings;
- integrating information technology and support functions;
- unintended losses of key employees; and
- market conditions or changes in the regulatory environment, or regulatory conditions imposed in connection with the Offer, impacting the ability of the Merged Group to leverage its increased scale, presence and market intelligence to achieve anticipated benefits.

Any failure to achieve the anticipated benefits could impact the financial performance and position of the Merged Group.

Taxation

AP Eagers cannot give advice on the tax consequences of the Offer, which will depend on the specific circumstances of each AHG Shareholder. Each AHG Shareholders should seek independent professional advice about their particular circumstances.

If, in connection with the Offer, AP Eagers does not end up with a holding of at least 80% of the AHG Shares on issue, CGT roll-over relief would not be available to AHG Shareholders who accepted the Offer and disposed of AHG Shares. AP Eagers' ultimate ownership of AHG (as a percentage of all AHG Shares on issue) will be announced to the ASX announcements platform on closure of the Offer.

Assumed financial information for AHG

There is a risk that the publicly available financial information provided by AHG and utilised by AP Eagers in formulating the Offer and preparing this Bidder's Statement is not materially correct.

Reporting risks

AP Eagers has assumed that AHG has met all of its reporting obligations and that disclosures made by it are true in all material respects and are not misleading in any material respects.

Limited access to AHG information

AP Eagers has had no access to information on AHG beyond that which is available in the public domain. Therefore, there remains uncertainty associated with the information disclosed in this Bidder's Statement relating to AHG. AP Eagers does not, except as required by law, make any representation or warranty, express or implied, as to the accuracy or completeness of this information.

10.3 GENERAL INVESTMENT RISKS

Risks associated with investments in equity capital

There are general risks associated with investments in equity capital. This may result in the market price for APE Shares being less or more than the implied value of the Offer Consideration. General factors which may affect the market price of shares include general movements in Australian and international stock markets, investor sentiment, Australian and international economic conditions and outlook, changes in interest rates and the rate of inflation, changes in government regulation and policies, announcements of new technologies, political instability, international hostilities and acts of terrorism. No assurances can be given that the APE Shares will trade at or above the implied value of the Offer Consideration. None of AP Eagers, its board or any other person guarantees the market performance of the APE Shares.

General economic conditions

Australian and world economic conditions may negatively affect the Merged Group's operations and financial performance. Any protracted slowdown in the economy such as a slowdown in production levels, inflation, currency fluctuations, an increase in interest rates, a decrease in consumer spending and supply and demand and industrial disruption may have a negative impact on the Merged Group's costs and revenue. These changes could adversely affect the Merged Group's operations and earnings. A prolonged deterioration in general economic conditions, including increased interest rates or reduced consumer and business demand, could be expected to have a material adverse impact on the Merged Group's financial performance.

Force majeure events

Events may occur within or outside Australia that could impact upon the global and Australian economies, the operations of the Merged Group and the price of APE Shares. These events include, but are not limited to, terrorism, an outbreak of international hostilities, fires, floods, earthquakes, labour strikes, civil wars, natural disasters, outbreaks of disease or other man-made or natural events or occurrences that can have an adverse effect on the demand for the Merged Group's products and services. AP Eagers may only have a limited ability to insure against some of these risks.

Accounting Standards may change

The Accounting Standards are set by the Australian Accounting Standards Board (**AASB**) and are outside the control of AHG and AP Eagers. Changes to the accounting standards issued by the AASB could materially adversely affect the financial performance and position reported in the Merged Group's financial statements.

General taxation risks

Any changes to the rate of taxes imposed on AP Eagers (including in overseas jurisdictions in which AP Eagers operates now or in the future), taxation legislation, its interpretation or its administration could adversely affect the cash tax the Merged Group pays, the financial performance of the Merged Group and shareholder returns.

Foreign exchange risk to investment returns

All information in this Bidder's Statement is presented in Australian dollars. AHG Shareholders who reside outside of Australia, or who rely on funding denominated in a currency other than the Australian dollar, should be aware of the impact that fluctuations in exchange rates may have on the value of their investments in, and returns from, AP Eagers.

Additional risks

Additional risks and uncertainties not currently known to AP Eagers may also have a material adverse effect on the operations of the Merged Group and the information set out in this section 10 does not purport to be, nor should it be construed as representing, an exhaustive list of the risks affecting AP Eagers, the Merged Group or the Offer.

11 Source of consideration

11.1 CONSIDERATION UNDER THE OFFER

The consideration for the acquisition of AHG Shares under the Offer is to be satisfied by the issue of new APE Shares to AHG Shareholders.

The maximum number of APE Shares which are required to be issued under the Offer if acceptances are received for all the AHG Shares on issue at the date of this Bidder's Statement (other than those AHG Shares which AP Eagers owns)⁷⁸ is approximately 62,102,804 (excluding rounding adjustments).

In addition, if all unvested AHG Performance Rights vest in accordance with the terms of their issue and the holders exercise those AHG Performance Rights and accept the Offer in respect of the AHG Shares issued to them, an additional 388,711 APE Shares would be required to be issued (excluding rounding adjustments).

APE Shares issued under the Offer are exempt from ASX Listing Rule 7.1 (which prohibits issues exceeding 15% of a company's share capital in any 12 month period). Accordingly, AP Eagers has the capacity to issue the maximum number of APE Shares that may be required under the Offer.

11.2 PROVISION OF CONSIDERATION BY AP EAGERS

AP Eagers believes that it has reasonable grounds for holding the view, and AP Eagers does hold the view, that AP Eagers will be able to provide the consideration offered under the Offer.

⁷⁸ As at the date of this Bidder's Statement, AP Eagers' has interest in 28.84% of the AHG Shares on issue.

12 Taxation considerations

12.1 INTRODUCTION

The following is an overview of the potential Australian income tax, GST and stamp duty consequences generally applicable to an AHG Shareholder who disposes of AHG Shares under the Offer. This summary is based on Australian tax laws and regulations, interpretations of such laws and regulations, and administrative practice in effect as at the date of this Bidder's Statement.

The following summary is not intended to be an authoritative or complete statement of the tax laws applicable to the specific circumstances of each AHG Shareholder. In particular, the summary is only applicable to AHG Shareholders that are Australian residents for income tax purposes and hold their AHG Shares on capital account for income tax purposes. This summary does not apply to AHG Shareholders that:

- hold their AHG Shares on revenue account or as trading stock;
- acquired their AHG Shares under an employee share scheme operated by AHG;
- have a functional currency for Australian tax purposes (other than an Australian functional currency); and/or
- have elected for the Taxation of Financial Arrangement provisions (Division 230 of the *Income Tax Assessment Act 1997* (Cth)) to apply in respect of their AHG Shares.

This tax summary does not address any tax consequences arising under the laws of jurisdictions other than Australia. All AHG Shareholders are advised to seek independent professional advice about their particular circumstances and non-resident AHG Shareholders should seek their own advice on the Australian and foreign taxation consequences of any sale of their AHG Shares.

12.2 CGT CONSEQUENCES ON THE DISPOSAL OF AHG SHARES

An AHG Shareholder who accepts the Offer and whose AHG Shares are subsequently transferred to AP Eagers, is taken to have disposed of their AHG Shares for Australian capital gains tax (CGT) purposes.

The disposal of AHG Shares by an AHG Shareholder will constitute a CGT event. The CGT event should occur at the time the AHG Shareholder enters into the contract for disposing their AHG Shares.

If an AHG Shareholder does not dispose of their AHG Shares under the Offer and their AHG Shares are compulsorily acquired in accordance with Part 6A.1 Corporations Act, the CGT event should occur at the time when AP Eagers becomes the owner of the AHG Shares.

Where an AHG Shareholder acquired AHG Shares before 20 September 1985 and the shares remain a pre-CGT asset, then, in general, no CGT consequences should arise on the disposal of those AHG Shares. If an AHG Shareholder acquired AHG Shares after 20 September 1985, the AHG Shareholder may make a capital gain or loss on the disposal of the AHG Shares. An Australian resident AHG Shareholder should:

- make a capital gain equal to the amount by which the capital proceeds exceeds the cost base that the AHG Shareholder has in the AHG Shares; or
- make a capital loss equal to the amount by which the reduced cost base of the AHG Shares exceeds the capital proceeds.

The CGT discount may be available for certain AHG Shareholders (see below).

Capital gains and capital losses made by an AHG Shareholder in an income year from all sources are aggregated to determine whether that AHG Shareholder made a net capital gain (included in assessable income of the AHG Shareholder) or capital loss for that income year. Carried forward capital losses may be used to offset capital gains (subject to the satisfaction of certain loss recoupment tests as applicable).

Capital proceeds

The capital proceeds for an AHG Share should equal the market value of the Offer Consideration at the time of the CGT event.

Cost base of AHG Shares

Generally, the cost base of an AHG Share will be the total amount the AHG Shareholder paid for the AHG Share, acquisition costs (such as brokerage) and other incidental costs relating to the holding and disposal of the AHG Share, to the extent to which the AHG Shareholder has not claimed an income tax deduction for such costs. The reduced cost base of an AHG Share is usually determined in a similar, but not identical, manner.

If the AHG Shareholder acquired an AHG Share before 11.45am on 21 September 1999, and the AHG Shareholder is an individual, complying superannuation entity, the trustee of a trust or a listed investment company, it may be possible to index expenditure incurred at or before that time in working out the cost base (but not the reduced cost base) of the AHG Share. If the AHG Shareholder chooses to calculate their cost base with reference to indexation, the CGT discount (discussed below) would not be available.

We recommend that AHG Shareholders seek professional advice to confirm the cost base or reduced cost base of their AHG Shares.

12.3 CGT DISCOUNT

AHG Shareholders who are individuals, the trustee of a trust or complying superannuation entities may be entitled to claim the CGT discount to reduce the amount of any capital gain made on disposal of AHG Shares where:

- the AHG Shares were acquired at least 12 months before date of disposal to AP Eagers; and
- the AHG Shareholder did not choose to index the cost base of their AHG Shares.

The CGT discount is applied to the capital gain only after any available capital losses are first applied to reduce the capital gain.

The CGT discount rate is 50% for individuals and trustees and 33^{1/3}% for complying superannuation entities. The CGT discount is not available to an AHG Shareholder that is a company.

12.4 CGT ROLL-OVER

If, in connection with the Offer, AP Eagers ends up with a holding of 80% or more of the AHG Shares on issue, Australian resident AHG Shareholders who would otherwise make a capital gain from the disposal of their AHG Shares should generally be eligible to choose CGT roll-over under the scrip for scrip roll-over provisions.

Where an AHG Shareholder is eligible and chooses CGT roll-over relief under the scrip for scrip provisions, the capital gain is disregarded. The cost base of the APE Shares received by the AHG Shareholder should be equal to the cost base of the original AHG Shares prior to the disposal. The cost base will be relevant in determining any future capital gain or loss on a subsequent disposal of the APE Shares. For the purpose of determining whether the CGT discount is available on a disposal of the APE Shares, the APE Shares acquired will be taken to have been acquired at the time the AHG Shares for which they were exchanged were acquired.

The way an APE Shareholder prepares their income tax return should be sufficient evidence of the making of a choice to obtain CGT roll-over. No formal election is required.

To the extent a joint election by AP Eagers with AHG Shareholders is necessary for CGT roll-over relief to apply then, at the request of the AHG Shareholder and provided the AHG Shareholder has informed AP Eagers in writing of the cost base of their AHG Shares, AP Eagers will make the joint election. AP Eagers will not make any choice or election under the CGT rollover provisions to prevent AHG Shareholders from obtaining CGT rollover relief.

If, in connection with the Offer, AP Eagers does not end up with a holding of at least 80% of the AHG Shares on issue, CGT roll-over relief would not be available to AHG Shareholders who accepted the Offer and disposed of AHG Shares. AP Eagers' ultimate ownership of AHG (as a percentage of all AHG Shares on issue) will be announced to the ASX announcements platform on closure of the Offer.

In the event that CGT roll-over relief is not available or an AHG Shareholder is ineligible to choose scrip for scrip CGT roll-over relief or an AHG Shareholder elects not to choose it, the first element of the cost base of the APE Shares received in consideration for the disposal of their AHG Shares should be equal to the market value of those AHG Shares disposed of (i.e. the Offer Consideration).

The acquisition date of the APE Shares should be the issue date. This should be relevant for the purposes of determining whether an AHG Shareholder is eligible for the CGT discount in relation to a subsequent disposal of APE Shares.

AHG Shareholders should seek independent professional advice to confirm eligibility for CGT roll-over relief in light of their own specific circumstances.

12.5 STAMP DUTY AND GST

AHG Shareholders who dispose of their AHG Shares under the Offer are not expected to incur any Australian stamp duty costs nor is it expected that any GST should be payable on that disposal.

12.6 OBTAIN YOUR OWN TAXATION ADVICE

Do not rely on the comments or the statements contained in this Bidder's Statement as advice about your own affairs. The taxation laws are complex and there could be implications in addition to those generally described in this Bidder's Statement.

Accordingly, consult your own tax advisers for advice applicable to your individual needs and circumstances. To the extent permitted by law, AP Eagers does not accept any responsibility for tax implications for individual AHG Shareholders.

AP Eagers is not a registered tax agent under the *Tax Agent Services Act 2009* (Cth) and cannot provide tax advice to specific AHG Shareholders. AHG Shareholders should obtain tax advice from a registered tax agent on the consequences of accepting the Offer.

13 Additional information

13.1 AP EAGERS IS A DISCLOSING ENTITY

AP Eagers is a disclosing entity (as defined in section 111AC Corporations Act) that is subject to regular reporting and disclosure obligations. Specifically, like all ASX-listed companies, AP Eagers is required to continuously disclose to the market any information it has which a reasonable person would expect to have a material effect on the price or the value of AP Eagers' securities.

Information that is already in the public domain is not reported in this Bidder's Statement other than that which is considered necessary to make this Bidder's Statement complete. AP Eagers, as a disclosing entity under the Corporations Act, states that:

- it is subject to regular reporting and disclosure obligations;
- copies of documents lodged with ASIC by AP Eagers (not being documents referred to in section 1274(2)(a) Corporations Act) may be obtained from, or inspected at, an ASIC office; and
- it will provide a copy of each of the following documents, free of charge, to any person on request during the Offer Period:
 - the financial statements of AP Eagers for the 12 months ended 31 December 2018 (being the annual financial report most recently lodged by AP Eagers with ASIC); and
 - all continuous disclosure notices given by AP Eagers after the lodgement of that annual financial report with ASIC and before the lodgement of this Bidder's Statement with ASIC. A list of announcements made by AP Eagers on the ASX between 20 February 2019 (being the date on which AP Eagers' most recent annual financial report was released) and the date of this Bidder's Statement is set out in Schedule 3.

If you would like to receive a copy of any of these documents or publications, please contact the AP Eagers Offer information line on 1300 560 339 (or +61 2 8011 0354 for overseas domiciled holders) between 9.00am to 5.00pm (Sydney time) Monday to Friday.

Copies of all documents lodged with ASIC in relation to AP Eagers can also be inspected at the registered office of AP Eagers during normal office hours.

Other than information contained in this Bidder's Statement, there is no information which has been excluded from a continuous disclosure notice in accordance with the Listing Rules and is information that a AHG Shareholder or a professional adviser to an AHG Shareholder would reasonably require for the purposes of making an informed assessment of:

- the assets and liabilities, financial position and performance, profits and losses and prospects of AP Eagers; or
- the rights and liabilities attaching to the APE Shares.

13.2 FOREIGN SHAREHOLDERS

If you are a Foreign Shareholder, unless AP Eagers otherwise determines that:

- it is lawful and not unduly onerous and not unduly impracticable to make the Offer to you and to issue you with APE Shares on acceptance of the Offer; and
- it is not unlawful for you to accept the Offer by the law of the relevant place outside Australia, its external territories or New Zealand,

you will not be entitled to receive APE Shares as consideration for your AHG Shares.

Instead, AP Eagers will:

- arrange for the issue to the Nominee of the number of APE Shares to which you and all other Foreign Shareholders would have been entitled but for paragraph 2 of the Offer Terms (Schedule 1); and
- cause the Nominee to offer for sale those APE Shares as soon as practicable after the end of the Offer Period in the manner, at the price and on other terms as are determined by the Nominee; and
- pay to you the amount ascertained under the formula in paragraph 8.2 of the Offer Terms (Schedule 1).

Regardless of anything else contained in this Bidder's Statement, AP Eagers is not under any obligation to spend any money or undertake any action to satisfy itself of the eligibility of Foreign Shareholders to receive APE Shares.

13.3 DATE FOR DETERMINING HOLDERS OF AHG SHARES

For the purposes of section 633(2) Corporations Act, the date for determining the persons to whom information is to be sent in items 6 and 12 of section 633(1) Corporations Act (**Register Date**) is 7.00pm (Sydney time) on Monday, 8 April 2019.

13.4 INDUCING BENEFITS GIVEN DURING PREVIOUS FOUR MONTHS

Neither AP Eagers nor any of its Associates has, during the period of four months before the date of this Bidder's Statement, or in the period commencing on the date of this Bidder's Statement and ending on the date of the Offer, given, offered or agreed to give, a benefit to another person where the benefit was likely to induce the other person, or an Associate, to:

- accept an Offer; or
- dispose of AHG Shares,

which benefit was not offered to all AHG Shareholders under the Offer.

13.5 NO ESCALATION AGREEMENT

Neither AP Eagers nor any of its Associates has entered into an escalation agreement that is prohibited by section 622 Corporations Act.

13.6 ASIC MODIFICATIONS AND EXEMPTIONS

ASIC has published various class order instruments providing for modifications and exemptions that apply generally to all persons, including AP Eagers, about the operation of Chapter 6 Corporations Act.

Among others, AP Eagers has relied on the modification to section 636(3) Corporations Act in ASIC Class Order [CO 13/521] (**ASIC Class Order 13/521**) to include references to certain statements in documents lodged with ASIC or the ASX without obtaining the consent of the persons to whom those statements are attributed. As required by ASIC Class Order 13/521, AP Eagers will make available a copy of these documents (or relevant extracts of these documents), free of charge, to AHG Shareholders who request them during the Offer Period. If you would like to receive a copy of any of those documents, or relevant extracts, within two business days of your request during the Offer Period, please contact the AP Eagers Offer information line on 1300 560 339 (or +61 2 8011 0354 for overseas domiciled holders) between 9.00am to 5.00pm (Sydney time) Monday to Friday.

13.7 REGULATORY APPROVALS

ASX confirmations

AP Eagers has received confirmation from the ASX that Listing Rules 11.1.2 and 11.1.3 do not apply to the Offer.

Regulatory Approval condition

The Regulatory Approval Bid Condition set out in paragraph 1 of Schedule 2 of this Bidder's Statement requires any approvals or consents that may be required from Regulatory Authorities in connection with the Offer to be received before the end of the Offer Period.

As noted elsewhere in the Bidder's Statement, AP Eagers has not undertaken any due diligence on AHG's non-public confidential information. However, based on publicly available information that AP Eagers has reviewed, AP Eagers considers that the following approvals, consents or exemptions from the requirement for approvals or consents will or may be required from a Regulatory Authority in connection with the Offer (in addition to approval from the ACCC (refer section 13.8)):

Overseas Investment Office (OIO)

From publicly available information on AHG's operations, AP Eagers understands that AHG or entities within the AHG Group may hold leasehold interests in New Zealand. AP Eagers is therefore considering whether any of those interests are 'sensitive land' that require consent to be given by the Overseas Investment Office under the *Overseas Investment Act 2005* (NZ) and the *Overseas Investment Regulations 2005* (NZ) to the acquisition of AHG.

13.8 ACCC APPROVAL

Prior to the Announcement Date, AP Eagers approached the ACCC informally for its views as to whether the merger of AP Eagers and AHG would be likely to raise concerns under section 50 CCA.⁷⁹ In response, the ACCC told AP Eagers that the ACCC would need to conduct a public review to form a view on whether the proposed merger would be likely to substantially lessen competition.

As a consequence of the ACCC's response, AP Eagers' current intention is (subject to further consultation with the ACCC on the approach) to apply to the ACCC for a *merger authorisation* on the basis that the proposed merger would not be likely to substantially lessen competition. If granted, AP Eagers will be able to acquire AHG Shares under the Offer without risk of legal action by the ACCC or third parties for a contravention of section 50 CCA for the period specified by the ACCC in the authorisation.⁸⁰

Under the merger authorisation process, the ACCC must be satisfied that, in all circumstances, AP Eagers acquiring AHG Shares under the Offer would either not be likely to substantially lessen competition or the likely public benefit from doing so outweighs any likely public detriment. AP Eagers will also be required to provide an undertaking under section 87B CCA not to proceed with acquiring AHG Shares under the Offer while the ACCC is considering its application (if one is to be made).

The law and procedure relating to merger authorisations was amended from 6 November 2017 and AP Eagers' application would be the first to be made under the new procedure.

An overview of the steps involved in the merger authorisation process is set out below, as provided by the ACCC's Merger Authorisation Guidelines dated October 2018.

⁷⁹ Section 50 CCA prohibits any merger which has, or is likely to have, the effect of substantially lessening competition in a substantial market in Australia.

⁸⁰ If a *merger authorisation* is granted, that authorisation will come into force on the day specified in the ACCC's determination, which cannot be earlier than 21 days after the determination is issued.

Step	Comments	Approximate timing
Application is lodged with the ACCC	Once the ACCC has assessed the application as valid, ⁸¹ the ACCC will publish the public version of the application on the public register. The application and supporting material can then be viewed on the ACCC's website www.accc.gov.au .	Once AP Eagers' pre-lodgment consultation with the ACCC has concluded
Public consultation conducted by the ACCC with interested parties	The ACCC will conduct market inquiries, such as inviting submissions on AP Eagers' application from potentially interested parties and conducting research while consulting with interested parties, and may seek further information from AP Eagers.	Likely to commence one to two weeks after AP Eagers' application is lodged (if lodged at all)
ACCC consults with AP Eagers on any relevant issues or concerns arising	AP Eagers will be invited to provide a response to issues raised in market inquiries by a specified date.	One to two weeks after the deadline for interested party submissions
ACCC provides informal feedback to AP Eagers	The ACCC (whilst not required to publish a draft determination) will likely provide feedback to AP Eagers on its application prior to the final determination, including key developments and milestones. The ACCC has also indicated it intends to provide public feedback once during the process, before the final determination, which will summarise the issues raised by market participants and identify any outstanding areas of concern to the ACCC.	Throughout the process
ACCC issues its determination	The ACCC's determination may: <ul style="list-style-type: none"> ▪ grant authorisation; ▪ grant authorisation subject to conditions or undertakings under section 87B CCA; or ▪ deny authorisation. 	90 days beginning on the date that the ACCC receives a valid application (unless extended by agreement) ⁸²

The ACCC's *merger authorisation* comes into force on the day specified in its determination. This date cannot be earlier than 21 days after the determination is issued.

If AP Eagers (or another person who has a sufficient interest) is dissatisfied with the ACCC's determination (if one has been made), it may be able apply to the Australian Competition Tribunal (**Tribunal**) for a merits review. AP Eagers (and interested parties) will have 21 days from the date of that determination to do so. The Tribunal's review is not a re-hearing of the matter. There are limitations on the material that may be considered by the Tribunal, although the Tribunal can seek further information as it considers reasonable and appropriate to clarify the information given to the ACCC in connection with the determination, and can allow information that it is satisfied was not in existence at the time the ACCC made its determination. The Tribunal may make a determination affirming, setting aside or varying the determination of the ACCC. The Tribunal must generally make its determination within 90 days, or 120 days if new information is admitted, unless extended by the Tribunal. If the Tribunal does not make a determination within that timeframe, it is taken to have made a determination affirming the ACCC's determination.

AP Eagers and interested parties can also seek judicial review of the ACCC's authorisation determination or of the Tribunal's determination (if one has been made) on questions of law.

⁸¹ If the ACCC considered AP Eagers' application to be invalid, the ACCC would, within five business days after receiving the application, notify AP Eagers and provide its reasons in that regard. According to the ACCC Merger Authorisation Guidelines 2018, the ACCC will generally provide an applicant with an opportunity to rectify and re-submit its application (with no additional fee). The date of lodgment in this situation is the date the rectified application is received by the ACCC (assuming it is valid).

⁸² If the ACCC does not make a determination within 90 days (or within the extended time period as agreed), the application will be taken to be refused.

As the authorisation process is a statutory, public process, the ACCC will publish (if an application for *merger authorisation* is to be made):

- a public copy of AP Eagers' application;
- all documents and related submissions provided to the ACCC by AP Eagers and interested parties;
- particulars about any oral submission made to the ACCC in relation to the AP Eagers' application; and
- the ACCC's determination and the reasons for the determination,

on the merger authorisations public register maintained by it. That register can be viewed on the ACCC's website at www.accc.gov.au/public-registers.

Parties may, when providing documents or making submissions in relation to the application, request that those documents or submissions, or parts of them, be excluded from the public register by reason of the confidential nature of any of the matters contained in them. Reasons must be provided in support of a request for exclusion. These will be considered on a case-by-case basis by the ACCC.

13.9 CONSENTS

The following parties have given and have not, before the time of lodgement of this Bidder's Statement by ASIC, withdrawn their written consent to be named in this Bidder's Statement in the form and context in which they are named:

- Morgans Corporate Limited as financial adviser to AP Eagers in respect of the Offer;
- McCullough Robertson Lawyers as legal adviser to AP Eagers in respect of the Offer (other than in relation to taxation and competition law matters);
- EY as tax adviser to AP Eagers in respect of the Offer;
- Computershare Investor Services Pty Limited as share registrar to AP Eagers in respect of the Offer; and
- Computershare Clearing Pty Limited as Facility Operator and agent for the Acceptance Facility established by AP Eagers in respect of the Offer.

Each person named in this section 13.9 as having given its consent to be named in this Bidder's Statement:

- does not make, nor does it purport to make, any statement in this Bidder's Statement or any statement on which a statement in this Bidder's Statement is based other than, in the case of a person referred to above as having given their consent to the inclusion of a statement, a statement included in this Bidder's Statement with the consent of that person; and
- to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Bidder's Statement, other than a reference to its name and, in the case of a person referred to above as having given their consent to the inclusion of a statement, any statement or report which has been included in this Bidder's Statement with the consent of that party.

This Bidder's Statement includes statements which are made in, or based on statements which are made in, documents lodged with ASIC or given to the ASX. Under the terms of ASIC Class Order 13/521, the parties making those statements are not required to consent to, and have not consented to, inclusion of those statements in this Bidder's Statement (see section 13.6).

As permitted by *ASIC Corporations (Consents to Statements) Instrument 2016/72* (**ASIC Corporations Instrument 2016/72**), this Bidder's Statement may include or be accompanied by certain statements:

- fairly representing a statement by an official person; or
- which are a correct and fair copy of, or extract from, a public official document or a published book, journal or comparable publication,

where the statement was not made, or published, in connection with the Offer or AP Eagers or AHG or any business, property or person the subject of this Bidder's Statement.

Further, as permitted by ASIC Corporations Instrument 2016/72, this Bidder's Statement contains security price trading data sourced from IRESS without its consent.

13.10 FEES AND BENEFITS PAYABLE TO AP EAGERS' DIRECTORS AND ADVISERS

Other than as set out below or elsewhere in this Bidder's Statement, no:

- Director or proposed director of AP Eagers;
- person named in this Bidder's Statement as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Bidder's Statement; or
- promoter of AP Eagers,

has, or had within two years before the date of this Bidder's Statement, any interest in:

- the formation or promotion of AP Eagers;
- any property acquired or proposed to be acquired by AP Eagers in connection with its formation or promotion or in connection with the issue of APE Shares under the Offer; or
- the offer of APE Shares under this Bidder's Statement,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any Director of AP Eagers, or a proposed director of AP Eagers, as an inducement to become, or to qualify as, a Director of AP Eagers or to any of those persons otherwise for services rendered by them in connection with the formation or promotion of AP Eagers or the offer of APE Shares under this Bidder's Statement.

McCullough Robertson Lawyers has acted as legal adviser to AP Eagers in connection with the Offer (other than in relation to taxation and ACCC advice). AP Eagers has paid, or agreed to pay, up to \$325,000 (excluding GST and disbursements) for these services. AP Eagers may pay, or agree to pay, additional fees for legal services provided in connection with the Offer after the date of this Bidder's Statement.

Morgans Corporate Limited has acted as financial adviser to AP Eagers in connection with the Offer. AP Eagers has paid, or agreed to pay, Morgans Corporate Limited up to \$1,000,000 for its services. AP Eagers may pay, or agree to pay, additional fees for financial advisory services provided in connection with the Offer after the date of this Bidder's Statement.

EY has acted as tax adviser to AP Eagers in connection with the Offer. AP Eagers has paid, or agreed to pay, EY up to \$40,000 (excluding GST) for its services. AP Eagers may pay, or agree to pay, additional fees for taxation advisory services provided in connection with the Offer after the date of this Bidder's Statement.

13.11 INTERESTS AND REMUNERATION OF AP EAGERS' DIRECTORS

Interests in AP Eagers securities

The Directors of AP Eagers have the following Relevant Interests in AP Eagers securities (either held directly, held by entities controlled by them or held by entities of which they are directors or held by family members) at the date of this Bidder's Statement:

	Relevant Interest in APE Shares	Voting Power in AP Eagers	APE Options*	APE Performance Rights*
T B I Crommelin	392,286	0.21%	-	-
M A Ward	2,484,527	1.30%	2,153,985	99,067
N G Politis	69,535,038	36.35%	-	-
D T Ryan	-	-	-	-
D A Cowper	15,053	0.01%	-	-
M J Birrell	2,000,000	1.05%	-	-
S A Moore	16,622	0.01%	117,570	5,167

*Refer to section 5.5 for further information regarding APE Options and APE Performance Rights.

Non-executive Directors' remuneration

Non-executive Directors of AP Eagers are remunerated for their services by way of fees (and where applicable, superannuation) from the maximum amount approved for that purpose by shareholders in general meeting. This amount is currently \$750,000 per annum, which was fixed at AP Eagers' annual general meeting in 2015.

The current non-executive Director fees are:

	Fees per annum (plus superannuation)
Chairman of the board	\$100,000
Chairman of the Audit, Risk & Remuneration Committee	\$100,000
Other non-executive Directors	\$85,000

Non-executive Directors do not participate in schemes designed for the remuneration of executives, equity schemes or retirement allowance programmes, nor do they receive performance-based bonuses.

Executive Directors' remuneration

The remuneration packages of executive Directors includes competitive base salaries as well as other non-cash benefits and 'at risk' incentives. The total amounts received by Mr Ward and Ms Moore in respect of the 2018 Financial Year were \$1,595,251 and \$675,729, respectively.

Insurance and indemnity arrangements

Insurance and indemnity arrangements are in place for officers of AP Eagers (refer to section 5.6).

13.12 EXPIRY DATE

No APE Shares will be issued on the basis of the Offer contained in this Bidder's Statement after the date that is 13 months after the date of this Bidder's Statement.

13.13 OTHER MATERIAL INFORMATION

Except as set out elsewhere in this Bidder's Statement, there is no other information that is:

- material to the making of a decision by a AHG Shareholder whether or not to accept an Offer; and
- known to AP Eagers,

and has not previously been disclosed to AHG Shareholders.

14 Definitions and interpretation

14.1 DEFINITIONS

The following defined terms are used throughout this Bidder's Statement and the Acceptance Form, unless the contrary intention appears or the context requires otherwise:

Term	Definition
1H19	in relation to AHG, means the six month period ended on 31 December 2018.
1H19 Results	means AHG's Appendix 4D and interim financial report disclosing the financial results in respect of 1H19, as released to the ASX on 22 February 2019.
1H19 Results Announcement	means AHG's ASX announcement and investor presentation in respect of the 1H19 Results, as released to the ASX on 22 February 2019.
49.9% Acquisition Scenario	means the acquisition by AP Eagers of a Relevant Interest of less than 50% of the AHG Shares (including the AHG Shares already owned by AP Eagers).
50.1% Acquisition Scenario	means the acquisition by AP Eagers of a Relevant Interest of 50.1% of the AHG Shares (including the AHG Shares already owned by AP Eagers).
100% Acquisition Scenario	means the acquisition by AP Eagers of a Relevant Interest of 100% of the AHG Shares (including the AHG Shares already owned by AP Eagers).
AASB	means the Australian Accounting Standards Board.
ACCC	means the Australian Competition and Consumer Commission.
Acceptance Facility	means the institutional acceptance facility established by AP Eagers for the purposes of the Offer and as described in section 3.4.
Acceptance Form	means the form of acceptance and transfer accompanying this Bidder's Statement.
Acceptance Instructions	has the meaning given to that term in section 3.4.
Accounting Standards	means the Australian accounting standards as published by the AASB from time to time.
AHG	means the target company, Automotive Holdings Group Limited ACN 111 470 038.
AHG Board	means the board of directors of AHG.
AHG Directors	means the current directors of AHG.
AHG Group	means AHG and each of its Subsidiaries, and a reference to an 'AHG Group member' or a 'member of the AHG Group' is to AHG or any of its Subsidiaries.
AHG Performance Rights	means the unlisted performance rights granted by AHG and that are on issue at the Register Date.
AHG Shareholder	means a registered holder of AHG Shares (other than AP Eagers).
AHG Shares	means fully paid ordinary shares in the capital of AHG.
All Ordinaries Index	means the market index on the ASX denoted by index code 'XAO'.

Term	Definition
Announcement Date	means 5 April 2019, being the date of announcement of the Offer by AP Eagers.
AP Eagers	means the bidder, A.P. Eagers Limited ACN 009 680 013.
AP Eagers Board	means of the board of directors of AP Eagers.
AP Eagers Group	means AP Eagers and each of its Subsidiaries, and a reference to an 'AP Eagers Group member' or a 'member of the AP Eagers Group' is to AP Eagers or any of its Subsidiaries.
AP Eagers Incentive Plan	means the AP Eagers Limited Executive Incentive Plan.
AP Eagers Shareholder	means a registered holder of APE Shares.
APE Options	means the unlisted options granted by AP Eagers under the AP Eagers Incentive Plan.
APE Performance Rights	means the unlisted performance rights granted by AP Eagers under the AP Eagers Incentive Plan.
APE Share	means a fully paid ordinary share in the capital of AP Eagers.
ASIC	means the Australian Securities and Investments Commission.
Associates	has the meaning given to that term by section 12 Corporations Act as if section 12 Corporations Act included a reference to this document.
ASX	means ASX Limited ACN 008 624 691 or the securities exchange operated by it (as the case requires).
ASX Settlement	means ASX Settlement Pty Limited ABN 49 008 504 532
ASX Settlement Operating Rules	means the settlement rules of ASX Settlement, a copy of which is available at www.asx.com.au .
ATO	means the Australian Taxation Office.
Bid Conditions	means each of the conditions of the Offer set out in Schedule 2.
Bidder's Statement	means this document, being the statement of AP Eagers under Part 6.5, Division 2 Corporations Act relating to the Offer.
Broker	means a person who is a share broker and a participant in CHESS.
Business Day	means a business day as defined in the Listing Rules.
CAGR	means compound annual growth rate.
CCA	means <i>Competition and Consumer Act 2010</i> (Cth).
CGT	means capital gains tax.
CHESS	means the Clearing House Electronic Subregister System operated by ASX Settlement, which provides for electronic share transfer in Australia.
CHESS Holding	means a holding of AHG Shares on the CHESS subregister of AHG.
CHI-X	means CHI-X Australia Pty Limited ABN 47 129 584 667 or, as the context requires, the financial market operated by it.
Competing Proposal	means a proposal for a takeover bid, scheme of arrangement or other corporate transaction involving AHG or AHG Shares that would compete with the Offer or mean that a Bid Condition would not be fulfilled.
Confirmation Notice	has the meaning given to that term in section 3.4.

Term	Definition
Controlling Participant	has the meaning given to that term in the ASX Settlement Operating Rules.
Corporations Act	means <i>Corporations Act 2001</i> (Cth).
CY	means calendar year.
Directors	means the directors of AP Eagers.
EBITDA	means earnings before interest, tax, depreciation and amortisation.
Eligible AHG Shareholders	has the meaning given to that term in section 3.4.
EPS	means earnings per share.
Facility Operator	means Computershare Clearing Pty Ltd ACN 063 286 228 AFSL No. 234715.
FCAI	means the Federal Chamber of Automotive Industries.
Financial Year	means: (a) when used in relation to each of AP Eagers and the Merged Group, the 12 month period ending on 31 December; and (b) when used in relation to AHG, the 12 month period ending on 30 June; and and a reference to FY has a corresponding meaning.
Foreign Shareholder	means an AHG Shareholder whose address on the register of members of AHG is in a jurisdiction other than Australia, its external territories or New Zealand, unless AP Eagers otherwise determines that it is lawful and not unduly onerous or impracticable to make the Offer to, and issue APE Shares on acceptance of the Offer by, that AHG Shareholder.
FY18	means: (a) when used in relation to AP Eagers and the Merged Group, the Financial Year ended on 31 December 2018; and (b) when used in relation to AHG, the Financial Year ended on 30 June 2018.
GST	has the meaning it has in the GST Act.
GST Act	means <i>A New Tax System (Goods and Services Tax) Act 1999</i> (Cth).
Holder Identification Number	means the number used to identify a AHG Shareholder on the CHES subregister of AHG, and a reference to HIN has a corresponding meaning.
Issuer Sponsored Holding	means a holding of AHG Shares on AHG's issuer sponsored subregister.
Listing Rules	means the listing rules of the ASX and any other rules of the ASX which are applicable while AP Eagers is admitted to the official list of the ASX, each as amended or replaced from time to time, except to the extent of any express written waiver by the ASX.
Material Adverse Change	means any matter, event or circumstance that has resulted in, or could reasonably be expected to result in, either individually or when aggregated with any other event, occurrence or matter: (a) the profit before tax of the AHG Group being reduced (relative to the profit before tax for the 12 months ended 31 December 2018) by \$6.2 million or more;

Term	Definition
	<p>(b) the value of the net assets of AHG or the AHG Group being reduced by \$25 million or more against what they would have been but for the matters, events or circumstances,</p> <p>but does not include any change occurring directly or indirectly as a result of any matter, event or circumstance publicly announced by AHG to the ASX prior to the Announcement Date or otherwise disclosed in public filings by AHG prior to the Announcement Date where the relevant disclosure is not, and is not likely to be, incomplete, incorrect, untrue or misleading (including by omission).</p>
Merged Group	means AP Eagers and each of its Subsidiaries (including the AHG Group) which will exist as a result of the takeover bid as constituted by the Offer, should the takeover proceed to its conclusion.
Merged Group Pro Forma Financial Information	has the mean given to that term in section 9.8.
NPAT	means net profit after tax.
Nominee	means an entity to be appointed by AP Eagers after the date of this Bidder's Statement with the prior approval of ASIC.
Offer or Offers	means the offer by AP Eagers to acquire AHG Shares on the terms and conditions set out in Schedule 1 and Schedule 2 of this Bidder's Statement (and for the avoidance of doubt includes each such offer made to an individual AHG Shareholder pursuant to that offer) and includes a reference to that offer as varied in accordance with the Corporations Act.
Offer Consideration	means 1 APE Share for every 3.8 AHG Shares.
Offer Period	means the period commencing on [•] 2019 and ending at 7.00pm (Sydney time) on [•] 2019, unless the Offer is withdrawn or that period is extended in accordance with the Corporations Act.
Offer Ratio	means, in respect of each trading day, the number of 3.8 AHG Shares which is equal to 1 APE Share, calculated using the metric identified.
Offer Terms	means the terms of the Offer set out in Schedule 1 and Schedule 2 to this Bidder's Statement.
Participant	means an entity admitted to participate in the CHESS system under Rule 4.3.1 and 4.4.1 of the ASX Settlement Operating Rules.
Prescribed Occurrences	means each of the events set out in paragraph 3 of Schedule 2.
PMA	means prime market area, being the defined geographical area (generally postcode designation) in which a dealership has been granted primary rights to represent a motor vehicle brand as set out in the dealer agreement entered into with the relevant manufacturer for that dealership.
Register Date	means the date set by AP Eagers under section 633(2) Corporations Act, being 7.00pm (Sydney time) on Monday, 8 April 2019.
Regulatory Approvals	<p>means the authorisations, consents, exemptions, modifications and approvals as may be required from any Regulatory Authority under the applicable law:</p> <p>(a) to permit the Offer to be lawfully made to, and accepted by, AHG Shareholders in all applicable jurisdictions;</p> <p>(b) as a result of the Offer or the acquisition of AHG Shares or for the continued operation of the business of any member within</p>

Term	Definition
	the AHG Group or the AP Eagers Group, including, without limitation, either:
	(i) a written confirmation that the ACCC does not propose to intervene or to seek to prevent under section 50 CCA the acquisition by AP Eagers of AHG Shares under the Offer; or
	(ii) a <i>merger authorisation</i> in respect of the acquisition of AHG Shares by AP Eagers under the Offer under Part VII CCA (the authorisation either being unconditional or on the basis of conditions that impose only non-material requirements incidental to the approval or consent) having come into force; or
	(iii) the Federal Court of Australia declaring or making orders to the effect that the acquisition of AHG Shares by AP Eagers will not contravene section 50 CCA.
Regulatory Authority	means any government or any governmental, semi-governmental, administrative, fiscal or judicial body, department, commission, authority, tribunal, agency or entity whether foreign, federal, state, territorial or local and for these purposes includes the ACCC, ASX and ASIC.
Rights	means all accretions, rights or benefits of whatever kind attaching to or arising from AHG Shares directly or indirectly after the date of this Bidder's Statement, including, without limitation, all dividends or other distributions and all rights to receive any dividends or other distributions, or to receive or subscribe for shares, stock units, notes, bonds, options or other securities, declared, paid or made by AHG or any of its Subsidiaries.
Relevant Interest	has the meaning given to that term in the Corporations Act.
Securityholder Reference Number	means the number allocated by AHG to identify an AHG Shareholder on the issuer sponsored subregister of AHG, and a reference to SRN has a corresponding meaning.
Subsidiaries	has the meaning given to that term by section 9 Corporations Act.
Sydney time	means the local time in Sydney, New South Wales, Australia.
Takeover Transferee Holding	has the same meaning as in the ASX Settlement Operating Rules.
Target's Statement	means the target's statement, to be prepared by AHG in response to this Bidder's Statement.
Tribunal	means the Australian Competition Tribunal.
Voting Power	has the meaning given to that term in section 610 Corporations Act.
VWAP	means the volume weighted average price of a security, calculated as the cumulative value traded on the ASX and CHI-X divided by cumulative volume traded on the ASX and CHI-X.

14.2 INTERPRETATION

In this Bidder's Statement and the Acceptance Form, unless the context otherwise requires:

- (a) headings and bold type are for convenience and do not affect the interpretation;
- (b) words or phrases defined in the Corporations Act have the same meaning in this Bidder's Statement;

- (c) a reference to a section, paragraph and schedule is a reference to a section, paragraph and schedule of this Bidder's Statement as applicable;
- (d) a singular word includes the plural and vice versa;
- (e) if a word or phrase is defined, its other grammatical forms have a corresponding meaning;
- (f) a reference to time is a reference to time in Sydney, Australia;
- (g) a reference to a person includes an individual, a corporation, trust, partnership, unincorporated body, government and local authority or agency, or other entity whether or not it comprises a separate legal entity;
- (h) a reference to legislation or to a provision of legislation (including subordinate legislation) is to that legislation as amended, re-enacted or replaced, and includes any subordinate legislation issued under it;
- (i) law means common law, principles of equity, and laws made by parliament (and laws made by parliament include State, Territory and Commonwealth laws and regulations and other instruments under them, and consolidations, amendments, re-enactments or replacements of any of them);
- (j) an accounting term is a reference to that term as it is used in Accounting Standards under the Corporations Act, or, if not inconsistent with those standards, in accounting principles and practices generally accepted in Australia; and
- (k) a reference to '\$' or 'dollar' is to Australian currency.

15 Approval of Bidder's Statement

This Bidder's Statement has been approved by a unanimous resolution passed by the Directors of AP Eagers on 5 April 2019.

Signed for and on behalf of
AP Eagers Limited
by:

A handwritten signature in dark ink, appearing to read 'Tim Crommelin', is written over a light grey rectangular background.

Tim Crommelin
Chairman

Schedule 1

Terms of the Offer

1 Offer

- 1.1 AP Eagers offers to acquire all of your AHG Shares, together with all the Rights attaching to them, on and subject to the terms and conditions set out in Schedule 1 and Schedule 2 of this Bidder's Statement.
- 1.2 This Offer is being made to each person (other than AP Eagers) registered as the holder of AHG Shares in AHG's register of members at 7.00pm (Sydney time) on the Register Date. It also extends to:
- (a) holders of securities (including AHG Performance Rights) that come to be holders of AHG Shares during the period from the Register Date to the end of the Offer Period due to the conversion of, or exercise of rights conferred by, such securities and which are on issue as at the Register Date; and
 - (b) any person who becomes registered, or entitled to be registered, as the holder of your AHG Shares during the Offer Period.
- 1.3 If, at the time the Offer is made to you, or at any time during the Offer Period, another person is, or is entitled to be, registered as the holder of some or all of your AHG Shares, then:
- (a) a corresponding offer on the same terms and conditions as this Offer will be deemed to have been made to that other person in respect of those AHG Shares; and
 - (b) a corresponding offer on the same terms and conditions as this Offer will be deemed to have been made to you in respect of any other AHG Shares you hold to which the Offer relates; and
 - (c) this Offer will be deemed to have been withdrawn immediately at that time.
- 1.4 By accepting this Offer, you undertake to transfer to AP Eagers not only the AHG Shares to which the Offer relates but also all the Rights attached to those AHG Shares (see paragraph 8.7).
- 1.5 This Offer is dated [•] 2019.

2 Offer Consideration

- 2.1 Subject to paragraph 2.3 of this Schedule 1, the Offer Consideration is 1 APE Share for every 3.8 AHG Shares you own.
- 2.2 APE Shares issued under this Offer will rank equally in all respects with APE Shares on issue at the Register Date.

Foreign Shareholders

- 2.3 If at the time this Offer is made to you, you are a Foreign Shareholder and AP Eagers does not make a determination under section 13.2, you will not be entitled to receive APE Shares as consideration for your AHG Shares. Instead, you will receive a cash amount calculated under paragraph 8.2 of this Schedule 1.

Fractional entitlements

- 2.4 If you accept the Offer and are entitled to receive a fraction of an APE Share, the number of APE Shares you are entitled to under this Offer is rounded up to the next whole number of APE Shares if it is 0.5 or more, and rounded down to the previous whole number if it is less than 0.5.

If you are entitled to a fraction of a cent, that fraction is rounded to the nearest cent on the same basis. If AP Eagers reasonably believes that you have manipulated your holding of AHG Shares to take advantage of rounding up, then any fractional entitlement is aggregated or rounded down to the previous whole number of APE Shares.

3 Offer Period

3.1 This Offer will, unless withdrawn, remain open for acceptance during the period commencing on the date of the Offer and ending at 7.00pm (Sydney time) on the later of:

- (a) [•] 2019; or
- (b) any date to which the Offer Period is extended in accordance with the Corporations Act.

3.2 AP Eagers reserves the right, exercisable in its sole discretion, to extend the Offer Period in accordance with the Corporations Act.

3.3 If, within the last seven days of the Offer Period, either of the following events occur:

- (a) the Offer is varied to improve the considered offered; or
- (b) AP Eagers' Voting Power in AHG increases to more than 50%,

the Offer Period will be automatically extended so that it ends 14 days after the relevant event referred to in paragraph 3.3(a) or 3.3(b) (subject to any further permitted extension) in accordance with section 624(2) Corporations Act.

4 How to accept this Offer

General

- 4.1 Subject to paragraph 7, you may accept this Offer only for all (but not part) of your AHG Shares.
- 4.2 You may accept this Offer at any time during the Offer Period.

Acceptance procedure for AHG Shareholders

- 4.3 How you accept this Offer will depend on whether your AHG Shares are in a CHESS Holding or an Issuer Sponsored Holding (the Acceptance Form outlines which type of holding you have).

AHG Shares held in your name in a CHESS Holding

- 4.4 If your AHG Shares are held in a CHESS Holding (in which case your Holder Identification Number will commence with 'X'), to accept this Offer you must either:
 - (a) instruct your Controlling Participant (usually your stockbroker) to initiate acceptance of this Offer on your behalf under Rule 14.14 of the ASX Settlement Operating Rules in sufficient time for this Offer to be accepted before end the of Offer Period; or
 - (b) complete and sign the Acceptance Form in accordance with the instructions on that form and return the completed Acceptance Form (together with all other documents required by those instructions) directly to your Controlling Participant (usually your stockbroker) with instructions to initiate acceptance of this Offer on your behalf under Rule 14.14 of the ASX Settlement Operating Rules in sufficient time for this Offer to be accepted before the end of the Offer Period; or
 - (c) complete and sign the Acceptance Form in accordance with the instructions on the Acceptance Form and return the completed Acceptance Form (together with all other documents required by those instructions) to the address indicated on the form so that it

is received by AP Eagers' share registry with enough time to act on your instruction before the end of the Offer Period. This will authorise AP Eagers to instruct your Controlling Participant (usually your stockbroker) to initiate acceptance of this Offer on your behalf under Rule 14.14 of the ASX Settlement Operating Rules.

- 4.5 If your AHG Shares are held in your name in a CHESS Holding, you must comply with any other applicable ASX Settlement Operating Rules.

AHG Shares held in your name in an Issuer Sponsored Holding

- 4.6 If your AHG Shares are in an Issuer Sponsored Holding (in which case your Securityholder Reference Number will commence with an 'I'), to accept this Offer you must:
- (a) complete and sign the Acceptance Form in accordance with the instructions on it; and
 - (b) return the completed Acceptance Form (together with all other documents required by the instructions on the form) to the address specified on the Acceptance Form so that it is received by AP Eagers' share registry before the end of the Offer Period.

If you are a Broker or a Participant

- 4.7 If you are a Broker or Participant, initiate acceptance of this Offer in accordance with the requirements of the ASX Settlement Operating Rules before the end of the Offer Period.

Mailing address

- 4.8 The mailing address for completed Acceptance Forms is:
- Computershare Investor Services Pty Limited
Automotive Holdings Group Limited Takeover
GPO Box 52
Melbourne VIC 3001
AUSTRALIA
- 4.9 A reply paid envelope (not able to be used by AHG Shareholders outside Australia) is enclosed for your convenience.

Acceptance Form

- 4.10 The Acceptance Form which accompanies this Offer forms part of it. Subject to paragraph 5, the requirements on the Acceptance Form must be observed in accepting this Offer for your AHG Shares.
- 4.11 Subject to paragraph 4.12, if your Acceptance Form (including any documents required by the terms of this Offer and the instructions on the Acceptance Form) is returned by post, it will be taken as received before the end of the Offer Period if the envelope in which it is sent is postmarked before the end of the Offer Period, even if it is received after that date.
- 4.12 When using the Acceptance Form to accept this Offer in respect of AHG Shares in a CHESS Holding, you must ensure that the Acceptance Form (and any documents required by the terms of this Offer and the instruction on the Acceptance Form) are received by AP Eagers' share registry in time for AP Eagers to instruct your Controlling Participant to initiate acceptance of this Offer on your behalf in accordance with Rule 14.14 of the ASX Settlement Operating Rules before the end of the Offer Period.
- 4.13 The transmission by you of the Acceptance Form and any other documents in accordance with this Schedule 1 is at your own risk. No acknowledgment or receipt of any such documents will be given to you by or on behalf of AP Eagers.

Power of attorney, deceased estate

- 4.14 When accepting this Offer, you must also forward for inspection:
- (a) if the Acceptance Form is signed by an attorney, the power of attorney; and
 - (b) if the Acceptance Form is signed by the executor of a will or the administrator of the estate of a deceased AHG Shareholder, the relevant grant of probate or letters of administration.

Acceptance Facility

- 4.15 The Acceptance Facility has been established to enable Eligible AHG Shareholders who may be unable or unwilling to accept the Offer until the Offer becomes or is declared unconditional (for example, by reason of their investment mandate) to indicate their intention to accept the Offer.
- 4.16 A summary of the terms and conditions of the Acceptance Facility is set out in section 3.4 of this Bidder's Statement.

5 When acceptance is complete

- 5.1 Acceptance of this Offer will not be complete until the completed Acceptance Form has been received at the address indicated on that form and the requirements of paragraph 4 have otherwise been met, provided that:
- (a) AP Eagers may in its sole discretion and without notice to you waive any or all of those requirements at any time (including but not limited to requirements in relation to the manner or method of acceptance, or the deadline for receipt of acceptances specified under paragraph 4); and
 - (b) where those requirements have been complied with for some but not all of your AHG Shares, AP Eagers may, in its sole discretion, deem your acceptance of this Offer complete in respect of those AHG Shares for which the requirements have been complied with but not in respect of the remainder (unless AP Eagers waives those requirements in accordance with paragraph 5.1(a)).
- 5.2 Where AP Eagers elects to waive any requirement of paragraph 4 or this paragraph 5, your acceptance of the Offer will be complete regardless of any failure by you to comply with the waived requirement.

6 Effect of acceptance

Revocation of acceptance

- 6.1 Once you have accepted this Offer, you will be unable to revoke your acceptance and the contract resulting from your acceptance will be binding on you. In addition, you will be unable to withdraw your AHG Shares from the Offer or otherwise dispose of your AHG Shares, except as follows:
- (a) if, by the relevant times specified in paragraph 6.2, the Bid Conditions have not all been satisfied or waived, then this Offer and the contract resulting from your acceptance will automatically terminate and your AHG Shares will be returned to you; or
 - (b) if the Offer Period is varied in a way that postpones for more than one month the time when AP Eagers has to meet its obligations under this Offer and, at that time, this Offer is subject to one or more of the Bid Conditions, then you may be able to withdraw your acceptance in accordance with section 650E Corporations Act. A notice will be sent to you at the time explaining your rights in this regard.

6.2 The relevant times for the purposes of paragraph 6.1(a) are:

- (a) in relation to the Bid Conditions in paragraph 3 of Schedule 2, the end of the third business day after the end of the Offer Period; and
- (b) in relation to all other Bid Conditions, the end of the Offer Period.

Agreement resulting from acceptance

6.3 By signing and returning the Acceptance Form, or otherwise accepting this Offer, you will be deemed to have:

- (a) irrevocably accepted this Offer (and each variation of it) in respect of all of your AHG Shares at the date your acceptance is processed (despite any difference between that number and the number of AHG Shares shown in the Acceptance Form) and agreed to the terms and conditions of this Offer;
- (b) subject to all of the Bid Conditions being satisfied or waived, agreed to transfer, and consented to the transfer in accordance with the ASX Settlement Operating Rules of, all of your AHG Shares to AP Eagers in accordance with this Offer, regardless of whether AP Eagers has provided the consideration due to you under this Offer;
- (c) irrevocably authorised AP Eagers (and any Director, secretary or nominee of AP Eagers) to alter the Acceptance Form on your behalf by:
 - (i) inserting correct details of your AHG Shares;
 - (ii) filling in any blanks remaining on the Acceptance Form; and
 - (iii) rectifying any errors in, and omissions from, the Acceptance Form,as may be considered necessary by AP Eagers to make the Acceptance Form a valid acceptance of this Offer or to enable registration of your AHG Shares in the name of AP Eagers;
- (d) represented and warranted to AP Eagers, as a fundamental condition of the contract resulting from your acceptance, that at the time of acceptance, and at the time the transfer of your AHG Shares (including all Rights) to AP Eagers is registered, that:
 - (i) all of your AHG Shares are and will be free from all mortgages, charges, liens, encumbrances and adverse interests of any nature (whether legal or otherwise) and free from restrictions on transfer of any nature (whether legal or otherwise);
 - (ii) you have full power and capacity to accept this Offer and to sell and transfer the legal and beneficial ownership in your AHG Shares (including all Rights) to AP Eagers; and
 - (iii) you have paid to AHG all amounts which are due for payment to AHG in respect of your AHG Shares;
- (e) irrevocably authorised and directed AHG to pay to AP Eagers, or to account to AP Eagers for, all Rights in respect of your AHG Shares (except to the extent that AP Eagers elects to waive its entitlement to those Rights), subject, however, to any such Rights received by AP Eagers being accounted for by AP Eagers to you if any contract resulting from your acceptance of this Offer is rescinded or rendered void;
- (f) irrevocably authorised AP Eagers to notify AHG on your behalf that your place of address for the purpose of serving notices upon you in respect of your AHG Shares is the address specified by AP Eagers in the notification;

- (g) with effect from the time and date on which all of the Bid Conditions in Schedule 2 have been satisfied or waived, irrevocably appointed AP Eagers (and any Director, secretary or nominee of AP Eagers) severally from time to time as your true and lawful attorney to exercise all your powers and rights attaching to your AHG Shares, including (without limitation) powers and rights to requisition, convene, attend and vote in person, by proxy or by body corporate representative, at all general meetings of AHG and to request AHG to register, in the name of AP Eagers or its nominee, your AHG Shares, as appropriate, with full power of substitution (such power of attorney, being coupled with an interest, being irrevocable);
- (h) agreed that in exercising the powers and rights conferred by the power of attorney granted under paragraph 6.3(g) of this Schedule 1, each attorney is entitled to act in the interests of AP Eagers as the intended registered holder and beneficial owner of your AHG Shares;
- (i) with effect from the time and date on which all of the Bid Conditions in Schedule 2 have been satisfied or waived, agreed not to attend or vote in person, by proxy or by body corporate representative at any general meeting of AHG or to exercise or purport to exercise any of the powers and rights conferred on AP Eagers (and its Directors, secretaries or nominees) in paragraph 6.3(g);
- (j) agreed to do all such acts, matters and things that AP Eagers may require to give effect to the matters the subject of this paragraph 6.3 (including the execution of a written form of proxy to the same effect as this paragraph 6.3 which complies in all respects with the requirements of the constitution of AHG) if requested by AP Eagers;
- (k) agreed to accept the APE Shares to which you have become entitled by acceptance of this Offer subject to the constitution of AP Eagers and have authorised AP Eagers to place your name on its register of members for those APE Shares;
- (l) if you are a Foreign Shareholder:
 - (i) acknowledged and agreed to AP Eagers undertaking the process set out in paragraph 8.2 in respect of any APE Shares which you would have become entitled to receive under paragraph 2 of this Schedule 1; and
 - (ii) irrevocably authorised AP Eagers to apply for the issue to the account of the Nominee of that number of APE Shares which you would have become entitled to receive under paragraph 2 of this Schedule 1;
- (m) represented and warranted to AP Eagers that, unless you have notified it in accordance with paragraph 7.4, your AHG Shares do not consist of separate parcels of AHG Shares;
- (n) if you sign the Acceptance Form in respect of AHG Shares which are held in a CHESS Holding, irrevocably authorised AP Eagers (or any Director, secretary, agent or nominee of AP Eagers) to:
 - (i) initiate, or alternatively instruct your Controlling Participant to initiate, acceptance of this Offer for all of your AHG Shares in accordance with Rule 14.14 of the ASX Settlement Operating Rules; and
 - (ii) give any other instructions in relation to your AHG Shares to your Controlling Participant, as determined by AP Eagers acting in its own interests as a beneficial owner and intended registered holder of those AHG Shares;
- (o) agreed to indemnify AP Eagers in respect of any claim or action against it or any loss, damage or liability whatsoever incurred by it as a result of you not producing your Holder Identification Number or your Securityholder Reference Number or in consequence of the transfer of your AHG Shares accepted into this Offer to AP Eagers being registered by AHG without production of your Holder Identification Number or your Securityholder Reference Number for your AHG Shares;

- (p) irrevocably authorised AP Eagers (and any nominee) to transmit a message in accordance with Rule 14.17 of the ASX Settlement Operating Rules to transfer your AHG Shares to AP Eagers' Takeover Transferee Holding, regardless of whether it has provided the Offer Consideration due to you under this Offer; and
 - (q) agreed, subject to the Bid Conditions being satisfied or waived, to execute all such documents, transfers and assurances, and do all such acts, matters and things that AP Eagers may consider necessary or desirable to convey your AHG Shares registered in your name and Rights to AP Eagers.
- 6.4 The undertakings and authorities referred to in paragraph 6.3 will remain in force after you receive the consideration for your AHG Shares and after AP Eagers becomes registered as the holder of your AHG Shares.

7 Acceptances by transferees and nominees

Who may accept the Offer

7.1 During the Offer Period:

- (a) any person who is able to give good title to a parcel of AHG Shares may accept (if they have not already accepted an offer in the form of this Offer) as if an offer on terms identical with this Offer has been made to that person; and
- (b) any person who holds one or more parcels of AHG Shares as trustee, nominee, or otherwise on account of another person, may accept as if a separate offer had been made in relation to:
 - (i) each of those parcels; and
 - (ii) any parcel they hold in their own right.

Holding shares

- 7.2 A person is taken to hold AHG Shares if the person is, or is entitled to be, registered as the holder of those AHG Shares.

Trustees and nominees

- 7.3 A person is taken to hold AHG Shares on trust for, as nominee for, or on account of, another person if that person:
- (a) is entitled to be registered as the holder of AHG Shares; and
 - (b) holds the interest in the AHG Shares on trust for, as nominee for, or on account of, that other person.

Effective acceptance

- 7.4 An acceptance of an Offer under paragraph 7.1(b) of this Schedule 1 is ineffective unless:
- (a) the person who holds on account of another person, gives AP Eagers a written notice stating that the AHG Shares consist of a separate parcel; and
 - (b) the acceptance specifies the number of AHG Shares in that parcel.
- 7.5 References in this Offer to your AHG Shares will be treated to relate to that separate distinct parcel.

Notice of acceptance

- 7.6 A notice under paragraph 7.4(a) of this Schedule 1 must be made:
- (a) if it relates to AHG Shares entered on a CHESS subregister – in an electronic form approved by the ASX Settlement Operating Rules; or
 - (b) otherwise - in writing.
- 7.7 A person may, at the one time, accept for two or more parcels under paragraph 7 of this Schedule 1 as if there had been a single offer for a separate parcel consisting of those parcels.

8 Provision of Offer Consideration

When the Offer Consideration will be provided

- 8.1 Subject to paragraphs 8.2 and 8.3 of this Schedule 1 and the Corporations Act, if you accept this Offer and the contract resulting from your acceptance becomes unconditional, AP Eagers will provide to you the Offer Consideration to which you are entitled on acceptance of this Offer on or before the earlier of:
- (a) the day that is one month after the date this Offer is validly accepted by you or, if at the time of your acceptance this Offer is subject to a Bid Condition, one month after any contract resulting from your acceptance of this Offer becomes, or is declared, unconditional; and; and
 - (b) the day that is 21 days after the end of the Offer Period.

Payments to Foreign Shareholders

- 8.2 If you accept the Offer and you are a Foreign Shareholder and AP Eagers does not make a determination under section 13.2 of this Bidder's Statement:
- (a) AP Eagers will arrange for the issue to the Nominee of the number of APE Shares to which you and all other Foreign Shareholders would have been entitled under the Offer but for paragraph 2.3 of this Schedule 1;
 - (b) AP Eagers will cause the Nominee to offer for sale the APE Shares as soon as practicable, or otherwise in the manner, at the price and on terms as are determined by the Nominee (at the risk of the Foreign Shareholders);
 - (c) AP Eagers will cause the Nominee to pay to you the amount calculated under the following formula:

$$\frac{\text{Net Proceeds of Sale} \times \text{Your APE Shares}}{\text{Total Nominee APE Shares}}$$

where:

- (i) **Net Proceeds of Sale** means the amount which is received by the Nominee upon the sale of all APE Shares under this paragraph 8.2 less any fees, taxes, brokerage and other sale expenses;
- (ii) **Your APE Shares** means the number of APE Shares which would, but for paragraph 2.3 of this Schedule 1, have been allotted to you under the Offer;
- (iii) **Total Nominee APE Shares** means the total number of APE Shares allotted to the Nominee under this paragraph 8.2;

- (d) you will receive your share of the proceeds of this sale in Australian currency;
- (e) payment will be made by cheque posted to you at your risk by ordinary mail (or in the case of overseas shareholders, by airmail) at the address provided on your Acceptance Form within the period required by the Corporations Act;
- (f) under no circumstances will interest be paid on your share of the proceeds of this sale, regardless of any delay in remitting these proceeds to you;
- (g) the Nominee may sell the APE Shares in such manner, at such price or prices and on such terms as the Nominee determines, and at the risk of the Foreign Shareholders. The Nominee will sell the APE Shares on the ASX following the issue of those shares to it;
- (h) as the market price of APE Shares will be subject to change from time to time, the sale price of the APE Shares sold by the Nominee and the proceeds of those sales cannot be guaranteed. Neither AP Eagers nor the Nominee gives any assurance as to the price that will be achieved for the sale of the APE Shares by the Nominee; and
- (i) the Nominee will be appointed by, and will provide the Nominee services to, AP Eagers. In acting as Nominee, the Nominee will not be acting as agent or sub-agent of any Foreign Shareholder, does not have duties or obligations (fiduciary or otherwise) to any Foreign Shareholder and does not underwrite the sale of the APE Shares.

Where additional documents are required

8.3 Where the Acceptance Form or any subsequent request from AP Eagers requires additional documents to be given with your acceptance (such as a power of attorney), if the documents are given:

- (a) with your acceptance, AP Eagers will provide the consideration in accordance with paragraph 8.1 of this Schedule 1;
- (b) after acceptance and before the end of the Offer Period and the Offer is subject to a Bid Condition at the time that AP Eagers is given the documents, AP Eagers will provide the consideration by the end of whichever period ends earlier:
 - (i) within one month after the contract resulting from your acceptance of the Offer becomes unconditional; and
 - (ii) 21 days after the end of the Offer Period;
- (c) after acceptance and before the end of the Offer Period and the Offer is unconditional at the time that AP Eagers is given the documents, AP Eagers will provide the consideration by the end of whichever period ends earlier:
 - (i) one month after AP Eagers is given the document; and
 - (ii) 21 days after the end of the Offer Period.

8.4 If you do not give AP Eagers the required additional documents within one month after the end of the Offer Period, AP Eagers may, in its sole discretion, rescind the contract resulting from your acceptance of the Offer.

How the Offer Consideration will be provided

8.5 If you accept the Offer and you are an AHG Shareholder (other than a Foreign Shareholder), the obligation of AP Eagers to issue and allot any new APE Shares to which you are entitled as consideration under this Offer will be satisfied by AP Eagers:

- (a) entering your name in AP Eagers' register of members; and

- (b) dispatching, or procuring the dispatch to you, an uncertificated holding statement in your name (for Issuer Sponsored Holdings) or a confirmation of issue (for CHESS Holdings) by pre-paid ordinary mail or, in the case of addresses outside Australia, by pre-paid airmail, to your address as shown on AHG's register of members at 7.00pm (Sydney time) on the Register Date (or such other address as you may notify in writing to AP Eagers). If your AHG Shares are held in a joint name, an uncertificated holding statement or a confirmation of issue will be issued in the name of, and forwarded to, the holder whose name appears first in AHG's register of members at 7.00pm (Sydney time) on the Register Date.

- 8.6 Payment of any cash amount to which you are entitled under the Offer (for example, Foreign Shareholders) will be mailed by cheque (or otherwise as agreed by AP Eagers) in Australian currency. Cheques will be posted to the address on the Acceptance Form by pre-paid ordinary mail or, if you have an overseas address, by pre-paid airmail.

Where AP Eagers is entitled to any Rights

- 8.7 If you accept this Offer, AP Eagers is entitled to all Rights in respect of your AHG Shares. AP Eagers may require you to provide all documents that AP Eagers needs to give AP Eagers title to those Rights or otherwise to give AP Eagers the benefit or value of those Rights. If you do not give those documents to AP Eagers, or if you have (or any previous owner of your AHG Shares has) received the benefit of those Rights, AP Eagers will deduct from the consideration otherwise due to you the amount (or value, as reasonably assessed by AP Eagers) of those Rights.

Clearances for offshore residents

- 8.8 If, at the time of acceptance of this Offer, any authority, clearance or approval of the Reserve Bank of Australia, the ATO or any other Regulatory Authority is required for you to receive any consideration for your AHG Shares or you are resident in or of a place to which, or you are a person to whom:
- (a) the *Banking (Foreign Exchange) Regulations 1959* (Cth);
 - (b) the *Charter of the United Nations Act 1945* (Cth);
 - (c) the *Charter of the United Nations (Dealing with Assets) Regulations 2008* (Cth);
 - (d) any other regulations made under Part 4 of the *Charter of the United Nations Act 1945* (Cth); or
 - (e) any other law of Australia that would make it unlawful for AP Eagers to provide any consideration for your AHG Shares,

applies, then you will not be entitled to receive any consideration for your AHG Shares under this Offer unless and until all requisite authorities, clearances or approvals have been received by AP Eagers.

Withholding of consideration by AP Eagers

- 8.9 If any amount (the **withholding amount**) is required, under any Australian law or by any Regulatory Authority, to be:
- (a) withheld from any consideration otherwise payable to you under this Offer and paid to a Regulatory Authority; or
 - (b) retained by AP Eagers out of any consideration otherwise payable to you under this Offer,

the payment or retention by AP Eagers of the withholding amount (as applicable) will constitute full discharge of AP Eagers' obligation to pay the consideration to you to the extent of the withholding amount.

9 Nature and operation of Bid Conditions

Bid Conditions

- 9.1 Completion of this Offer and any contract that results from an acceptance of this Offer are subject to fulfilment of the Bid Conditions in Schedule 2.

Nature of Bid Conditions

- 9.2 Each of the Bid Conditions set out in each paragraph and subparagraph of Schedule 2:
- (a) constitutes and will be construed as a separate, several and distinct condition;
 - (b) is a condition subsequent; and
 - (c) subject to the Corporations Act, until the expiration of the Offer Period (or in the case of the Bid Conditions referred to in paragraph 3 of Schedule 2, until three business days after the end of the Offer Period) will be for the benefit of AP Eagers alone and may be relied upon only by AP Eagers.

Conditions apply to multiple events

- 9.3 Where an event occurs that would mean at the time the event occurs a Bid Condition would not be satisfied, each Bid Condition affected by that event becomes two separate conditions on identical terms except that:
- (a) one of them relates solely to that event; and
 - (b) the other specifically excludes that event.
- 9.4 Subject to the Corporations Act, AP Eagers may declare this Offer, and any contract resulting from its acceptance, free under paragraph 9.7 from either of those conditions without declaring it free from the other and may do so at different times. This paragraph may apply any number of times to a Bid Condition (including a condition arising from a previous operation of this paragraph).

Effect of breach or non-fulfilment

- 9.5 Subject to paragraph 9.6, the breach or non-fulfilment of any of the Bid Conditions does not, until the end of the Offer Period (or in the case of the Bid Conditions referred to in paragraph 3 of Schedule 2 at the end of the three business days after the end of the Offer Period), prevent a contract arising to sell your AHG Shares resulting from your acceptance of this Offer.
- 9.6 If at the end of the Offer Period (or in the case of the Bid Conditions referred to in paragraph 3 of Schedule 2 at the end of the three business days after the end of the Offer Period), in respect of any Bid Condition:
- (a) AP Eagers has not declared this Offer (and it has not become) free from that Bid Condition; or
 - (b) that Bid Condition has not been satisfied,

all contracts resulting from the acceptance of the Offers and all acceptances that have not resulted in binding contracts are void. In that case, AP Eagers will notify the ASX Settlement of the lapse of the Offer in accordance with Rule 14.19 of the ASX Settlement Operating Rules.

AP Eagers may decide the Offer is free from all or any of the Bid Conditions

- 9.7 AP Eagers may (subject to the terms of any undertaking given to the ACCC under section 87B CCA) at any time at its sole discretion but in compliance with the Corporations Act, declare this Offer, and any contract resulting from its acceptance, free from all or any of the Bid Conditions by written notice to AHG and to the ASX declaring this Offer to be free from the relevant condition or conditions specified, in accordance with section 650F Corporations Act. This notice may be given:
- (a) in the case of the Bid Conditions referred to in paragraph 3 of Schedule 2 – not later than three business days after the end of the Offer Period; and
 - (b) in the case of all other Bid Conditions – not later than seven days before the end of the Offer Period.

Date for giving notice on status of Bid Conditions

- 9.8 The date for giving a notice on the status of the Bid Conditions as required by section 630(1) Corporations Act is [•] 2019, subject to variation under section 630(2) Corporations Act if the Offer Period is extended.

10 Other matters

Notices and other communications

- 10.1 Subject to the Corporations Act, a notice or other communication given by AP Eagers to you in connection with this Offer is deemed to be duly given if it is in writing and:
- (a) is delivered at your address as recorded on the register of members of AHG or the address shown in the Acceptance Form; and
 - (b) is sent by pre-paid ordinary mail, or in the case of an address outside Australia by pre-paid airmail, to you at either of those addresses.

Return of documents

- 10.2 If:
- (a) this Offer is withdrawn after your Acceptance Form has been sent to AP Eagers, but before it has been received; or
 - (b) for any other reason AP Eagers does not acquire the AHG Shares to which your Acceptance Form relates,

you may request AP Eagers by notice in writing to return to you (at your own risk) all documents (other than the Acceptance Forms) to such address as you nominate. Where such address is inside Australia, those documents will be sent to you by pre-paid ordinary mail. Where such address is outside Australia, those documents will be sent to you by pre-paid airmail. AP Eagers intends to destroy the Acceptance Forms in the above circumstances.

11 Withdrawal of the Offer

- 11.1 This Offer may be withdrawn with the consent in writing of ASIC, which consent may be subject to conditions. If ASIC gives such consent, AP Eagers will give notice of the withdrawal to the ASX and to AHG and will comply with any other conditions imposed by ASIC.
- 11.2 If, at the time this Offer is withdrawn, all the Bid Conditions in Schedule 2 have been satisfied, all contracts arising from acceptance of the Offer before it was withdrawn will remain enforceable.

- 11.3 If, at the time this Offer is withdrawn, the Offer remains subject to one or more of the Bid Conditions in Schedule 2, all contracts arising from its acceptance will become void (whether or not the events referred to in the relevant Bid Conditions have occurred).
- 11.4 A withdrawal pursuant to this paragraph 11 will be deemed to take effect:
- (a) if the withdrawal is not subject to conditions imposed by ASIC, on the date after the date on which that consent in writing is given by ASIC; or
 - (b) if the withdrawal is subject to conditions imposed by ASIC, on the date after the date on which those conditions are satisfied.

12 Variation of the Offer

AP Eagers may vary this Offer in accordance with the Corporations Act.

13 Costs and expenses

All costs and expenses of the preparation, dispatch and circulation of the Offers and all stamp duty payable for a transfer of AHG Shares for which Offers are accepted, will be paid by AP Eagers.

14 Official quotation of APE Shares

- 14.1 AP Eagers has been admitted to the official list of the ASX and shares of the same class as those to be issued as consideration under the Offer have been granted official quotation by the ASX.
- 14.2 An application will be made within seven days after the start of the bid period (as defined in the Corporations Act) to the ASX for the granting of official quotation of the APE Shares to be issued in accordance with the Offer. However, official quotation is not granted automatically on application.
- 14.3 Under section 625(3) Corporations Act, this Offer and any contract that results from your acceptance of it are subject to a condition that application for admission to quotation of the APE Shares to be issued under the Offer is made within seven days after the start of the bid period and permission for admission to quotation will be granted no later than seven days after the end of the Offer Period. This condition may not be waived.

15 Governing laws

This Offer and any contract that results from your acceptance of it are to be governed by the laws in force in Queensland, Australia.

Schedule 2

Conditions of the Offer

This Offer and any contract resulting from acceptance of this Offer are subject to fulfilment of each of the following Bid Conditions:

1 **(All Regulatory Approvals)** Before the end of the Offer Period, the Regulatory Approvals are:

- (a) granted, given, made or obtained unconditionally, or on the basis of conditions that impose only non-material requirements incidental to the approval or consent;
- (b) remain in full force and effect in all respects; and
- (c) do not become subject to any notice, indication or intention to revoke, suspend, restrict, modify or renew them.

2 **(No regulatory action)** Between the Announcement Date and the end of the Offer Period (each inclusive):

- (a) there is not in effect any preliminary or final decision, order or direction issued by any Regulatory Authority;
- (b) no action, proceeding or investigation is announced, commenced or threatened by any Regulatory Authority; and
- (c) no application is made to any Regulatory Authority (other than by AP Eagers or any Associate of AP Eagers),

in consequence of or in connection with the Offer (other than any action or decision by, or application to, ASIC or the Australian Takeovers Panel in exercise of the powers or discretions conferred by the Corporations Act) which is likely to or purports or threatens to restrain, prohibit, impede or otherwise adversely affect the making of the Offer, the acquisition of the AHG Shares by AP Eagers, the rights of AP Eagers in respect of AHG and the AHG Shares or the continued operation of the businesses of AHG or its Subsidiaries or which seeks to require the divestiture by AP Eagers of any AHG Share, or the divestiture of any assets by any member of the AP Eagers Group or by any member of the AHG Group.

3 **(No Prescribed Occurrences)** Between the period from the date on which this Bidder's Statement is given to AHG and the end of the Offer Period (each inclusive), none of the following events (each a **Prescribed Occurrence**) occur:

- (a) AHG converts all or any of its shares into a larger or smaller number of shares;
- (b) AHG or a Subsidiary of AHG resolves to reduce its share capital in any way;
- (c) AHG or a Subsidiary of AHG enters into a buy-back agreement or resolves to approve the terms of a buy-back agreement under section 257C(1) or 257D(1) Corporations Act;
- (d) AHG or a Subsidiary of AHG issues shares (other than AHG Shares issued as a result of the exercise of AHG Performance Rights which are on issue at the Register Date), or grants an option over its shares, or agrees to make such an issue of shares or grant such an option;
- (e) AHG or a Subsidiary of AHG issues, or agrees to issue, convertible notes;
- (f) AHG or a Subsidiary of AHG disposes, or agrees to dispose of, the whole or a substantial part of, its business or property;

- (g) AHG or a Subsidiary of AHG grants, or agrees to grant, a security interest in the whole, or a substantial part of, its business or property;
- (h) AHG or a Subsidiary of AHG resolves to be wound up;
- (i) a liquidator or provisional liquidator of AHG or a Subsidiary of AHG is appointed;
- (j) a court makes an order for the winding up of AHG or a Subsidiary of AHG;
- (k) an administrator of AHG, or a Subsidiary of AHG, is appointed under section 436A, 436B or 436C Corporations Act;
- (l) AHG or a Subsidiary of AHG executes a deed of company arrangement; or
- (m) a receiver, or receiver and manager, is appointed in relation to the whole, or a substantial part, of the property of AHG or a Subsidiary of AHG.

4 **(No material acquisitions, disposals, new commitments or other events)** Except to the extent fully and fairly disclosed in any announcement made by AHG to the ASX prior to the Announcement Date, none of the following events occur during the period from the Announcement Date to the end of the Offer Period (each inclusive):

- (a) AHG makes or declares, or announces an intention to make or declare, any distribution (whether by dividend, capital reduction or otherwise and whether in cash or in specie);
- (b) a member of the AHG Group adopts a new constitution or modifies or repeals its constitution or a provision of it;
- (c) any person is appointed to the AHG Board, other than those nominated by AP Eagers;
- (d) a member of the AHG Group:
 - (i) materially increases the remuneration of, or otherwise varies the employment arrangements with, any of its directors or officers; or
 - (ii) accelerates the rights of any of its directors or officers to compensation or benefits of any kind (other than under any executive or employee share plans) or enters into a commitment to pay any of its director or officers a termination or retention payment;
- (e) a member of the AHG Group changes any accounting policy applied by them to report their financial position except as required by any law or Regulatory Authority;
- (f) any member of the AHG Group does anything that results in a taxable gain for the AHG Group by either causing a Subsidiary to cease being a member of the AHG Group or causing the AHG Group to cease being a consolidated group;
- (g) a member of the AHG Group:
 - (i) acquires or leases, or agrees or offers to acquire or lease, any one or more entities, businesses or assets (or any interest in one or more entities, businesses or assets) for an amount or consideration in excess of \$12.5 million for any individual item or in excess of \$25 million in aggregate;
 - (ii) disposes of, or agrees or offers to dispose of, any one or more entities, businesses or assets (or any interest in one or more entities, businesses or assets) for an amount or consideration in excess of \$12.5 million for any individual item or in excess of \$25 million in aggregate;

- (iii) enters into, extends or renews any commitment (including any non-contractual commitment or undertaking) which has a value or involves a liability, expenditure or revenue, as the case may be, in excess of \$12.5 million when aggregated with related transactions;
 - (iv) terminates or amends in a material manner any commitment (including any non-contractual commitment or undertaking) which has a value or involves a liability, expenditure or revenue, as the case may be, in excess of \$12.5 million when aggregated with related transactions;
 - (v) waives any material third party default where the financial impact on the AHG Group will be in excess of \$3 million; or
 - (vi) accepts as a settlement or compromise of a material matter (relating to an amount in excess of \$3 million) less than the full compensation due to AHG or a Subsidiary of AHG;
- (h) AHG or any other member of the AHG Group undertakes or agrees to undertake capital expenditure in excess of \$12.5 million in aggregate;
- (i) a member of the AHG Group enters into any guarantee or indemnity on behalf of any member of the AHG Group or provides security for the obligations of any member within the AHG Group in relation to amounts in excess of \$12.5 million; and
- (j) a member of the AHG Group announces an intention to do any of the matters referred to in the sub-paragraphs above, or brings forward the time for performance of or releases any rights it has against third parties in respect of any obligations or commitments relating to such matters in existence at the Announcement Date.
- 5 **(No Material Adverse Change)** Between the Announcement Date and the end of the Offer Period (each inclusive), there has not occurred, been announced or become known to AP Eagers or AHG (whether or not it becomes public) any Material Adverse Change.
- 6 **(General market fall)** Between the Announcement Date and the end of the Offer Period (each inclusive), neither the S&P/ASX 200 nor the All Ordinaries Index is, for a period of three consecutive trading days, lower than 85% of the level of that index as at the close of normal trading on the ASX on the Announcement Date.
- 7 **(Third party consents)** If a member of the AHG Group is a party to, is bound by, or is subject to, an agreement, arrangement or understanding which, as a result of the acquisition of the AHG Shares by AP Eagers under the Offer or a change of control of AHG as a result of the Offer, entitles another person (**Third Party**) to exercise any rights (including termination rights or pre-emptive rights), and the exercise of those rights would have a material adverse effect on the assets, liabilities, financial position or performance or the prospects of the AHG Group (taken as a whole), then before the end of the Offer Period, the Third Party:
- (a) does not exercise, propose to exercise, or state an intention or claim a right to exercise, those rights; and
 - (b) gives its consent or waiver to the relevant event.

Schedule 3

AP Eagers announcements to the ASX since 20 February 2019

Date	Announcement
20 February 2019	Full year statutory accounts
20 February 2019	Dividend distribution – AP Eagers
20 February 2019	2018 full year results presentation
22 February 2019	Automotive Holding Group Limited dividend
27 February 2019	Corporate Governance Statement
27 February 2019	Appendix 4G
27 February 2019	Response to Appendix 3Y query
27 February 2019	Change of Director's Interest Notice – M Ward
27 February 2019	Change of Director's Interest Notice – S Moore
27 February 2019	Appendix 3B
7 March 2019	AGM details
2 April 2019	Investor presentation
5 April 2019	ASX announcement – Proposed takeover offer for AHG

Corporate directory

COMPANY

A.P. Eagers Limited
ACN 009 680 013
5 Edmund Street
NEWSTEAD QLD 4006
+61 7 3608 7100
www.apeagers.com.au

BOARD OF DIRECTORS

Tim Crommelin, *Chairman, Non-executive Director*
Martin Ward, *Managing Director & CEO*
Nick Politis, *Non-executive Director*
Dan Ryan, *Non-executive Director*
David Cowper, *Non-executive Director*
Marcus Birrell, *Non-executive Director*
Sophie Moore, *Executive Director & CFO*

COMPANY SECRETARY

Denis Stark, *General Counsel & Company Secretary*

LEGAL ADVISER

McCullough Robertson Lawyers
Level 11, Central Plaza Two
66 Eagle Street
BRISBANE QLD 4000
+61 7 3233 8888
www.mccullough.com.au

FINANCIAL ADVISER

Morgans Corporate Limited
Level 29, 123 Eagle Street
BRISBANE QLD 4000
+61 7 3334 4888
www.morgans.com.au

SHARE REGISTRY

Computershare Investor Services Pty Limited
GPO Box 52
MELBOURNE VIC 3001

Enquiries within Australia: 1300 552 270
Enquiries outside Australia: +61 3 9415 4000

AP EAGERS OFFER INFORMATION LINE

Enquiries within Australia: 1300 560 339
Enquiries outside Australia: +61 2 8011 0354

AP EAGERS CONTROLLED ENTITIES

Adtrans Australia Pty Ltd	ABN 47 008 278 171
Adtrans Automotive Group Pty Ltd	ABN 83 007 866 917
Adtrans Corporate Pty Ltd	ABN 85 056 340 928
Adtrans Group Ltd	ABN 28 008 129 477
Adtrans Hino Pty Ltd	ABN 51 127 369 260
Adtrans Truck Centre Pty Ltd	ABN 17 106 764 327
Adtrans Trucks Adelaide Pty Ltd	ABN 45 151 699 651
Adtrans Trucks Pty Ltd	ABN 71 008 264 935
Adtrans Used Pty Ltd	ABN 11 074 561 514
Adverpro Pty Ltd	ABN 72 612 630 618
A.P. Ford Pty Ltd	ABN 43 010 602 383
A.P. Group Ltd	ABN 53 010 030 994
A.P. Motors Pty Ltd	ABN 76 010 579 996
A.P. Motors (No.1) Pty Ltd	ABN 95 010 585 234
A.P. Motors (No.2) Pty Ltd	ABN 97 010 585 243
A.P. Motors (No.3) Pty Ltd	ABN 99 010 585 252
Cheap Cars Queensland Pty Ltd	ABN 30 616 472 729
AP Townsville Pty Ltd	ABN 12 600 279 927
Associated Finance Pty Ltd	ABN 76 009 677 678
Austral Pty Ltd	ABN 89 009 662 202
Auto Ad Pty Ltd	ABN 23 605 815 021
BASW Pty Ltd	ABN 63 601 452 199
Bill Buckle Autos Pty Ltd	ABN 75 000 388 054
Bill Buckle Holdings Pty Ltd	ABN 44 062 951 106
Bill Buckle Leasing Pty Ltd	ABN 52 000 871 910
Black Auto CQ Pty Ltd	ABN 50 135 015 191
Boonarga Welding Pty Ltd	ABN 31 099 480 903
Carzoos Pty Ltd	ABN 35 608 791 911
CH Auto Pty Ltd	ABN 20 600 297 783
City Automotive Group Pty Ltd	ABN 14 067 985 602
Crompton Automotive Pty Ltd	ABN 64 057 283 253
E.G. Eager & Son Pty Ltd	ABN 20 009 658 306
Eagers Finance Pty Ltd	ABN 65 009 721 288
Eagers MD Pty Ltd	ABN 58 009 727 753
Eagers Nominees Pty Ltd	ABN 98 009 723 488
Eagers Retail Pty Ltd	ABN 91 009 662 211
Eurocars (SA) Pty Ltd	ABN 20 114 124 346
FinMo Pty Ltd	ABN 85 621 801 054
Graham Cornes Motors Pty Ltd	ABN 73 008 123 993
IB MD Pty Ltd	ABN 50 169 210 173
IB Motors Pty Ltd	ABN 90 169 209 607
Leaseline & General Finance Pty Ltd	ABN 51 010 131 361
MB Vic Pty Ltd	ABN 12 608 791 877
Melbourne Truck and Bus Centre Pty Ltd	ABN 42 143 202 699
Motors Group (Glen Waverley) Pty Ltd	ABN 85 164 997 228
Motors Tas Pty Ltd	ABN 69 608 791 680
Nundah Motors Pty Ltd	ABN 52 009 681 556
Port City Autos Pty Ltd	ABN 43 160 315 579
PPT Holdings No 1 Pty Ltd	ABN 13 078 207 333
PPT Holdings No 2 Pty Ltd	ABN 13 078 207 397
PPT Holdings No 3 Pty Ltd	ABN 30 078 207 468
PPT Investments Pty Ltd	ABN 80 000 868 860
Precision Automotive Technology Pty Ltd	ABN 59 163 233 207
South West Queensland Motors Pty Ltd	ABN 21 600 279 589
Stillwell Trucks Pty Ltd	ABN 19 008 014 720
Western Equipment Rentals Pty Ltd	ABN 91 131 269 184
Whitehorse Trucks Pty Ltd	ABN 13 116 437 702
WS Motors Pty Ltd	ABN 99 608 791 804
APE Cars Mgmt Pty Ltd	ACN 632 136 906
Webster Trucks Mgmt Pty Ltd	ACN 632 136 899



Y E A R S

AP EAGERS

ABN 87 009 680 013



AHG_TK

MR SAM SAMPLE
UNIT 123
SAMPLE STREET
SAMPLETOWN NSW 2001

Return your Form:**To Your Controlling Participant:**

Return this form directly to your
stockbroker

**By Mail:**

Computershare Investor Services Pty Limited
Automotive Holdings Group Limited Takeover
GPO Box 52
MELBOURNE VIC 3001 AUSTRALIA

For all enquiries:**Phone:**

(within Australia) 1300 560 339
(outside Australia) +61 2 8011 0354

Acceptance and Transfer Form

CHESS**Your form must be received with sufficient time to allow processing prior to the end of the Offer Period.**

This form and the Bidder's Statement are important documents that require your immediate attention. This form relates to an offer (**Offer**) by A.P. Eagers Limited ACN 009 680 013 (**AP Eagers**) to acquire all of your fully paid ordinary shares in Automotive Holdings Group Limited ACN 111 470 038 (**AHG**) the terms of which are set out in the Bidder's Statement from AP Eagers dated 5 April 2019 as replaced or supplemented (**Bidders Statement**). Capitalised terms used in this form have the same meaning as in the Bidder's Statement, unless otherwise defined.

If you are in doubt about how to deal with this Offer, please contact your financial or other professional advisor.

Note this form can only be used in relation to the securityholding represented by the details printed above and overleaf.

Step 1: Registration Name & Offer Details

Your consideration will be issued to the name(s) as they appear on the copy of the AHG register, as provided to AP Eagers. The current address recorded by AP Eagers is printed above and overleaf. If you have recently bought or sold AHG Shares your holding may differ from that shown. If you have already sold all your AHG Shares do not complete or return this form.

Step 2: Accept the Offer

Only sign and return this form if you wish to accept the Offer for ALL of your AHG Shares.

As your AHG Shares are in a CHESS Holding, you may contact your Controlling Participant directly (normally your stockbroker) with instructions to accept this Offer. If you do this, your Controlling Participant will provide you with details as to what they require in order to accept this Offer on your behalf. If you want AP Eagers to contact your Controlling Participant on your behalf, sign and return this form to the address above so that it is received in sufficient time to allow your instruction to be acted upon by the close of the Offer Period. This will authorise AP Eagers and Computershare Investor Services Pty Limited (**CIS**) to request your Controlling Participant to initiate acceptance of the Offer on your behalf.

By signing this form, you warrant to AP Eagers (and authorise AP Eagers to warrant on your behalf) that you have full legal and beneficial ownership of the AHG Shares to which this form relates and that AP Eagers will acquire them free from all mortgages, charges, liens, encumbrances (whether legal or equitable), restrictions on transfer of any kind and free from any third party rights.

You should allow sufficient time for your Controlling Participant or AP Eagers to initiate the acceptance of the Offer on your behalf. Neither AP Eagers or CIS will be responsible for any delays incurred by the process of requesting your Controlling Participant to accept the Offer.

Step 3: Signing Instructions

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders must sign.

Power of Attorney: Where signing as Power of Attorney (**POA**), you must attach an original certified copy of the POA to this form.

Companies: Where the holding is in the name of a company, this form must be signed in accordance with the Corporations Act, either as:

- a Sole Director and Sole Company Secretary **OR** a Sole Director (if no Company Secretary exists), **OR**
- two Directors, **OR**
- a Director and a Secretary.

Overseas Companies: Where the holding is in the name of an overseas company (companies incorporated outside Australia) the form must be signed as above, or documentation must be provided showing that the company can sign in an alternate manner.

Deceased Estate: All executors must sign and a certified copy of Probate or Letters of Administration must accompany this form.


Entering contact details is not compulsory, but will assist us if we need to contact you.

Turn over to complete the form ➔



HIN WITHHELD I ND

Acceptance and Transfer Form

 For your security keep your SRN/
HIN confidential.

STEP 1 Registration Name & Offer Details

Registration Name: MR SAM SAMPLE
UNIT 123
SAMPLE STREET
SAMPLETOWN NSW 2001

Controlling Participant Identifier:

Offer Details: Securityholding as at 7.00pm (Sydney time) on 8 April 2019:

2000

Consideration to be issued to you on the basis of 1 APE Share for every
3.8 AHG Shares accepted.

Cons

By accepting the Offer, you are accepting the Offer for ALL the AHG
Shares as recorded by AP Eagers as being held by you at the date your
acceptance is processed (even if different to the number stated above).

STEP 2 Accept the Offer

Only sign and return this form if you wish to accept the Offer for ALL of your AHG Shares. The consideration applicable is set out in the terms of AP Eagers' Offer.

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

I/We accept the Offer made by AP Eagers for all of my/our AHG Shares and I/we agree to be bound by the terms and conditions of the Offer as set out in the Bidder's Statement and transfer ALL of my/our AHG Shares to AP Eagers as per the above instruction.

Individual or Securityholder 1

Sole Director and Sole Company Secretary/
Sole Director (cross out titles as applicable)

Securityholder 2

Director

Securityholder 3

Director/Company Secretary
(cross out titles as applicable)

Contact
Name

Contact
Daytime
Telephone

Date / /

Privacy Notice

The personal information you provide on this form is collected by Computershare Investor Services Pty Limited ("CIS") for the purpose of maintaining registers of securityholders, facilitating distribution payments and other corporate actions and communications. We may also use your personal information to send you marketing material approved by A.P. Eagers Limited. You may elect not to receive marketing material by contacting CIS using the details provided on the front of this form or by emailing privacy@computershare.com.au. We may be required to collect your personal information under the Corporations Act 2001 (Cth) and ASX Settlement Operating Rules. We may disclose your personal information to our related bodies corporate and to other individuals or companies who assist us in supplying our services or who perform functions on our behalf, to A.P. Eagers Limited or to third parties upon direction by A.P. Eagers Limited where related to the administration of your securityholding or as otherwise required or permitted by law. Some of these recipients may be located outside Australia, including in the following countries: Canada, India, New Zealand, the Philippines, the United Kingdom and the United States of America. For further details, including how to access and correct your personal information, and information on our privacy complaints handling procedure, please contact our Privacy Officer at privacy@computershare.com.au or see our Privacy Policy at <http://www.computershare.com/au>.



AHG_TK

999999B

Computershare 



AP EAGERS
ABN 87 009 680 013



Return your Form:



By Mail:

Computershare Investor Services Pty Limited
Automotive Holdings Group Limited Takeover
GPO Box 52
MELBOURNE VIC 3001 AUSTRALIA

For all enquiries:

Phone:



(within Australia) 1300 560 339
(outside Australia) +61 2 8011 0354

AHG_TK
MR SAM SAMPLE
UNIT 123
SAMPLE STREET
SAMPLETOWN NSW 2001

Acceptance and Transfer Form

ISSUER



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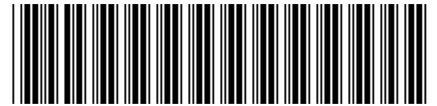
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- two Directors, **OR**
- a Director and a Secretary.

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Turn over to complete the form ➔



SRN WITHHELD I ND

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SAMPLETOWN NSW 2001

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Sole Director and Sole Company Secretary/
Sole Director (cross out titles as applicable)

Securityholder 2

Director

Securityholder 3

Director/Company Secretary
(cross out titles as applicable)

Contact
Name

Contact
Daytime
Telephone

Date / /

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