

26 February 2020

LatAm Announces Voluntary De-Listing from ASX

Key Highlights:

- LAA has applied to ASX for removal from the ASX official list
- Unanimous view of the Board that a corporate restructure and de-listing of LAA is in the best interests of shareholders
- ASX has granted approval for de-listing subject to certain conditions, including shareholder approval to be obtained at a general meeting of LAA to be held on 31 March 2020
- LAA to undertake a minimum holding buy-back of unmarketable parcels of shares to enable smaller shareholders to exit the register, subject to LAA shareholder approval of the de-listing
- LAA also intends to undertake a pro-rata non-renounceable rights offer to raise up to around \$5 million to fund the minimum holding share buy-back, de-listing process and for general corporate purposes (including restructuring costs) if the de-listing is approved by LAA shareholders
- LAA has received commitments from existing investors to support the proposed rights offer conditional on shareholder approval of the de-listing
- Share buy-back and rights offer to be undertaken at a price of 3.0 cents per LAA share which represents a 25% premium to the last closing sale price of LAA shares and a 9.2% premium to the 1-month volume weighted average price of LAA shares traded on ASX.

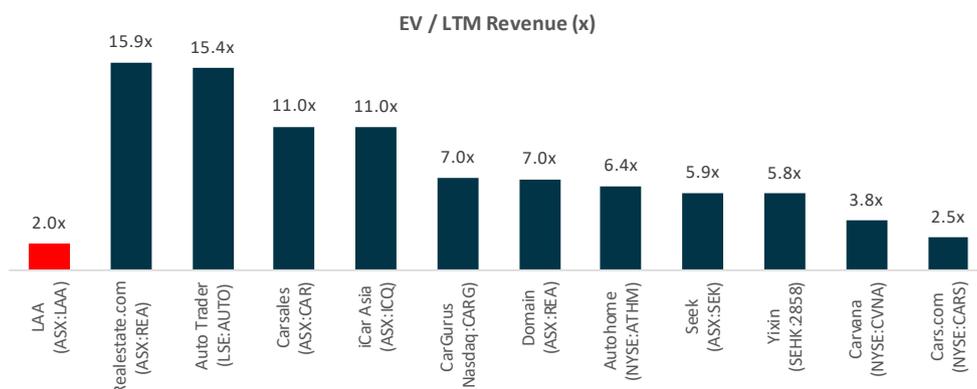
Melbourne – 26 February 2020: LatAm Autos Limited (ASX: LAA) (LAA or the **Company**) has today been advised by ASX Limited (**ASX**) that it would remove LAA from the official list of ASX (**De-Listing**), following an application by LAA under Listing Rule 17.11, subject to the following conditions:

1. LAA's removal from the official list of ASX is approved by special resolution of shareholders.
2. The notice of meeting seeking shareholder approval for LAA's removal from the official list includes a statement, in form and substance satisfactory to ASX, setting out:
 - (a) a timetable of key dates, including the time and date at which LAA will be removed from ASX if that approval is given; and
 - (b) that if shareholders wish to sell their shares on ASX, they will need to do so before LAA is removed from the official list of ASX; and if they do not, details of the processes that will exist after LAA is removed from the official list to allow a shareholder to dispose of their holdings and how they can access those processes.
3. The removal from the official list not take place before the end of one month after shareholders approve the De-Listing.
4. The full terms of the decision by ASX is released to the market immediately.

Following a detailed review, the Board of LAA has unanimously determined that the De-Listing is in the best interests of shareholders for the following reasons:

Securities trading at an undervalue: LAA shares are trading at historic lows. It is the Board's view that the price at which LAA shares have traded on ASX over an extended period of time does not

appropriately reflect the underlying value of the LAA business. LAA shares trade on ASX at low multiples of revenue at a significant discount to LAA's peers both internationally and domestically:



Note: EV (or enterprise value) is based on market data provided by Capital IQ and is calculated as at 3 February 2020; LTM Revenue is the revenue for the last 12 months ended 30 June 2019.

Liquidity: LAA is a highly illiquid stock with a number of unmarketable parcels and limited interest from ASX investors. Average weekly volumes over the:

- i. 3 months to 3 February 2020 represent approximately 0.26% of shares on issue;
- ii. 6 months to 3 February 2020 represent approximately 0.24% of shares on issue; and
- iii. 12 months to 3 February 2020 represent approximately 0.29% of shares on issue.

Turnover of LAA shares for the 12 months prior to suspension on 3 February 2020 represented around 15% of total issued share capital.

Ownership is relatively concentrated with the top 20 shareholders accounting for around 70% of the shares on issue.

Limited shareholder support: LAA needs capital in order to maintain and to grow its business. There was a substantial shortfall in the Company's most recent capital raising. Following close of the rights offer undertaken in June/July 2019, after allocation of the shortfall to shareholders who wished to subscribe beyond their entitlement, there was still a shortfall of 69,113,776 shares (being approximately 57.84% of the shares available under the rights offer) which the Company was unable to successfully allocate over a period of 3 months despite extensive efforts.

Administrative costs of ASX Listing: The administrative requirements and costs arising from the ASX listing, which are exacerbated by LAA's businesses and management being based in Latin America, are material in the context of the Company's financial position. The directors estimate annual costs savings of between \$422,954 and \$779,354 if the Company is De-Listed. In the circumstances, where the Company needs to conserve cash for working capital purposes and investment in further development of its software products, and has faced difficulties raising further capital under its current listed structure, the directors consider that the additional expenses of a listed structure are hard to justify.

De-Listing to unlock growth potential: The Company's business is primarily located in Mexico and Ecuador with no material assets in Australia. Recent discussions with a number of overseas based companies and investors has highlighted to the Board that LAA's ASX listing is impairing its ability to access pools of capital which are focussed on investments in Latin America and the fintech space. The directors consider that the De-Listing will enable to Company to more easily access off-shore private capital, particularly from international private equity investors and other funds who see the Company's listing as a regulatory hurdle to them making an investment in LAA.

LAA has received support from existing investors to undertake a capital raising contingent upon the De-Listing being approved by shareholders. This capital will secure the near term future for the company and enable LAA to continue to grow its business and to progress engagements with potential strategic partners. In the absence of this capital injection, the future of LAA is uncertain.

Of course, there will be consequences of a De-Listing including:

- LAA shares will no longer be publicly quoted and shareholders will not be able to freely trade their LAA shares on ASX. Any trading in LAA shares will need to be undertaken privately.
- LAA will no longer be able to raise capital on the public equity markets. However, as noted above, the Board considers that the Company has limited ability to continue to raise equity from ASX investors and that the Company will be better positioned to access pools of capital focussed on Latin America following the De-Listing.

LAA intends to seek shareholder approval of the De-Listing at a general meeting of the company to be held on 31 March 2020 (**GM**).

Capital raising in conjunction with and conditional upon De-Listing

Following the GM, LAA proposes to invite eligible shareholders to participate in a pro-rata non-renounceable 2:7 rights offer at 3 cents per share to raise up to around \$5 million (**Rights Offer**). The Rights Offer will be subject to shareholder approval of the De-Listing at the GM.

The purpose of the Rights Offer is to provide LAA with the working capital it requires to fund the ongoing development of the Company's software products, as well as its general working capital needs and future growth. Additionally, a proportion of the amount raised from the Rights Offer will be used to fund the proposed minimum holding share buy-back.

Existing LAA shareholders, namely Log Creek (an entity associated with Chairman Mike Fitzpatrick) and Perennial, have agreed to pre-commit to take up entitlements, to subscribe for shortfall shares and/or to underwrite any shortfall conditional on shareholders approving the De-Listing. The commitments that have been received in respect of the Rights Offer mean that LAA is confident of being able to raise approximately \$5 million in the event that the De-Listing proceeds as planned, securing the near term future of the Company.

Further details around the De-Listing and Rights Offer will be provided to shareholders in the notice of meeting expected to be despatched on or around 28 February 2020 and in the transaction specific prospectus for the Rights Offer expected to be lodged with ASIC and ASX and despatched to eligible shareholders in accordance with the indicative timetable set out below.

Eligible shareholders should consider the prospectus in deciding whether to participate in the Rights Offer. Any shareholders who wish to participate and acquire further shares in the Company under

the Rights Offer will need to complete the entitlement and acceptance/application form that will accompany the prospectus.

Minimum holding buy-back

To provide smaller shareholders with the ability to exit their holdings prior to the De-Listing, on the basis that they may not want to hold shares in an unlisted entity, a liquidity facility will be offered in the form of a minimum holding buy-back for shareholders holding parcels of LAA shares that are less than a marketable parcel i.e. a parcel of shares worth less than A\$500 based on the last ASX closing sale price of the shares before the date of this announcement.

The minimum holding buy-back will be undertaken on an 'opt-out' basis in accordance with clause 11 of LAA's constitution. At the date of this announcement, there are approximately 686 shareholders holding a parcel of shares worth less than A\$500 based on the last ASX closing sale price of \$0.024 for an LAA share on 31 January 2020. Collectively, these shareholders hold around 5,115,724 million LAA shares in aggregate which represents approximately 0.86% of the total number of LAA shares on issue.

All LAA shareholders with an unmarketable parcel will receive a letter outlining the process. These shareholders will have at least 6 weeks to opt-out of the minimum holding buy-back in order to retain their shares. Shareholders who hold an unmarketable parcel of LAA shares (based on the closing sale price of an LAA share at the expiry of the opt-out period) who take no action will receive 3.0 cents per LAA share held, without incurring any brokerage costs, subject to LAA shareholders approving the De-Listing.

The indicative timetable* is as follows:

EVENT	DATE
De-Listing	
Formal application submitted to ASX	25 February 2020
Notice of meeting despatched to shareholders	28 February 2020
GM	31 March 2020
Removal of the Company from the ASX official list	4 May 2020
Minimum holding buy-back	
Record date for determining which shareholders may participate in the minimum holding buy-back	25 February 2020 at 7:00 pm (Melbourne time)
Despatch minimum holding buy-back offer and divestiture notice to holders of unmarketable parcels and give to ASX	26 February 2020
Closing date for receipt of share retention forms	9 April 2020
Acquisition of unmarketable parcels	14 April 2020
Rights Offer	
Lodge transaction specific prospectus and despatch to shareholders	7 April 2020
Record date to participate in Rights Offer	15 April 2020

Rights Offer closes	27 April 2020
---------------------	---------------

* Note: This timetable is indicative only and subject to change. The Company reserves the right to change the dates, including the date of the GM and closing date of the Rights Offer without prior notice, subject to the ASX Listing Rules and Corporations Act. Any extension of the date of the GM will have a consequential effect on the anticipated date for the De-Listing. Similarly, any extension of the closing date of the Rights Offer will have a consequential effect on the anticipated date for issue of the new shares.

Future strategy

LAA is focused on further leveraging its market leading position by growing its flagship product Motorfy. As part of the De-Listing, LAA will have the opportunity to reset its cost base and encourage new investment involving parties with a focus on Latin America and who are not prepared to invest through the ASX platform.

Chairman Mike Fitzpatrick commented:

“The Board of LatAm Autos considers that a delisting of the Company’s shares from ASX is in the best interests of all shareholders - the Company is significantly undervalued at its current share price, with limited liquidity and it has an inability to raise capital from the public equity markets. The Board believes that LAA will have greater flexibility and access to funding as an unlisted entity without the administrative burden of an ASX listing (particularly given its Latin American business focus). LAA will be better positioned to engage with international strategic investors - something which is proving difficult as an ASX listed entity.”

Superior proposal or change in circumstance

The proposed De-Listing, minimum holding buy-back and capital raising are subject to no superior proposal emerging and no circumstances affecting the Company otherwise changing. The Company reserves the right not to proceed with the De-Listing, minimum holding buy-back and/or proposed capital raising in its absolute discretion, including if in the view of the Company’s directors a superior proposal emerges or circumstances otherwise change requiring the Company to re-assess the merits of the De-Listing, minimum holding buy-back and/or proposed capital raising.

The Company continues to assess its options including engaging in confidential non-binding discussions with a number of parties regarding potential strategic transactions. LAA will update shareholders as required in accordance with its continuous disclosure obligations.

-Ends-

This announcement is authorised for release by the Board of Directors of LatAm Autos Limited.

For more information, please contact:

Melanie Leydin
Company Secretary
+61 3 9692 7222
investors@latamautos.com

About LatAm Autos (ASX: LAA)

LatAm Autos is a leading online car transaction market place with operations in Mexico, Ecuador and Peru. LatAm Autos is capitalising on the shift of automotive classifieds advertising to online channels, whilst providing ancillary services to car buyers such as finance, insurance and car tracking technology through its Motorfy brand. For more information on LatAm Autos, please visit its website: www.latamautos.com.