



Prospectus

Initial Public Offering of Ordinary Shares

Joint Lead Managers:

**Goldman
Sachs**

Morgan Stanley

Important notices

Offer

The Offer contained in this Prospectus is an invitation to acquire fully paid ordinary shares in SG Fleet Group (ACN 167 554 574) (Shares).

Lodgement and Listing

This Prospectus is dated 20 February 2014 and was lodged with the Australian Securities and Investment Commission (ASIC) on that date. It is a replacement prospectus which replaces the prospectus dated 13 February 2014 and lodged with ASIC on that date (Original Prospectus). The replacement Prospectus differs from the Original Prospectus. The differences between this Prospectus and the Original Prospectus include an update the "Key Offer Statistics" on page 4 to include FY2014 numbers in the Enterprise Value / EBIT and Offer Price / NPAT ratios (in addition to the FY2015 forecast numbers). The same addition has been made to Section 1.2 under the heading "What are the key investment metrics?". Neither ASIC nor the Australian Securities Exchange (ASX) takes any responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates. SG Fleet Group has applied to ASX for listing of SG Fleet Group and quotation of the Shares on ASX.

Expiry Date

This Prospectus expires on the date which is 13 months after the date of the Original Prospectus (Expiry Date) and no Shares will be issued or transferred on the basis of this Prospectus after the Expiry Date.

Note to Applicants

The information contained in this Prospectus is not financial product advice and does not take into account the investment objectives, financial situation or particular needs of any prospective investor. It is important that you read this Prospectus carefully and in full before deciding whether to invest in *sgfleet*. In particular, in considering the prospects of *sgfleet*, you should consider the risks that could affect the financial performance of *sgfleet*. You should carefully consider these risks in light of your investment objectives, financial situation and particular needs (including financial and taxation issues) and seek professional advice from your accountant, financial adviser, stockbroker, lawyer or other professional adviser before deciding whether to invest in *sgfleet*. Some of the risks that should be considered by prospective investors are set out in Section 5. There may be risks in addition to the risks set out in Section 5 that should be considered in light of your personal circumstances.

No person named in this Prospectus, nor any other person, guarantees the performance of *sgfleet*, the repayment of capital by *sgfleet* or the payment of a return on the Shares. No person is authorised to give any information or make any representation in connection with the Offer which is not contained in this Prospectus. Any information or representation not so contained may not be relied on as having been authorised by *sgfleet* or the Directors.

As set out in Section 7.8.3, it is expected that the Shares will be quoted on ASX initially on a conditional and deferred settlement basis.

SG Fleet Group and each member of *sgfleet* disclaims all liability, whether in negligence or otherwise, to persons who trade Shares before receiving their holding statements.

Exposure Period

The Corporations Act prohibits SG Fleet Group from processing applications to subscribe for Shares under this Prospectus (Applications) in the seven day period after the date of lodgement of the Original Prospectus (Exposure Period). The Exposure Period may be extended by ASIC by up to a further seven days. The Exposure Period is to enable this Prospectus to be examined by market participants prior to the raising of funds. The examination may result in the identification of deficiencies in this Prospectus, in which case any Application may need to be dealt with in accordance with section 724 of the Corporations Act.

Applications received during the Exposure Period will not be processed until after the expiry of that period. No preference will be conferred on Applications received during the Exposure Period.

Forward-looking statements

This Prospectus contains forward-looking statements. These statements are based on an assessment of present economic and operating

conditions, and on a number of assumptions regarding future events and actions that, at the date of the Original Prospectus, are expected to take place (including the assumptions set out in Section 4.10). Such forward-looking statements are not guarantees of future performance and involve uncertainties, assumptions and known and unknown risks, including the risks set out in Section 5, many of which are beyond the control of *sgfleet* and the Directors. *sgfleet* and the Directors cannot and do not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this Prospectus will actually occur and investors are cautioned not to place undue reliance on these forward looking statements. Except where required by law, *sgfleet* has no intention of updating or revising forward-looking statements, or publishing prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus.

Statements of past performance

This Prospectus includes information regarding the past performance of *sgfleet*. Investors should be aware that past performance should not be relied upon as being indicative of future performance.

Financial year periods

All references to FY2011, FY2012, FY2013, FY2014 and FY2015 appearing in this Prospectus are to the historical financial years ended 30 June 2011, 30 June 2012 and 30 June 2013 and the forecast financial years ending 30 June 2014 and 30 June 2015, respectively, unless otherwise indicated.

Financial Information

Section 4 sets out the Financial Information referred to in this Prospectus. The basis of preparation of the Financial Information is also set out in Section 4. The Pro Forma Historical Financial Information and the Forecast Financial Information in this Prospectus should be read in conjunction with, and are qualified by reference to, the information contained in Sections 2, 3 and 5.

Obtaining a copy of this Prospectus

A hard copy of this Prospectus is available free of charge to any Broker Firm Applicant in Australia by calling 1300 317 954 (within Australia) or +61 3 9415 4845 (outside Australia) from 8.30am to 5.30pm (Sydney time) during the Broker Firm Offer period from 21 February 2014 to 28 February 2014. The Prospectus is available on *sgfleet*'s website (www.sgfleet.com).

No cooling off rights

Cooling off rights do not apply to an investment in Shares issued under this Prospectus. This means that, in most circumstances, you cannot withdraw your Application.

Photographs and diagrams

Photographs and diagrams used in this Prospectus that do not have descriptions are for illustration only and should not be interpreted to mean that any person shown in them endorses this Prospectus or its contents or that the assets shown in them are owned by *sgfleet*. Diagrams and maps used in this Prospectus are illustrative only and may not be drawn to scale.

Defined terms and abbreviations

Defined terms and abbreviations used in this Prospectus have the meanings defined in the Glossary set out in Appendix B. Unless otherwise stated or implied, references to times in this Prospectus are to the time in Sydney, Australia. All financial amounts contained in this Prospectus are expressed in Australian dollars unless otherwise stated. There may be discrepancies between totals and sums of components in tables contained in this Prospectus due to rounding.

Selling restrictions

This Prospectus does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. No action has been taken to register or qualify the Shares or the Offer, or to otherwise permit a public offering of Shares, in any jurisdiction outside Australia. The distribution of this Prospectus outside Australia may be restricted by law and persons who come into possession of this Prospectus outside Australia should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

The Shares have not been, and will not be, registered under the US Securities Act or the securities laws of any state or other jurisdiction in the United States and may not be offered or sold, directly or indirectly, in the United States unless the Shares are registered under the US Securities Act, or an exemption from the registration requirements of the US Securities Act and any other applicable securities laws is available.

See Section 7.10 for more details of selling restrictions that apply to the offer and sale of Shares in jurisdictions outside of Australia.

Privacy

By filling out the Application Form to apply for Shares you are providing personal information to *sgfleet* through its service provider, Computershare Investor Services Pty Limited (Share Registry), which is contracted by *sgfleet* to manage Applications. *sgfleet*, and the Share Registry on its behalf, may collect, hold and use that personal information in order to process your Application, service your needs as a Shareholder, provide facilities and services that you request and administer *sgfleet*. If you do not provide the information requested in the Application Form, *sgfleet* and the Share Registry may not be able to process or accept your Application.

Your personal information may also be used from time-to-time to inform you about other products and services offered by *sgfleet*, which it considers may be of interest to you. Your personal information may also be provided to *sgfleet*'s members, agents and service providers on the basis that they deal with such information in accordance with *sgfleet*'s privacy policy and applicable laws. The members, agents and service providers of *sgfleet* may be located outside Australia where your personal information may not receive the same level of protection as that afforded under Australian law.

The types of agents and service providers that may be provided with your personal information and the circumstances in which your personal information may be shared are:

- the Share Registry for ongoing administration of the Shareholder register
- printers and other companies for the purpose of preparation and distribution of statements and for handling mail
- market research companies for the purpose of analysing the Shareholder base and for product development and planning
- legal and accounting firms, auditors, contractors, consultants and other advisers for the purpose of administering, and advising on, the Shares and for associated actions

You may request access to your personal information held by or on behalf of *sgfleet*. You may be required to pay a reasonable charge to the Share Registry in order to access your personal information. You can request access to your personal information by writing to or telephoning the Share Registry as follows.

Email: privacy@computershare.com.au

Address: The Privacy Officer
Computershare Investor Services
Pty Limited
Yarra Falls
452 Johnson Street
Abbotsford VIC 3067

Offer management

The Offer is being arranged, managed and underwritten by Goldman Sachs and Morgan Stanley.

Report on Financial Information and Financial Services Guide

The provider of the Investigating Accountant's Report is required to provide Australian retail clients with a financial services guide in relation to the review under the Corporations Act.

The financial services guide is provided in Section 8.

Questions

If you have any questions about how to apply for Shares, please call your Broker. If you have any questions about whether to invest in *sgfleet* you should seek professional advice from your accountant, financial adviser, stockbroker, lawyer or other professional adviser before deciding whether to invest in *sgfleet*.

Letter from the Chairman

13 February 2014

Dear Investor

On behalf of the Board of Directors, it is my pleasure to invite you to become a Shareholder in SG Fleet Group.

sgfleet is one of Australia's leading, specialist providers of vehicle leasing and fleet management services, to corporate and government customers, as well as salary packaged vehicles for individual employees of those customers. **sgfleet** also has a presence in New Zealand and the United Kingdom.

sgfleet traces its origins in Australia back to 1988 and has significantly grown its market position in the Australian fleet management and leasing industry, through acquisitions and organic growth. **sgfleet** had 82,325 vehicles under management as at 31 December 2013.

sgfleet participates in growing markets, driven by the increasing adoption of outsourced fleet management and leasing services by corporate and government customers and demand for salary packaged vehicles.

sgfleet has a diversified product offering and a strong market position across all of the fleet management and leasing industry sectors in which it competes in Australia:

- **corporate fleet management:** **sgfleet** offers an extensive range of fleet management and leasing solutions to corporate and government customers, as well as heavy commercial fleet management and leasing services
- **salary packaging:** **sgfleet** provides salary packaged novated leases and associated vehicle management services, to the employees of a range of corporate and government customers

sgfleet's strategy is to continue to grow its business through a combination of: deeper penetration into existing customers; winning new customers through market share gains from competitors; converting first time customers to outsourcing; and developing new products and services.

sgfleet is led by an experienced management team, that has delivered strong growth in recent years. Pro forma consolidated revenue grew by 13% per annum between FY2011 and FY2013 and pro forma consolidated EBIT grew by 45% per annum over the same period.

The Directors expect **sgfleet**'s strong financial performance to continue in FY2014 and FY2015 and expect to target distributions of 60% to 70% of statutory NPAT, as fully-franked dividends. It is the Board's current intention to pay a final dividend of 4 cents per Share in October 2014, which will be in respect of the period from Completion to 30 June 2014.

Upon listing of **sgfleet**, New Shareholders are expected to hold 42% of the Shares in **sgfleet**. Super Group (a company listed on the Johannesburg Securities Exchange and the existing majority shareholder of **sgfleet**) and Management Shareholders are expected to hold 51% and 7% of the Shares in **sgfleet** respectively. **sgfleet** will have a majority of independent Directors, including an independent Chairman.

This Prospectus contains detailed information about the Offer, the industry in which **sgfleet** operates and **sgfleet**'s financial and operating performance and outlook. **sgfleet**'s business is subject to a range of company specific and general risks including loss of key customer contracts, fall in realised used vehicle prices and changes to fringe benefits tax (FBT) legislation. These risks as well as other risks of investing in **sgfleet** are detailed in Section 1.1 and Section 5. I encourage you to read this document carefully in its entirety before making your investment decision.

On behalf of my fellow Directors, I commend the Offer to you and look forward to welcoming you as a Shareholder.

Yours sincerely



Andrew Reitzer
Chairman

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Key dates

Key Dates

Prospectus lodgement date	Thursday, 20 February 2014
Broker Firm Offer and Priority Offer opens	9:00am Sydney Time Friday, 21 February 2014
Broker Firm Offer and Priority Offer closes	5:00pm Sydney Time Friday, 28 February 2014
Commencement of trading of Shares on ASX on a conditional and deferred settlement basis	Tuesday, 4 March 2014
Settlement of the Offer	Thursday, 6 March 2014
Allotment and issue of Shares under the Offer	Thursday, 6 March 2014 to Friday, 7 March 2014
Commencement of trading on the ASX on an unconditional and deferred settlement basis	Friday, 7 March 2014
Expected dispatch of holding statements	Monday, 10 March 2014
Commencement of trading on the ASX on a normal settlement basis	Tuesday, 11 March 2014

Notes

This timetable is indicative only and may change. Unless otherwise indicated, all times are stated in Sydney Time. **sgfleet**, in consultation with the Underwriters, reserves the right to vary any and all of the above dates and times without notice (including, subject to the ASX Listing Rules and the Corporations Act, to close the Offer early, to extend the closing date, or to accept late Applications, either generally or in particular cases, or to cancel or withdraw the Offer before Completion, in each case without notifying any recipient of this Prospectus or Applicants). If the Offer is cancelled or withdrawn before the issue of Shares, then all Application Monies will be refunded in full (without interest) as soon as possible in accordance with the requirements of the Corporations Act. Investors are encouraged to submit their Applications as soon as possible after the Offer opens.

The quotation and commencement of trading of the Shares is subject to confirmation from ASX.

Key offer statistics

Key offer statistics

Total number of Shares offered under this Prospectus ^(a)	101.94 million
Number of Shares to be held by Existing Owners and management on Completion of the Offer ^(b)	140.75 million
Total number of Shares on issue on Completion of the Offer	242.69 million
Offer Price	\$1.85 per share
Market capitalisation at the Offer Price ^(c)	\$449.0 million
Enterprise value at the Offer Price ^(d)	\$454.2 million
Enterprise value/pro forma forecast FY2014 EBIT (times) ^(e)	8.4x
Enterprise value/pro forma forecast FY2015 EBIT (times) ^(e)	7.5x
Offer Price/pro forma forecast FY2014 NPAT per Share (times) ^(f)	12.8x
Offer Price/pro forma forecast FY2015 NPAT per Share (times) ^(f)	11.5x
Pro forma net debt/pro forma forecast FY2015 EBITDA (times) ^(g)	0.1x
Indicative annual dividend yield (based on a dividend payout ratio of 60% to 70% and pro forma forecast FY2015 NPAT) ^(h)	5.2 to 6.1%

Notes

- (a) The total number of Shares to be issued under the Offer excludes 1,646,330 one-off Bonus Shares and 11,594,312 Shares issued to Bluefin as consideration for the purchase of RPS by SG Fleet (through a subsidiary) and a reinvestment of \$10.2 million of Bluefin's pro-rata share of the pre-IPO dividend by way of a subscription for Shares, see Section 6.2.4.3 and Section 7.1.
- (b) Shares held by Management Shareholders will be subject to voluntary escrow arrangements as described further in Section 7.6. Includes Bonus Shares issued to certain management and Peter Mountford and Colin Brown, see section 6.2.4.3.
- (c) Market capitalisation at the Offer Price is defined as the Offer Price multiplied by the total number of Shares on issue at Completion of the Offer. Shares may not trade at the Offer Price after Listing.
- (d) Enterprise value at the Offer Price is defined as market capitalisation at the Offer Price of \$449.0 million, plus pro forma net debt of \$5.2 million as at 31 December 2013, adjusted to reflect the impact of the Offer as set out in Section 4.5.
- (e) The enterprise value/EBIT multiple is calculated as the expected enterprise value of **sgfleet** at the Offer Price, divided by pro forma forecast FY2014 EBIT of \$54.3 million or FY2015 EBIT of \$60.2 million.
- (f) This ratio is commonly referred to as a forward price to earnings, or forward PE ratio. A forward PE ratio is a company's share price divided by its forecast annual earnings per share.
- (g) The net debt/EBITDA multiple is calculated by dividing pro forma net debt of \$5.2 million as at 31 December 2013 by pro forma forecast EBITDA of \$66.8 million. Refer to Section 4.6 for details of the components of net debt.
- (h) Indicative annual dividend yield is calculated as the implied dividend per Share based on **sgfleet**'s target payout ratio range of 60% to 70% and the pro forma forecast FY2015 NPAT, divided by the Offer Price. It is the Board's current intention to pay a dividend in respect of the period from Completion of the Offer to 31 June 2014, in October 2014. No assurances can be given by any person, including the Board, about the payment or the level of future dividends and there may be periods in respect of which dividends are not paid. See Section 1.1 and Section 4.13 for further detail.

The Forecast Financial Information is based on assumptions and accounting policies set out in Section 4 and Appendix A, and is subject to the key risks set out in Section 5. There is no guarantee that the forecasts will be achieved. Certain financial information in this Prospectus is described in Section 4. Forecasts have been included in this document for FY2014 and FY2015.

How to invest

Applications for Shares can only be made by completing and lodging the Application Form.

Instructions on how to apply for Shares are set out in Sections 1.3, 7.3 and 7.4 and on the back of the Application Form.



Section 1

Investment overview



1. Investment overview

1.1 Overview of *sgfleet*'s business and key features of its business model

Table 1: Overview of *sgfleet*'s business and key features of its business model

Topic	Summary	For more information
A. Introduction		
Who is <i>sgfleet</i> ?	<p><i>sgfleet</i> one of Australia's leading specialist providers of vehicle leasing and fleet management services, to corporate and government customers, as well as salary packaged vehicles for employees of those customers.</p> <p><i>sgfleet</i> has more than 400 employees and a presence in all states of Australia and the Australian Capital Territory (ACT), New Zealand and the United Kingdom.</p> <p><i>sgfleet</i> had 82,325 vehicles under management as at 31 December 2013.</p>	Section 3 contains details about <i>sgfleet</i> and the business it operates
What is <i>sgfleet</i> 's history?	<p><i>sgfleet</i> traces its origins in Australian fleet management to a predecessor entity, which established a joint venture in 1988 with a subsidiary of the Commonwealth Bank of Australia (CBA). This predecessor entity was subsequently acquired by CBA in 1997.</p> <p>In 2004, a consortium led by Super Group acquired the business from CBA and subsequently acquired and integrated a specialist salary packaging business and a heavy commercial vehicles business. In April 2008, the businesses were united under the <i>sgfleet</i> brand.</p> <p>In April 2011, CHAMP Ventures and senior management made a significant investment in <i>sgfleet</i> alongside Super Group.</p>	Section 3.1.2
Why is the Offer being conducted?	<p>The Offer is being conducted to:</p> <ul style="list-style-type: none"> • allow some of the Existing Owners an opportunity to realise their investment in <i>sgfleet</i> • facilitate payment of a dividend to the Existing Owners • provide a liquid market for Shares • provide <i>sgfleet</i> with the benefits of an enhanced profile that arises from being a listed entity • provide <i>sgfleet</i> with access to capital markets to improve capital management flexibility • assist <i>sgfleet</i> in attracting and retaining quality staff 	Section 7.1.1

1. Investment overview

Topic	Summary	For more information
B. Key features of <i>sgfleet</i>'s business model		
<p>What markets does <i>sgfleet</i> compete in?</p>	<p>In Australia, <i>sgfleet</i> has a diversified product offering and competes in the following segments of the fleet management market:</p> <ul style="list-style-type: none"> • corporate fleet management: <i>sgfleet</i> offers an extensive range of fleet management and leasing solutions to corporate and government customers, as well as heavy commercial fleet management and leasing services • salary packaging: <i>sgfleet</i> provides salary packaged novated leases and associated vehicle management services, to the employees of a range of corporate and government customers <p><i>sgfleet</i> also competes in New Zealand and the United Kingdom in the outsourced corporate fleet management segment and is marketing a new salary sacrifice product in the United Kingdom.</p>	<p>Section 3.1.1 and Section 3.2</p>
<p>How does <i>sgfleet</i> generate its income?</p>	<p><i>sgfleet</i> provides end-to-end fleet management services and earns revenue from most aspects of vehicle asset management, contracted over the life of the vehicle. <i>sgfleet</i>'s key revenue sources are:</p> <ul style="list-style-type: none"> • management and maintenance fees (35.6% of FY2013 revenue): periodic fees for fleet management services • additional products and services revenue (26.7% of FY2013 revenue): includes registration renewal, accident management, insurance and the sale of accessories • funding commissions (13.5% of FY2013 revenue): received from third-party lease funders (<i>sgfleet</i> generally does not bear credit risk on principal and interest payments) • end of lease income (9.5% of FY2013 revenue): includes unfair wear and tear and other contract variations, as well as any gain upon disposal of the vehicle at termination of a lease • rental income (7.8% of FY2013 revenue): earned from vehicles on <i>sgfleet</i>'s balance sheet, predominantly comprising: <ul style="list-style-type: none"> – a portion of leases and hire agreements in New Zealand and the United Kingdom – heavy commercial vehicles retained by customers beyond the initial lease term (Inertia) • other ancillary sources of revenue (6.9% of FY2013 revenue) 	<p>Section 3.5</p>

1. Investment overview

Topic	Summary	For more information
B. Key features of <i>sgfleet</i>'s business model (continued)		
<p>How does <i>sgfleet</i> expect to fund its operations?</p>	<p>Where <i>sgfleet</i> arranges lease finance for its customers, it has a range of funding arrangements:</p> <ul style="list-style-type: none"> operating leases, finance leases and novated leases originated by <i>sgfleet</i> are typically funded under principal and agency arrangements with third-party funders, who take credit risk and pay <i>sgfleet</i> financing commissions in the case of an operating lease, <i>sgfleet</i> retains responsibility for disposal of the vehicle at the end of the lease term and accepts residual value risk on balance sheet funding for heavy commercial Inertia vehicles and a portion of leases in New Zealand and the United Kingdom, where <i>sgfleet</i> receives rental income <p>For <i>sgfleet</i>'s corporate funding arrangements, following completion of the Offer <i>sgfleet</i> expects to have pro forma net debt of \$5.2 million as at 31 December 2013.¹</p>	<p>Section 3.9</p>
<p>How is <i>sgfleet</i> differentiated?</p>	<p><i>sgfleet</i> has a diversified position in the Australian fleet management marketplace, with a leading market position (by fleet size) in both the corporate fleet management sector and the salary packaging sector.</p> <p><i>sgfleet</i> believes it is differentiated from its competitors, through an experienced and committed team, customer-centric approach, product expertise and the advanced capabilities of its customer-facing, proprietary technology platform.</p> <p><i>sgfleet</i>'s lease funding model, under which leases are written using third-party funding arrangements, is differentiated from many of <i>sgfleet</i>'s competitors, particularly in the corporate sector. This means that <i>sgfleet</i> has lower capital requirements and carries less credit risk than many of its competitors.</p>	<p>Section 2.3 and Section 3.1.3</p>
<p>What is <i>sgfleet</i>'s growth strategy?</p>	<p><i>sgfleet</i>'s growth strategy is based on:</p> <ul style="list-style-type: none"> 'embedded growth' from recent customer wins where <i>sgfleet</i> will write new leases as these new fleets roll on further market penetration of outsourced fleet management and leasing products and services <ul style="list-style-type: none"> <i>sgfleet</i> has a track record of winning new customers, who are outsourcing their fleet management for the first time take-up of fleet management in Australia has been growing, but is still relatively low compared to other countries such as the United Kingdom <i>sgfleet</i> believes there is significant market opportunity to continue to drive further penetration of outsourced fleet management in Australia within the salary packaging sector, growth and penetration is expected to be driven by: (a) winning new corporate customers; and (b) capturing a greater level of novated lease adoption by potential Novated Customer employees 	<p>Section 3.11</p>

1) Refer to Section 4.6 for details of the components of net debt.

1. Investment overview

Topic	Summary	For more information
B. Key features of <i>sgfleet</i>'s business model (continued)		
What is <i>sgfleet</i> 's growth strategy? continued	<ul style="list-style-type: none"> • strong record of new tendering activity <ul style="list-style-type: none"> – <i>sgfleet</i> has a disciplined process that identifies priority targets for new business development and an active customer retention program – <i>sgfleet</i> has a successful recent track record in new customer wins • new ancillary product offerings and service innovations <ul style="list-style-type: none"> – <i>sgfleet</i> has a strong track record of adding additional features to its product bundle and has a number of planned initiatives, that are designed to maintain service leadership and derive additional revenue • acquisition and investment opportunities <ul style="list-style-type: none"> – <i>sgfleet</i> has a strong record and internal capabilities for successfully integrating acquisitions and establishing new operations 	Section 3.11
C. Key strengths		
A leading market position	<p><i>sgfleet</i> is a leading, diversified fleet management business in Australia, with a strong market presence across both the corporate fleet management sector and the salary packaging sector.</p> <p><i>sgfleet</i> believes that as a result of its scale, it is able to achieve procurement benefits, often leading to reduced costs, across all categories of vehicle expenditure, including vehicle purchasing, maintenance services, insurance, fuel, tyres and finance.</p>	Section 2.3 and Section 3.2
Strong growth trajectory	<p><i>sgfleet</i> has achieved strong growth in recent years, underpinned by: (i) a trend towards outsourcing by corporate and government customers; (ii) new customer wins (including first time outsourcing customers); and (iii) sales of additional products and accessories.</p> <p>From FY2011 to FY2013, <i>sgfleet</i> has achieved the following compound annual growth rates:</p> <ul style="list-style-type: none"> • vehicles under management: 5% • revenue: 13% • EBIT: 45% <p>FY2014 included a one-off impact due to a regulatory disruption to novated leasing, however novated lease sales have materially returned to historical levels. From FY2014 to FY2015, the Directors are forecasting the following growth rates²:</p> <ul style="list-style-type: none"> • revenue: 7% • EBIT: 11% • net profit after tax: 12% 	Section 4.3

2) The Forecast Financial Information is based on assumptions and accounting policies set out in Section 4 and Appendix A, and is subject to the key risks set out in Section 5.

1. Investment overview

Topic	Summary	For more information
C. Key strengths (continued)		
Diversified business mix	<p>sgfleet's business model is diversified across several dimensions, including:</p> <ul style="list-style-type: none"> • low levels of customer concentration • a diverse mix of vehicle manufacturers and models • a balanced mix of public and private sector customers • a balanced mix of passenger, light commercial and heavy commercial vehicles under management 	Section 3.4
High quality, growing customer base	<p>sgfleet had approximately 1,500 corporate and government customers as at 31 December 2013, including a wide range of well-known corporate and government customers.</p> <p>The average length of customer relationship across sgfleet's 20 largest customers is approximately 11 years.</p> <p>Since the beginning of FY2010, sgfleet has won 150 new corporate and government customers and lost only 16 customers.³</p>	Section 3.6
Innovative service delivery	<p>sgfleet has a strong track record of adding additional features to its product bundle and deriving additional revenue streams. sgfleet believes its differentiated by its service delivery and technology platform from its competitors.</p> <p>sgfleet has a customer-centric approach to service delivery and tailors bespoke but scalable solutions to meet the needs of individual customers.</p> <p>sgfleet's strategy is to maintain industry leadership, through the continued innovation of its technology platform and service delivery. Select examples of new product offerings and service innovations in recent years include:</p> <ul style="list-style-type: none"> • Fleetintelligence: a proprietary web interface for customers • Logbook: an electronic logbook application and online portal that eliminates the need for paper-based records • iFleetintelligence: a smartphone application that provides kilometre tracking and location services for one or multiple vehicles • Bookingintelligence: a resource management application created by sgfleet to enable the online management of pooled resources, such as vehicles, fuel cards, parking spaces and toll tags • a range of additional options for customers, including insurance products, extended warranties and a suite of accessories 	Section 3.7

3) Includes only customers with an **sgfleet** potential fleet size of greater than or equal to 50 vehicles and salary packaging customers with an eligible employee base of greater than or equal to 200.

1. Investment overview

Topic	Summary	For more information
C. Key strengths (continued)		
Attractive financial profile	<p>sgfleet has a number of attractive financial characteristics, including:</p> <ul style="list-style-type: none"> • multiple sources of revenue providing diversity of income • high visibility of revenue streams: 62% of revenues billed on a regular (typically monthly) basis • strong and growing margins: EBIT margin has increased from 22.5% in FY2011 to 37.2% in FY2013 • low capital intensity: sgfleet's principal and agency lease funding model has lower capital requirements than many of sgfleet's corporate sector competitors. sgfleet does not bear interest rate risk or credit risk on the finance element of third-party funded leases 	Section 4
Experienced management team	<p>sgfleet's management team has considerable experience in the fleet management sector.</p> <p>The senior management team is led by Robbie Blau, Chief Executive Officer, who has been with sgfleet since 2006 and has led sgfleet's strong historical growth trajectory and acquisition strategy.</p> <p>sgfleet's senior management team of ten individuals has over 160 years of collective experience in the fleet management sector.</p>	Section 6.1.2
D. Key risks		
Loss of key customer contracts and inability to secure contract renewal	<p>sgfleet's contracts, including with key customers, may generally be terminated without cause by a customer, in some cases on short notice.</p> <p>In addition, a number of sgfleet's existing contracts have expired or will shortly expire, and some are currently subject to tender or other contractual renewal negotiations. There can be no guarantee that sgfleet will be successful in tender or contractual renewal processes or that sgfleet will be able to renew any contract on similar terms.</p> <p>sgfleet could lose key customers or material contracts, including during the forecast period, due to a range of events including as a result of failure to renew a contract, a loss of a tender, a deterioration in customer service levels or relationships, or disputes with customers. Any of these factors could materially adversely affect sgfleet's business, operating and financial performance.</p> <p>Further, margins vary considerably across the range of products and services that sgfleet provides and a change in the mix of products and services that sgfleet sells to its customers could have a material adverse impact on sgfleet's financial performance.</p>	Section 5.2.1

1. Investment overview

Topic	Summary	For more information
D. Key risks (continued)		
<p>Fall in realised used vehicle prices</p>	<p>Operating lease arrangements are structured such that sgfleet is responsible for making a residual value payment to the third-party funder at the end of the lease term, regardless of actual proceeds from the sale of the vehicle. However, used vehicle prices are subject to fluctuation due to factors that are outside of the control of sgfleet and such fluctuations in used vehicle prices during the lease period may cause sgfleet to incur losses on termination of the lease.</p> <p>Successful management of residual value risk includes sgfleet's ability to set appropriate residual values for vehicles at the end of their lease term. If sgfleet does not set appropriate residual values, sgfleet's business, operating and financial performance may be materially adversely affected.</p> <p>Whilst sgfleet has historically achieved better than market outcomes on the disposal of used vehicles, there is no guarantee sgfleet will continue to generate the same outcomes in the future. If this occurs, there could be a material adverse affect on sgfleet's business, operating and financial performance.</p>	<p>Section 5.2.2</p>
<p>sgfleet's salary packaging business may be impacted by changes to FBT legislation</p>	<p>Demand for novated leases is driven by the tax concessions available to lessees under existing FBT legislation. While the current Coalition Government is not currently proposing any changes to the FBT legislation, there can be no assurance that there will be no regulatory changes in the future which may have a material effect on demand for novated leases. By way of example, on 16 July 2013, the then Australian Federal Government announced proposed changes to the method for calculating FBT for employer provided and salary packaged vehicles. These proposed changes materially disrupted the industry, with a significant decline in demand for novated leases. This had a material adverse effect on sgfleet's salary packaging business, and its operating and financial performance, and accordingly any future changes to FBT legislation could also have a similar effect.</p>	<p>Section 5.2.3</p>
<p>Loss of access to finance or change in the terms of finance provided</p>	<p>sgfleet's business model depends on third-party funders to provide funding for its customers entering into finance leases, operating leases or novated leases. sgfleet has entered into principal and agency arrangements with a limited number of funders to provide the majority of its required funding across each of its products. Some of these arrangements are terminable by the funder without cause on short notice. A significant majority of sgfleet's funding is provided by two major financial institutions.</p> <p>Any loss of access to or material limitation of such funding for sgfleet or its customers (including the rate of commissions paid to sgfleet) could materially adversely affect sgfleet's ability to win new contracts or retain existing contracts, which could affect sgfleet's business, operating and financial performance.</p> <p>sgfleet also has in place a number of other financing facilities with banks in connection with its business operations. sgfleet may not be able to refinance these existing financing facilities when they fall due or the terms on refinancing (including pricing) may be less favourable than the terms of its existing bank facilities. If this occurs, this could affect sgfleet's business, operating and financial performance.</p>	<p>Section 5.2.4</p>

1. Investment overview

Topic	Summary	For more information
D. Key risks (continued)		
<p>Relationships with key third-party suppliers and service providers</p>	<p>sgfleet's business is dependent upon maintaining successful relationships with a limited number of key third-party suppliers and service providers, who provide a number of services that are key to sgfleet's service offering, including fuel, certain software applications, data providers and the provision of insurance. Contracts with these suppliers and service providers are typically terminable without cause, in some cases on short notice.</p> <p>Any loss of a key third-party supplier or service provider, a material limitation of the services provided, a deterioration in the level of service provided, or a material alteration of the terms on which they are provided, could result in a disruption to its business and may negatively impact sgfleet's ability to win and retain contracts, each of which could materially adversely affect sgfleet's business, operating and financial performance.</p>	Section 5.2.5
<p>Cost of maintenance may vary against budgeted amounts</p>	<p>In some circumstances, sgfleet takes risk on the cost of maintenance and tyres over the life of the lease for a fixed fee. If the cost of maintenance and tyres exceeds the fixed fee, it could have a material adverse effect on sgfleet's financial performance.</p>	Section 5.2.6
<p>sgfleet's technology platform may be disrupted, become outdated or cease to function efficiently for both sgfleet and its customers</p>	<p>sgfleet's ability to provide reliable services, effective monitoring vehicle, pricing and accurate and timely reporting for its customers is a key competitive advantage. This depends on the efficient and uninterrupted operation of its core technologies, which include specialised and proprietary software systems, IT infrastructure and back-end data processing systems.</p> <p>sgfleet's core technologies and other systems could be exposed to damage or interruption from systems failures, computer viruses, cyber-attacks or other events.</p> <p>Any systemic failure or sustained disruption to the effective operation of sgfleet's technology platform could severely damage sgfleet's reputation and its ability to generate new business or retain existing business, directly impair sgfleet's operations and customer service levels or necessitate increased expenditure on technology or generally across the business. Any of these outcomes could materially adversely affect sgfleet's business, operating and financial performance.</p>	Section 5.2.7
<p>Changes to accounting standards for operating leases</p>	<p>Since 2006, the International Accounting Standards Board (IASB) and Financial Accounting Standards Board (FASB) have been considering changes to lease accounting methods that would mean that sgfleet's operating lease customers would no longer record a single operating expense in their income statement but would reflect the value of the asset and liability on their balance sheet. This may have the effect of appearing to increase debt and capital intensity within the customer, thereby removing some of the perceived benefit of employing operating leases.</p> <p>If the current proposals are enshrined in accounting standards, this may have the effect of reducing demand for operating leases which could materially adversely affect sgfleet's business, operating and financial performance.</p>	Section 5.2.8

1. Investment overview

Topic	Summary	For more information
D. Key risks (continued)		
Employee recruitment risk and retention	<p>The successful operation of sgfleet relies on sgfleet's ability to attract and retain experienced and high-performing employees with specialist skills, including relationship managers, qualified technicians, sales staff, operational staff and the vehicle disposal team.</p> <p>Failure to appropriately recruit and retain employees may adversely affect sgfleet's ability to develop and implement its business strategies, result in a material increase in the cost of obtaining experienced and high performing employees and may ultimately materially adversely affect sgfleet's business, operating and financial performance.</p>	Section 5.2.9
Increases in competition	<p>The Australian fleet management industry is highly competitive and sgfleet may face increased competition from actions by existing competitors, the entry of new competitors, consolidation between existing competitors or from financiers by passing fleet management companies and transacting directly with end customers.</p> <p>sgfleet's competitive position may deteriorate as a result of these factors, or a failure by sgfleet to continue to position itself successfully to meet changing market conditions, customer demands and technology. Any material deterioration in sgfleet's competitive position could materially adversely affect sgfleet's business, operating and financial performance.</p>	Section 5.2.10
sgfleet may suffer damage to its reputation or brand	<p>sgfleet's reputation and brand is important in winning and retaining contracts, maintaining its relationship with third-party suppliers and service providers and attracting employees. Reputational damage could arise due to a number of circumstances, including inadequate or deteriorating service levels, improper conduct, adverse media coverage or underperformance of customer-facing third-party suppliers and service providers. Reputational damage may potentially result in a failure to win new contracts and impinge on sgfleet's ability to maintain relationships with existing customers, suppliers and service providers and impede its ability to compete successfully in the fleet management industry and to attract key employees. If any of these occur, this could materially adversely affect sgfleet's business, operating and financial performance.</p>	Section 5.2.11
Exposure to adverse macroeconomic conditions	<p>sgfleet is exposed to changes in general economic conditions in Australia and internationally, and is affected by macroeconomic conditions such as economic recessions, downturns or extended periods of uncertainty or volatility, which may influence customer decisions in relation to whether to enter into finance, operating or novated lease arrangements. These factors may materially adversely affect sgfleet's business, operating and financial performance.</p>	Section 5.2.12
Protection of intellectual property	<p>sgfleet relies on laws relating to trade secrets, copyright and trademarks to assist in protecting its proprietary customer-facing technology platform. There is a risk that unauthorised use or copying of sgfleet's customer-facing technology platform will occur or the validity, ownership or authorised use of intellectual property will be successfully challenged by third parties. This could involve significant expense and potentially the inability to use the intellectual property, which could materially adversely affect sgfleet's business, operating and financial performance.</p>	Section 5.2.17

1. Investment overview

Topic	Summary	For more information
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D. Key risks (continued)

Acquisition risk and risk of dilution

sgfleet's strategy includes pursuing acquisitions. The successful implementation of acquisitions will depend on a range of factors including funding arrangements, cultural compatibility and operational integration. To the extent acquisitions are not successfully integrated with *sgfleet's* existing business, the financial performance of *sgfleet* could be materially adversely affected. Shareholders' interests may be diluted or a loss in value might be experienced where Shares are issued as consideration for an acquisition or other purposes such as debt reduction.

Section 5.3.6

E. Financials and dividend policy

What is *sgfleet's* historical and forecast financial performance?

A selected summary of *sgfleet's* pro forma and statutory financial information is set out below. Investors should read this information in conjunction with the more detailed discussion of the Financial Information set out in Section 4, including the assumptions, management discussion and analysis and sensitivity analysis, as well as the key risks set out in Section 5.

Selected pro forma financial information:

	Pro forma historical			Pro forma forecast ^(a)		Statutory forecast ^(a)	
	FY2011	FY2012	FY2013	FY2014	FY2015	FY2014	FY2015
Revenue	123.3	144.5	157.0	157.5	168.5	166.6	168.5
EBITDA	41.6	56.7	66.2	61.7	66.8	66.5	66.8
EBIT	27.8	44.7	58.4	54.3	60.2	59.1	60.2
Net profit after tax	15.3	23.6	37.6	34.9	39.2	34.5	39.2

Notes

(a) A reconciliation of the pro forma forecast and statutory forecast consolidated income statements is provided in Section 4.3.3.

1. Investment overview

Topic	Summary	For more information
E. Financials and dividend policy (continued)		
What is <i>sgfleet's</i> dividend policy?	<p>It is the Board's current intention to pay a final dividend for FY2014 in respect of the period from Completion to 30 June 2014 of 4 cents per Share.</p> <p>For FY2015 and beyond, it is the Board's current intention to target a payout ratio of between 60% and 70% of statutory NPAT. The level of payout ratio is expected to vary between periods, depending on the factors the Directors may consider and as outlined in Section 4.13.</p> <p>It is the current intention of the Board to pay dividends in respect of half years ending 31 December and final dividends in respect of full years ending 30 June each year. It is anticipated that interim dividends will be paid in April and final dividends will be paid in October, following the relevant financial period. It is expected that all future dividends will be franked to the maximum extent possible.</p> <p>No assurances can be given by any person, including the Board, about the payment or the level of future dividends or the extent to which they may be franked and there may be periods in respect of which dividends are not paid. However, as the majority of <i>sgfleet's</i> profits are derived in Australia, significant franking credits are expected to be generated.</p>	Section 4.13
When will the first dividend be paid?	The first dividend is anticipated to be in respect of earnings for the period from Completion to 30 June 2014, expected to be paid in October 2014.	Section 4.13

1.2 Overview of the Offer

Table 2: Overview of the Offer

Topic	Summary	For more information
Who is the Issuer of this Prospectus?	SG Fleet Group Limited, a company incorporated in Victoria, Australia (ACN 167 554 574).	Section 7.1
What is the Offer?	SG Fleet Group is offering to issue 101.9 million new Shares to raise up to \$188.6 million through an initial public offering.	Section 7

1. Investment overview

Topic	Summary	
What are the key Offer statistics?	Total number of Shares offered under this Prospectus ^(a)	101.94 million
	Number of Shares to be held by Existing Owners and Bonus Share recipients on Completion of the Offer ^(b)	140.75 million
	Total number of Shares on issue on Completion of the Offer	242.69 million
	Offer Price	\$1.85 per share
	Market capitalisation at the Offer Price ^(c)	\$449.0 million
	Enterprise value at the Offer Price ^(d)	\$454.2 million

Notes

- (a) The total number of Shares to be issued under the Offer excludes 1,646,330 one-off Bonus Shares and 11,594,312 Shares issued to Bluefin as consideration for the purchase of RPS by SG Fleet (through a subsidiary) and a reinvestment of \$10.2 million of Bluefin's pro-rata share of the pre-IPO dividend by way of a subscription for Shares, see Section 6.2.4.3 and Section 7.1.
- (b) Shares held by Management Shareholders will be subject to voluntary escrow arrangements as described further in Section 7.6.
- (c) Market capitalisation at the Offer Price is defined as the Offer Price multiplied by the total number of Shares on issue at Completion of the Offer. Shares may not trade at the Offer Price after Listing.
- (d) Enterprise value at the Offer Price is defined as market capitalisation at the Offer Price of \$449.0 million, plus pro forma net debt of \$5.2 million as at 31 December 2013, adjusted to reflect the impact of the Offer as set out in Section 4.5.

What are the key investment metrics? ⁴	Enterprise value/pro forma forecast FY2014 EBIT (times) ^(a)	8.4x
	Enterprise value/pro forma forecast FY2015 EBIT (times) ^(a)	7.5x
	Offer Price/pro forma forecast FY2014 NPAT per Share (times) ^(b)	12.8x
	Offer Price/pro forma forecast FY2015 NPAT per Share (times) ^(b)	11.5x
	Pro forma net debt/pro forma forecast FY2015 EBITDA (times) ^(c)	0.1x
	Indicative annual dividend yield (based on a dividend payout ratio of 60% to 70% and pro forma forecast FY2015 NPAT) ^(d)	5.2 to 6.1%

Notes

- (a) The enterprise value/EBIT multiple is calculated as the expected enterprise value of **sgfleet** at the Offer Price, divided by pro forma forecast FY2014 EBIT of \$54.3 million or FY2015 EBIT of \$60.2 million.
- (b) This ratio is commonly referred to as a forward price to earnings, or forward PE ratio. A forward PE ratio is a company's share price divided by its forecast annual earnings per share.
- (c) The net debt/EBITDA multiple is calculated by dividing pro forma net debt of \$5.2 million as at 31 December 2013 by pro forma forecast EBITDA of \$66.8 million. Refer to Section 4.6 for details of the components of net debt.
- (d) Indicative annual dividend yield is calculated as the implied dividend per Share based on **sgfleet**'s target payout ratio range of 60% to 70% and the pro forma forecast FY2015 NPAT, divided by the Offer Price. It is the Board's current intention to pay a dividend in respect of the period from Completion of the Offer to 31 June 2014, in October 2014. No assurances can be given by any person, including the Board, about the payment or the level of future dividends and there may be periods in respect of which dividends are not paid. See Section 1.1 and Section 4.13 for further detail.

4) The Forecast Financial Information is based on assumptions and accounting policies set out in Section 4 and Appendix A, and is subject to the key risks set out in Section 5.

1. Investment overview

1.3 Proposed use of funds and key terms and conditions of the Offer

Table 3: Proposed use of funds and key terms and conditions of the Offer

Topic	Summary	For more information
What is the proposed use of funds raised pursuant to the Offer?	<p>Proceeds received by SG Fleet Group for the issue of Shares will be used as follows:</p> <ul style="list-style-type: none">• payment to Existing Owners for the purchase of all of the Existing Shares, RPS and Options in SG Fleet Holdings• payment of a pre-IPO dividend to Existing Owners• further strengthen <i>sgfleet</i>'s balance sheet• pay the costs of the Offer	Section 7.1.2
Will the Shares be quoted on the ASX?	<p>SG Fleet Group has applied to the ASX for admission to the official list of the ASX and quotation for Shares on the ASX under the code SGF.</p> <p>Completion of the Offer is conditional upon the ASX approving this application. If approval is not given within three months after such application is made (or any longer period permitted by law), the Offer will be withdrawn and all Application Monies received will be refunded (without interest) as soon as practicable in accordance with the requirements of the Corporations Act.</p>	Section 7.8.1
Who can participate in the Offer?	<p>The Broker Firm Offer is open to all Retail Investors who have received a firm allocation of Shares through their Broker. The Priority Offer is open to investors invited by SG Fleet Group to participate in the Offer.</p>	Section 7.3.1.1 and 7.3.2.1
How is the Offer structured?	<p>The Offer comprises of:</p> <ul style="list-style-type: none">• the Broker Firm Offer• the Priority Offer• the Institutional Offer	Section 7.3 and Section 7.4
Is the Offer underwritten?	<p>Yes, the Offer is underwritten by the Underwriters.</p>	Section 9.5
What is the allocation policy?	<p>The allocation of Shares between the Broker Firm Offer, the Priority Offer and the Institutional Offer will be determined by agreement between the Underwriters and SG Fleet Group, having regard to the allocation policies outlined in Sections 7.3 and 7.4.</p> <p>With respect to the Broker Firm Offer, it will be a matter for the relevant Broker to determine how they allocate Shares among their retail clients.</p> <p>SG Fleet Group and the Underwriters have absolute discretion regarding the allocation of Shares to Applicants under the Offer and may reject an Application, or allocate fewer Shares than applied for, in their absolute discretion.</p>	Section 7.3 and Section 7.4
Is there any brokerage, commission or stamp duty payable by Applicants?	<p>No brokerage, commission or stamp duty is payable by Applicants on an acquisition of Shares under the Offer.</p>	Section 9.10.5

1. Investment overview

Topic	Summary	For more information
What are the tax implications of investing in the Shares?	You may be subject to Australian income tax or withholding tax on any future dividends paid. The tax consequences of any investment in the Shares will depend upon an investor's particular circumstances. Applicants should obtain their own tax advice prior to deciding whether to invest.	Section 9.10
When will I receive confirmation that my Application has been successful?	Applicants in the Broker Firm Offer should contact their Broker to confirm their allocation of Shares. The allocation policy of the Offer will be published in several newspapers on 4 March 2014, being the date that conditional and deferred settlement trading of the Shares is expected to commence. It is expected that initial holding statements will be despatched by standard post around or on 10 March 2014.	Section 7.8.2
What is the minimum allocation size under the Offer?	There is no minimum allocation size under the Offer.	Section 7.3 and Section 7.4
How can I apply?	Eligible investors may apply for Shares in the Broker Firm Offer by completing a valid Application Form attached to or accompanying this Prospectus. If you have received a personalised invitation to apply for Shares under the Priority Offer and you wish to apply for all or some of those Shares, you should follow the instructions on your personalised invitation to apply. The Underwriters have separately advised Institutional Investors of the Application procedure under the Institutional Offer. To the extent permitted by law, an Application by an Applicant under the Offer is irrevocable.	Section 7.3 and Section 7.4
Can the Offer be withdrawn?	SG Fleet Group reserves the right not to proceed with the Offer at any time before the issue of Shares to Successful Applicants. If the Offer does not proceed, Application Monies will be refunded in full. No interest will be paid on any Application Monies refunded as a result of the withdrawal of the Offer.	Section 7.7
Where can I find more information about this Prospectus or the Offer?	All enquiries in relation to this Prospectus should be directed to the sgfleet Offer Information Line on: <ul style="list-style-type: none">• Within Australia: 1300 317 954• Outside Australia: +61 3 9415 4845 from 8.30am to 5.00pm Sydney Time, Monday to Friday (Business Days only). If you are unclear in relation to any matter, or are uncertain as to whether sgfleet is a suitable investment for you, you should seek professional guidance from your solicitor, stockbroker, accountant or other independent and qualified professional adviser before deciding whether to invest.	Section 7.2

1. Investment overview

1.4 Significant interests of key people and related party transactions

Table 4: Significant interests of key people and related party transactions

Topic	Summary	For more information																								
Who are the Existing Owners and what will be their interest in <i>sgfleet</i> at Completion of the Offer?	<table border="1"> <thead> <tr> <th style="background-color: #f4a460;">Existing Owners</th> <th style="background-color: #f4a460;">Shares in <i>sgfleet</i> on Completion of the Offer (million)</th> <th style="background-color: #f4a460;">Percentage Holding (%)</th> <th style="background-color: #f4a460;">Shares in <i>sgfleet</i> subject to escrow arrangements (million)^(a)</th> </tr> </thead> <tbody> <tr> <td>Bluefin^(b)</td> <td>122.8</td> <td>50.6</td> <td>Nil</td> </tr> <tr> <td>CHAMP Ventures Shareholders</td> <td>Nil</td> <td>Nil</td> <td>Nil</td> </tr> <tr> <td>Robbie Blau</td> <td>6.8</td> <td>2.8</td> <td>6.8</td> </tr> <tr> <td>Other management^(c)</td> <td>11.2</td> <td>4.6</td> <td>11.2</td> </tr> <tr> <td>Total</td> <td>140.7</td> <td>58.0</td> <td>18.0</td> </tr> </tbody> </table>	Existing Owners	Shares in <i>sgfleet</i> on Completion of the Offer (million)	Percentage Holding (%)	Shares in <i>sgfleet</i> subject to escrow arrangements (million) ^(a)	Bluefin ^(b)	122.8	50.6	Nil	CHAMP Ventures Shareholders	Nil	Nil	Nil	Robbie Blau	6.8	2.8	6.8	Other management ^(c)	11.2	4.6	11.2	Total	140.7	58.0	18.0	Section 7.1.6 and Section 7.6
	Existing Owners	Shares in <i>sgfleet</i> on Completion of the Offer (million)	Percentage Holding (%)	Shares in <i>sgfleet</i> subject to escrow arrangements (million) ^(a)																						
	Bluefin ^(b)	122.8	50.6	Nil																						
	CHAMP Ventures Shareholders	Nil	Nil	Nil																						
	Robbie Blau	6.8	2.8	6.8																						
	Other management ^(c)	11.2	4.6	11.2																						
Total	140.7	58.0	18.0																							
Notes																										
(a) Information on the number of Shares that will be subject to voluntary escrow arrangements is set out in Section 7.6.																										
(b) Bluefin is a subsidiary of Super Group.																										
(c) Includes Bonus Shares issued to certain management and Peter Mountford and Colin Brown																										
What significant benefits and interests are payable to directors and other persons connected with the issuer or the Offer?	<table border="1"> <thead> <tr> <th style="background-color: #f4a460;">Key people</th> <th style="background-color: #f4a460;">Interest or benefit</th> </tr> </thead> <tbody> <tr> <td>Existing Owners</td> <td>Sale of certain Existing Shares, RPS and Options Receipt of pre-IPO dividend</td> </tr> <tr> <td>Management Shareholders^(a)</td> <td>Sale of Existing Shares and Options Receipt of pre-IPO dividend Remuneration Issue of LTI options under the equity incentive Plan</td> </tr> <tr> <td>Other management (not Management Shareholders)^(a)</td> <td>Remuneration Bonus Shares issuance</td> </tr> <tr> <td>Non-Executive Directors</td> <td>Directors fees Bonus Shares issuance</td> </tr> <tr> <td>Advisers and other service providers</td> <td>Fees for services</td> </tr> </tbody> </table>	Key people	Interest or benefit	Existing Owners	Sale of certain Existing Shares, RPS and Options Receipt of pre-IPO dividend	Management Shareholders ^(a)	Sale of Existing Shares and Options Receipt of pre-IPO dividend Remuneration Issue of LTI options under the equity incentive Plan	Other management (not Management Shareholders) ^(a)	Remuneration Bonus Shares issuance	Non-Executive Directors	Directors fees Bonus Shares issuance	Advisers and other service providers	Fees for services	Section 6.2												
	Key people	Interest or benefit																								
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Notes																										
(a) Information on the number of Shares that will be subject to voluntary escrow arrangements is set out in Section 7.6.																										

1. Investment overview

Topic	Summary	For more information
What significant benefits and interests are payable to directors and other persons connected with the issuer or the Offer? continued	<p>The Existing Owners (including Management Shareholders) and Bonus Share recipients as described above will hold approximately 58.0% of the Shares on issue in SG Fleet Group at Completion. Management Shareholders hold approximately 7.4% of the Shares on issue in SG Fleet Group at Completion, and these Shares will be subject to voluntary escrow arrangements which are further detailed in Section 7.6.</p> <p>The Directors are entitled to participate in the Broker Firm Offer and/or Priority Offer and may elect to subscribe for Shares in the Offer.</p>	Section 6.2
Will any Shares be subject to restrictions on disposal following Completion?	<p>All of the Shares held at Completion by the Management Shareholders will be subject to voluntary escrow arrangements. The Escrowed Shares will be held in escrow until the date that SG Fleet Group's audited financial accounts for FY2015 have been released to the ASX. Subject to certain exceptions, the Management Shareholders may not dispose of their Escrowed Shares during the Escrow Period.</p> <p>The Bonus Shares to be issued to Peter Mountford, Colin Brown and certain other <i>sgfleet</i> employees will be subject to escrow arrangements. The Bonus Shares will be held in escrow and released to the participants in two equal tranches, the first tranche on the date which the audited financial accounts of SG Fleet Group for the financial year ended 30 June 2015 have been released to the ASX and the second tranche on 28 February 2017.</p> <p>Shares held by Bluefin will not be subject to escrow restrictions.</p>	Section 7.6
What is Super Group's intention for its interest in <i>sgfleet</i> ?	<p>In a public announcement on 6 January 2014 Super Group expressed its intention to retain its current majority shareholding of SG Fleet and that it will continue to consolidate SG Fleet in its accounts. Super Group also announced that it remains committed to the long term growth of <i>sgfleet</i>.</p>	Section 7.1.7

1. Investment overview

1.5 *sgfleet* Directors and key management

Table 5: *sgfleet* Directors and key management

Topic	Summary	For more information
Who are the Directors of <i>sgfleet</i> ?	<ul style="list-style-type: none">• Andrew Reitzer (Independent Chairman)• Robbie Blau (CEO)• Peter Mountford (Super Group CEO)• Graham Maloney (Independent)• Cheryl Bart (Independent)	Section 6.1.1
Who are the key management of <i>sgfleet</i> ?	<ul style="list-style-type: none">• Robbie Blau (CEO)• Kevin Wundram (CFO)• Andy Mulcaster (Managing Director, Australia)• Geoff Tipene (Managing Director, New Zealand)• David Fernandes (Managing Director, United Kingdom)• Annie Margossian-Kenny (General Manager, Business Quality and Risk)• Andy Graham (General Manager, Business Systems)• Yogan Nagaratnam (General Manager, Finance)• Keith Cormican (Group Executive, Sales and Commercial Excellence)• Ron Polkinghorne (Group Executive, Strategy)	Section 6.1.2



Section 2

Industry overview



2. Industry overview

2.1 Introduction

sgfleet operates in the outsourced fleet management and salary packaging sectors, primarily in Australia, with a presence in New Zealand and the United Kingdom. Companies in these sectors provide a range of products and solutions that assist their customers in managing the costs and risks associated with the ownership and use of vehicles.

This Section sets out details of the value proposition that fleet management companies provide their customers; recent industry growth and growth drivers; the competitive landscape in Australia; and an overview of the key segments of the industry in which *sgfleet* competes, namely corporate fleet management and salary packaging/novated leasing. The Section concludes with an overview of the United Kingdom’s emerging salary sacrifice market.

2.2 Overview of outsourced fleet management industry

2.2.1 Value proposition

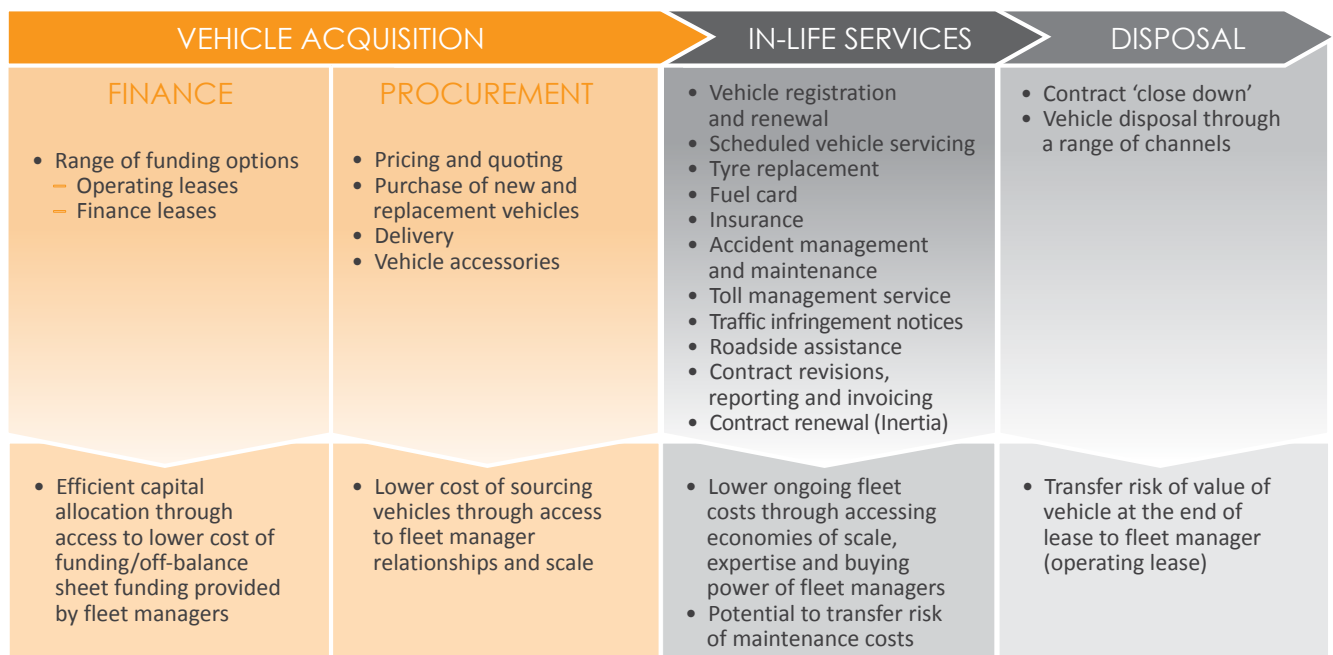
Fleet management companies deliver a wide range of benefits for corporate and government customers and their employees. These include:

- lower fleet costs and vehicle optimisation
- greater budget and cashflow certainty
- transfer of asset risks such as maintenance costs and asset disposal, i.e. risk of the asset’s value at the end of the lease
- outsourcing of a non-core activity
- efficient capital allocation and balance sheet utilisation
- remuneration benefits to employees through the salary packaging of vehicles
- improved vehicle and driver safety

As shown in Figure 1, the services and benefits that fleet management companies provide are ‘end-to-end’ services through the asset life-cycle, from vehicle acquisition, ‘in-life’ management of the vehicle, to vehicle disposal.

Figure 1: Stages of asset life cycle

fleet management products and services provided at each stage of the asset life cycle



Source: Australian Fleet Lessors Association (AFLA), *sgfleet*

2. Industry overview

2.2.2 Products

The core product offerings of fleet management companies are summarised in Table 6.

Table 6: Key products

	Operating lease	Finance lease	Fleet managed	Novated lease
Customer relationship	Business-to-business	Business-to-business	Business-to-business	Business-to-Novated Customer (relationship with corporate customer provides channel to Novated Customer)
Contractual relationship	<ul style="list-style-type: none"> Fleet manager provides customer with exclusive use of the vehicle for the life of the lease At the end of the lease, customer is required to return the vehicle to the fleet manager in good condition (subject to 'fair wear and tear') 	<ul style="list-style-type: none"> Fleet manager provides customer with exclusive use of the vehicle for the life of the lease Customer provides capital indemnity to the fleet manager for any shortfall between the market value of the vehicle at the end of the lease and the residual value 	<ul style="list-style-type: none"> Outsourcing contract under which fleet manager provides a range of fleet management services to the customer, but does not arrange funding At the end of the contract, customer can elect for the fleet manager to dispose of the vehicle on its behalf 	<ul style="list-style-type: none"> Three way agreement between fleet manager, employer and employee comprising <ul style="list-style-type: none"> – lease between fleet manager and employee – novation agreement which transfers certain obligations of the lease from the employee to the employer In particular, the obligation to meet the lease payments sits with the employer, who deducts the payments from the employee's income Typically provided in the form of a finance lease, though can also be provided as an operating lease
Party arranging funding	Fleet manager	Fleet manager	Customer	Fleet manager
Party bearing residual value risk	Fleet manager	Customer	Customer	Novated Customer (where novated lease is a finance lease)

Source: Australian Fleet Lessors Association (AFLA), *sgfleet*

With each product, customers can select vehicle maintenance services, with options including:

- **fully maintained:** customer makes a fixed, periodic payment and the risk of maintenance expenditure of the vehicle is passed to the fleet manager
- **budgeted:** customer makes a fixed, periodic contribution into a maintenance account, with any excess or shortfall at the end of the lease period to the customer
- **recharge:** costs are passed through to the customer in a periodic invoice, based on actual costs incurred

Refer to Figure 1 for other in-life services that are typically offered to customers.

2. Industry overview

2.2.3 Size of industry

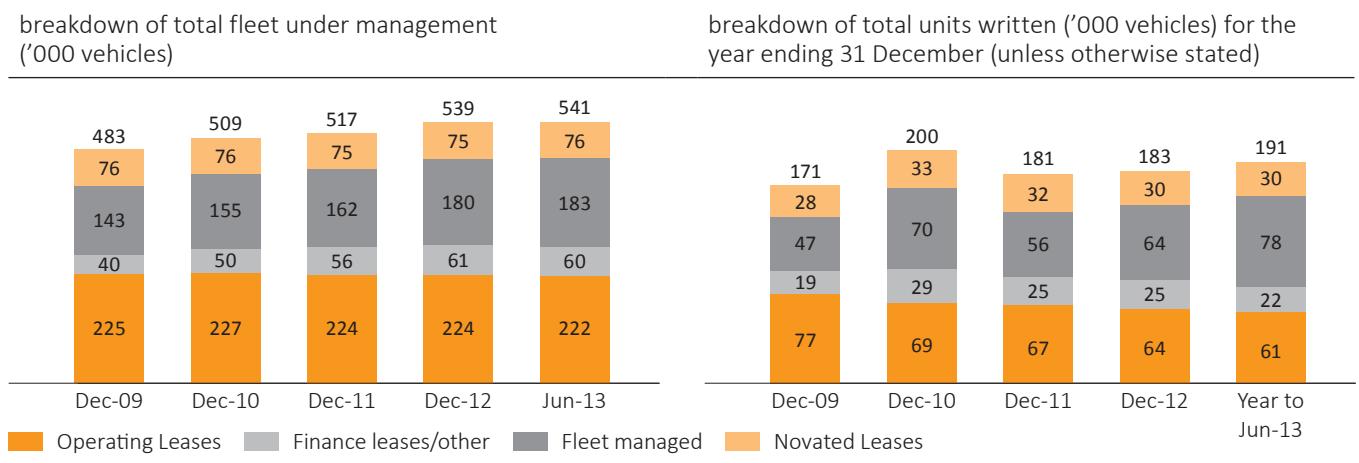
There is no fully comprehensive data source for the size and historic growth of the fleet management industry in Australia. An estimate of the size of the industry is based on data collated by the Australian Fleet Lessors Association (AFLA), which comprises data submitted by 14 of the leading fleet management companies in the Australian market, including *sgfleet*. According to AFLA data, AFLA members managed 540,943 vehicles as at 30 June 2013. Figure 2 illustrates the breakdown by product type over recent years.⁵

From December 2009 to June 2013, total vehicles managed by AFLA members grew from 482,891 to 540,953, a CAGR of 3.3% per annum. The fleet managed product achieved a CAGR of 8.0% per annum, which *sgfleet* believes in a large part reflects increasing utilisation of fleet management services by government departments. New units written in 2011 and 2012 were lower than 2010, which *sgfleet* believes reflected industry conditions where customers chose to extend existing leases rather than take up new leases.

AFLA data indicates that there were 75,866 novated leases as at 30 June 2013. *sgfleet* believes this significantly understates the size of the novated leasing market in Australia. This partly reflects the fact that some of the leading providers of novated leases in the market do not disclose their unit data and hence their units are not captured within the AFLA data.⁶

Analysis undertaken by The Commonwealth Treasury in April 2011 indicated that there were approximately 274,000 vehicles within the salary packaging sector.⁷

Figure 2: AFLA breakdown by product type



Source: AFLA

2.2.4 Future growth drivers

Growth in the fleet management sector is driven by a combination of growth in new vehicle sales and the uptake of outsourced fleet management products and services by Australian corporations and government departments.

The total number of registered vehicles in Australia has grown from 14.4 million vehicles in March 2006 to 17.2 million vehicles in January 2013, representing a CAGR of 2.6% per annum.⁸ Annual new vehicle sales in Australia have been over one million units for six of the last seven years. Over the last four years, fleet sales to corporates, government departments and businesses have comprised approximately 50% of light vehicle sales.

sgfleet believes that, compared to other markets, the take-up of fleet management in Australia is still relatively low. For example, as illustrated in Figure 3, the United Kingdom fleet management sector manages 76% of company-owned cars. By comparison, *sgfleet* estimates that around 36% of the Australian company-owned cars are managed by the Australian fleet management sector.

5) Data shown is most recent AFLA data released in November 2013.

6) For example, novated leases managed by McMillan Shakespeare and Smartsalary are not captured within the AFLA data.

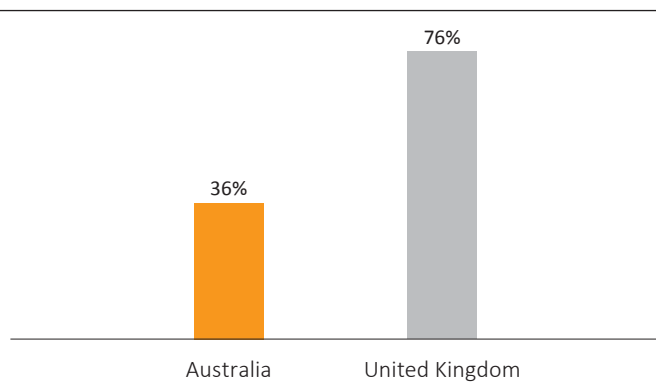
7) The analysis assessed the revenue impact of the Australian Federal Government's proposed changes to the statutory formula method to calculate FBT liabilities arising from the Henry Tax Review. The data for the analysis was compiled by the Australian Taxation Office (ATO).

8) Number of registered vehicles based on Australian Bureau of Statistics, Motor Vehicle Census.

2. Industry overview

Figure 3: Outsourcing in Australia compared to other markets

take-up of outsourcing



Source: The Australian statistics are the proportion of new vehicles registered by corporates and government departments (as per Federal Chamber of Automotive Industries data) that were managed by AFLA members in 2012 (as per AFLA data). The United Kingdom statistic is the proportion of United Kingdom company car parc (as per Society of Motor Manufacturers and Traders data) that were managed by BVRLA members as at 31 December 2012 (as per BVRLA data)

A material driver of *sgfleet*'s growth in vehicles under management in recent years has been its ability to secure new corporate and government customers who previously managed their vehicle fleets in-house. *sgfleet* believes that there are still a significant number of Australian corporates and government departments that continue to own and manage their vehicles in-house, that could, over time, consider outsourcing management of their vehicle fleets.

In addition to growth in vehicles under management, *sgfleet* believes that there will be further growth opportunities for the fleet management industry, through the provision of new products and services to customers. Examples include:

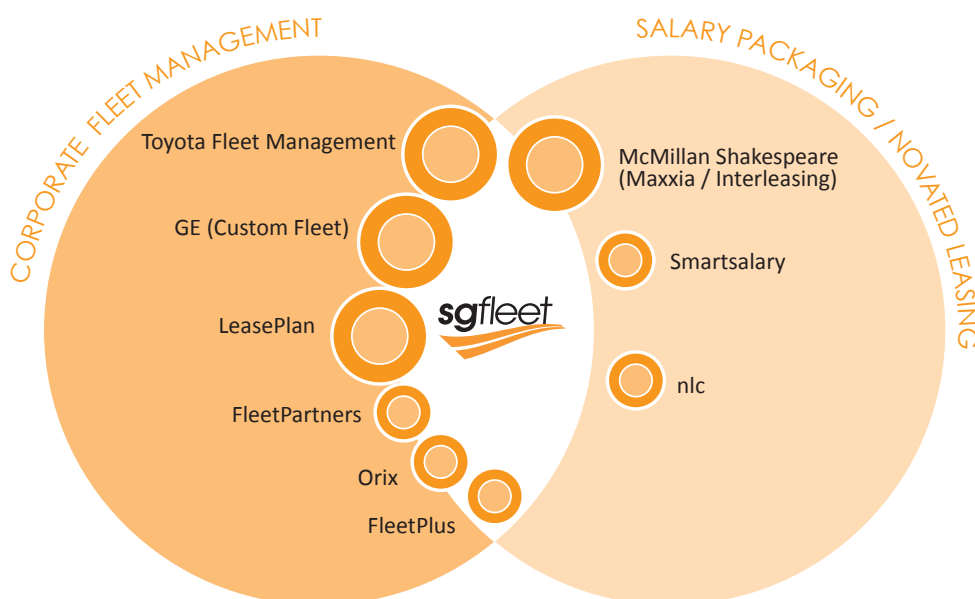
- products designed to deliver enhanced driver safety, which assist customers in managing occupational health and safety obligations
- increased use of telematics, e.g. GPS tracking of vehicles to provide real-time information on vehicle usage to customers

2.3 Competitive Landscape

The fleet leasing and fleet management industry comprises a broad range of companies with varying strategic focuses, business models and funding structures. Figure 4 summarises the competitive landscape in which *sgfleet* operates.

sgfleet is differentiated by having a leading position (by fleet size) in both the corporate fleet management sector, including heavy commercial fleet management, and the salary packaging sector.

Figure 4: Overview of competitive landscape^(a)



Source: *sgfleet*

Notes

(a) Circle size and positioning represents *sgfleet*'s estimate of the comparative fleet sizes and business mix of its key competitors in the fleet management industry.

2. Industry overview

Broadly the competitors in the industry can be categorised as follows.

2.3.1 International fleet management companies

Key participants in this group are Toyota Fleet Management, GE (Custom Fleet), LeasePlan and Orix. Observations on these participants are as follows:

- these participants tend to focus on the corporate sector and also provide novated leasing
- some of the participants also compete in the heavy commercial vehicle segment
- Australian businesses generally operate as stand-alone subsidiaries from their foreign parent
- these participants generally fund vehicles on balance sheet, utilising the funding capacity of their parent companies
- Toyota Fleet Management offers a full suite of management products and services, including financing options for vehicles of other manufacturers
- GE acquired National Australia Bank's fleet leasing business, Custom Fleet, in 2006

2.3.2 Domestic fleet management companies

Key participants in this group are privately owned FleetPartners and FleetPlus. Observations on these participants are as follows:

- FleetPartners' operations are predominantly in the corporate sector. FleetPartners funds through securitised warehouse facilities
- FleetPlus operates in the corporate and the salary packaging sectors

2.3.3 Salary packaging/novated leasing companies

Key participants in this group are ASX-listed McMillan Shakespeare and privately owned Smartsalary and nlc. Observations on these participants are as follows:

- salary packaging companies such as McMillan Shakespeare and Smartsalary have historically focused on government departments, charities and hospitals, whose employees are entitled to a broad range of FBT exemptions and concessions
- novated leases are typically not funded on balance sheet, but through principal and agency agreements with external funders
- McMillan Shakespeare is the largest provider of salary packaging and novated leasing in the Australian market. It also has a corporate fleet management business, Interleasing, that was acquired in 2010
- nlc is a specialist provider of novated leases, with a focus on the corporate sector

2.4 Overview of corporate fleet management sector

Fleet management companies provide products and services that assist corporate and government customers manage and maintain passenger vehicles, light commercial and heavy commercial vehicles. Through tailored leasing programs and management services, these companies provide customers with solutions for sourcing, funding, maintaining, managing and disposing of vehicles in their fleets.

Heavy commercial vehicles in particular, require tailored management and specific expertise in technical support, during initial commissioning and throughout the entire heavy commercial vehicle life-cycle. Managing residual value risk at the end of a lease for heavy commercial vehicles is complex and requires specialist skills.

2.4.1 Competitive drivers

There are a number of competitive drivers within the corporate fleet management sector, which deliver a sustainable competitive advantage to market incumbents, generate economies of scale, and create barriers to entry for potential new entrants:

- ability to access competitive sources of funding
- strength of relationships with suppliers, such as:
 - car manufacturers and dealers, to ensure competitive pricing on vehicles in the procurement and disposal process and for aftermarket services
 - in-life maintenance services providers
 - providers of ancillary products such as tyres, fuel cards, insurance and accessories
- sophisticated technology platforms, to provide customers with analysis of data on fleet utilisation, carbon emissions and fleet optimisation
- strength of relationships with customers
- ability to attract and retain experienced and quality staff
- risk management capabilities

2.5 Overview of salary packaging sector

Companies within the salary packaging sector assist corporate customers with a broad range of employee benefit products, such as: novated leases, superannuation and meal and entertainment cards. Novated leases commenced as a form of employee benefits in the early 1990s. Increasingly, companies and government departments have viewed novated leasing as a product that assists both in the management of their vehicle fleets and the provision of salary packaging benefits to their employees. The benefits to employers and employees from a novated lease are summarised in Table 7.

2. Industry overview

Table 7: Benefits of a novated lease

Benefits for employers	Benefits for employees
<ul style="list-style-type: none">• Removes vehicle from the employer's balance sheet and funding requirements as the liability for the vehicle under the novated lease ultimately lies with the employee• Outsources vehicle management services• Provides employer with better control of overall remuneration costs and simplified reporting, including FBT• Enhanced ability to attract and retain employees with a superior remuneration package at no additional cost to the employer	<ul style="list-style-type: none">• A tax effective way to purchase a vehicle, combining income tax savings and GST savings on vehicle purchase price and running costs• Access to discounts on purchase price and running costs compared to normal retail rates through access to fleet manager relationships and scale• Choice of vehicle – novated leases can be applied to any new or used vehicle model• Convenience and cash flow management from bundling maintenance costs and ancillary products (e.g. insurance) into periodic payments• Flexible vehicle retention at the end of the lease, with potential to renew the novated lease or purchase the vehicle at the agreed residual value• Ability for employees to retain use of the vehicle if they change employers

2.5.1 Competitive drivers

There are a number of competitive drivers within the novated leasing segment which deliver a sustainable competitive advantage to market leaders and create barriers to entry for potential new entrants:

- obtaining access to Novated Customers and maintaining corporate customer relationships requires a strong brand and corporate marketing capability. Corporate relationships are the gateway to Novated Customers and provide a distribution channel (often exclusive) for novated leases
- business-to-consumer sales capability, to pro-actively respond to each Novated Customer enquiry
- FBT compliant salary packaging and reporting capabilities
- scalable technology and platforms that can interface directly with Employer Customer payroll systems
- access to competitive funding sources, either through principal and agency agreements with third-party funders, or on balance sheet funding
- relationships with dealers and manufacturers, to ensure competitive pricing on vehicles in the procurement process
- relationships with providers of ancillary products and services (e.g. fuel cards, maintenance and insurance) to provide Novated Customers with competitive fleet management services through the life of the lease

2.5.2 Regulatory environment

2.5.2.1 Novated lease regulatory overview

Novated leases are supported by taxation rulings from the ATO and are widely available in both the public and private sector. Employees that salary package their vehicle through a novated lease often obtain tax benefits, as a result of the combination of:

- income tax savings by funding vehicle costs from pre-tax salary, offset by concessional FBT contributions
- GST savings as the employer is able to attract GST credits

FBT is an Australian Federal Government tax, imposed on employers based on the value of certain fringe benefits that have been provided to employees in respect of their employment. There are two methods for calculating the taxable value of the benefit provided by a novated lease:

- the **operating cost method** (also known as the 'logbook method'): the taxable value of the fringe benefit is a percentage of the total cost of operating the vehicle during the FBT year (ending 31 March). This percentage is based upon the actual business and private usage of a vehicle, which is determined through maintenance of detailed logbook records

2. Industry overview

- the **statutory formula method**: the taxable value of the fringe benefit is based on a deemed statutory percentage of the cost of the vehicle (20% from 1 April 2014) which is applied as an estimate of the private usage of the vehicle. The statutory formula method makes no distinction between the actual distance travelled for private purposes and distance travelled for business use

ATO data confirms that the statutory formula is the predominant method used to determine FBT, due to its relative simplicity and reduced record keeping requirements compared to the operating cost method.

2.5.2.2 Henry Review

Changes announced to the statutory formula method in May 2011 have had the effect of broadening the addressable audience for novated leases. Historically, the level of FBT applied under the statutory formula method favoured employees who drove their vehicle greater distances. In the May 2011 Federal Budget for FY2012, following extensive consultation under the Australia's Future Tax System Review (**Henry Review**), which was submitted to the Australian Federal Treasurer in December 2009, a policy decision was taken to progressively phase in changes to the formula, such that by 1 April 2014, all salary packaged vehicles under the statutory formula method would be subject to a flat 20% statutory rate, irrespective of the distance driven. This change was intended to remove the incentive to drive extra distances that existed under the previous arrangements, which impacted negatively on the environment.

2.5.2.3 Recent regulatory uncertainty

On 16 July 2013, the Australian Federal Government (which at the time was led by the Australian Labor Party) announced a proposal to remove the statutory formula method for salary packaging vehicles. The proposals were made with no consultation of the novated leasing industry and was a measure designed to address a funding gap caused by proposed amendments to the carbon tax. A key rationale stated for the change was that novated leases were mainly used by high-income earners purchasing luxury vehicles. However, analysis undertaken by the Australian Salary Packaging Industry Association (ASPIA) based on a review of salary packaging data for over 100,000 vehicles, indicated that novated leases are predominantly used by middle income earners to purchase moderately priced vehicles, as shown in Figure 5.

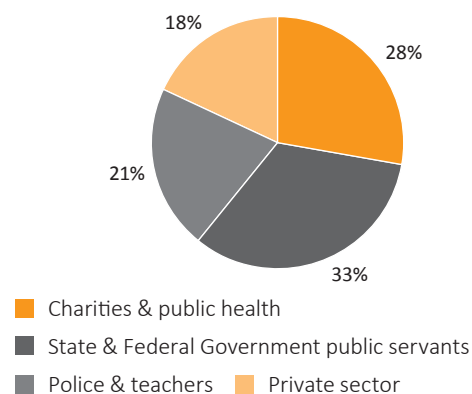
The then Coalition Opposition took an immediate policy stance rejecting the proposed changes. The announcement of this proposal in the context of a federal election created significant uncertainty and had a significant impact on operators in the novated leasing industry, including *sgfleet*. This resulted in a substantial reduction in the number of new novated leases written between July and September 2013.

Figure 5: ASPIA analysis of salary packaging sector^(a)

salary packaging at a glance

- The average price of a packaged car was \$34,500
- 5% of packaged cars were BMW, Mercedes and Audi
- 35% of packaged vehicles were made by local manufacturers Toyota, Ford and Holden
- Over 70% of drivers earned less than \$100,000

sectors that salary package



Source: ASPIA

Notes

(a) "FBT Fact Sheet – 22 July 2013".

2. Industry overview

2.5.2.4 Current policy position

Following the election of the Coalition Government in September 2013, sales of new novated leases have materially returned to historical levels for a number of participants in the industry, including **sgfleet**.

On 6 November 2013, Federal Treasurer Joe Hockey issued a media release entitled “Restoring Integrity in the Australian Tax System”, in which he reaffirmed the Coalition Government’s position on FBT:

“During the 2013 election the Coalition pledged not to continue with Labor’s \$1.8 billion Fringe Benefits Tax change that would make it harder for people to have a company or salary sacrificed vehicle. The Coalition Government today confirms it will not proceed with this measure”

2.6 Australian car manufacturing

In the last year, Holden, Ford and Toyota have announced intentions to cease manufacturing in Australia. The cessation of manufacturing is intended to be phased as follows:

- Ford: late 2016
- Holden: late 2017
- Toyota: late 2017

Each of these manufacturers has stated their intention to continue marketing imported cars in Australia.

2.7 Emerging salary sacrifice market in the United Kingdom

The United Kingdom salary sacrifice market commenced around 2008, when a tax optimisation opportunity was identified for both employees and employers to reduce cash salary in exchange for a motor vehicle. The tax efficiency arises from potential value added tax, income tax and national insurance savings, offset by a benefit-in-kind tax as the vehicle is deemed to be a non-cash benefit.

The primary driver of the tax efficiency is the benefit-in-kind tax, which is linked to the carbon dioxide emission levels of the relevant vehicle. Generally, vehicles under 130 grams per kilometre of carbon dioxide emissions will be tax effective under the scheme. This accounts for over half the passenger vehicles available in the United Kingdom market.

The majority of products offered in the United Kingdom market have been derived from the corporate operating lease products (known as ‘contract hire’ in the United Kingdom).

sgfleet has developed a differentiated solution for the emerging United Kingdom salary sacrifice market called NovaLease, which leverages **sgfleet**’s Australian novated leasing experience. See Section 3.8 of the Prospectus for further details.

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Section 3

Business overview



3. Business overview

3.1 Overview of *sgfleet*

3.1.1 Introduction

sgfleet is one of Australia's leading, specialist providers of vehicle leasing and fleet management services, to corporate and government customers, as well as salary packaged vehicles for individual employees of those customers. *sgfleet* has operations in Australia, New Zealand and the United Kingdom. *sgfleet* had 82,325 vehicles under management as at 31 December 2013.

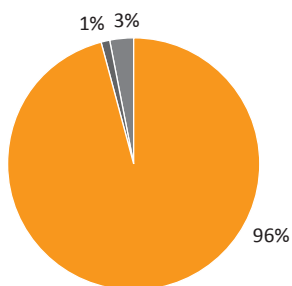
Figure 6: Summary business description

Sector	Fleet size at 31 December 2013	Description	Sales Relationship	Geography		
				Australia	New Zealand	United Kingdom
CORPORATE	59,530	<i>sgfleet</i> offers an extensive range of fleet management and leasing solutions to corporate and government customers which can be financed through an operating lease or a finance lease. <i>sgfleet</i> also offers specialised services for heavy commercial vehicles and equipment.	Business-to-business	Passenger		
				✓	✓	✓
				Heavy commercial		
				✓	✗	✗
SALARY PACKAGING	22,795	<i>sgfleet</i> provides salary packaged novated leases and associated fleet management services to the employees of a range of corporate and government customers.	Business-to-Novated Customer Business-to-business relationships with corporate customer provide an (often exclusive) distribution channel to Novated Customers.	✓	✗	✓

Source: *sgfleet*

Figure 7: Revenue by geography

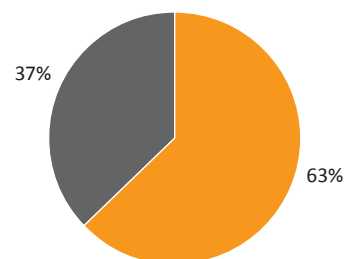
FY2013



■ Australia ■ New Zealand ■ United Kingdom

Figure 8: Revenue by sector

FY2013



■ Corporate ■ Salary packaging

Source: *sgfleet*

Source: *sgfleet*

3. Business overview

3.1.2 History of *sgfleet*

sgfleet traces its origins to the formation of Lease Way Transportation Pty Limited (**Lease Way**) as a specialist fleet management company. In 1988, it established a joint venture with a subsidiary of CBA, whereby Lease Way provided fleet management expertise to the joint venture while CBA provided financing capability for the underlying leases.

In 1997, CBA acquired Lease Way, rebranding it in 2000 as Commonwealth Fleet Lease. The funding relationship that endures today between *sgfleet* and CBA has its origins from this time.

In 2004, a consortium led by Super Group, a South African company listed on the Johannesburg Securities Exchange, acquired the Commonwealth Fleet Lease business.

In May 2005, SG Fleet Management acquired SMB Fleet Management Pty Limited, which was a leading specialist

provider of vehicle salary packaging services in the Australian marketplace. In 2007, SG Fleet Management further expanded its fleet operations by establishing offices in the United Kingdom and New Zealand.

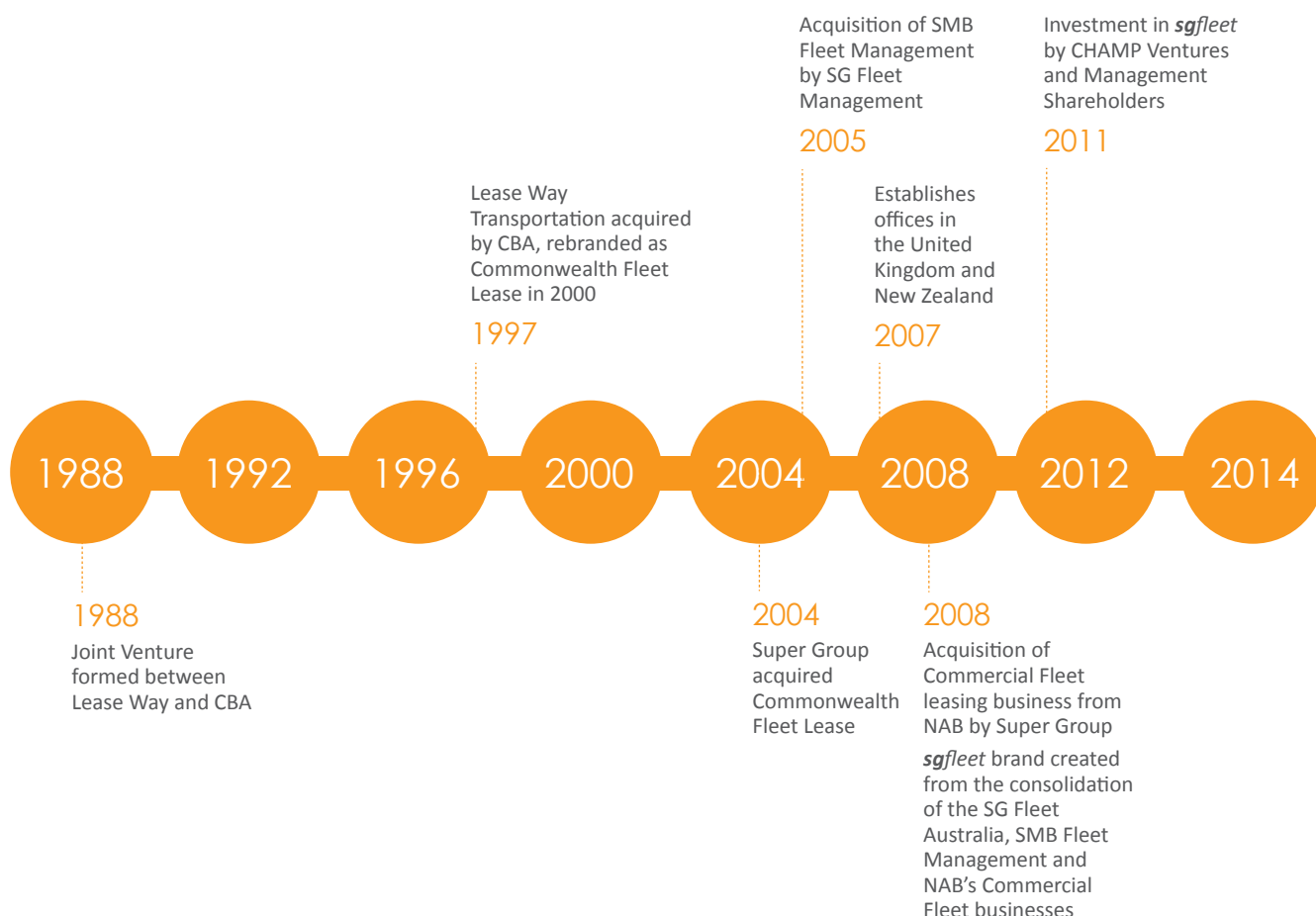
In 2008, SG Fleet Australia (a wholly owned subsidiary of SG Fleet Management) acquired the National Australia Bank (**NAB**)’s Commercial Fleet leasing business, and subsequently integrated its fleet management and salary packaging interests.

In April 2008, these three businesses were united under one brand – *sgfleet*.

In April 2011, CHAMP Ventures and the senior management team of *sgfleet* made a significant investment in *sgfleet*, alongside Super Group.

The majority of *sgfleet*’s existing management team has overseen the transformation of the business over the past seven years and implemented the current business framework and strategic direction of the company.

Figure 9: *sgfleet* historical timeline



Source: *sgfleet*

3. Business overview

3.1.3 Business model

Table 8 provides an overview of the key features of **sgfleet**'s business model, each of which is discussed in more detail in this Section.

Table 8: Key features of **sgfleet**'s business model

Business model component	Comment	Further details
sgfleet characteristic		
Market position <i>A leading presence in all market sectors</i>	<ul style="list-style-type: none"> sgfleet is a leading, diversified fleet management business in Australia, with a strong market presence across both the corporate and the salary packaging sectors 	Section 3.2
Services offered <i>End-to-end fleet management</i>	<ul style="list-style-type: none"> sgfleet offers a full spectrum of outsourced fleet management and leasing services to corporate and government customers Customer-centric approach to fleet management, based on understanding customer needs and requirements to optimise bespoke but scalable fleet solutions Solutions are tailored for each customer and can draw on a comprehensive range of skills within the organisation from vehicle procurement, financing, in-life services, disposal and reporting As a result of its scale, sgfleet believes it is able to achieve procurement benefits, often leading to reduced costs, across all categories of vehicle expenditure, including vehicle purchasing, maintenance services, insurance, fuel, tyres and finance 	Section 3.3
Business mix <i>Highly diversified business</i>	<ul style="list-style-type: none"> sgfleet has a robust business model underpinned by diversity across several dimensions, including: <ul style="list-style-type: none"> low levels of customer concentration a diverse mix of vehicle manufacturers and models a balanced mix of public and private sector customers a balanced mix of passenger, light commercial and heavy commercial vehicles under management 	Section 3.4
Sources of revenue <i>Diversified sources and high visibility of revenue</i>	<ul style="list-style-type: none"> sgfleet earns revenue at all stages of the vehicle life cycle including upfront, in-life and end-of-life services sgfleet has a high degree of visibility over future revenue due to the run-off profile of existing leases, the run-on profile of new vehicle deliveries, high rates of contract renewal and a large proportion of revenue derived from recurring items such as contracted management fees and maintenance 	Section 3.5
Customer base <i>High quality and diverse customers</i>	<ul style="list-style-type: none"> sgfleet had approximately 1,500 corporate and government customers as at 31 December 2013, including a wide range of well-known corporate and government customers The average age of customer relationship across sgfleet's 20 largest customers is approximately 11 years Since the beginning of FY2010, sgfleet has won 150 new corporate and government customers and only lost 16 customers⁹ 	Section 3.6

9) Includes customers with an **sgfleet** potential fleet size of greater than or equal to 50 vehicles and salary packaging companies with an eligible employee base of greater than or equal to 200.

3. Business overview

Business model component	Comment	Further details
sgfleet characteristic		
Technology infrastructure <i>Differentiated technology solutions and innovation</i>	<ul style="list-style-type: none"> sgfleet believes it is differentiated from its competitors in terms of service delivery and the advanced capabilities of its customer-facing technology platform sgfleet has an internal information technology (IT) and projects team of 28 people and is continually investing in developing its proprietary systems and capabilities 	Section 3.7
Geographic footprint <i>Broad geographic reach</i>	<ul style="list-style-type: none"> Australia: national market presence with offices in all states and the ACT New Zealand: services trans-Tasman and domestic customers United Kingdom: recently launched an innovative salary sacrifice product sgfleet is also the Australian and New Zealand partner of the PHH Arval Global Alliance, which manages over 2 million vehicles across 40 countries 	Section 3.8
Funding arrangements <i>Low capital intensity funding model</i>	<ul style="list-style-type: none"> sgfleet generally funds new leases through principal and agency arrangements with third-party funders and to a lesser extent through on-balance sheet funding The third-party funder pays sgfleet a financing commission for originating the lease and the asset sits on the funder's balance sheet This funding model differentiates sgfleet from many of its competitors in the corporate fleet leasing sector and means sgfleet bears limited credit risk during the life of the lease and has low capital requirements as it grows its leasing fleet 	Section 3.9
Asset management capabilities <i>Specialist fleet management and vehicle disposal capabilities</i>	<ul style="list-style-type: none"> sgfleet uses its specialist expertise, technology and scale to provide customers with more efficient and economic fleet management outcomes sgfleet rigorously manages the risk around vehicle disposals, and has a track record of achieving a better than market outcome on vehicle disposals 	Section 3.10

3.2 A leading presence in all sectors

3.2.1 Corporate fleet management

sgfleet had 59,530 passenger, light and heavy commercial vehicles under management as at 31 December 2013. **sgfleet's** corporate customers use a mix of operating leases, finance leases and fleet managed vehicles.

Table 9: Corporate fleet management products

	Operating lease	Finance lease	Fleet managed
Product	Fleet management products for government and corporate clients		
Funding arrangers	sgfleet ^(a)	sgfleet ^(a)	customer
Residual value risk	sgfleet	customer	customer
Vehicles under management ^(b)	23,096	1,855	34,579

Notes

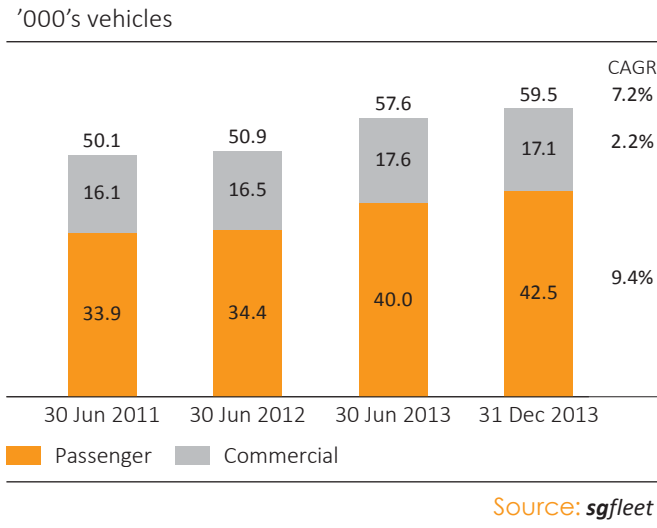
(a) On balance sheet and through principal and agency agreements with third party funders.

(b) As at 31 December 2013.

3. Business overview

Figure 10 shows that **sgfleet** has grown its corporate fleet under management by a CAGR of 7.2% over FY2011 to 1H2014.

Figure 10: Corporate fleet vehicles under management



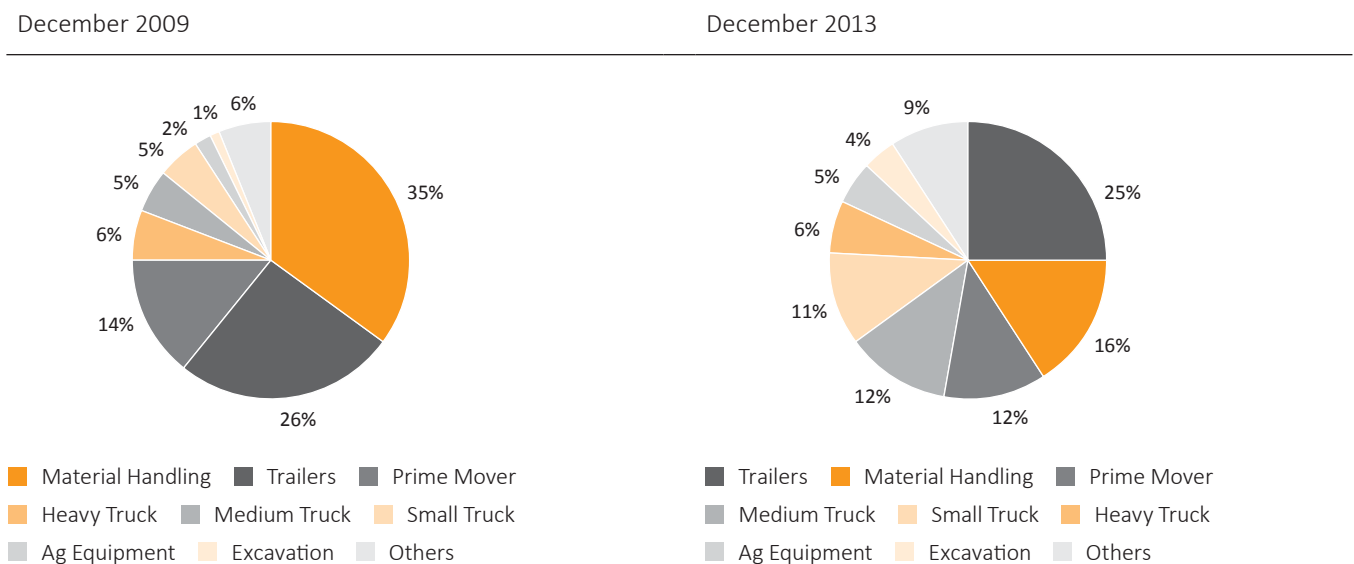
When **sgfleet** wins a new corporate customer, it has immediate visibility over that customer's addressable fleet. While fleet managed vehicles generally come under **sgfleet**'s management immediately, leased vehicles usually come under **sgfleet**'s management over time, as existing fleet vehicles are replaced. Similarly, when **sgfleet** loses a customer, it will usually take a period of time for leased vehicles to run off, whereas fleet managed vehicles run off more quickly.

sgfleet provides heavy commercial fleet management and leasing solutions for trucks, trailers, materials handling equipment and, to a lesser extent, plant and agricultural equipment. Heavy commercial vehicles and equipment require specialised management and technical expertise during initial commissioning and throughout the entire vehicle life-cycle. Support ranges from vehicle specification, acquisition and finance options, to management of maintenance and registration and asset disposal.

sgfleet's market position in heavy commercial fleet management was enhanced in 2008, through the acquisition of National Australia Bank's commercial fleet business. Since then, **sgfleet** has been selective in the assets it pursues and disciplined in the returns it targets. In particular, **sgfleet** has pursued a more diversified mix of commercial vehicles and equipment, and has a low level of exposure to commercial vehicles in the mining industry.

Of the 17,056 commercial vehicles under management at 31 December 2013, only 3,979 are operating leases where **sgfleet** bears residual value risk.

Figure 11: Change in mix of commercial leased vehicles by vehicle category



Source: **sgfleet**

3. Business overview

3.2.2 Salary packaging

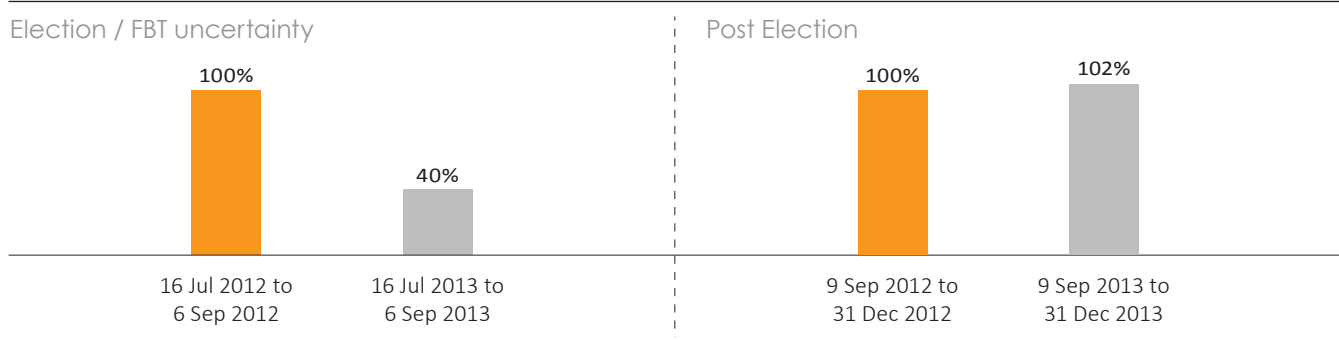
sgfleet believes it is a top three provider of salary packaged novated leases in Australia by vehicles under management. *sgfleet* has 787 corporate and government customers for whom it provides novated leases as a salary packaging option to their employees and *sgfleet* estimates that approximately 75% of these corporate and government customers use *sgfleet* as their exclusive provider of novated leases. *sgfleet* estimates that through these corporate customers it has access to over 400,000 potential Novated Customers.

sgfleet has not actively grown novated leasing vehicles under management between FY2011 and FY2013 due to a successful strategic focus on growing its corporate fleet management business. Instead, during this period *sgfleet* enhanced its novated leasing product and service offering to existing customers and was successful in growing revenue per novated vehicle. *sgfleet* recently refreshed its novated leasing strategy and has achieved significant recent success in attracting new customers, as detailed in Section 3.11.2.2, which in turn has increased *sgfleet*'s potential Novated Customer base.

Like other salary packaging sector participants, *sgfleet*'s sales of new novated leases was disrupted between 16 July 2013 and 7 September 2013, as a result of the unexpected FBT policy announcement by the previous Australian Federal Government. Since the election, the Coalition Government has confirmed that it will not continue with the proposed FBT changes and sales of novated leases have materially returned to historical levels, as shown in Figure 12. Further details on this industry development and the risk of future changes to FBT rules are detailed in Sections 2.5.2 and 5.2.3 respectively.

Figure 12: Regulatory impact – new novated lease orders per month

2013 periods indexed to comparable periods in 2012





Source: *sgfleet*









3.3 End-to-end fleet management

sgfleet offers a full spectrum of outsourced fleet management and leasing services to corporate, government and Novated Customers. *sgfleet* has a customer-centric approach to fleet management; bespoke but scalable solutions are tailored for each customer drawing on a range of products and services across vehicle procurement, financing, in-life services, disposal and reporting.

Table 10: *sgfleet*'s service offering

Service offering	Description
 <p>Vehicle price quoting, sourcing and delivery</p>	<p><i>sgfleet</i>'s sales team discuss vehicle requirements with the customer and then source quotes from various vehicle suppliers and manufacturers. <i>sgfleet</i> usually sources vehicles through its established supplier and manufacturer network. <i>sgfleet</i> believes that its buying power and strong relationships with vehicle suppliers and manufacturers assists customers to secure vehicles in a timely manner, at competitive pricing and access a high level of delivery standards and service from the supplier.</p>
 <p>Funding</p>	<p><i>sgfleet</i> provides two key funding options: operating leases and finance leases. Funding is generally sourced under principal and agency relationships with third-party funders. <i>sgfleet</i> arranges finance approval for customers but always maintains the customer relationship.</p>

3. Business overview

Service offering	Description
	<p>Maintenance management</p> <p><i>sgfleet</i> has arrangements with a national network of maintenance suppliers (including dealerships) to deliver servicing and repairs. <i>sgfleet</i> operates a maintenance control centre staffed by qualified technicians, who are responsible for authorising all maintenance work. This ensures that vehicles are operated safely, maintenance costs are appropriately managed and that only required servicing and repairs are performed.</p>
	<p>Fuel and toll management</p> <p><i>sgfleet</i> has relationships with all major fuel card providers and can facilitate a fuel management program that is tailored to each customer's specific requirements.</p> <p><i>sgfleet</i>'s toll management service consolidates toll usage from all toll road providers in Australia into a single, easily managed reporting framework.</p>
	<p>Registration and infringement management</p> <p><i>sgfleet</i> arranges registration of new vehicles prior to delivery. <i>sgfleet</i> will also liaise directly with the motor registries (and drivers where applicable) to ensure that current and appropriate registration is maintained for vehicles under management.</p> <p><i>sgfleet</i> offers various levels of infringement management services, including identification and nomination of the driver of the vehicle at the time of the incident and reporting of vehicle usage and driver behaviour.</p>
	<p>Roadside assistance and accident management</p> <p>Roadside assistance services are available 24 hours a day, 365 days a year, anywhere in Australia, through arrangements <i>sgfleet</i> has with its outsourced providers.</p> <p>Through its relationship with an experienced accident management provider, <i>sgfleet</i> seeks to ensure that vehicles are back on the road as soon as possible after an accident and that repairs are carried out quickly, with a focus on reducing costs without compromising repair quality or vehicle safety and to ensure reliability and resale values are minimally affected.</p>
	<p>Contract revisions</p> <p><i>sgfleet</i> monitors vehicle usage throughout the term of the contract. Contract revisions can be agreed from time to time with the customer, to address the costs associated with under and over usage of the vehicle fleet.</p>
	<p>Reporting and invoicing</p> <p><i>sgfleet</i> provides a market leading suite of vehicle management and utilisation reporting options, ranging from online self-service, reporting and analysis using Fleetintelligence, to quarterly reporting packages and detailed, annual strategic reviews.</p>
	<p>Contract close down</p> <p><i>sgfleet</i> proactively manages the end of the contract term, by ensuring that any replacement vehicle is ordered in advance and convenient arrangements are in place for return of the existing vehicle and end of lease reconciliation and billing.</p>
	<p>Vehicle disposal</p> <p><i>sgfleet</i> has an experienced in-house vehicle disposal team which inspects return vehicles for unfair wear and tear, identifies any refurbishment work that may be required and determines the best method for disposal. <i>sgfleet</i> seeks to maximise returns on the disposal of vehicle assets by selling directly through <i>sgfleet</i>'s vehicle disposal yards and accessing key dealer and wholesale relationships.</p>

3. Business overview

Some examples of initiatives that **sgfleet** has taken to provide fleet management benefits for its customers are shown in Table 11.

Table 11: Examples of **sgfleet** fleet management initiatives and benefits for customers

Initiative	Benefit for customer		
	Lower cost	Lower risk	Improved efficiency
Annual strategic reviews – fleet performance, risk and benchmarking	✓	✓	✓
Reduced fleet administration and time for customer	✓		✓
Downsizing from six cylinder to four cylinder vehicles	✓		
Re-allocation of underutilised vehicles	✓		✓
Introduction of accident reporting statistics	✓	✓	
Reduction in overall fleet size	✓		
Transferring a proportion of tool-of-trade vehicles to novated leases	✓		
Detailed reporting of toll infringements, leading to wider use of E-Tags	✓		✓
Introduction of free smartphone application for novated leases			✓
Introduction of online driver FBT declarations			✓
Use of sgfleet 's preferred fuel card arrangements	✓		
Whole of life vehicle cost analysis, leading to different choice of vehicle	✓		
Consulting on vehicle policy formulation		✓	✓
Select examples of customer benefits achieved			
<ul style="list-style-type: none"> • The cost of the heavy fleet inspection program for a new customer reduced by 20% from the level under the previous fleet manager, as a result of the management processes deployed by sgfleet • A comprehensive review of a customer's tool-of-trade fleet achieved savings of 4% over a 12 month period with a further 12% saving estimated over the next five years • A preventable damage report helped a customer to achieve a one year saving of \$1.4 million • A utilisation analysis of a prospective customer's fleet identified that 72% of vehicles were travelling distances more than 20% above or below the prospective customer's original projections, increasing whole of life costs. sgfleet proposed a fleet management solution that would save an estimated \$1.2 million in whole of life costs, through enhanced asset utilisation and other benefits 			

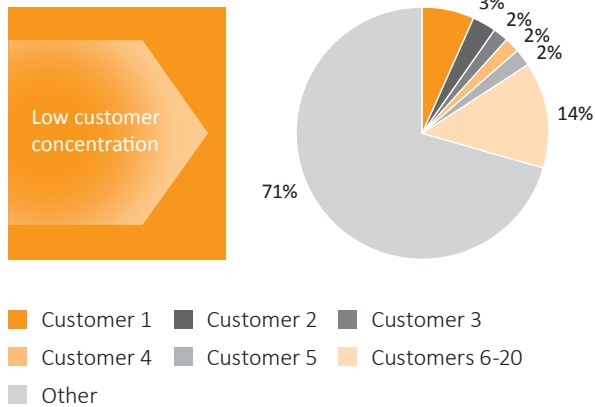
3. Business overview

3.4 Diversified business

sgfleet has a diversified business by customer, vehicle manufacturer and product type.

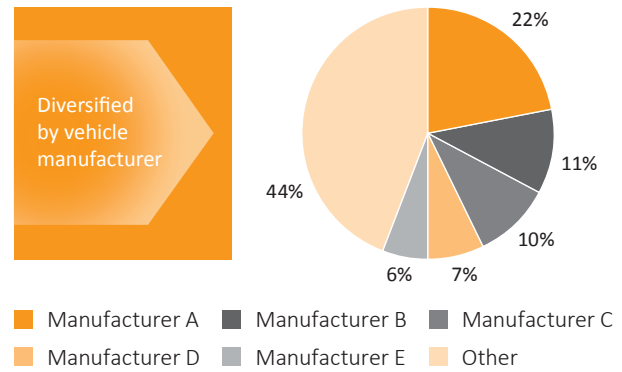
Figure 13: *sgfleet* has a diversified business model within the fleet management sector^(a)

FY2013 revenue by customer size



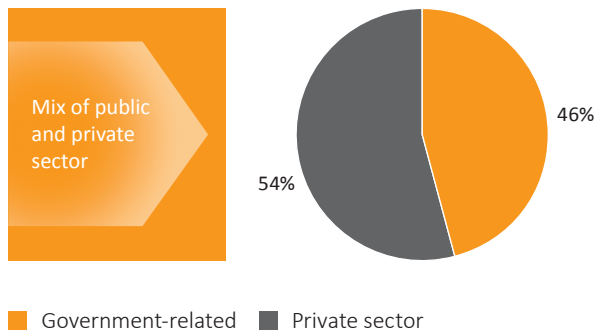
Fleet mix by manufacturer

vehicles under management as at 31 December 2013



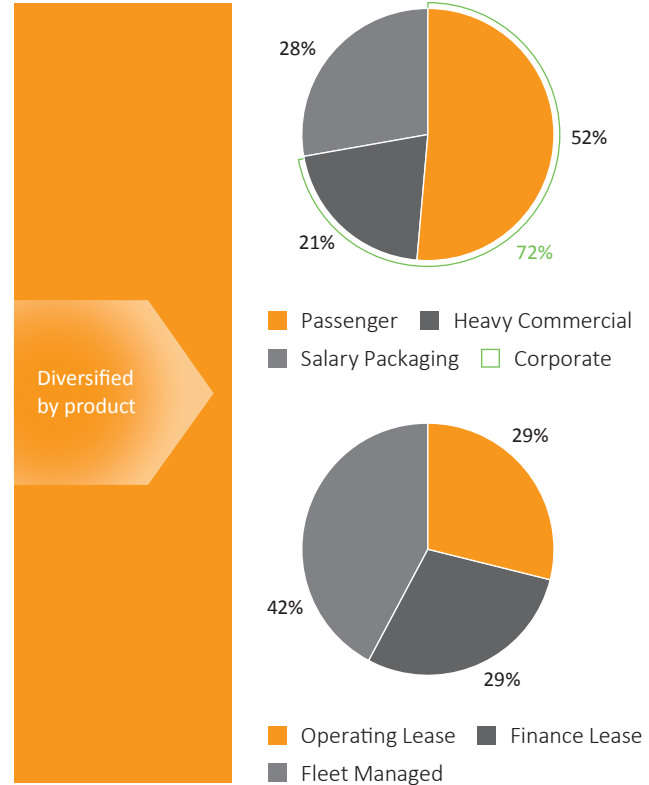
Customer segment

vehicles under management as at 31 December 2013



Fleet mix by product type

vehicles under management as at 31 December 2013



Source: *sgfleet*

Notes

(a) Charts may not add up to 100% due to rounding.

3. Business overview

3.5 Multiple sources and visibility of revenue

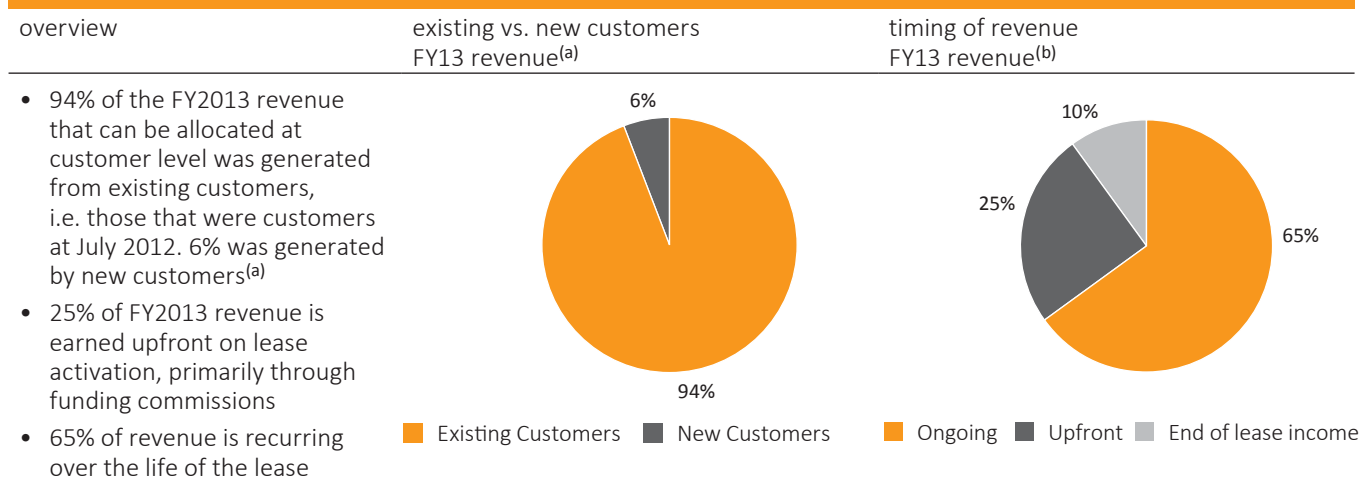
sgfleet provides end-to-end fleet management services and earns revenue from most aspects of vehicle asset management, contracted over the life of the vehicle. Table 12 describes the nature of *sgfleet*'s key revenue sources.

Table 12: Description of *sgfleet*'s key revenue sources

Revenue item	Description	Timing	% of FY2013 revenue
Management and maintenance fees	<ul style="list-style-type: none"> Monthly fees for fleet management services Maintenance fees for fully maintained vehicles 	Ongoing	35.6%
Additional products and services revenue	<ul style="list-style-type: none"> Registration renewal, accident management and roadside assistance fees Brokerage payments from insurance providers Additional optional accessories, extended warranties and other income 	Upfront and ongoing	26.7%
Funding commissions	<ul style="list-style-type: none"> Finance commissions from third-party lease funders <i>sgfleet</i> generally does not bear credit risk on principal and interest payments 	Upfront and trailing component	13.5%
End of lease income	<ul style="list-style-type: none"> For operating leases <ul style="list-style-type: none"> Unfair wear and tear and other contract variations are invoiced to the returning customer <i>sgfleet</i> recognises a gain on the disposal of the vehicle at termination of lease 	At the end of an operating lease	9.5%
Rental income	<ul style="list-style-type: none"> For vehicles on <i>sgfleet</i>'s balance sheet <ul style="list-style-type: none"> heavy commercial vehicles retained by customer beyond initial lease term a portion of leases in New Zealand and the United Kingdom from the start of the lease 	Ongoing	7.8%
Other	<ul style="list-style-type: none"> Other ancillary sources of revenue 	Ongoing and at the end of lease	6.9%

Figure 14 shows that in FY2013 *sgfleet* derived a substantial portion of its revenue from recurring revenue sources and from existing customers that were already in place at the start of the financial year. As such, *sgfleet* has high visibility at the start of each financial year, of a substantial portion of the revenue that it expects to earn in that financial year, and near term revenue growth is not substantially dependent on new customer wins.

Figure 14: Ongoing revenue items and existing customer contribution



Source: *sgfleet*

Notes

(a) Australia only, excludes New Zealand and the United Kingdom.

(b) Consolidated group.

3. Business overview

3.6 High quality customers

sgfleet provides fleet management services to a wide range of leading corporate and government customers. **sgfleet** had approximately 1,500 corporate and government customers as at December 2013, including salary packaging customers. The average age of customer relationship across **sgfleet**'s 20 largest customers is approximately 11 years. Since the beginning of FY2010, **sgfleet** has won 150 new corporate and government customers and only lost 16 customers.¹⁰

Figure 15: Select customer case studies

Customer A: Government agency

Winning first time outsourcing customers through early engagement and consultation

Early engagement by **sgfleet**'s senior management influenced Customer A's decision to tender their passenger vehicle fleet in 2010. Customer A previously had a policy of self-funding and internal fleet management.

Early engagement initiatives undertaken by **sgfleet** included:

- analysis of fleet data supplied by Customer A
- financial analysis on a potential sale & leaseback transaction and sensitivity analysis on fleet replacement timing
- demonstration of **sgfleet**'s capabilities, including technical fleet management capabilities, system and benchmarking capabilities of Fleetintelligence and transition plans to **sgfleet**'s full service leasing solution

A full tender was subsequently issued, with **sgfleet** being selected as the preferred provider in June 2013.

A significant additional opportunity exists with Customer A for fleet management and funding of light trucks and heavy commercial vehicles with a material potential asset value.

Customer B: Utility provider

Winning market share from competitors through superior offering and cost savings

Prior to going to a full market tender in FY2010, Customer B used a competitor for vehicle maintenance control.

sgfleet was appointed by Customer B as it was able to demonstrate market leading capabilities, including:

- technical expertise to manage maintenance procedures across all assets including passenger vehicles, light and heavy commercial vehicles and specialist commercial assets such as elevated work platforms and borers. This included maintenance authorisation, occupational health and safety compliance support and internal advice by **sgfleet** technical experts
- vehicle purchase and disposal processes and network across the state where the customer operated
- benefits of the Fleetintelligence system
- innovative total fleet analysis and utilisation reporting was introduced as a key part of the decision to move to **sgfleet**, which enabled Customer B to benchmark their fleet across other large industry players, though industry forums that **sgfleet** coordinates

Customer B has recently begun offering novated leases through **sgfleet** as an optional staff benefit.

Customer C: Network provider

Converting fleet management customers to a full service leasing model

Customer C has been a customer for more than five years, with a mixture of assets including passenger and light commercial vehicles, trucks, trailers and plant & equipment assets. Customer C has historically funded their fleet on their own balance sheet while outsourcing fleet management services.

sgfleet believes that core relationship activities and continued demonstration of **sgfleet**'s capabilities, with a continuous focus on fleet savings, have been prime factors in **sgfleet**'s ability to increase returns, introduce further reporting capabilities and eventually capture full service leasing opportunities from this customer.

Demonstration of capabilities has included:

- savings through maximising fleet utilisation and replacement criteria
- data provision and analytics – quarterly reporting including benchmarking and projected asset utilisation
- cost savings by leasing vehicles for long term hire
- recognition of Fleetintelligence as a differentiated system
- demonstrating the value of full service leasing and implementing a large credit facility to mitigate Customer C's capital expenditure budget constraints

Customer C has a large fleet replacement program, but has continuing capital expenditure budget restrictions. **sgfleet** expects a continued shift from unfunded fleet management towards full service leasing by this customer.

Customer D: Manufacturer

Building trust, demonstrating value and extending product offering over time

Customer D was originally a competitor's customer for operating leases primarily for tool-of-trade passenger and light vehicles. Customer D transitioned to ownership and self-management of the fleet and began to run off the competitor's fleet.

In FY2010 after a period of self-management, Customer D engaged with **sgfleet** for fleet management services and the relationship has evolved as follows:

- fleet size under **sgfleet**'s management has steadily increased
- by May 2013 **sgfleet** secured the balance of Customer D's owned vehicles for fleet management, which allowed **sgfleet** to more proactively report fleet ageing and identify high cost vehicles for the customer
- in early 2012, Customer D entered into an operating master lease agreement, which also includes provision of commercial vehicle expertise

Customer D's entire fleet is now transitioning to a full service fleet management and leasing arrangement with **sgfleet**.

Source: **sgfleet**

10) Includes customers with an **sgfleet** potential fleet size of greater than or equal to 50 vehicles and salary packaging customers with an eligible employee base of greater than or equal to 200.

3. Business overview

3.7 Innovative systems

sgfleet believes it is differentiated from its competitors in terms of service delivery and the advanced capabilities of its proprietary, customer-facing technology platform. *sgfleet* has an internal IT and projects team of 28 people and is continually investing in the development of its system capabilities. The *sgfleet* design philosophy for its technology platforms is to keep things simple and intuitive and to ensure that all of the applications are built with the customer in mind. *sgfleet* regularly works with its customers during the design and development process. Solutions are all designed to enable access from any device (where practical), including smart phones and tablets. Applications include the following:

- **Fleetintelligence:** *sgfleet*'s flagship technology product, utilised by internal and external fleet managers and customers to access key information about their fleet. Fleetintelligence enables *sgfleet* customers to undertake transactions online, e.g. submitting odometer readings and reimbursements, and provides customers with a large suite of reporting about their vehicles
- **Logbook:** a tool that simplifies the record keeping requirements of vehicles used for business purposes. Logbook captures business trips and their purpose via a simple application or web based portal. The data from the completed log can be emailed directly to an employer or tax agent for record keeping and compliance purposes
- **Bookingintelligence:** a web-based solution that facilitates the administration and management of resources. Users can book resources, such as vehicles, for temporary use and the system provides a facility for administrators to allocate appropriate resources to fulfil the bookings

3. Business overview

Figure 16: Examples of *sgfleet* innovative customer interfaces

Fleetintelligence – employee reports



Fleetintelligence – fleet manager reports

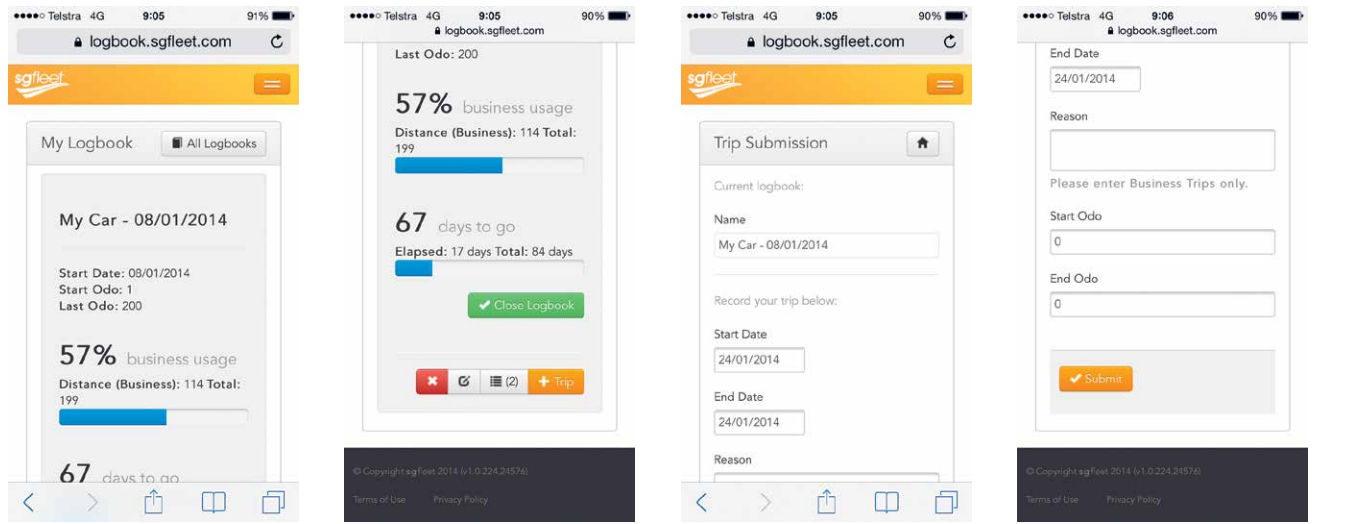


Source: *sgfleet*

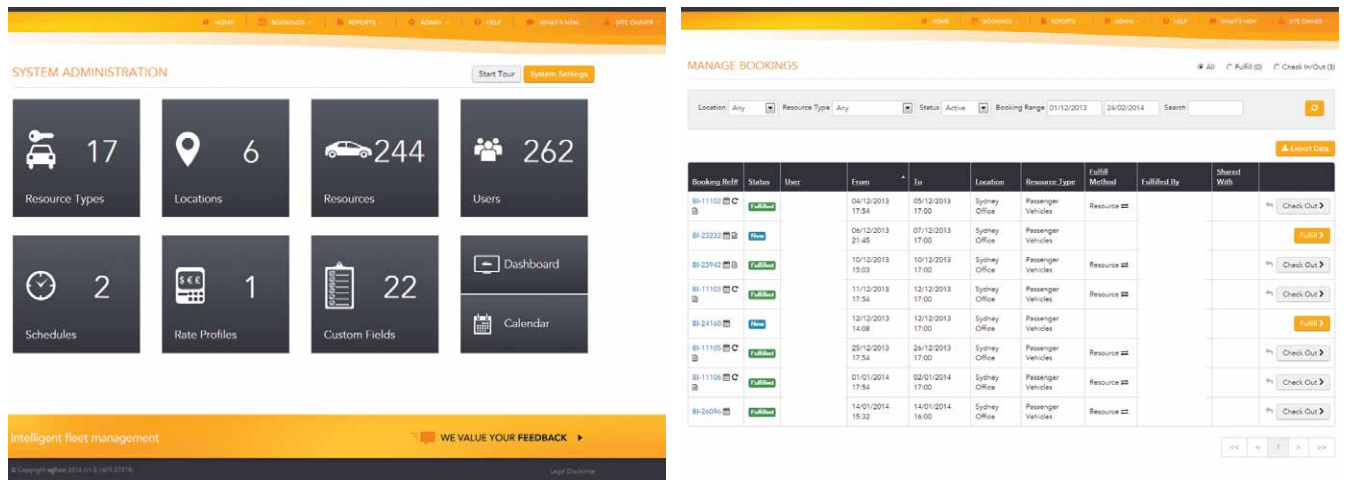
3. Business overview

Figure 16: Examples of *sgfleet* innovative customer interfaces

Logbook (smartphone view)



Bookingintelligence



Source: *sgfleet*

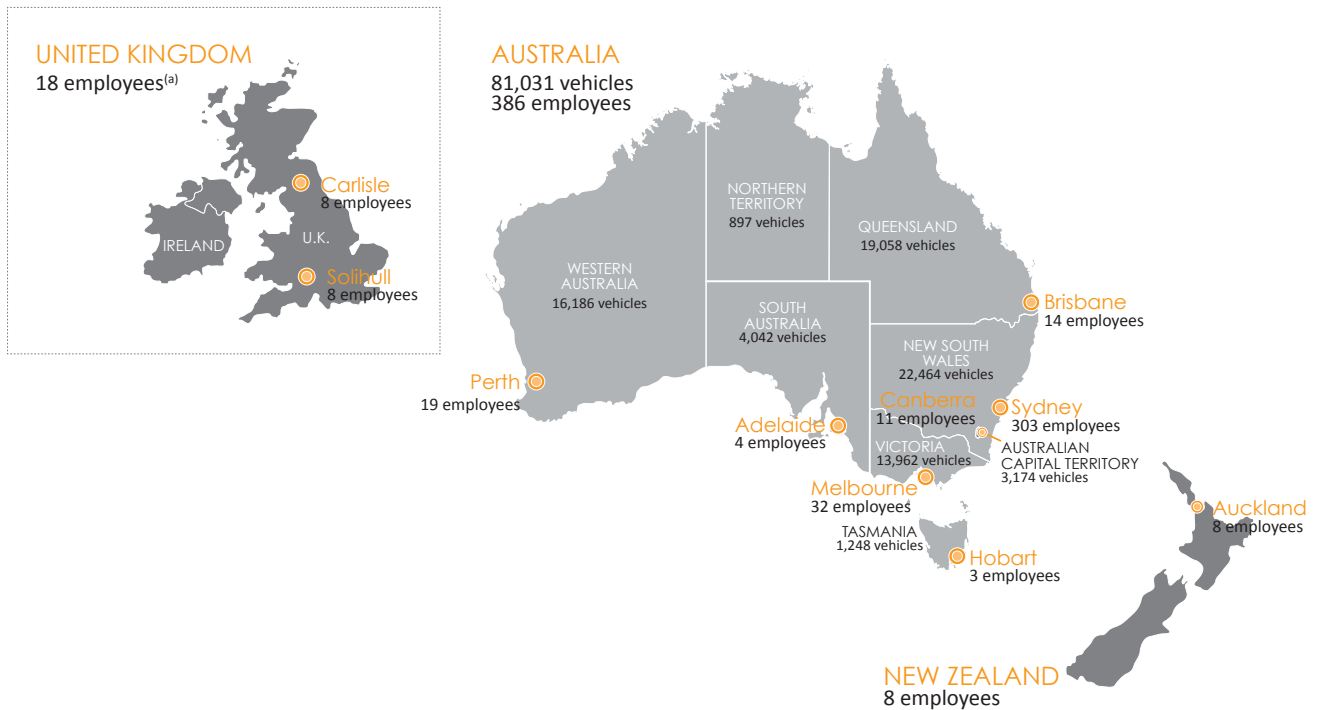
3. Business overview

3.8 Broad geographic footprint

sgfleet has its headquarters in Sydney and a presence in all Australian states and the ACT. While the majority of *sgfleet*'s business activities currently occur in Australia, it has also established a presence in New Zealand and the United Kingdom.

Figure 17: *sgfleet*'s geographic footprint

network across Australia, New Zealand and the United Kingdom



Source: *sgfleet*

Notes

(a) Includes two home based employees.

sgfleet's New Zealand business was established in 2007 and is headquartered in Auckland with eight employees. Originally established to service trans-Tasman customers, the business has now been successful in attracting a number of large, domestic New Zealand corporate customers. The New Zealand business is integrated with *sgfleet*'s Australian operations, sharing the Australian fleet management repair authorisation team and back office functions such as finance and information technology.

sgfleet's United Kingdom business operates out of Solihull near Birmingham and Carlisle in north-west England and provides contract hire, fleet management services, finance leases and salary sacrifice products to small and medium enterprises, as well as corporate customers. The United Kingdom business uses marketing, funding, IT support and other operational capabilities from the Australian office.

As discussed in Section 2.7, there is an emerging market for low carbon emission, salary sacrificed vehicles in the United Kingdom. *sgfleet* has developed a differentiated solution called NovaLease, which leverages *sgfleet*'s Australian novated leasing experience. The product addresses the risks and limitations present in competing solutions that are based on corporate operating leases. Launched in late 2012,

sgfleet currently has 14 active employer schemes in place and a further nine schemes being implemented as at December 2013. By April 2014, *sgfleet* is expected to have access to a potential salary sacrifice customer base of over 30,000 people.

In mid 2012, *sgfleet* became the Australia and New Zealand partner of The PHH Arval Global Alliance (Alliance), which manages over two million vehicles across 40 countries in every continent. The Alliance seeks to add value to multi-national customers by providing local fleet management expertise, multi-national strategic consulting and access to global reporting tools.

Since recently joining the Alliance, *sgfleet* has already benefited through a new global customer with a 200 vehicle fleet, and as at January 2014 is currently tendering through the Alliance for two European headquartered customers with more than 2,750 vehicles across Australia and New Zealand. Other benefits that *sgfleet* expects to derive from the Alliance include shared access to best practice products, innovation across all Alliance partners and joint arrangements for early engagement with select large global fleets in 2014.

3. Business overview

3.9 Low capital intensity funding arrangements

As at 31 December 2013, 47,744 vehicles were funded through *sgfleet* under operating leases, finance leases or novated leases. The proportion of funded vehicles is expected to increase as vehicles roll on from recent major customer wins.

Where *sgfleet* funds vehicles, it typically uses principal and agency arrangements with third-party funders, who will pay *sgfleet* a financing commission for originating the lease. *sgfleet* currently has a panel of ten third-party funders. A significant majority of *sgfleet*'s funding is currently provided by two major financial institutions on this panel.

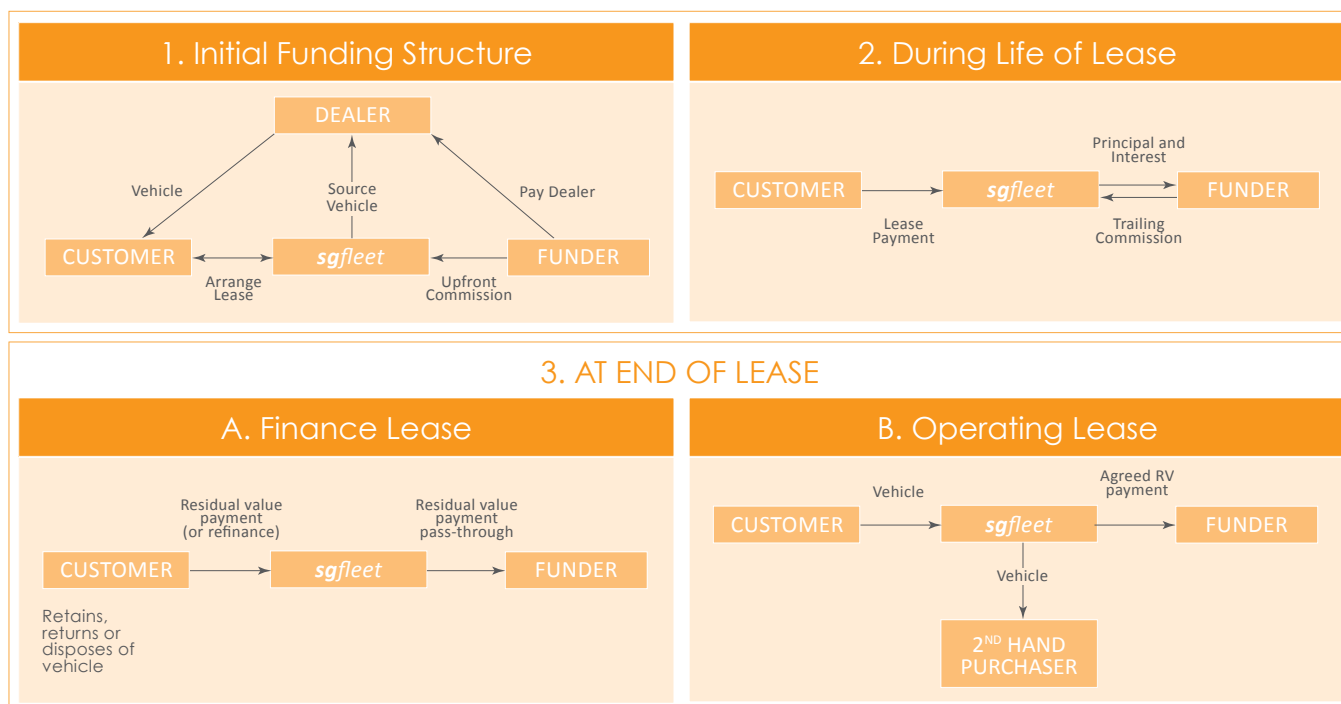
This funding model differentiates *sgfleet* from many of its competitors in the corporate fleet leasing sector, who fund

on their own balance sheet. The model also results in *sgfleet* carrying limited credit risk during the life of the lease. *sgfleet*'s model has low capital requirements as *sgfleet* grows its leased fleet. Financing commissions are heavily weighted towards a front-end payment, while competitors that fund on balance sheet earn a net interest margin over the life of a lease.

In the case of an operating lease, *sgfleet* is responsible for making a residual value payment to the third-party funder at the end of the lease term.

In the case of a finance lease, *sgfleet* does not bear residual value risk as the lessee indemnifies the third-party funder for the difference between the disposal value and the agreed residual value of the vehicle at the end of the lease.

Figure 18: *sgfleet*'s lease funding model



1. Initial funding structure

- operating, finance and novated leases are written using third-party funders who typically take credit risk
- sgfleet* generally receives upfront commissions

2. Life of lease

- sgfleet* manages the customer relationship
 - collects full payment from the customer and passes through principal and interest component to funder
 - sgfleet* receives trailing commissions from certain funders (only recognised as revenue when cash received)

3A. End of lease – finance lease

- lessee makes a residual value payment of outstanding principal
 - no residual value risk borne by *sgfleet*

3B. End of lease – operating lease

- funder typically 'puts' vehicle to *sgfleet* at agreed residual value
 - vehicle goes on *sgfleet*'s balance sheet as inventory and *sgfleet* is responsible for disposal of the vehicle

- in the majority of circumstances where a passenger vehicle goes into Inertia, funding remains on the third-party funder's balance sheet

Differentiation, advantages and disadvantages

- funding model is different to other fleet leasing players in the corporate sector
 - many corporate fleet management organisations obtain external funding to fund the initial acquisition of a vehicle and hold assets on their balance sheet for the life of the lease
 - most salary packaging sector participants use a similar funding model to *sgfleet*
- advantages of *sgfleet* model: lower risk including limited credit and interest rate risk, lower capital requirements, access to competitive financing for both large and small fleets
- disadvantage of *sgfleet* model: *sgfleet* does not capture the full funding margin, part of which remains with the third-party funder

Source: *sgfleet*

3. Business overview

3.10 Strong asset management capabilities

3.10.1 Maintenance capabilities

sgfleet has extensive in-house maintenance experience and retains analytical data on each of the vehicles it manages to achieve operating efficiencies. *sgfleet* also derives procurement benefits as a result of its scale, from a national network of dealerships and other suppliers that provide maintenance, scheduled servicing, repairs, tyres, accident management and other products and services.

sgfleet offers three different maintenance models to its customers:

- **fully maintained:** *sgfleet*'s core maintenance service is an underwritten product which eliminates the risk of maintenance cost overruns for the customer and ensures an even payment profile over the life of the lease. Maintenance is included in the lease rental for the contracted term and kilometres. All maintenance costs attributable to normal use (up to the contracted term or kilometres) are authorised and incurred by *sgfleet*. Any costs attributed to driver abuse or neglect, are charged to the customer
- **budgeted maintenance:** *sgfleet* determines a maintenance budget for a vehicle, taking into account the lease term and expected kilometres. This budget is charged to the customer progressively over the lease term, ensuring that the customer's maintenance costs are evenly spread over the life of the lease. Costs are allocated against the budget as they are incurred and the actual costs are reconciled against the maintenance collected at the end of the lease term. Any shortfall is charged to the customer and any surplus is returned to the customer
- **recharge maintenance:** This is a pass-through arrangement, under which any service and maintenance costs incurred by *sgfleet* on behalf of the customer are invoiced to the customer at the end of each month

sgfleet's customers benefit from a call centre staffed by a specialist team of service controllers and qualified mechanics, who control and authorise repairs and maintenance by third-party service providers. *sgfleet* achieves meaningful efficiencies in fleet running costs as a result of its extensive operational history and analytical data.

3.10.2 Vehicle disposal capabilities

sgfleet has a specialised in-house vehicle disposal team. Unlike many of its competitors who dispose of vehicles predominantly through third-party auctions, *sgfleet* operates five vehicle disposal warehouses around Australia through which it conducts wholesale vehicle sales. This allows *sgfleet* to directly control the vehicle disposal process. *sgfleet* has a 'touch the tin', vehicle-by-vehicle, in-house disposal process that includes proprietary databases, specialist passenger and heavy commercial vehicle management teams and multiple strategies to maximise disposal proceeds.

sgfleet offers its disposal services to customers across its entire fleet and obtains valuable knowledge and data from vehicle sales on behalf of customers where *sgfleet* does not bear residual value risk.

The level of end of lease income *sgfleet* achieves from the sale of operating lease vehicles at the end of the lease term is driven by:

- the initial residual value assumptions at the inception of a lease
- the used vehicle price realised at the end of a lease

While used vehicle prices vary by specific vehicle model, general factors impacting the used vehicle market and prices are:

- **general economic conditions:** customers tend to delay new vehicle purchases during periods of economic weakness or uncertainty, which can also result in increased Inertia rental income
- **new vehicle market:** growth in demand for new vehicles typically impacts pricing and demand for used vehicles, but can also result in an increased volume of new leases written by *sgfleet*
- **behaviour of manufacturers:** new and used vehicle markets can be impacted by manufacturers increasing or reducing supply of new vehicles into the market through their dealer networks
- **trends in customer preferences:** for example, SUVs are currently growing in popularity
- **external events:** for example, used vehicle prices increased during 2011 and 2012, when the supply of new vehicles was impacted by earthquakes in Japan and floods in Thailand

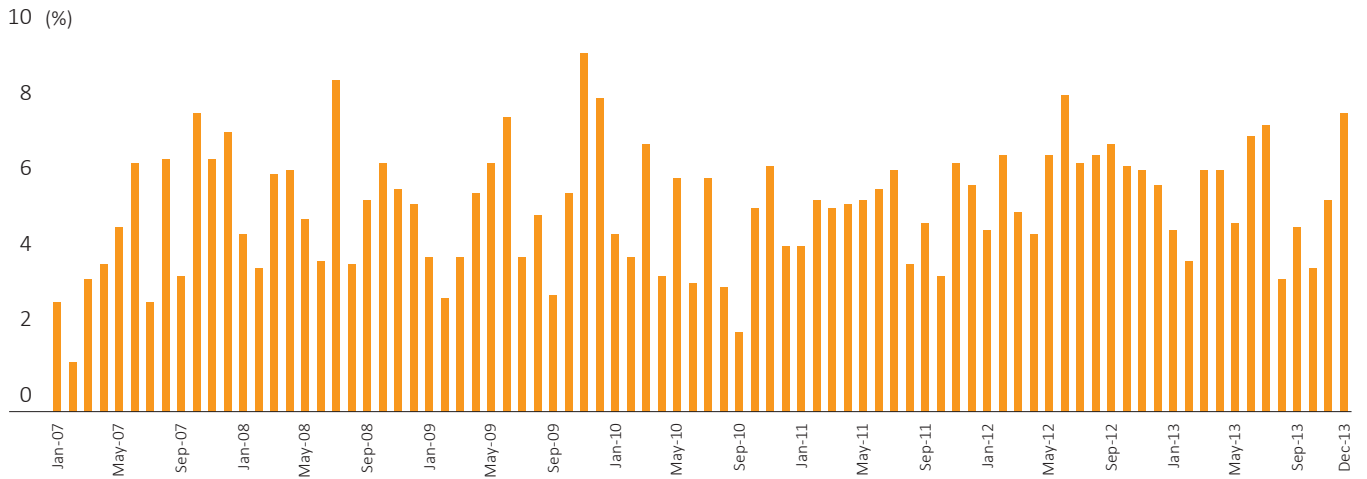
In recent years, the industry has benefited from a buoyant used vehicle market in Australia, which *sgfleet* believes is moving towards more sustainable levels during the next 12 to 18 months. The used vehicle market is subject to market changes as detailed in Section 5.2.2.

sgfleet has a strong track record of achieving better than market outcomes on disposal of used vehicles, which provides a buffer against any adverse movement in used vehicle market prices. Refer to Figure 19.

3. Business overview

Figure 19: Track record of *sgfleet* disposal performance over auction data^(a)

top eight models by volume



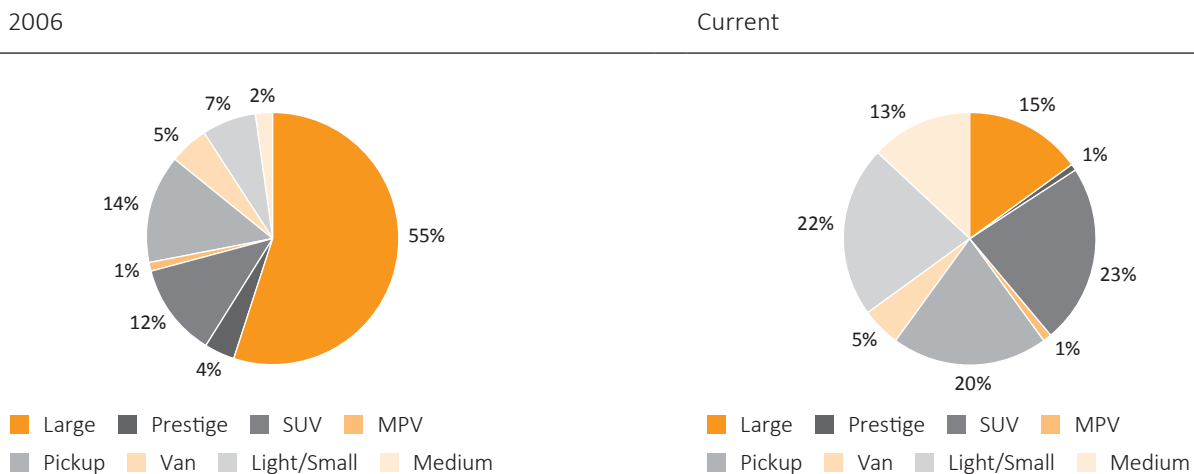
Source: *sgfleet*

Notes

(a) Outperformance represents premium to auction data on same make/model, represented as a percentage.

Since 2006, *sgfleet* has focused on diversifying the vehicle exposure in its operating lease portfolio. As shown in Figure 20, *sgfleet* has reduced its exposure to large passenger vehicles from over 50% in 2006 to 15% at the end of 2013 and has achieved a more balanced mix in its fleet across all categories of vehicles.

Figure 20: Increasingly diversified vehicle mix for passenger vehicle operating leases



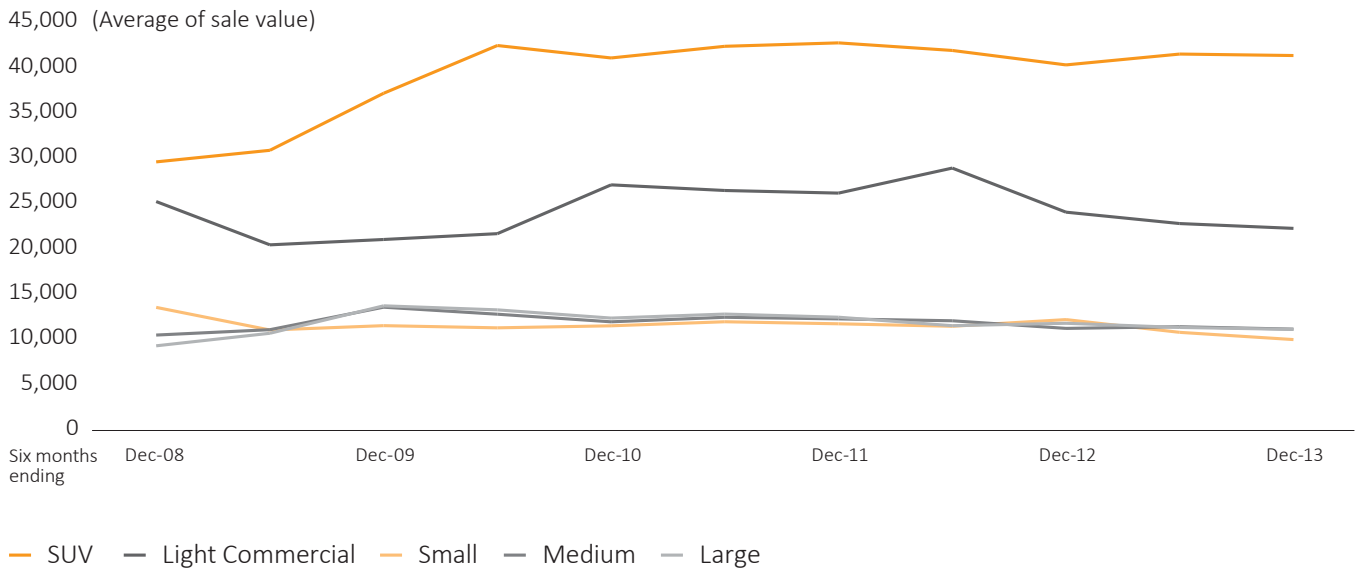
Source: *sgfleet*

3. Business overview

As Figure 21 demonstrates, used vehicle prices are often not correlated between different categories of vehicles. *sgfleet*'s diverse fleet mix reduces *sgfleet*'s exposure to any exceptional event impacting one particular category of vehicles.

Figure 21: Long term performance of used vehicle prices

average used vehicle prices for a representative vehicle type (36 months old/circa 90,000 km driven)



Source: *sgfleet*

sgfleet has developed strict management processes to manage residual value risk:

- disciplined residual value review and valuation process, with strong governance including Board oversight and external audit
- experienced data management team with significant knowledge of the automotive industry
- access to vehicle pricing data from internal sources and external providers
- well-developed technological platforms that allow extensive market analysis and regular reporting
- efficient and timely inspection and pricing of repairs upon return of the vehicle
- maintenance of strong relationships with key dealerships

sgfleet holds a provision on its balance sheet for future expected losses on the disposal of operating lease vehicles. The provision is calculated on a conservative, 'onerous pools' basis. Assets are grouped into homogenous groups which are then divided into maturity pools. A provision is raised for a maturity pool if the forecast loss on disposal of the assets in the pool exceeds the future fee income that the pool will generate between the reporting date and the maturity date. Maturity pools in a net profit position are not offset against maturity pools in a net loss position. Further details on how *sgfleet* accounts for residual values are provided in Appendix A.

sgfleet is only exposed to residual value risk on the operating lease component of its portfolio (24,022 passenger vehicles and 3,979 heavy commercial vehicles as at 31 December 2013, with an aggregate residual value of \$396 million). Management's valuation of this portfolio, based on current market conditions, exceeds the residual value exposure by \$4.9 million in present value terms. Valuations are updated on a quarterly basis and assume the portfolio is sold on an orderly basis over the coming years as the leases expire. The residual value provision was \$17.9 million as at 31 December 2013.

3. Business overview

3.11 Growth strategy

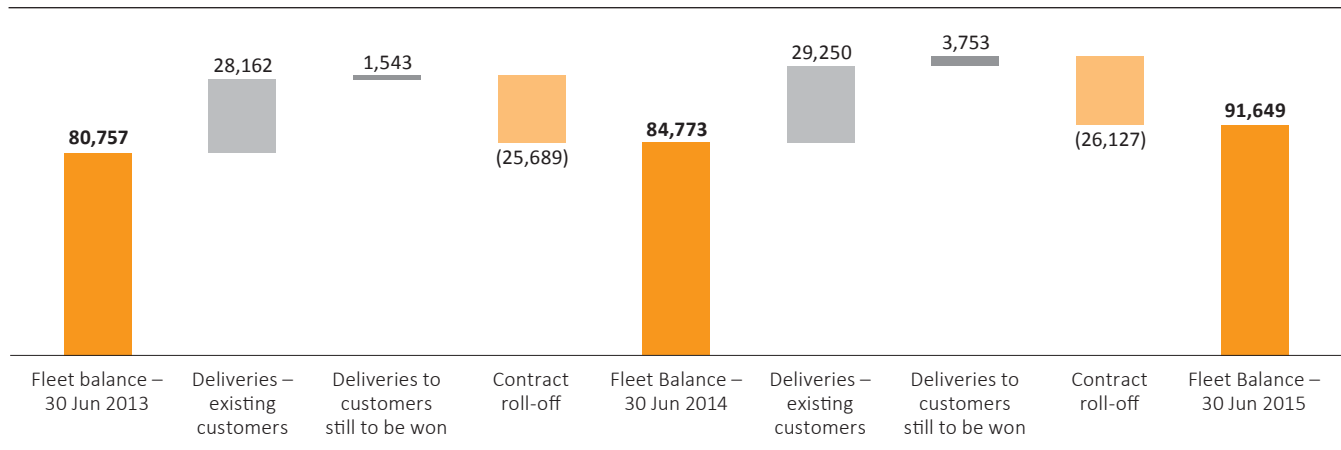
3.11.1 Growth from existing customers

sgfleet has significant 'embedded growth' from recent customer wins where *sgfleet* will write new leases as these new fleets roll on.

Figure 22 shows *sgfleet*'s expected sources of growth required to achieve its forecast fleet size to 30 June 2015. Most of *sgfleet*'s forecast fleet growth to 30 June 2015 is expected to be derived from existing clients and is not dependent on new customers yet to be secured.

Figure 22: Forecast delivery analysis^(a)

existing and new customer deliveries



Source: *sgfleet*

Notes

(a) Refer to Section 4 for details of the assumptions and qualifications in relation to Forecast Financial Information.

sgfleet also targets greater penetration of its existing customer base through:

- converting fleet management customers to full service leasing arrangements
- achieving a greater share of vehicles provided under a panel arrangement, where *sgfleet* is not the exclusive provider of fleet solutions to a customer
- high rates of replacement for existing vehicles reaching the end of their lease term

3.11.2 Winning new customers

3.11.2.1 Corporate

sgfleet has a track record of winning new corporate customers from competitors, as well as converting new customers who outsource their fleet management for the first time.

sgfleet has a disciplined process that identifies priority targets for new business development and an active customer retention program. In particular, *sgfleet* adopts an early engagement plan which educates potential customers on the benefits of outsourcing their fleet management. Since the beginning of FY2010, *sgfleet* has won 150 new corporate and government customers and only lost 16 customers.¹¹

Table 13 shows a summary of recent customer wins and targeted opportunities. Key observations are as follows:

- while *sgfleet* was successful in 36% of tenders it contested in 2013, it has had a 71% win ratio by number of vehicles tendered, i.e. greater success on larger tenders, which *sgfleet* attributes in part to its early engagement strategy for key accounts
- there are a large number of tenders still outstanding which reflects an increase in tender activity in the last quarter of calendar year 2013

¹¹) Includes customers with an *sgfleet* potential fleet size of greater than or equal to 50 vehicles and salary packaging customers with an eligible employee base of greater than or equal to 200.

3. Business overview

Table 13: Recent tendering activity – 1 January 2013 to 10 January 2014

	Tenders	Vehicles	Average vehicles per tender
Won	8	17,180	2,148
Lost	14 ^(a)	6,867	491
Sub-Total	22	24,047	1,093
Win ratio (%)	36%	71%	
Still outstanding	22	22,980	1,045
Declined to tender	5	1,828	366
Total	49	48,855	997

Notes

(a) Of the 14 tenders lost, 5 remained with the incumbent, 1 moved from in-house to outsourced, 5 changed suppliers (including 1 **sgfleet** customer) and 3 have not yet disclosed the new supplier.

sgfleet believes there is a significant opportunity over the medium term to continue to drive further penetration of outsourced fleet management in Australia and continues to focus a significant part of its sales effort to capturing first time outsourcing customers.

Within the government sector, the Australian Federal Government and several Australian state governments have outsourced their fleet management activities to external providers such as **sgfleet**. However, there are still a number of large, in-house government fleet management organisations, which **sgfleet** believes may consider outsourcing to private sector fleet management providers in the future.

In relation to heavy commercial vehicles, **sgfleet** endeavours to be selective in the assets and industries it targets, and is disciplined on targeting its return hurdles. **sgfleet** focuses on asset classes where it has genuine experience and capability.

3.11.2.2 Salary packaging

sgfleet recently refreshed its novated leasing strategy. Initiatives include a new organisational structure, system development and an enhanced customer acquisition and retention framework. **sgfleet** also has strategies in place to continue to grow the number of salary packaged vehicles under management, by:

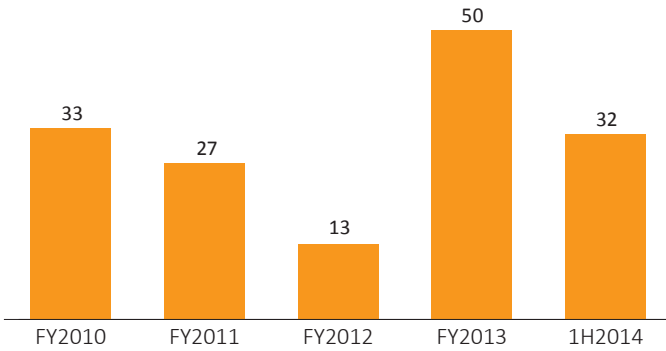
- adding new corporate customers who will offer salary packaged vehicles to their employees as an employment benefit
- achieving greater take up levels of novated leases from the potential Novated Customer employee base within existing corporate and government customers

3. Business overview

Figure 23: novated lease penetration growth drivers

New *sgfleet* salary packaging customers

of new salary packaging customers

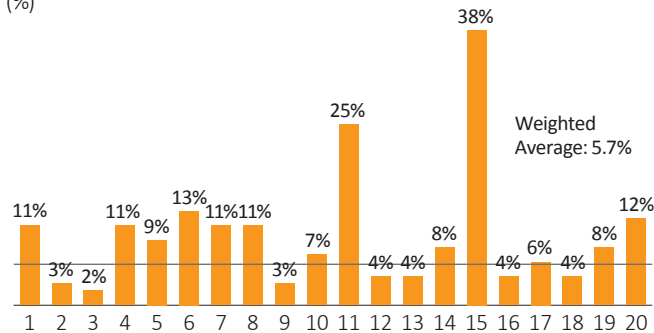


- *sgfleet* has added 155 new salary packaging customers since the beginning of FY2010
- This has increased the immediately addressable base of potential Novated Customers that are able to salary package their vehicle with an *sgfleet* novated lease

Penetrating existing *sgfleet* salary packaging customers

Lease penetration rate as a % of potential Novated Customers
Top 20 salary packaging customers by fleet size, as at 31 October 2013

(%)



- Significant growth potential by increasing the penetration of *sgfleet*'s existing potential Novated Customer base
- Weighted average top 20 customer penetration is 5.7%
- A 1% increase in penetration of the top 20 customers would result in approximately 1,755 new novated leases being written

Source: *sgfleet*

3. Business overview

3.11.3 New product offerings and service innovations

sgfleet has a strong track record of adding additional features to its product bundle and deriving additional revenue streams. **sgfleet** believes it is differentiated from its competitors by its service delivery and technology platform. **sgfleet**'s strategy is to maintain industry leadership through continued evolution of its technology platform and service delivery. Select examples of new product offerings and service innovations in recent years include:

- Fleetintelligence: a proprietary web interface for customers
- Logbook: an electronic logbook application and online portal that eliminates the need for paper-based records
- iFleetintelligence: a smartphone application which provides kilometre tracking and location services for one or multiple vehicles
- Bookingintelligence: a resource management application created by **sgfleet** to enable the online management of pooled resources such as vehicles, fuel cards, parking spaces and toll tags
- a range of additional options for customers, including insurance products, extended warranties and a suite of accessories

In the future, **sgfleet** anticipates a number of short, medium and long term opportunities to add further products and services to its integrated offering in the future. Some of these initiatives are commercially sensitive, but select examples of opportunities include:

- In Vehicle Asset Management (telematics)
 - tailored to suit the needs of the customer
 - provides tools to monitor, manage, maintain and communicate with the customer's fleet via a desktop application
 - full reporting suite allows customers to download and review reports, for close to real-time management of a vehicle fleet
- Work Health & Safety module
 - employee risk assessment: quick online assessment to determine risk rating for employee, based on experience and business travel requirements
 - E-learning training: online training to address a range of vehicle, environmental and driving risks

- Fleetintelligence 2
 - provides customers with the ability to produce tailored vehicle quotes and subsequently order a vehicle online
 - Employer Portal: provides customers with an holistic view of all employees' novated lease packages and fund balances
 - Employee Portal: provides employees with the ability to see key information about their package

3.11.4 Other expansion opportunities

sgfleet has successfully acquired and integrated several fleet management businesses including:

- SMB Salary Packaging in May 2005
- National Australia Bank's Commercial Fleet leasing business in March 2008

sgfleet regularly examines new acquisition opportunities, where the acquisition may complement or enhance **sgfleet**'s existing operations. When and whether acquisitions will be made depends on a number of factors, including availability of opportunities, market conditions, valuation, funding requirements and integration issues.

sgfleet has had an international presence since 2007 when operations were established in New Zealand and the United Kingdom. **sgfleet** management continue to evaluate a range of organic and inorganic opportunities to grow **sgfleet**'s presence in these markets.



Section 4

Financial Information



4. Financial Information

4.1 Introduction

This Section contains a summary of the following financial information.

- Pro forma historical financial information of *sgfleet*, being the:
 - Pro forma historical consolidated income statements of *sgfleet* for the financial years ended 30 June 2011 (FY2011), 30 June 2012 (FY2012) and 30 June 2013 (FY2013), and the six months ended 31 December 2012 (1H2013) and 31 December 2013 (1H2014)
 - Pro forma historical consolidated statements of cash flows of *sgfleet* for FY2011, FY2012, FY2013, 1H2013 and 1H2014
 - Pro forma historical consolidated balance sheet of *sgfleet* as at 31 December 2013(together the Pro Forma Historical Financial Information).
- Forecast financial information of *sgfleet* being the:
 - Pro forma forecast consolidated income statements of *sgfleet* for the financial years ending 30 June 2014 (FY2014) and 30 June 2015 (FY2015)
 - Statutory forecast consolidated income statements of *sgfleet* for FY2014 and FY2015
 - Pro forma forecast consolidated statements of cash flows of *sgfleet* for FY2014 and FY2015
 - Statutory forecast consolidated statements of cash flows of *sgfleet* for FY2014 and FY2015(together the Forecast Financial Information).

The Pro Forma Historical Financial Information and Forecast Financial Information together form the Financial Information.

The Financial Information has been reviewed and reported on by KPMG Transaction Services, whose Investigating Accountant's Report is contained in Section 8.

Also summarised in this Section are:

- the basis of preparation and presentation of the Financial Information (see Section 4.2)
- the Directors' best estimate assumptions underlying the Forecast Financial Information (see Section 4.10.1)
- an analysis of the key sensitivities in respect of the Forecast Financial Information (see Section 4.12)
- a summary of *sgfleet*'s proposed dividend policy (see Section 4.13.1)

All amounts disclosed in the tables are presented in Australian dollars and, unless otherwise noted, are rounded to the nearest \$100,000.

4.2 Basis of preparation and presentation of the Financial Information

4.2.1 Overview

SG Fleet Group was incorporated on 15 January 2014, but it will not undertake any trading activities until Completion of the Offer at which time it will contemporaneously acquire SG Fleet Holdings (through a subsidiary, SG Fleet Solutions).

SG Fleet Holdings, which will become a subsidiary of SG Fleet Group on Completion of the Offer, owns various subsidiaries that operate the business of *sgfleet*. The FY2011, FY2012 and FY2013 consolidated financial statements of SG Fleet Holdings have been audited by KPMG. KPMG has issued unqualified audit opinions in respect of these periods. The FY2011 consolidated financial statements of SG Fleet Management (formerly SG Fleet Pty Limited) have been audited by KPMG. KPMG has issued an unqualified audit opinion in respect of this period. The 1H2014 consolidated half year financial statements of SG Fleet Holdings have been reviewed by KPMG. KPMG has issued an unqualified review opinion in respect of this period, including comparative information for 1H2013.

The Financial Information presented in the Prospectus has been reviewed by KPMG Transaction Services, as described in its Investigating Accountant's Report in Section 8. Investors should note the scope and limitations of that report (refer to Section 8).

The Financial Information has been prepared in accordance with the recognition and measurement principles prescribed in Australian Accounting Standards (AASBs) adopted the Australian Accounting Standards Board (AASB) and the accounting policies of *sgfleet* as summarised in Appendix A.

The Financial Information is presented in abbreviated form and does not include all of the disclosures, statements and comparative information required by Australian Accounting Standards applicable to annual financial reports prepared in accordance with the Corporations Act.

The significant accounting policies of SG Fleet Group relevant to the Financial Information are set out in Appendix A.

sgfleet has the operating segments described in Section 4.4 of this Prospectus, being Australia, New Zealand, United Kingdom and Corporate.

4.2.2 Preparation of Pro Forma Historical Financial Information

There are no historical consolidated financial statements for the newly incorporated SG Fleet Group. The pro forma historical financial information for FY2011 is based on the audited general purpose statutory consolidated financial

4. Financial Information

statements of SG Fleet Holdings and SG Fleet Management. SG Fleet Holdings was established during FY2011 and remained dormant until 21 April 2011, when it acquired 100% of the issued shares in SG Fleet Investments (formerly Super Group Australia Pty Limited) and its controlled entities and became the new parent entity of SG Fleet Management. As such it did not include a full 12 months of trading in FY2011. The financial information of SG Fleet Management and SG Fleet Holdings has therefore been used as the basis for the FY2011 pro forma historical financial information, adjusted for certain pro forma transaction and/or other adjustments.

The pro forma historical financial information for FY2012 and FY2013 is based on the audited general purpose statutory consolidated financial statements of SG Fleet Holdings, adjusted for certain pro forma transaction and/or other adjustments.

The pro forma historical financial information for 1H2013 and 1H2014 is based on the reviewed half year consolidated financial statements of SG Fleet Holdings for 1H2014, adjusted for certain pro forma transaction and/or other adjustments.

Refer to Section 4.3.3 for a reconciliation between the statutory historical consolidated income statements and the pro forma historical consolidated income statements of **sgfleet** for FY2011, FY2012, FY2013, 1H2013 and 1H2014. Refer to Section 4.8.1 for a reconciliation between the statutory historical consolidated statements of cash flows and the pro forma historical consolidated statements of cash flows of **sgfleet** for FY2011, FY2012, FY2013, 1H2013 and 1H2014. Refer to Section 4.5.1 for a reconciliation between the statutory historical consolidated balance sheet and the pro forma historical consolidated balance sheet of **sgfleet** as at 31 December 2013.

SG Fleet Holdings will report the activities and financial results of the business until Completion of the Offer when SG Fleet Group will become the parent company of the **sgfleet** group through an internal restructure. The substance of the transactions contemplated under the Offer have been evaluated in accordance with Australian Accounting Standard AASB3 "Business Combinations" and it has been determined that the transaction represents a common control transaction. The common control transaction will be accounted for at book value. As such the carrying value of the net assets will continue to be recorded at their book values as per the SG Fleet Holdings consolidated financial statements and the results of the **sgfleet** group will continue to be reported in a manner consistent with that recorded by SG Fleet Holdings.

Investors should note that past results do not guarantee future performance.

4.2.3 Preparation of Forecast Financial Information

The Forecast Financial Information has been prepared by the Directors with due care and attention, and having regard to an assessment of present economic and operating conditions, and based on a number of best estimate general and specific assumptions regarding future events and actions. This information is intended to assist investors in assessing the reasonableness and likelihood of the assumptions occurring, and is not intended to be a representation that the assumptions will occur. The Forecast Financial Information has been reviewed by KPMG Transaction Services but has not been audited. Investors should note the scope and limitations of the Investigating Accountant's Report (refer to Section 8).

The Directors believe the best estimate assumptions, when taken as a whole, to be reasonable at the time of preparing this Prospectus. However, this information is not fact and investors are cautioned not to place undue reliance on the Forecast Financial Information.

Investors should be aware that the timing of actual events and the magnitude of their impact might differ from that assumed in preparing the Forecast Financial Information, and that this may have a materially positive or negative effect on **sgfleet**'s actual financial performance or financial position. Accordingly, none of **sgfleet**, the Directors, **sgfleet**'s management, or any other person can give investors any assurance that the outcomes discussed in the Forecast Financial Information will arise.

Investors are advised to review the Forecast Financial Information in conjunction with the general and specific assumptions set out in Section 4.10, the sensitivity analysis set out in Section 4.12, the risk factors set out in Section 5 and other information set out in this Prospectus.

The Directors have no intention to update or revise the Forecast Financial Information or other forward looking statements following the issue of this Prospectus, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law.

The Forecast Financial Information includes the actual results of **sgfleet** for the six months to 31 December 2013 and forecast results for the six months to 30 June 2014 and the full year to 30 June 2015.

The Forecast Financial Information is presented on both a statutory and pro forma basis. The statutory forecast consolidated income statements have been prepared on a basis consistent with how **sgfleet**'s statutory financial statements are expected to be prepared for future financial periods.

4. Financial Information

The pro forma forecast consolidated income statements, which are set out in Section 4.3, differ from the statutory forecast consolidated income statements as the pro forma forecast consolidated income statements reflect the full year effect of the operating and capital structure that will be in place upon completion of the Offer but exclude the costs of the Offer, one-off tax implications arising as a result of the Offer and other non-recurring items which are not expected to occur in the future. See Section 4.3.3 for reconciliations between the statutory and pro forma forecast financial information.

The statutory forecast consolidated income statements for FY2014 and FY2015 are the best estimate of the financial performance that the Directors expect to report in *sgfleet*'s general purpose audited statutory consolidated financial reports for FY2014 and FY2015, respectively.

The basis of preparation and presentation of the Forecast Financial Information, to the extent relevant, is consistent with the basis of preparation of the Pro Forma Historical Financial Information.

4.3 Consolidated pro forma historical and forecast income statements

Set out below in Table 14 and Table 15 is a summary of *sgfleet*'s pro forma historical consolidated income statements for FY2011, FY2012, FY2013, 1H2013 and 1H2014, the pro forma forecast consolidated income statements for FY2014 and FY2015 and the statutory forecast consolidated income statements for FY2014 and FY2015.

Table 14: Summary of pro forma historical and forecast consolidated income statements and statutory forecast consolidated income statements

\$ millions	Pro forma historical ^(a)			Pro forma forecast ^(a)		Statutory forecast	
	FY2011	FY2012	FY2013	FY2014	FY2015	FY2014	FY2015
Revenue	123.3	144.5	157.0	157.5	168.5	166.6	168.5
Expenses							
Fleet management costs	(31.0)	(38.0)	(36.7)	(39.5)	(44.1)	(39.5)	(44.1)
Employee benefits expense	(36.6)	(38.0)	(41.3)	(42.7)	(44.0)	(46.4)	(44.0)
Occupancy costs	(3.2)	(3.3)	(3.5)	(4.1)	(4.2)	(4.1)	(4.2)
Technology costs	(2.6)	(2.5)	(2.9)	(2.9)	(3.2)	(2.9)	(3.2)
Other expenses	(8.3)	(6.0)	(6.4)	(6.6)	(6.2)	(7.2)	(6.2)
EBITDA	41.6	56.7	66.2	61.7	66.8	66.5	66.8
Depreciation and amortisation	(13.8)	(12.0)	(7.8)	(7.4)	(6.6)	(7.4)	(6.6)
EBIT	27.8	44.7	58.4	54.3	60.2	59.1	60.2
Finance costs	(6.7)	(5.4)	(4.5)	(4.1)	(4.0)	(7.0)	(4.0)
Profit before tax	21.1	39.3	53.9	50.2	56.2	52.1	56.2
Tax	(5.8)	(15.7)	(16.3)	(15.3)	(17.0)	(17.6)	(17.0)
Net profit after tax	15.3	23.6	37.6	34.9	39.2	34.5	39.2

Notes

(a) The pro forma historical consolidated income statements for FY2011, FY2012 and FY2013 and the pro forma forecast consolidated income statements for FY2014 and FY2015 are reconciled to the respective statutory historical consolidated income statements for FY2011, FY2012 and FY2013 and the statutory forecast consolidated income statements for FY2014 and FY2015 in Section 4.3.3.

4. Financial Information

Table 15: Summary of pro forma historical consolidated income statements for 1H2013 and 1H2014

\$ millions	Pro forma historical ^(a)	
	1H2013	1H2014
Revenue	77.7	75.4
Expenses		
Fleet management costs	(18.9)	(18.8)
Employee benefits expense	(20.2)	(21.5)
Occupancy costs	(1.7)	(2.1)
Technology costs	(1.5)	(1.8)
Other expenses	(3.1)	(3.3)
EBITDA	32.3	27.9
Depreciation, amortisation and impairment	(4.1)	(3.8)
EBIT	28.2	24.1
Finance costs	(2.6)	(2.1)
Profit before tax	25.6	22.0
Tax	(7.8)	(6.8)
Net profit after tax	17.8	15.2

Notes

(a) The pro forma historical consolidated income statements for 1H2013 and 1H2014 are reconciled to the respective statutory historical consolidated income statements in Section 4.3.3.

4. Financial Information

4.3.1 Key operating and financial metrics

Set out below in Table 16 is a summary of *sgfleet*'s key pro forma historical operating and financial metrics for FY2011, FY2012, FY2013, 1H2013 and 1H2014, and the key pro forma forecast operating and financial metrics for FY2014 and FY2015.

Investors should be aware that certain financial data included in the below table is "non-IFRS financial information" under Regulatory Guide 230 "Disclosing non-IFRS financial information" published by ASIC. *sgfleet* believes this non-IFRS financial information provides useful information to users in measuring the financial performance and condition of *sgfleet*. Investors are cautioned not to place undue reliance on any non-IFRS financial information.

Table 16: Pro forma historical and forecast operating and financial metrics for FY2011 to FY2015

	Pro forma historical			Pro forma forecast	
	FY2011	FY2012	FY2013	FY2014	FY2015
Fleet size (end of period):					
Corporate	50,062	50,912	57,623	61,776	67,125
Salary packaged vehicles	22,724	22,788	23,134	22,997	24,524
Key financial metrics					
EBITDA growth	N/A	36.3%	16.8%	(6.8)%	8.3%
EBITDA margin	33.7%	39.2%	42.2%	39.2%	39.6%
EBIT growth	N/A	60.8%	30.6%	(7.0)%	10.9%
EBIT margin	22.5%	30.9%	37.2%	34.5%	35.7%
NPAT growth	N/A	54.2%	59.3%	(7.2)%	12.3%
NPAT margin	12.4%	16.3%	23.9%	22.2%	23.3%

Table 17: Pro forma historical and forecast operating and financial metrics for 1H2013 and 1H2014

	Pro forma historical	
	1H2013	1H2014
Fleet size (end of period):		
Corporate	51,858	59,530
Salary packaged vehicles	22,746	22,795
Key financial metrics		
EBITDA growth	N/A	(13.6)%
EBITDA margin	41.6%	37.0%
EBIT growth	N/A	(14.5)%
EBIT margin	36.3%	32.0%
NPAT growth	N/A	(14.6)%
NPAT margin	22.9%	20.2%

4. Financial Information

4.3.2 Breakdown of historical and forecast revenue

Set out below in Table 18 and Table 19 is a breakdown of pro forma historical revenue for FY2011, FY2012, FY2013, 1H2013 and 1H2014, and forecast revenue for FY2014 and FY2015. A reconciliation between the statutory historical and forecast revenue and the pro forma historical and forecast revenue is set out in Section 4.3.3.

Table 18: Summary of pro forma historical and forecast consolidated revenue breakdown

\$ millions	Pro forma historical			Pro forma forecast		Statutory forecast	
	FY2011	FY2012	FY2013	FY2014	FY2015	FY2014	FY2015
Management and maintenance income	46.4	49.2	55.9	59.0	62.6	59.0	62.6
Additional products and services	33.7	39.2	41.9	40.6	46.7	40.6	46.7
Funding commissions	20.7	21.8	21.2	24.8	29.8	24.8	29.8
End of lease income ^(a)	0.2	12.3	14.9	12.5	9.7	12.5	9.7
Rental income	14.4	13.4	12.3	13.1	11.9	13.1	11.9
Other income	7.9	8.6	10.8	7.5	7.8	16.6	7.8
Total revenue	123.3	144.5	157.0	157.5	168.5	166.6	168.5

Notes

(a) **End of lease income** – Prior to FY2012, profits on the disposal of operating lease vehicles were taken to the residual value provision held on the balance sheet. From the beginning of FY2012, all profits on the disposal of vehicles were recorded directly in the income statement. In FY2011 **sgfleet** released \$3.6 million from the residual value provision, which was credited to fleet management costs in the income statement. If this accounting treatment had been adopted in FY2011, profits on the disposal of operating lease vehicles of \$12.8 million would have been recognised in the income statement as end of lease income (increasing revenue by \$12.6 million, as \$0.2 million was recognised in revenue in FY2011) and the \$3.6 million release from the residual value provision (reported in fleet management costs) would not have occurred.

Table 19: Summary of pro forma historical consolidated revenue breakdown for 1H2013 and 1H2014

\$ millions	Pro forma historical	
	1H2013	1H2014
Management and maintenance income	27.0	29.9
Additional products and services	20.2	18.1
Funding commissions	10.8	11.6
End of lease income	8.2	5.7
Rental income	6.2	6.7
Other income	5.3	3.4
Total revenue	77.7	75.4

4. Financial Information

4.3.3 Pro forma adjustments to the statutory historical and forecast consolidated income statements

In presenting the pro forma historical consolidated income statements included in the Prospectus, pro forma adjustments have been made for certain pro forma transactions, in particular, the full year impact of the operating and capital structure that will be in place following Completion of the Offer as if it was in place as at 1 July 2010. In addition, adjustments have been made for one-off expenses which will not occur in a listed environment and to reflect the full year impact of the additional operating costs that will be in place following Completion of the Offer, including costs associated with being a listed entity. These adjustments are summarised in Table 20 below.

Table 20: Pro forma adjustments to the audited statutory historical consolidated income statements for FY2011, FY2012 and FY2013 and the statutory forecast consolidated income statements for FY2014 and FY2015

\$ millions	Notes	Historical			Forecast	
		FY2011	FY2012	FY2013	FY2014	FY2015
Statutory revenue	(a)	123.3	144.5	157.0	166.6	168.5
Interest income	(e)	–	–	–	(1.0)	–
Exit Fees	(f)	–	–	–	(8.1)	–
Pro forma revenue		123.3	144.5	157.0	157.5	168.5
Statutory NPAT	(a)	15.5	19.5	33.5	34.5	39.2
RPS interest	(b)	1.0	4.9	4.9	2.9	–
Management fees	(c)	0.1	0.6	0.6	0.4	–
Listed public company costs	(d)	(1.8)	(1.8)	(1.8)	(1.2)	–
Interest income	(e)	–	–	–	(1.0)	–
Exit Fees	(f)	–	–	–	(8.1)	–
Bonus Shares and bonus payment	(g)	–	–	–	4.6	–
Transaction costs	(h)	–	–	–	0.5	–
Income tax effect	(i)	0.5	0.4	0.4	2.3	–
Pro forma NPAT		15.3	23.6	37.6	34.9	39.2

Notes

- (a) **Statutory revenue and NPAT** – As outlined in Section 4.2.2, SG Fleet Holdings was incorporated during FY2011 but remained dormant until 21 April 2011 when it acquired 100% of the issued shares in SG Fleet Investments (formerly Super Group Australia Pty Limited) and its controlled entities and became the new parent entity of SG Fleet Management (formerly SG Fleet Pty Limited). Statutory revenue and NPAT for FY2011 incorporate the revenue and NPAT from the audited financial statements of SG Fleet Management from the period from 1 July 2010 to 21 April 2011 in order to present the full year statutory revenue and NPAT for FY2011. Statutory revenue and NPAT were extracted from the audited financial statements of SG Fleet Holdings for FY2012 and FY2013.
- (b) **RPS interest** – On 30 December 2013, SG Fleet Holdings undertook a capital reduction in respect of \$20.5 million of the outstanding RPS. The remaining \$20.5 million will be purchased by SG Fleet Group (through a subsidiary) on Settlement of the Offer. Accordingly, the finance costs paid on RPS have been removed to reflect this adjustment to the capital structure as if these transactions had been undertaken on 1 July 2010.
- (c) **Management fees** – fees for services charged by Super Group and CHAMP Ventures Pty Limited historically which will not be incurred following Completion of the Offer. This adjustment removes the fees incurred prior to Completion of the Offer which were expensed in the historical periods and in FY2014.
- (d) **Listed public company costs** – an adjustment has been made to include *sgfleet*'s estimate of the incremental annual costs that it will incur as a listed public company. These costs include Director's remuneration, additional directors' and officers' liability insurance premiums, additional audit and tax costs, listing fees, share registry costs, as well as annual general meeting costs. The adjustment in FY2014 is to provide a full year impact of the additional costs, as the statutory forecast only includes those costs forecast to be incurred from Completion of the Offer to 30 June 2014.
- (e) **Interest income** – as a consequence of the Offer, the cash balance as at 31 December 2013 will reduce – refer to Section 4.5 for the pro forma consolidated balance sheet. The adjustment is to reflect the impact on interest income as if the pro forma cash balance on Completion of the Offer had been the opening balance at 1 July 2013.
- (f) **Exit Fees** – as part of the Offer, CHAMP Ventures Shareholders and Management Shareholders will pay an Exit Fee to SG Fleet Group. Refer to Section 9.6.3 below for further information.
- (g) **Bonus Shares and bonus payment** – as a "one off" grant as part of the Offer, SG Fleet Group will issue \$3.0 million of Bonus Shares to certain employees of *sgfleet* and Peter Mountford and Colin Brown. In addition, it is intended that a further cash bonus of \$1.6 million will be paid to certain employees of *sgfleet* following the Offer but prior to 30 June 2014.
- (h) **Transaction costs** – total expenses of the Offer are estimated at \$8.2 million, of which \$0.5 million is expensed in the statutory forecast consolidated income statement for FY2014. The remaining \$7.7 million (\$5.4 million, net of tax) is directly attributable to the issue of Shares under the Offer and hence is offset against equity raised in the Offer (refer to Section 4.6).
- (i) **Income tax effect** – the income tax effect of the above adjustments assumes a tax rate of 30% (which is the Australian corporate tax rate) except for the interest on the RPS and the Bonus Shares of \$3.0 million which are not tax deductible.

4. Financial Information

Table 21: Pro forma adjustments to the reviewed statutory consolidated half year income statements for 1H2013 and 1H2014

\$ millions	Notes	Historical	
		1H2013	1H2014
Statutory NPAT		15.8	13.7
RPS interest	(a)	2.5	2.5
Management fees	(b)	0.3	0.3
Listed public company costs	(c)	(0.9)	(0.9)
Interest income	(d)	–	(0.8)
Income tax effect	(e)	0.1	0.4
Pro forma NPAT		17.8	15.2

Notes

- (a) **RPS interest** – On 30 December 2013, SG Fleet Holdings undertook a capital reduction in respect of \$20.5 million of the outstanding RPS. The remaining \$20.5 million will be purchased by SG Fleet Group (through a subsidiary) on Settlement of the Offer. Accordingly, the finance costs paid on RPS have been adjusted to reflect this adjustment to the capital structure as if these transactions had been undertaken on 1 July 2010.
- (b) **Management fees** – fees for services charged by Super Group and CHAMP Ventures Pty Limited historically which will not be incurred following the Offer. This adjustment removes the fees incurred prior to Completion of the Offer which were expensed in the historical periods and in FY2014.
- (c) **Listed public company costs** – an adjustment has been made to include *sgfleet's* estimate of the incremental annual costs that it will incur as a listed public company. These costs include Director's remuneration, additional directors' and officers' liability insurance premiums, additional audit and tax costs, listing fees, share registry costs, as well as annual general meeting costs.
- (d) **Interest income** – as a consequence of the Offer, the cash balance as at 31 December 2013 will reduce – refer to Section 4.5 for the pro forma consolidated balance sheet. The adjustment is to reflect the impact on interest income as if the pro forma cash balance on Completion of the Offer had been the opening balance at 1 July 2013. The annualised effect of this impact is \$(1.6) million.
- (e) **Income tax effect** – the income tax effect of the above adjustments assumes a tax rate of 30% (which is the Australian corporate tax rate) except for the interest on the RPS, which is not tax deductible.

Set out in Table 22 below is the statutory historical consolidated income statements for FY2011, FY2012 and FY2013.

Table 22: Statutory historical consolidated income statements for FY2011, FY2012, FY2013, 1H2013 and 1H2014

\$ millions	Statutory historical ^(a)				
	FY2011	FY2012	FY2013	1H2013	1H2014
Revenue	123.3	144.5	157.0	77.7	76.2
Expenses					
Fleet management costs	(31.0)	(38.0)	(36.7)	(18.9)	(18.8)
Employee benefits expense	(35.4)	(36.7)	(40.0)	(19.6)	(20.8)
Occupancy costs	(3.2)	(3.3)	(3.5)	(1.7)	(2.1)
Technology costs	(2.6)	(2.5)	(2.9)	(1.5)	(1.8)
Other expenses	(7.8)	(6.1)	(6.5)	(3.1)	(3.4)
EBITDA	43.3	57.9	67.4	32.9	29.3
Depreciation and amortisation	(13.8)	(12.0)	(7.8)	(4.1)	(3.8)
EBIT	29.5	45.9	59.6	28.8	25.5
Finance costs	(7.7)	(10.3)	(9.4)	(5.1)	(4.6)
Profit before tax	21.8	35.6	50.2	23.7	20.9
Tax	(6.3)	(16.1)	(16.7)	(7.9)	(7.2)
Net profit after tax	15.5	19.5	33.5	15.8	13.7

Notes

- (a) As set in out in Section 4.2, on 21 April 2011 SG Fleet Holdings acquired 100% of the issued shares in SG Fleet Investments (formerly Super Group Australia Pty Limited) and its controlled entities and became the new parent entity of SG Fleet Management. As such SG Fleet Holdings did not include a full twelve months of trading in FY2011. Accordingly in the table above, the statutory historical income statement for FY2011 is an aggregation of the audited financial information for SG Fleet Holdings and SG Fleet Management.

4. Financial Information

4.4 Segment Information

4.4.1 By geography

In accordance with Australian Accounting Standard AASB8 *sgfleet* has determined that its reporting segments comprise Australia, New Zealand, United Kingdom and Corporate.

These segments are those in which the chief operating decision maker receives information for the purpose of resource allocation and assessment of segment performance. *sgfleet*'s primary reporting format is geographical segments as its risks and rates of return are predominantly affected by having operations in different countries.

4.4.1.1 Australia

Australia includes the revenues and profits associated with the provision of *sgfleet*'s business within the Australian geographical region.

4.4.1.2 New Zealand

New Zealand includes the revenues and profits associated with the provision of *sgfleet*'s business within the New Zealand geographical region.

4.4.1.3 United Kingdom

United Kingdom includes the revenues and profits associated with the provision of *sgfleet*'s business within the United Kingdom geographical region.

4.4.1.4 Corporate

Corporate includes those operating and finance costs of *sgfleet*'s business that are not attributable exclusively to the Australia, New Zealand or United Kingdom operating segments.

Set out in Table 23 below is the pro forma revenue and NPAT by operating segment for FY2011, FY2012, FY2013, FY2014 and FY2015.

Table 23: Pro forma historical and forecast revenue and NPAT by segment for FY2011 to FY2015

\$ millions	Segment revenue					
	Pro forma historical			Pro forma forecast		
	FY2011	FY2012	FY2013	FY2014	FY2015	
Australia	117.5	139.3	150.0	150.1	160.7	
New Zealand	1.1	1.8	2.0	2.1	2.1	
United Kingdom	4.7	3.4	5.0	5.3	5.7	
Corporate	–	–	–	–	–	
Total revenue	123.3	144.5	157.0	157.5	168.5	
\$ millions	Segment NPAT					
	Australia	26.1	29.4	41.6	39.8	44.1
	New Zealand	(0.9)	(0.3)	(0.2)	(0.3)	(0.3)
United Kingdom	(3.8)	(1.3)	–	(0.2)	–	
Corporate	(6.1)	(4.2)	(3.8)	(4.4)	(4.6)	
Total NPAT	15.3	23.6	37.6	34.9	39.2	

4. Financial Information

4.5 Pro forma historical consolidated balance sheet

The pro forma historical consolidated balance sheet as at 31 December 2013 in Table 24 is based on the reviewed statutory historical consolidated balance sheet as at 31 December 2013, adjusted for certain pro forma adjustments to reflect the impact of the change in capital structure that will take place as part of the Offer, as if it was in place as at 31 December 2013.

Table 24: Pro forma consolidated historical balance sheet as at 31 December 2013

\$ millions	Notes	Reviewed ^(a) 31-Dec-13	Pro forma adjustments	Pro forma 31-Dec-13
Current assets				
Cash and cash equivalent	(b)	80.5	(45.5)	35.0
Finance, trade and other receivables		36.4	–	36.4
Inventories		7.6	–	7.6
Leased motor vehicle assets		5.7	–	5.7
Total current assets		130.2	(45.5)	84.7
Non-current assets				
Finance, trade and other receivables		0.1	–	0.1
Property, plant and equipment		1.1	–	1.1
Intangibles		141.1	–	141.1
Leased motor vehicle assets		9.9	–	9.9
Deferred tax	(c)	14.1	2.5	16.6
Total non-current assets		166.3	2.5	168.8
Total assets		296.5	(43.0)	253.5
Current liabilities				
Trade and other payables	(d)	(44.8)	(1.6)	(46.4)
Borrowings		(5.6)	–	(5.6)
Income tax	(e)	(1.9)	(2.0)	(3.9)
Employee benefits		(2.3)	–	(2.3)
Provisions		(4.7)	–	(4.7)
Deferred income		(3.2)	–	(3.2)
Total current liabilities		(62.5)	(3.6)	(66.1)
Non-current liabilities				
Borrowings	(f)	(55.1)	20.5	(34.6)
Employee benefits		(1.9)	–	(1.9)
Provisions		(13.2)	–	(13.2)
Other payables		(8.8)	–	(8.8)
Deferred income		(19.5)	–	(19.5)
Total non-current liabilities		(98.5)	20.5	(78.0)
Total liabilities		(161.0)	16.9	(144.1)
Net assets		135.5	(26.1)	109.4
Equity				
Issued capital	(g)	41.0	192.2	233.2
Reserves	(h)	27.1	(152.0)	(124.9)
Retained profits	(i)	67.4	(66.3)	1.1
Total equity		135.5	(26.1)	109.4

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Notes to Table 24

- (a) Reflects the reported net assets of SG Fleet Holdings as at 31 December 2013 per the statutory reviewed consolidated balance sheet.
- (b) Reflects the payment of costs associated with the Offer (\$8.2 million), payment of the cash portion of the pre-IPO dividend to be settled prior to or on Settlement of the Offer (\$47.0 million), offset by receipt of the proceeds of the Offer to fund the cash portion of the bonus payment to certain employees of **sgfleet** to be paid after the Offer but prior to 30 June 2014 (\$1.6 million) and receipt of the Exit Fee (\$8.1 million).
- (c) Reflects deferred tax assets of \$2.5 million arising as a result of the transaction costs of \$8.2 million. It is assumed that these costs are deductible to **sgfleet** for tax purposes over five years.
- (d) Reflects the \$1.6 million employee bonus payment that will be paid after the Offer but prior to 30 June 2014.
- (e) Reflects the increase to tax payable as a result of the Exit Fee (\$2.4 million) offset by the deductible portion of the employee bonus payment (\$0.4 million).
- (f) Reflects the purchase by SG Fleet Group (through a subsidiary) of the remaining RPS from the Existing Owners on Settlement of the Offer.
- (g) Reflects the issue of \$213.1 million of new equity raised via the Offer. Of this amount \$21.4 million represents the subscription of Shares by Bluefin prior to or on Settlement of the Offer. Offsetting this amount is the after tax costs of the Offer (\$5.4 million) and the book value reduction of the issued capital that is acquired from Existing Owners as part of the acquisition of SG Fleet Holdings by SG Fleet Group (through a subsidiary) (\$15.5 million). As discussed in Section 4.2 the substance of the transactions contemplated under the Offer have been evaluated in accordance with AASB3 "Business Combinations" and it has been determined that the transaction represents a common control transaction. The common control transaction will be accounted for at book value.
- (h) Reflects the difference of \$127.9 million between the fair value of the equity acquired by SG Fleet Group (through a subsidiary) from the Existing Owners of SG Fleet Holdings and the book value of the equity (the difference is recorded as a common control reserve) as well as a reserve created on the acquisition of the Options by SG Fleet Group (through a subsidiary) from Existing Owners (\$24.2 million) offset by \$0.1 million reflecting the unamortised portion of the share based payment associated with the Options.
- (i) The decrease in retained profits of \$66.3 million represents the pre-IPO dividend of \$67.4 million, the impact of the share based payments (\$4.6 million) and transaction costs on the income statement in FY2014 and offset by the after tax retained profits as a result of the payment of the Exit Fee by certain Existing Owners (\$5.7 million).

4.5.1 Pro forma adjustments to the statutory balance sheet

In conjunction with the Offer, **sgfleet** will issue new equity, which together with available cash will be used to:

- pay Existing Owners the cash portion (\$143.4 million) of the consideration payable for the acquisition of SG Fleet Holdings by SG Fleet Group (through a subsidiary) under the terms of the Deed Poll (refer to Section 9.6.2)
- pay the Existing Owners for the acquisition of the remaining \$20.5 million of RPS. Bluefin will reinvest \$11.2 million of its proceeds from the acquisition via a subscription for Shares, prior to or on Settlement of the Offer
- pay the Existing Owners for the acquisition of Options over shares in **sgfleet** (\$24.2 million) under the terms of the Deed Poll (refer to Section 9.6.2)
- pay a fully franked pre-IPO dividend of \$67.4 million, prior to Settlement of the Offer. Bluefin will reinvest \$10.2 million of its pro-rata dividend via a subscription for Shares, prior to or on Settlement of the Offer
- pay the costs of the Offer estimated at \$8.2 million

Details of the pro forma adjustments to the statutory reviewed consolidated balance sheet of SG Fleet Group as at 31 December 2013 are set out in the notes to Table 24 above. The pro forma historical consolidated balance sheet is provided for illustrative purposes and is not represented as being necessarily indicative of **sgfleet**'s view on its future financial position. Further information on the sources and uses of funds of the Offer is contained in Section 7.1.2.

4. Financial Information

4.6 Indebtedness

4.6.1 Indebtedness

Set out below is a summary of the indebtedness of *sgfleet* as at 31 December 2013, before and following Completion of the Offer.

Table 25: Pro forma indebtedness as at 31 December 2013

\$ millions	Reviewed 31-Dec-13 ^(a)	Pro forma 31-Dec-13
Current borrowings		
Lease portfolio liability – St George Bank	4.7	4.7
Lease portfolio liability – Lombard	0.9	0.9
Current borrowings	5.6	5.6
Non-current borrowings		
Senior debt – St George Bank	32.3	32.3
Lease portfolio liability – St George Bank	0.2	0.2
Lease portfolio liability – Lombard	2.1	2.1
RPS	20.5	–
Non-current borrowings	55.1	34.6
Total borrowings	60.7	40.2
Cash and cash equivalents ^(b)	80.5	35.0
Net total indebtedness	(19.8)	5.2
Net debt/FY2013 pro forma EBITDA (times)		0.1
Net debt/FY2014 pro forma EBITDA (times)		0.1

Notes

(a) Extracted from the reviewed consolidated balance sheet of SG Fleet Holdings as at 31 December 2013.

(b) Cash and cash equivalents includes \$11.8 million of cash that is held as security for the respective facilities as set out in Sections 4.6.2.2 and 4.6.2.4 below.

4.6.2 Assets pledged as security for borrowings

4.6.2.1 Senior debt – St George Bank

The senior debt is secured by guarantees and indemnities as well as fixed and floating charges or composite guarantees and debentures issued by some of *sgfleet*'s subsidiaries. The senior debt is repayable by way of a bullet payment of \$32,250,000 in March 2016.

4.6.2.2 Lease portfolio liability – St George Bank

The facility is utilised to fund commercial vehicle operating leases in Inertia as well as commercial vehicle inventory. The facility bears interest at the 30 day bank bill rate plus 2.0% and incurs a line fee of 0.75%. The facility is secured by the underlying funded assets, a secured cash deposit of \$4,000,000 together with a guarantee by SG Fleet Management. The facility is repaid on a transactional basis as and when the underlying assets are disposed of.

4.6.2.3 Lease portfolio liability – Lombard North Central PLC

The facility is utilised to fund lease portfolio assets. The facility bears interest at 4.69%. The facility is secured by the underlying funded assets and sub-hire agreements, a guarantee from the subsidiary, SG Fleet Management and an irrevocable letter of credit. The facility is repaid on a transactional basis as and when the underlying assets are disposed of.

4.6.2.4 Residual values payable to financiers

The residual values payable to financiers are secured by the underlying operating lease asset as well as by bank guarantees and a cash lock-up of \$7,820,000 (2012: \$7,600,000). The residual values are typically repaid within seven days of the disposal of the underlying operating lease asset.

4.6.2.5 Off balance sheet funding

sgfleet has a range of off balance sheet funding arrangements with various funders. In the ordinary course, the primary security for these funding arrangements is the underlying leased asset. *sgfleet*'s performance under these arrangements is supported by certain cross-company guarantees, indemnities, bank guarantees and cash deposits.

4. Financial Information

4.6.3 Description of the debt finance facilities

4.6.3.1 Overview

sgfleet has existing debt financing with St George Bank, a division of Westpac Banking Corporation (St George), by way of two facility agreements entered into by *sgfleet* subsidiaries, as follows:

- a \$50,441,000 bill facility agreement provided by St George to SG Fleet Management as borrower and comprising:
 - a \$18,191,000 amortising bill facility
 - a \$32,250,000 bullet bill facility
- a \$46,925,000 facility offer letter provided by St George to SG Fleet Management and SG Fleet Australia as borrowers and comprising:
 - a \$20,000,000 multi-option facility
 - a \$13,300,000 bank guarantee facility
 - six other facilities with limits ranging from \$25,000 to \$3,400,000

in each case guaranteed by a number of *sgfleet* subsidiaries (each a Facility Agreement).

As part of its ordinary operations, *sgfleet* performs an annual review of its funding arrangements and negotiations are currently underway to extend the maturity of the facilities and increase the limits of these facilities. Discussions are advanced and *sgfleet* does not expect final terms to be any less favourable than those currently in place.

4.6.3.2 Conditions precedent, representations, warranties and undertakings

Each Facility Agreement contains a number of representations, warranties and undertakings appropriate for the facilities it includes. The undertakings include information reporting undertakings, undertakings in respect of each borrower's other financial arrangements, undertakings in relation to the disposal of assets and the granting of security, and the financial covenants described below in Section 4.6.3.4.

4.6.3.3 Security

Each facility is secured by fixed and floating charges granted by each borrower, together with fixed and floating charges granted by a number of other *sgfleet* subsidiaries.

4.6.3.4 Financial covenants

Each Facility Agreement is subject to the following financial covenants, each of which is calculated on a rolling 12 month basis and tested quarterly:

- interest cover ratio of greater than 2.75:1 (calculated as the EBIT of *sgfleet* and its subsidiaries divided by the net interest expense of *sgfleet* and its subsidiaries)
- financial gearing ratio of no more than 3:1 (calculated as the ratio of total debt provided to *sgfleet* and its subsidiaries by St George and its related bodies corporate divided by the EBITDA of *sgfleet* and its subsidiaries)

- total gearing ratio of no more than 2.1:1 in the case of the Bill Facility and 2:1 in the case of the Facility Letter (calculated as the total debts of *sgfleet* and its subsidiaries divided by the aggregate of the share capital, shareholder loans, retained profits and reserves of *sgfleet* and its subsidiaries)
- debt service cover ratio of greater than 1.30:1 (calculated as the EBITDA of *sgfleet* and its subsidiaries less the capital expenditure of *sgfleet* and its subsidiaries, divided by the net interest expense of *sgfleet* and its subsidiaries plus the total aggregate debt repayments of *sgfleet* and its subsidiaries during a 12 month period)
- current ratio of greater than 1.20:1 (calculated as the current assets of *sgfleet* and its subsidiaries divided by the current liabilities of *sgfleet* and its subsidiaries)

The results and financial position of the New Zealand and United Kingdom businesses are excluded from the covenant calculations.

4.6.3.5 Liquidity and capital

Following completion of the Offer, *sgfleet*'s principal sources of funds will be cash flow from operations and lease portfolio funding.

sgfleet expects that it will have sufficient cash flow from operations to meet its operational requirements and business needs during the forecast period. *sgfleet* expects that its operating cash flows, together with borrowings, will position *sgfleet* to grow its business in accordance with the Forecast Financial Information.

4.7 Commitments

4.7.1 Lease commitments

Operating lease commitments include contracted amounts for office accommodation and office equipment under non-cancellable operating leases expiring within one to six years with, in some cases, options to extend. Contractual escalation clauses have been factored into the commitments disclosed. On renewal, the terms of the leases are renegotiated.

4.7.2 Off balance sheet commitments

Lease portfolio assets are classified as off-balance sheet commitments because the funder is considered to be the lessor. The funder assumes the credit risk under the arrangement. Residual value risk is transferred from the funder to *sgfleet* through an option agreement.

4.8 Consolidated historical and forecast statements of cash flows

Set out on the next page are *sgfleet*'s pro forma historical consolidated statements of cash flows for FY2011 to FY2013, 1H2013 and 1H2014, the pro forma forecast consolidated statements of cash flows for FY2014 and FY2015 and the statutory forecast consolidated statements of cash flows for FY2014 and FY2015.

4. Financial Information

Table 26: Summary pro forma historical and forecast consolidated statements of cash flows and statutory forecast consolidated statements of cash flows

\$ millions	Notes	Pro forma historical			Pro forma forecast		Statutory forecast	
		FY2011	FY2012	FY2013	FY2014	FY2015	FY2014	FY2015
Profit before tax		21.1	39.3	53.9	50.2	56.2	52.1	56.2
Depreciation for lease assets		8.2	7.5	6.9	6.4	5.2	6.4	5.2
Other depreciation and amortisation		5.6	4.5	0.9	1.0	1.4	1.0	1.4
Finance cost for lease assets		1.9	1.2	1.0	0.9	0.9	0.9	0.9
Other finance costs		4.8	4.2	3.5	3.2	3.1	6.1	3.1
EBITDA		41.6	56.7	66.2	61.7	66.8	66.5	66.8
Finance costs paid		(6.7)	(5.4)	(4.5)	(4.1)	(4.0)	(7.0)	(4.0)
Non-cash items		(0.2)	0.7	0.6	0.7	0.5	3.3	0.5
Changes in working capital		1.0	11.8	(9.2)	(2.0)	(1.2)	(2.0)	(1.2)
Changes in provisions		5.6	(1.2)	(2.9)	(3.1)	(3.5)	(3.1)	(3.5)
Net operating cash flow before tax		41.3	62.6	50.2	53.2	58.6	57.7	58.6
Tax paid		(6.4)	(10.5)	(22.0)	(14.8)	(15.9)	(14.9)	(17.4)
Net operating cash flow		34.9	52.1	28.2	38.4	42.7	42.8	41.2
Net capital expenditure		(0.4)	(1.8)	(1.8)	(3.0)	(2.6)	(3.0)	(2.6)
Acquisition of lease portfolio assets		(30.0)	(29.2)	(26.2)	(15.6)	(5.3)	(15.6)	(5.3)
Disposal of lease portfolio assets		38.6	21.7	20.8	12.5	5.7	12.5	5.7
Net cash flow before financing activities	(a)	43.1	42.8	21.0	32.3	40.5	36.7	39.0
Proceeds from borrowings					3.4	4.7	3.4	4.7
Repayment of borrowings					(6.4)	(6.5)	(47.4)	(6.5)
Dividends paid					–	(21.2)	(72.4)	(21.2)
Transaction costs					–	–	(7.7)	–
Proceeds from issue of Shares					–	–	210.1	–
Payments for acquisition of Existing Shares and Options in SG Fleet Holdings					–	–	(167.6)	–
Net cash flow					29.3	17.5	(44.9)	16.0

Notes

(a) The pro forma historical consolidated statements of cash flows for FY2011, FY2012 and FY2013 have been presented before financing activities on the basis that **sgfleet's** capital structure following Completion of the Offer will be materially different from that in place during the historical period to Completion of the Offer. The pro forma historical consolidated statements of cash flows for FY2011, FY2012 and FY2013 and the pro forma forecast consolidated statements of cash flows for FY2014 and FY2015 are reconciled to the respective statutory historical consolidated statements of cash flows for FY2011, FY2012 and FY2013 and the statutory forecast consolidated statements of cash flows for FY2014 and FY2015 in Section 4.8.1.

4. Financial Information

Table 27: Summary pro forma historical consolidated statements of cash flows for 1H2013 and 1H2014

\$ millions	Notes	Pro forma historical	
		1H2013	1H2014
Profit before tax		25.6	22.0
Depreciation for lease assets		3.6	3.3
Other depreciation and amortisation		0.5	0.5
Finance cost for lease assets		0.8	0.4
Other finance costs		1.8	1.7
EBITDA		32.3	27.9
Finance costs paid		(2.6)	(2.1)
Non-cash items		0.3	0.3
Changes in working capital		8.5	(5.9)
Changes in provisions		(1.0)	(1.3)
Net operating cash flow before tax		37.5	18.9
Tax paid		(13.5)	(9.5)
Net operating cash flow		24.0	9.4
Net capital expenditure		(0.7)	(2.1)
Acquisition of lease portfolio assets		(16.7)	(8.1)
Disposal of lease portfolio assets		12.7	8.1
Net cash flow before financing activities	(a)	19.3	7.3

Notes

(a) The pro forma historical consolidated statements of cash flows for 1H2013 and 1H2014 have been presented before financing activities on the basis that **sgfleet's** capital structure following Completion of the Offer will be materially different from that in place during the historical period to Completion of the Offer. The pro forma historical consolidated statements of cash flows for 1H2013 and 1H2014 are reconciled to the statutory reviewed historical consolidated statements of cash flows for 1H2013 and 1H2014 in Section 4.8.1.

4.8.1 Pro forma adjustments to the statutory consolidated statements of cash flows

In presenting the pro forma historical consolidated statements of cash flows included in the Prospectus, adjustments to the audited statutory historical consolidated statements of cash flows have been made for certain pro forma transactions and/or other adjustments to eliminate certain non-recurring items. These adjustments are summarised in Table 28 and Table 29 below.

Table 28: Pro forma adjustments to the statutory historical consolidated statements of cash flows for FY2011 to FY2013, 1H2013 and 1H2014

\$ millions	Notes	Historical				
		FY2011	FY2012	FY2013	1H2013	1H2014
Statutory net cash flow before financing activities		42.3	38.2	17.0	17.3	5.3
RPS interest	(a)	1.0	4.9	4.9	2.5	2.5
Management fees	(b)	0.7	0.6	–	–	0.6
Interest income/expense on cash	(c)	–	–	–	–	(0.8)
Listed public company costs	(d)	(1.8)	(1.8)	(1.8)	(0.9)	(0.9)
Exit Fees	(e)	–	–	–	–	–
Bonus Shares and bonus payment	(f)	–	–	–	–	–
Transaction costs	(g)	–	–	–	–	–
Non-cash items	(h)	0.5	0.5	0.5	0.3	0.3
Tax paid	(i)	0.4	0.4	0.4	0.1	0.3
Pro forma net cash flow before financing activities		43.1	42.8	21.0	19.3	7.3

4. Financial Information

Table 29: Pro forma adjustments to the statutory forecast consolidated statements of cash flows for FY2014 and FY2015

\$ millions	Notes	Forecast	
		FY2014	FY2015
Statutory net cash flow		(44.9)	16.0
RPS interest	(a)	2.9	–
Management fees	(b)	0.4	–
Interest income/expense on cash	(c)	(1.0)	–
Listed public company costs	(d)	(1.2)	–
Exit Fees	(e)	(8.1)	–
Bonus Shares and bonus payment	(f)	4.6	–
Transaction costs	(g)	8.2	–
Non-cash items	(h)	(2.6)	–
Tax paid	(i)	0.1	1.5
Dividends paid	(j)	72.4	–
Purchase of RPS	(k)	41.0	–
Proceeds from the issue of Shares	(l)	(210.1)	–
Payments for acquisition of Existing Shares and Options in SG Fleet Holdings	(m)	167.6	–
Pro forma net cash flow		29.3	17.5

Notes to Table 28 and Table 29

- (a) **RPS interest** – On 30 December 2013 SG Fleet Holdings undertook a capital reduction in respect of \$20.5 million of the outstanding RPS. The remaining \$20.5 million will be purchased by SG Fleet Group (through a subsidiary) on Settlement of the Offer. Accordingly, the finance costs paid on RPS have been adjusted to reflect this adjustment to the capital structure as if these transactions had been undertaken on 1 July 2010.
- (b) **Management fees** – fees for services charged by Super Group and CHAMP Ventures Pty Limited historically, which will not be incurred following the Offer. This adjustment removes the fees incurred prior to Completion of the Offer that were expensed in the historical periods and in FY2014. The management fees were historically paid in advance with the FY2012 fees paid in FY2011 and the FY2013 fees paid in FY2012 resulting in a mismatch between the cash flow associated with the management fees and the expense recorded in the income statement.
- (c) **Interest income** – as a consequence of the Offer, the cash balance as at 31 December 2013 will reduce – see Section 4.5 for the pro forma consolidated balance sheet. The adjustment is to reflect the impact on interest income as if the pro forma cash balance on Completion of the Offer had been the opening balance at 1 July 2013.
- (d) **Listed public company costs** – an adjustment has been made to include *sgfleet*'s estimate of the incremental annual costs that it will incur as a listed public company. These costs include Director's remuneration, additional directors' and officers' liability insurance premiums, additional audit and tax costs, listing fees, share registry costs, as well as annual general meeting costs. The adjustment in FY2014 is to provide a full year impact of the additional costs as the statutory forecast includes those costs forecast to be incurred from the Completion of the Offer to 30 June 2014. The adjustment assumes the expense is paid in the same year as it is incurred.
- (e) **Exit Fees** – as part of the Offer, CHAMP Ventures Shareholders and Management Shareholders will pay an Exit Fee to *sgfleet*.
- (f) **Bonus Shares and bonus payment** – as a "one off" grant as part of the Offer, SG Fleet Group will issue \$3.0 million of Bonus Shares to certain employees of *sgfleet* and Peter Mountford and Colin Brown. In addition, it is intended that a further cash bonus of \$1.6 million will be paid to certain employees of *sgfleet* following the Offer but prior to 30 June 2014.
- (g) **Transaction costs** – the total expenses of the Offer are estimated at \$8.2 million. \$0.5 million represents that amount of the transaction costs which are expensed to the statutory forecast consolidated income statement for FY2014.
- (h) **Non-cash items** – represents the net impact of various share based payments expensed in the statutory forecast income statement.
- (i) **Income tax paid** – for the historical period and the forecast for FY2014, the tax paid represents the impact of the above adjustments net of those which are not tax deductible (interest on RPS and share based payment expense) at 30%, being the Australian corporate tax rate. The adjustments assume the tax is paid in the year the expense was incurred.
- (j) **Dividends paid** – As part of the Offer, a pre-IPO dividend of \$67.4 million is proposed to be paid. In addition, in September 2013, SG Fleet Holdings paid a \$5.0 million dividend to the Existing Owners.
- (k) **Purchase of RPS** – On 30 December 2013, SG Fleet Holdings undertook a capital reduction in respect of \$20.5 million of the outstanding RPS. The remaining \$20.5 million will be purchased by SG Fleet Holdings (through a Subsidiary) on Settlement of the Offer.
- (l) **Proceeds from the issue of Shares** – As outlined in Section 4.8, SG Fleet Group is proposing to issue \$213.1 million of Shares via the Offer. Of this amount, \$3.0 million of the Shares to be issued relate to a "one off" grant of Bonus Shares to certain employees of *sgfleet* and Peter Mountford and Colin Brown at no cost.
- (m) **Payments for acquisition of shares and options in SG Fleet Holdings** – As part of the Offer, SG Fleet Group (through a subsidiary) will pay \$143.4 million to Existing Owners for the cash portion of the consideration payable to acquire SG Fleet Holdings. In addition, SG Fleet Group will pay \$24.2 million to Existing Owners to purchase vested Options existing at the time of the Offer.

4. Financial Information

4.9 Management discussion and analysis of the Pro Forma Historical Financial Information

4.9.1 General factors affecting the operating results of *sgfleet*

Below is a brief discussion of the main factors which affected *sgfleet*'s operating and financial performance in FY2011, FY2012, FY2013 and 1H2014 and which *sgfleet* expects may continue to affect it in the future.

The discussion of these general factors is intended to provide a brief summary only and does not detail all factors that affected *sgfleet*'s historical operating and financial performance, or everything that may affect *sgfleet*'s operating and financial performance in the future. The information in this Section should also be read in conjunction with the risk factors set out in Section 5 and other information contained in this Prospectus.

4.9.1.1 Revenue

An overview of the different revenue streams generated by *sgfleet* and the key drivers of each revenue stream is set out below:

Management and maintenance income

Management fees are received by *sgfleet* for the provision of fleet management services on the fleet.

As set out in Section 3.10.1 *sgfleet* operates three different maintenance models, being fully maintained, budgeted maintenance and recharge maintenance. The maintenance income represents income generated on fully maintained leases.

Additional products and services

Additional products and services revenue is generated from a number of streams, including:

- fees received for ensuring vehicles are registered as well as the provision of roadside assistance services and accident management
- commissions earned from insurers for the introduction of customers
- income from the sale of after-market accessories and extended warranties
- rebates

Funding commissions

sgfleet receives upfront and trailing commissions from third party lease funders on new vehicle leases that are funded by the respective third-party lease funders.

End of lease income

As set out in Section 3.10.2, *sgfleet* provides whole of vehicle life solutions to customers, part of which includes the disposal of the vehicle at the end of an operating lease. The operating lease residual value exposure is valued quarterly and a provision is raised for expected losses on an onerous pools basis. Assets are grouped into homogenous groups which are then analysed further into maturity pools. A provision is raised

for a maturity pool if the forecast loss on disposal of the assets in the pool exceeds the future fee income that the pool will generate between the reporting date and the maturity date. Maturity pools in a net profit position are not offset against maturity pools in a net loss position. Further details on how *sgfleet* accounts for residual values are provided in Appendix A of this Prospectus. On the disposal of the vehicle *sgfleet* will recognise a loss or a gain. Losses are taken against the provision for residual value losses. Gains are recognised in the income statement as end of lease income.

End of lease income also includes charges for unfair wear and tear on the vehicle and any other sundry charges.

Rental income

Rental income is earned on that portion of the operating lease portfolio that is funded on *sgfleet*'s balance sheet and includes income invoiced for vehicles retained by customers beyond their original lease term.

Other income

Other income includes interest generated on fund balances and other ancillary sources of revenue.

4.9.1.2 Expenses

Key expenses include:

Fleet management costs

Represents:

- the costs of maintaining the fully maintained fleet include maintenance expenses such as servicing and repairs, registration, insurance, road side assistance and accident management
- the cost associated with new deliveries, including the cost of after-market accessories chosen by the customer to be added to the vehicle and sales commissions paid to *sgfleet* employees

Fleet management costs typically increase in line with the number of fully maintained vehicles, the number of new vehicle deliveries and the penetration of accessory sales on new deliveries and, to a lesser degree, the overall size of the fleet.

Employee expenses

Represents salaries, wages and other employment related expenses for sales, product, operating, information technology, management and administrative staff employed by *sgfleet*. Staff costs are largely fixed in nature. Senior management and sales staff have a portion of their total compensation that is linked to performance.

Occupancy costs

Represents the rent and associated costs, including repairs, maintenance, cleaning, rates and security of *sgfleet*'s leased office space and its vehicle disposal warehouses.

Technology costs

Represents the cost of *sgfleet*'s IT systems including its fleet management system and client interface systems. Technology costs include licence fees, supplies, maintenance and consulting costs.

4. Financial Information

Other operating expenses

Other operating expenses include telecommunications costs, travel and entertainment, marketing, insurance, professional fees and bank charges. Other operating expenses also include acquisition or project related expenses which are generally non-recurring in nature.

Adjustments for additional expenses have been made in the above key expense lines for estimated company expenses, to reflect *sgfleet*'s estimate of the incremental annual costs that it will incur as a listed public company. These costs include Director remuneration, directors' and officers' liability insurance premiums, additional audit and tax costs, additional staff costs, listing fees, share registry fees, as well as annual general meeting and annual report costs.

4.9.1.3 Working capital

The business model of *sgfleet* results in *sgfleet* typically receiving payment for services before *sgfleet* has to pay its suppliers for the costs associated with provision of these services. This is driven by contractual relationships that it has with its customers and its trading terms with its suppliers. This should lead to *sgfleet* typically having a negative working capital balance (reflected in the excess of trade payables over trade receivables on the balance sheet). As highlighted in Sections 4.9.3, 4.9.5 and 4.9.7 this can lead to large swings in working capital at month end due to the timing difference between the receipt of the cash from customers and the payment to suppliers.

4.9.1.4 Capital expenditure

Capital expenditure predominantly relates to the cost of software development relating to the fleet systems consolidation project, together with annual computer hardware replacements and upgrades.

4.9.2 Pro forma historical consolidated income statements: FY2012 compared to FY2011

Table 30 sets out the summary pro forma historical consolidated income statements and selected key performance indicators for FY2011 and FY2012.

Table 30: Summary of pro forma historical consolidated income statements for FY2011 and FY2012

\$ millions	Pro forma historical		% change
	FY2011	FY2012	
Revenue	123.3	144.5	17.2%
Expenses			
Fleet management costs	(31.0)	(38.0)	22.6%
Employee benefits expense	(36.6)	(38.0)	3.8%
Occupancy costs	(3.2)	(3.3)	3.1%
Technology costs	(2.6)	(2.5)	(3.8)%
Other expenses	(8.3)	(6.0)	(27.7)%
EBITDA	41.6	56.7	36.3%
Depreciation, amortisation and impairment	(13.8)	(12.0)	(13.0)%
EBIT	27.8	44.7	60.8%
Finance costs	(6.7)	(5.4)	(19.4)%
Profit before tax	21.1	39.3	86.3%
Tax	(5.8)	(15.7)	170.7%
Net profit after tax	15.3	23.6	54.2%

4. Financial Information

	Pro forma historical		% change
	FY2011	FY2012	
Key operating metrics			
Fleet size (end of period):			
Corporate	50,062	50,912	1.7%
Salary packaged vehicles	22,724	22,788	0.3%
Key financial metrics			
EBITDA margin	33.7%	39.2%	
EBIT margin	22.5%	30.9%	
NPAT margin	12.4%	16.3%	

Revenue

Total revenue increased by \$21.2 million or 17.2% from \$123.3 million to \$144.5 million due to:

- management and maintenance income increased by \$2.8 million as a result of growth in the fleet
- additional products and services revenue growing by \$5.5 million, partially due to a large accessory retro-fit project undertaken on behalf of a customer, together with continued growth in penetration of after-market accessories on new deliveries
- up until the end of FY2011, profits on the disposal of operating lease vehicles were taken directly to the residual value provision on the balance sheet. *sgfleet* would then assess the adequacy of the residual value provision at each reporting date and adjust the provision as required. In FY2011 *sgfleet* released \$3.6 million from the provision in this regard, which was credited to fleet management costs in the income statement. From the beginning of FY2012, the accounting treatment was changed and from that date onward, profits on the disposal of operating lease vehicles are recorded in the income statement. Losses on the disposal of operating leases are taken against the provision for residual value losses. If this accounting treatment had been adopted in FY2011, profits on the disposal of operating lease vehicles of \$12.8 million would have been recognised in the income statement as end of lease income (increasing revenue by \$12.6 million, as \$0.2 million was recognised in revenue in FY2011) and the \$3.6 million release from the residual value provision would not have occurred (\$9.0 million net impact before tax)

Total operating expenses

Total operating expenses increased by \$6.1 million from \$81.7 million to \$87.8 million as a result of:

- a \$7.0 million increase in fleet management costs. Of this increase, \$3.6 million relates to a release from the residual value provision in FY2011 which did not recur in FY2012, described above. The remainder is attributable to increased accessory cost of sales partially due to the large accessory retro-fit project referred to above, together with increased maintenance costs on the fully-maintained fleet
- offsetting this amount was a decrease in other operating expenses of \$2.3 million in FY2012 as a result of non-recurring expenses of \$2.9 million in relation to CHAMP Ventures' investment in *sgfleet* incurred in FY2011

EBITDA and EBIT

EBITDA increased by \$15.1 million or 36.3% in FY2012, driven by the increase in revenue of \$21.2 million offset by a \$6.1 million increase in operating expenses. EBIT grew by \$16.9 million or 60.8% as a result of the increase in EBITDA by \$15.1 million and a lower depreciation and amortisation expense in FY2012 of \$1.8 million, due to the acceleration of the amortisation expense following a decision by *sgfleet* to consolidate its fleet management systems. Depreciation expense also decreased as a result of a decrease in the on balance sheet operating lease portfolio.

FY2011 and FY2012 EBIT included a number of significant items that management considers to be non-recurring in nature. FY2011 included costs in relation to CHAMP Ventures' investment in *sgfleet* of \$2.9 million. FY2011 and FY2012 EBIT also included income related to the reduction in the provision for bad and doubtful debts of \$0.7 million and \$0.1 million respectively.

Tax expense increased to \$15.7 million in FY2012, compared to \$5.8 million in FY2011, due to the introduction of retrospective tax legislation which reversed a previously claimed deduction of under the "rights to future income provision". The impact of this retrospective tax legislation was a reduction in net profit after tax of \$3.3 million.

4. Financial Information

4.9.3 Pro forma historical consolidated statements of cash flows: FY2012 compared to FY2011

Table 31 sets out the summary pro forma historical consolidated statements of cash flows for FY2011 and FY2012.

Table 31: Summary of pro forma historical consolidated statements of cash flows for FY2011 and FY2012

\$ millions	Pro forma historical		% change
	FY2011	FY2012	
EBITDA	41.6	56.7	36.3%
Finance costs paid	(6.7)	(5.4)	(19.4)%
Non-cash items	(0.2)	0.7	(450.0)%
Changes in working capital	1.0	11.8	1,080.0%
Changes in provisions	5.6	(1.2)	(121.4)%
Net operating cash flow before tax	41.3	62.6	51.6%
Tax paid	(6.4)	(10.5)	64.1%
Net operating cash flow	34.9	52.1	49.3%
Net capital expenditure	(0.4)	(1.8)	350.0%
Acquisition of lease portfolio assets	(30.0)	(29.2)	(2.7)%
Disposal of lease portfolio assets	38.6	21.7	(43.8)%
Net cash flow before financing activities	43.1	42.8	(0.7)%

Net operating cash flows

Net operating cash flow of \$52.1 million was generated in FY2012 compared to \$34.9 million in FY2011. The inflow from changes in working capital of \$11.8 million in FY2012 was primarily as a result of an increase in client prepayments and an increase in deferred maintenance income.

Prior to FY2012, profits on the disposal of operating lease vehicles were taken to the residual value provision held on the balance sheet. The inflow from changes in provisions of \$5.6 million in FY2011 primarily consists of end of lease profits credited to the residual value provision, net of the release of a portion of the residual value provision. Residual value disposal losses of \$1.8 million were taken against the residual value provision in FY2012.

Net cash flow before financing activities

The \$1.8 million in capital expenditure in FY2012 relates to the fleet management system consolidation project.

The acquisition of lease portfolio assets of \$30.0 million in FY2011 and \$29.2 million in FY2012 primarily relates to the purchase of commercial fleet assets entering Inertia as well as growth in the on balance sheet lease portfolio in the United Kingdom.

The disposal of lease portfolio assets of \$38.6 million in FY2011 and \$21.7 million in FY2012 relates to the sale of commercial fleet assets at the end of their Inertia period together with end of lease disposals in the United Kingdom and New Zealand.

4. Financial Information

4.9.4 Pro forma historical consolidated income statements: FY2013 compared to FY2012

Table 32 sets out the summary pro forma historical consolidated income statements and selected key performance indicators for FY2012 and FY2013.

Table 32: Summary of pro forma historical consolidated income statements for FY2012 and FY2013

\$ millions	Pro forma historical		% change
	FY2012	FY2013	
Revenue	144.5	157.0	8.7%
Expenses			
Fleet management costs	(38.0)	(36.7)	(3.4)%
Employee benefits expense	(38.0)	(41.3)	8.7%
Occupancy costs	(3.3)	(3.5)	6.1%
Technology costs	(2.5)	(2.9)	16.0%
Other expenses	(6.0)	(6.4)	6.7%
EBITDA	56.7	66.2	16.8%
Depreciation, amortisation and impairment	(12.0)	(7.8)	(35.0)%
EBIT	44.7	58.4	30.6%
Finance costs	(5.4)	(4.5)	(16.7)%
Profit before tax	39.3	53.9	37.2%
Tax	(15.7)	(16.3)	3.8%
Net profit after tax	23.6	37.6	59.3%
Key operating metrics			
Fleet size (end of period):			
Corporate	50,912	57,623	13.2%
Salary packaged vehicles	22,788	23,134	1.5%
Key financial metrics			
EBITDA margin	39.2%	42.2%	
EBIT margin	30.9%	37.2%	
NPAT margin	16.3%	23.9%	

Revenue

Total revenue increased by \$12.5 million or 8.7% from \$144.5 million to \$157.0 million due to:

- management and maintenance income increasing by \$6.7 million as a result of growth in the fleet through several key client wins in FY2013
- additional products and services revenue growing by \$2.7 million primarily due to improved insurance and rebate income
- end of lease income growing by \$2.6 million due to the strength of the second hand car market and the ongoing successful vehicle life cycle management by *sgfleet*
- the growth in revenue including two one-off transactions, which generated income of \$2.1 million

Total operating expenses

Total operating expenses increased by \$3.0 million from \$87.8 million to \$90.8 million as a result of:

- a \$3.3 million increase in employee expenses as a consequence of the employment of additional employees after *sgfleet* secured a significant new customer
- offsetting this amount was a decrease in fleet management expenses of \$1.3 million due to the non-recurrence of the large accessory retro-fit project undertaken for a customer in FY2012

4. Financial Information

EBITDA and EBIT

EBITDA increased by \$9.5 million or 16.8% in FY2013, driven by the increase in revenue of \$12.5 million but offset by \$3.0 million increase in operating expenses. EBIT grew by \$13.7 million or 30.6%, as a result of the increase in EBITDA of \$9.5 million and a lower depreciation and amortisation expense in FY2013 related to the accelerated amortisation expense in FY2012 referred to above.

FY2013 EBIT included a number of significant items that management considers to be non-recurring in nature. These included one-off revenue items resulting from a change in accounting for funding commissions from a cash to accruals basis (\$0.7 million) and the impact of a one-off profit sharing arrangements (\$2.0 million). FY2013 also included income related to the reduction in the provision for bad and doubtful debts of \$0.3 million.

4.9.5 Pro forma historical consolidated statements of cash flows: FY2013 compared to FY2012

Table 33 sets out the summary pro forma historical consolidated statements of cash flows for FY2012 and FY2013.

Table 33: Summary of pro forma historical consolidated statements of cash flows for FY2012 and FY2013

\$ millions	Pro forma historical		% change
	FY2012	FY2013	
EBITDA	56.7	66.2	16.8%
Finance costs paid	(5.4)	(4.5)	(16.7)%
Non-cash items	0.7	0.6	(14.3)%
Changes in working capital	11.8	(9.2)	(178.0)%
Changes in provisions	(1.2)	(2.9)	141.7%
Net operating cash flow before tax	62.6	50.2	(19.8)%
Tax paid	(10.5)	(22.0)	109.5%
Net operating cash flow	52.1	28.2	(45.9)%
Net capital expenditure	(1.8)	(1.8)	–
Acquisition of lease portfolio assets	(29.2)	(26.2)	(10.3)%
Disposal of lease portfolio assets	21.7	20.8	(4.1)%
Net cash flow before financing activities	42.8	21.0	(50.9)%

Net operating cash flows

Net operating cash flow of \$28.2 million was generated in FY2013 compared to \$52.1 million in FY2012. The outflow from changes in working capital of \$9.2 million in FY2013 was driven by a reversal of the factors that resulted in the inflow from changes in working capital in FY2012 of \$11.8 million, as the increase in client prepayments and deferred income at the end of FY2012 reduced in FY2013, together with an increase in end of lease vehicle inventory in FY2013.

Residual value disposal losses of \$3.0 million were taken against the residual value provision in FY2013.

Tax paid increased to \$22.0 million in FY2013 compared to \$10.5 million in FY2012 due to the introduction of retrospective tax legislation which denied a previously claimed deduction under the “rights to future income” provisions.

Net cash flow before financing activities

The \$1.8 million in capital expenditure in FY2013 relates to the fleet management system consolidation project.

The acquisition of lease portfolio assets of \$26.2 million in FY2013 primarily relates to the purchase of commercial fleet assets entering Inertia as well as growth in the on balance sheet lease portfolio in the United Kingdom.

The disposal of lease portfolio assets of \$20.8 million in FY2013 relates to the sale of commercial fleet assets at the end of their Inertia period together with end of lease disposals in the United Kingdom and New Zealand.

4. Financial Information

4.9.6 Pro forma historical consolidated income statements: 1H2014 compared to 1H2013

Table 34 sets out the summary pro forma historical consolidated income statements and selected key performance indicators for 1H2013 and 1H2014.

Table 34: Summary of pro forma historical consolidated income statements for 1H2013 and 1H2014

\$ millions	Pro forma historical		% change
	1H2013	1H2014	
Revenue	77.7	75.4	(3.0)%
Expenses			
Fleet management costs	(18.9)	(18.8)	(0.5)%
Employee benefits expense	(20.2)	(21.5)	6.4%
Occupancy costs	(1.7)	(2.1)	23.5%
Technology costs	(1.5)	(1.8)	20.0%
Other expenses	(3.1)	(3.3)	6.5%
EBITDA	32.3	27.9	(13.6)%
Depreciation, amortisation and impairment	(4.1)	(3.8)	(7.3)%
EBIT	28.2	24.1	(14.5)%
Finance costs	(2.6)	(2.1)	(19.2)%
Profit before tax	25.6	22.0	(14.1)%
Tax	(7.8)	(6.8)	(12.8)%
Net profit after tax	17.8	15.2	(14.6)%
Key operating metrics			
Fleet size (end of period):			
Corporate	51,858	59,530	14.8%
Salary packaged vehicles	22,746	22,795	0.2%
Key financial metrics			
EBITDA margin	41.6%	37.0%	
EBIT margin	36.3%	32.0%	
NPAT margin	22.9%	20.2%	

Revenue

Total revenue decreased by \$2.3 million or 3.0% from \$77.7 million to \$75.4 million due to:

- the announcement on 16 July 2013 by the former Treasurer Chris Bowen of significant proposed changes to the FBT legislation in relation to the tax treatment of salary sacrificed motor vehicles. As a consequence of the announcement, and subsequent uncertainty, *sgfleet*'s orders and deliveries of new novated leases were impacted for a period of up to three months until the Federal election in September 2013. As a consequence of the reduction in new novated leases *sgfleet*'s funding commission revenue and accessory income were impacted
- end of lease income decreased by \$2.5 million as disposal profits declined due to lower used vehicle prices

- offsetting these declines was an increase in management and maintenance income following the commencement in February 2013 of a new customer, which significantly increased the fleet under *sgfleet*'s management

Total operating expenses

Total operating expenses increased by \$2.1 million from \$45.4 million to \$47.5 million as a result of:

- a \$1.3 million increase in employee expenses as a consequence of the employment of additional employees, after *sgfleet* secured a significant new customer
- an increase in occupancy costs of \$0.4 million following the opening of new offices in the ACT and in the United Kingdom

4. Financial Information

EBITDA and EBIT

EBITDA decreased by \$4.4 million or 13.6% in 1H2014 driven by the decline in revenue of \$2.3 million together with the \$2.1 million increase in operating expenses. EBIT also decreased by \$4.1 million or 14.5% as a result of the decline in EBITDA by \$4.4 million offset by a lower depreciation and amortisation expense in 1H2014 of \$0.3 million.

The 1H2013 EBIT includes one-off revenue items resulting from a change in accounting for funding commissions from a cash to an accruals basis (\$0.7 million). As discussed above, *sgfleet*'s financial results in 1H2014 were impacted by the announced proposed change to the FBT legislation on 16 July 2013 by the former Treasurer, Chris Bowen. *sgfleet* has estimated the impact on EBIT in FY2014 (including the cost of contributing to an industry marketing fund) to be approximately \$3.1 million.

4.9.7 Pro forma historical consolidated statements of cash flows: 1H2014 compared to 1H2013

Table 35 sets out the summary pro forma historical consolidated statements of cash flows for 1H2013 and 1H2014.

Table 35: Summary of pro forma historical consolidated statements of cash flows for 1H2013 and 1H2014

\$ millions	Pro forma historical		% change
	1H2013	1H2014	
EBITDA	32.3	27.9	(13.6)%
Finance costs paid	(2.6)	(2.1)	(19.2)%
Non-cash items	0.3	0.3	–
Changes in working capital	8.5	(5.9)	(169.4)%
Changes in provisions	(1.0)	(1.3)	30.0%
Net operating cash flow before tax	37.5	18.9	(49.6)%
Tax paid	(13.5)	(9.5)	(29.6)%
Net operating cash flow	24.0	9.4	(60.8)%
Net capital expenditure	(0.7)	(2.1)	200.0%
Acquisition of lease portfolio assets	(16.7)	(8.1)	(51.5)%
Disposal of lease portfolio assets	12.7	8.1	(36.2)%
Net cash flow before financing activities	19.3	7.3	(62.2)%

Net operating cash flows

Net operating cash flow of \$9.4 million was generated in 1H2014 compared to \$24.0 million in 1H2013. The outflow from changes in working capital of \$5.9 million in 1H2013 was driven by a reduction in payables and increase in end of lease vehicle inventory.

The \$8.5 million inflow from working capital in 1H2013 primarily relates to a receipt of a \$10.0 million balloon payment from a client for a tranche of vehicles that terminated on 31 December 2012. The \$10.0 million was remitted to the funder on 2 January 2013.

The change in provisions of \$1.0 million in 1H2013 and \$1.3 million in 1H2014 primarily relates to losses on the disposal of end of lease vehicles booked against the residual value provision of \$1.4 million and \$1.6 million, respectively.

The tax paid of \$13.5 million in 1H2013 includes the impact of the introduction of retrospective tax legislation, which denied a previously claimed deduction under the "rights to future income" provisions.

Net cash flow before financing activities

The \$2.1 million in capital expenditure in 1H2014 relates to the fleet management system consolidation project.

The acquisition of lease portfolio assets of \$16.7 million in 1H2013 and \$8.1 million in 1H2014 primarily relates to the purchase of commercial fleet assets entering into Inertia as well as growth in the on balance sheet lease portfolio in the United Kingdom.

The disposal of lease portfolio assets of \$12.7 million in 1H2013 and \$8.1 million in 1H2014 relates to the sale of commercial fleet assets at the end of their Inertia period together with end of lease disposals in the United Kingdom and New Zealand.

4. Financial Information

4.10 Forecast Financial Information

4.10.1 Best estimate assumptions underlying forecasts

4.10.1.1 General assumptions

In preparing the Forecast Financial Information, the following general assumptions have been adopted by the Directors:

- no material change in the competitive operating environment in which *sgfleet* operates
- no significant deviation from current market expectations of global or local Australian economic conditions relevant to *sgfleet*
- no material changes in Commonwealth, state or local government legislation, tax legislation, regulatory legislation, regulatory requirements or government policy that will have a material impact on the financial performance or cash flows, financial position, accounting policies, financial reporting or disclosure of *sgfleet*
- no material changes in applicable Australian Accounting Standards or other mandatory professional reporting requirements or the Corporations Act, which have a material effect on *sgfleet*'s financial performance, financial position, accounting policies, financial reporting or disclosure
- no material business acquisitions or disposals
- no material industrial strikes or other disturbances, environmental costs or legal claims
- retention of key personnel
- no material changes to the fleet leasing industry that would have a material impact on demand for or price of *sgfleet*'s services
- no change in *sgfleet*'s capital structure other than as set out in, or contemplated by, this Prospectus
- no material amendment to any material agreement or arrangement (including funding agreements) relating to *sgfleet*'s businesses
- no material adverse changes to *sgfleet*'s offshore product sourcing capabilities and costs, including exchange rates
- no material cash flow or income statement or financial position impact in relation to litigation (existing or otherwise)
- none of the risks listed in Section 5 have a material adverse impact on the operations of *sgfleet*
- the Offer proceeds to Completion in accordance with the timetable set out in Key Dates on page 3 of this Prospectus

4.10.1.2 Material assumptions affecting the Forecast Financial Information and management discussion

The Forecast Financial Information is based on various best estimate assumptions, including those set out below. In preparing the Forecast Financial Information, *sgfleet* has undertaken an analysis of historical performance and applied assumptions, where appropriate, across the business. The assumptions set out below should be read in conjunction with the sensitivity analysis set out in Section 4.12, the risk factors set out in Section 5 and the Investigating Accountant's Report set out in Section 8 and the other information in this Prospectus.

Revenue

The Forecast Financial Information is based on the following key revenue assumptions:

- fleet size: the forecast fleet size is based on the opening fleet balance by product as at the start of the forecast period. Terminations are projected based on the contracted termination date for each vehicle, adjusted for expected early terminations. Deliveries are forecast based on the replacement of forecast terminations together with the roll-on of vehicles from those customers whose fleet has not fully rolled on. Deliveries to new customer wins is based on the current tender pipeline and expected tenders to be released over the forecast period based on customer soundings and industry knowledge
- fees per unit: including management, maintenance, registration and other recurring fee revenue, is based on the contractual fees of the run-off fleet as at the start of the forecast period. Fees for new deliveries were forecast on a per unit basis assuming average historical fees by product
- sales of additional products and services: assumes a slight improvement in average accessory revenue per new delivery as a result of increasing penetration of accessory sales into corporate leases
- funding commissions per unit: assumes historical funding commissions achieved by product
- end of lease income: is based on the contracted termination profile of the operating lease portfolio. Disposal results were based on the most recent quarterly fleet valuation and adjusted to reflect historical outperformance to valuation
- rental income: assumes a fixed percentage of the fleet, based on the historical average, is retained by the customer beyond its original lease term. Average rental per vehicle is based on historical averages

4. Financial Information

Expenses

The Forecast Financial Information is based on the following expense assumptions:

- fleet management costs are forecast in line with historically achieved cost of sales margins
- employee costs are assumed to increase in line with inflation. Employee numbers are forecast to remain broadly at current levels through the forecast period. The impact of listed public company board costs, the proposed equity incentive Plan and additional hires required by a listed company of \$1.3 million have also been included in employee costs
- occupancy costs: assumes the continuation of current lease arrangements
- IT costs: assumes licence fees per contractual terms with maintenance and consultant costs growing at 3% per annum
- other costs: are forecast to reduce slightly as a result of the certain one-off costs incurred in FY2014. Annual listed public company costs of \$0.5 million, in addition to those included in employee costs, have also been included in the Forecast Financial Information

Depreciation and amortisation

Amortisation of software and depreciation of property, plant and equipment is forecast based on the existing useful life profile, with any new capital expenditure during the forecast period depreciated/amortised over the useful life in accordance with **sgfleet's** accounting policies.

Depreciation of operating lease vehicles on balance sheet, which are still within their lease term, was forecast based on the remaining term of the leases and the contracted residual value. Depreciation of vehicles on balance sheet but in Inertia was forecast assuming an average monthly depreciation per vehicle based on historical averages.

Finance costs

Finance costs were forecast based on current contractual terms. Interest income was forecast based on current interest rates.

Income tax assumptions

The forecast income tax expense is based on the corporate tax rate of 30.0% in Australia. New Zealand and the United Kingdom are not forecast to incur any income tax expense during the forecast period due to carried forward tax losses. **sgfleet's** pro forma effective tax rate is expected to be 30.4% in FY2014, which is reflected in the Forecast Financial Information.

Change in working capital

Month-by-month working capital was forecast based on historical collection periods and creditor terms. Budgeted maintenance fund balances are forecast in line with the historical average balance per vehicle. Inventory balances were forecast in line with historical inventory levels with the product mix based on the termination profile of operating leases.

Capital expenditure

Capital expenditure was forecast based on current approved business plans for large capital expenditure projects. Minor capital expenditure, such as computers, fittings and furniture, was forecast assuming replacement at the end of each item's useful life.

Foreign exchange

sgfleet is exposed to exchange rate movements, in particular movements in the AUS:NZD and AUD:GBP rate. The movements in exchange rates impact on the amounts invested in **sgfleet's** New Zealand and United Kingdom operations. It is **sgfleet's** policy not to hedge for exchange rate movements on the translation of its investment in its international operations.

The Forecast Financial Information assumes an average AUD:NZD exchange rate of 1.08 and an average AUD:GBP exchange rate of 0.538 for the translation of **sgfleet's** international operations.

sgfleet's exposure to transactional movements in foreign exchange rates is reduced by its treasury policy which ensures lease portfolio borrowings are always in the same currency as the underlying leases. **sgfleet's** New Zealand and United Kingdom operations receive and incur the majority of revenue and expenses in the respective local currency, thereby creating a natural hedge.

4. Financial Information

4.11 Management discussion and analysis of the Forecast Financial Information

4.11.1 Pro forma historical and forecast consolidated income statements: FY2014 compared to FY2013

Table 23 sets out the summary pro forma historical and forecast consolidated income statements and selected key performance indicators for FY2013 and FY2014.

Table 36: Pro forma historical and forecast consolidated income statements for FY2013 and FY2014

	Pro forma historical	Pro forma forecast	% change
\$ millions	FY2013	FY2014	
Revenue	157.0	157.5	0.3%
Expenses			
Fleet management costs	(36.7)	(39.5)	7.6%
Employee benefits expense	(41.3)	(42.7)	3.4%
Occupancy costs	(3.5)	(4.1)	17.1%
Technology costs	(2.9)	(2.9)	–
Other expenses	(6.4)	(6.6)	3.1%
EBITDA	66.2	61.7	(6.8)%
Depreciation, amortisation and impairment	(7.8)	(7.4)	(5.1)%
EBIT	58.4	54.3	(7.0)%
Finance costs	(4.5)	(4.1)	(8.9)%
Profit before tax	53.9	50.2	(6.9)%
Tax	(16.3)	(15.3)	(6.1)%
Net profit after tax	37.6	34.9	(7.2)%

4. Financial Information

	Pro forma historical	Pro forma forecast	% change
	FY2013	FY2014	
Key operating metrics			
Fleet size (end of period):			
Corporate	57,623	61,776	7.2%
Salary packaged vehicles	23,134	22,997	(0.6)%
Key financial metrics			
EBITDA margin	42.2%	39.2%	
EBIT margin	37.2%	34.5%	
NPAT margin	23.9%	22.2%	

Revenue

Total revenue is forecast to increase by \$0.5 million or 0.3% from \$157.0 million to \$157.5 million due to:

- a forecast increase in management and maintenance income of \$3.1 million as a result of growth in the corporate fleet
- additional products and services revenue reducing by \$1.3 million as result of the impact of the FBT announcement referred to in Section 4.9.6 above
- a forecast increase in funding commissions of \$3.6 million as a result of growth in corporate deliveries
- end of lease income reducing by \$2.4 million as disposal profits decline due to lower used vehicle prices
- a forecast reduction in other income due to reduced interest income resulting from the pre-IPO dividend

Total operating expenses

Total operating expenses are forecast to increase by \$5.0 million from \$90.8 million to \$95.8 million as a result of:

- a \$2.8 million forecast increase in fleet management costs, primarily driven by an increase in maintenance costs on the fully-maintained fleet
- a \$1.4 million forecast increase in employee expenses as a consequence of the employment of additional employees after *sgfleet* secured a significant new customer

EBITDA and EBIT

EBITDA is forecast to reduce by \$4.5 million or 6.8% in FY2014, driven by the low growth in revenue as a result of the FBT announcement referred to in Section 4.9.6 above and the decline in end of lease income, coupled with the increase in operating expenses of \$5.0 million. *sgfleet* has estimated the impact on EBIT in FY2014 (including the cost of contributing to an industry marketing fund) of the 16 July 2013 FBT proposed change referred to above to be approximately \$3.1 million. EBIT is forecast to reduce by \$4.1 million or 7.0% as a result of the forecast reduction in EBITDA \$4.5 million and a forecast lower depreciation expense in FY2014 of \$0.4 million due to a lower on balance sheet operating lease portfolio.

4. Financial Information

4.11.2 Pro forma historical and forecast consolidated statements of cash flows: FY2014 compared to FY2013

Table 37 sets out the summary pro forma historical and forecast consolidated statements of cash flows for FY2013 and FY2014.

Table 37: Pro forma historical and forecast consolidated statements of cash flows for FY2013 and FY2014

	Pro forma historical	Pro forma forecast	% change
\$ millions	FY2013	FY2014	
EBITDA	66.2	61.7	(6.8)%
Finance costs paid	(4.5)	(4.1)	(8.9)%
Non-cash items	0.6	0.7	16.7%
Changes in working capital	(9.2)	(2.0)	(78.3)%
Changes in provisions	(2.9)	(3.1)	6.9%
Net operating cash flow before tax	50.2	53.2	6.0%
Tax paid	(22.0)	(14.8)	(32.7)%
Net operating cash flow	28.2	38.4	36.2%
Net capital expenditure	(1.8)	(3.0)	66.7%
Acquisition of lease portfolio assets	(26.2)	(15.6)	(40.5)%
Disposal of lease portfolio assets	20.8	12.5	(39.9)%
Net cash flow before financing activities	21.0	32.3	53.8%
Proceeds from borrowings		3.4	n/a
Repayment of borrowings		(6.4)	n/a
Net cash flow		29.3	n/a

Net operating cash flows

Net operating cash flow of \$38.4 million is forecast to be generated in FY2014 compared to \$28.2 million in FY2013. The projected outflow from changes in working capital of \$2.0 million in FY2014 is partly attributable to extended payment terms granted to a significant new customer.

The projected outflow as a result of changes in provisions of \$3.1 million in FY2014 primarily relates to losses on the disposal of end of lease vehicles booked against the residual value provision of \$3.3 million.

The forecast reduction in tax paid in FY2014 relative to FY2013 is as a result of the impact on FY2013 of the introduction of retrospective tax legislation which denied

a previously claimed deduction under the “rights to future income” provisions.

Net cash flow before financing activities

The forecast capital expenditure of \$3.0 million in FY2014 primarily relates to the fleet management system consolidation project.

The forecast acquisition of lease portfolio assets of \$15.6 million in FY2014 relates to the purchase of commercial fleet assets entering Inertia.

The forecast disposal of lease portfolio assets of \$12.5 million in FY2014 relates to the sale of commercial fleet assets at the end of their Inertia period together with end of lease disposals in the United Kingdom and New Zealand.

4. Financial Information

4.11.3 Pro forma forecast consolidated income statements: FY2015 compared to FY2014

Table 38 sets out the summary pro forma forecast consolidated income statements and selected key performance indicators for FY2014 and FY2015.

Table 38: Pro forma forecast consolidated income statements for FY2014 and FY2015

\$ millions	Pro forma forecast		% change
	FY2014	FY2015	
Revenue	157.5	168.5	7.0%
Expenses			
Fleet management costs	(39.5)	(44.1)	11.6%
Employee benefits expense	(42.7)	(44.0)	3.0%
Occupancy costs	(4.1)	(4.2)	2.4%
Technology costs	(2.9)	(3.2)	10.3%
Other expenses	(6.6)	(6.2)	(6.1)%
EBITDA	61.7	66.8	8.3%
Depreciation, amortisation and impairment	(7.4)	(6.6)	(10.8)%
EBIT	54.3	60.2	10.9%
Finance costs	(4.1)	(4.0)	(2.4)%
Profit before tax	50.2	56.2	12.0%
Tax	(15.3)	(17.0)	11.1%
Net profit after tax	34.9	39.2	12.3%
Key operating metrics			
Fleet size (end of period):			
Corporate	61,776	67,125	8.7%
Salary packaged vehicles	22,997	24,524	6.6%
Key financial metrics			
EBITDA margin	39.2%	39.6%	
EBIT margin	34.5%	35.7%	
NPAT margin	22.2%	23.3%	

Revenue

Total revenue is forecast to increase by \$11.0 million or 7.0% from \$157.5 million to \$168.5 million due to:

- management and maintenance income is forecast to increase by \$3.6 million as a result of growth in the corporate and novated fleet
- additional products and services revenue increasing by \$6.1 million primarily as a result of growth in accessory and extended warranty income
- funding commissions are forecast to increase by \$5.0 million as a result of growth in corporate and novated deliveries
- end of lease income is forecast to decrease by \$2.8 million as disposal profits decline due to lower used vehicle prices

Total operating expenses

Total operating expenses are forecast to increase by \$5.9 million from \$95.8 million to \$101.7 million as a result of:

- a \$4.6 million forecast increase in fleet management costs driven by an increase in maintenance costs and accessory cost of sales
- a \$1.3 million forecast increase in employee expenses primarily as a result of inflationary salary increases

EBITDA and EBIT

EBITDA is forecast to increase by \$5.1 million or 8.3% in FY2015, driven by revenue growth of \$11.0 million offset by growth in operating expenses of \$5.9 million. EBIT is forecast to increase by \$5.9 million or 10.9% as a result of the forecast growth in EBITDA of \$5.1 million and a forecast lower depreciation expense in FY2015 of \$0.8 million due to a lower on balance sheet operating lease portfolio.

4. Financial Information

4.11.4 Pro forma forecast consolidated statements of cash flows: FY2015 compared to FY2014

Table 39 sets out the summary pro forma forecast consolidated statements of cash flows for FY2014 and FY2015.

Table 39: Pro forma forecast statements of cash flows for FY2014 and FY2015

\$ millions	Pro forma forecast		% change
	FY2014	FY2015	
EBITDA	61.7	66.8	8.3%
Finance costs paid	(4.1)	(4.0)	(2.4)%
Non-cash items	0.7	0.5	(28.6)%
Changes in working capital	(2.0)	(1.2)	(40.0)%
Changes in provisions	(3.1)	(3.5)	12.9%
Net operating cash flow before tax	53.2	58.6	10.2%
Tax paid	(14.8)	(15.9)	7.4%
Net operating cash flow	38.4	42.7	11.2%
Net capital expenditure	(3.0)	(2.6)	(13.3)%
Acquisition of lease portfolio assets	(15.6)	(5.3)	(66.0)%
Disposal of lease portfolio assets	12.5	5.7	(54.4)%
Net cash flow before financing activities	32.3	40.5	25.4%
Proceeds from borrowings	3.4	4.7	38.2%
Repayment of borrowings	(6.4)	(6.5)	1.6%
Dividends	–	(21.2)	n/a
Net cash flow	29.3	17.5	(40.3)%

Net operating cash flows

Net operating cash flow of \$42.7 million is forecast to be generated in FY2015 compared to \$38.4 million in FY2014. The projected outflow as a result of changes in provisions of \$3.5 million in FY2015 primarily relates to losses on the disposal of end of lease vehicles booked against the residual value provision.

Net cash flow before financing activities

The forecast capital expenditure of \$2.6 million in FY2015 primarily relates to the fleet management system consolidation project.

The forecast acquisition of lease portfolio assets of \$5.3 million in FY2015 relates to the purchase of commercial fleet assets entering Inertia.

The forecast disposal of lease portfolio assets of \$5.7 million in FY2015 relates to the sale of commercial fleet assets at the end of their Inertia period together with end of lease disposals in the United Kingdom and New Zealand.

4. Financial Information

4.12 Sensitivity analysis of Forecast Financial Information

The Forecast Financial Information included above is based on a number of estimates and assumptions as described in Section 4.10.1. These estimates and assumptions are subject to business, economic and competitive uncertainties, many of which are beyond the control of **sgfleet**, the Directors and management. These estimates are also based on assumptions in relation to future business developments, which are subject to change.

Investors should be aware that future events cannot be predicted with certainty and as a result, deviations from the figures forecast in this Prospectus are to be expected. To assist investors in assessing the impact of these assumptions, set out below is a summary of the sensitivity of the Forecast Financial Information to changes in a number of key assumptions. The changes in the key assumptions set out in the sensitivity analysis are intended to provide a guide only and are not intended to be indicative of the complete range of variations that may be experienced. Variations in actual performance could exceed the ranges shown. For the purposes of this analysis, each sensitivity is presented in terms of the impact of each on FY2015 pro forma forecast NPAT of \$39.2 million and is set out in Table 40 below.

Table 40: Sensitivity analysis for FY2015 pro forma NPAT

Assumption	FY2015 pro forma NPAT	
	Increase/Decrease	Impact (\$ million)
Growth/reduction in funded deliveries	± 5%	2.3
Growth/reduction in unfunded deliveries	± 5%	0.3
Increase/decrease in funding commission per vehicle	± 5%	1.0
Increase in disposal price across all operating lease vehicles in the portfolio	+ 5%	2.2
Decrease in disposal price across all operating lease vehicles in the portfolio	- 5%	(1.8)
Employment expenses	± 5%	1.5
Overhead expenses	± 5%	0.5

Care should be taken when interpreting these sensitivities. The estimated impact of changes in each of the variables has been calculated in isolation from changes in other variables, in order to present the likely impact on the forecast. In practice, changes in variables may offset each other or be additive, and it is likely that **sgfleet** management would respond to any adverse change in one variable by seeking to minimise the net effect on **sgfleet**'s NPAT.

The sensitivity analysis in respect of disposal prices is not symmetrical due to the fact that losses on disposal of operating lease assets are debited to the provision for residual values losses whereas profits are credited to end of lease income. Increasing or decreasing disposal prices can shift a vehicle from a loss position into a profit position thereby moving it from being accounted on the balance sheet to being accounted for through the income statement, and vice versa.

4.13 Dividends

4.13.1 Dividend policy

The payment of a dividend by **sgfleet** is at the discretion of the Board and will be a function of a number of factors, including the general business environment, the operating results, cash flows and the financial condition of **sgfleet**, future funding requirements, capital management initiatives, taxation considerations (including the level of franking credits available), any contractual, legal or regulatory restrictions on the payment of dividends by **sgfleet**, and any other factors the Board may consider relevant.

It is the current intention of the Board to pay dividends in respect of half years ending 31 December and final dividends in respect of full years ending 30 June each year. It is anticipated that interim dividends will be paid in April and final dividends will be paid in October following the relevant financial period. It is expected that all future dividends will be franked to the maximum extent possible.

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Subject to all of the factors listed above, it is the Board's current intention to pay a final dividend for FY2014 in respect of the period from Completion to 30 June 2014 of 4 cents per Share.

It is the Board's current intention to target a payout ratio of between 60% and 70% of statutory NPAT and to weight dividend payments towards the final dividend in the ratio of approximately 45%/55% (interim/final). However the level of payout ratio is expected to vary between periods depending on the factors above. No assurances can be given by any person, including the Board, about the payment of any dividend and the level of franking on any such dividend.

4.13.2 Dividend Reinvestment Plan (DRP)

The Constitution authorises the Board, on any terms and at their discretion, to establish a Dividend Reinvestment Plan under which any Shareholder may elect that the dividends payable by *sgfleet* be reinvested in whole or in part by a subscription for Shares at a price to be determined by the Board from time to time, in its absolute discretion. No dividend reinvestment plan has been assumed to be activated by *sgfleet* during FY2014 or FY2015.



Section 5

Risks



5. Risks

5.1 Introduction

sgfleet is subject to risk factors that are both specific to its business activities and that of a more general nature. Any or a combination of these risk factors may have a material adverse impact on *sgfleet*'s business, financial performance and operations. This Section describes some of the potential risks associated with *sgfleet*'s business and an investment in its Shares. It does not purport to list every risk that may be associated with an investment in Shares now or in the future, and the occurrence of consequences of some of the risks described in this Section are partially or completely outside the control of *sgfleet*, its Directors and senior management team.

The selection of risks has been based on an assessment of a combination of the probability of the risk occurring and impact of the risk if it did occur. The assessment is based on the knowledge of the Directors as at the date of the Original Prospectus, but there is no guarantee or assurance that the importance of different risks will not change or other risks will not emerge.

Before applying for Shares, you should satisfy yourself that you have a sufficient understanding of these matters and should consider whether Shares are a suitable investment for you, having regard to your own investment objectives, financial circumstances and taxation position. If you do not understand any part of this Prospectus or are in any doubt as to whether to invest in Shares, it is recommended that you seek professional guidance from your stockbroker, solicitor, accountant, tax advisor or other independent and qualified professional adviser before deciding whether to invest.

5.2 Risks specific to an investment in *sgfleet*

5.2.1 Loss of key customer contracts/ inability to secure contract renewal

sgfleet's contracts, including with key customers, may generally be terminated without cause by a customer, in some cases on a short notice period.

As a usual part of its business, *sgfleet*'s contracts with customers are subject to tender and renewal processes. A number of *sgfleet*'s existing contracts have expired or will shortly expire, and some are currently subject to tender or other contractual renewal negotiations. There can be no guarantee that *sgfleet* will be successful in tender or contractual renewal processes or that *sgfleet* will be able to renew any contract on similar terms.

sgfleet could lose key customers or material contracts, including during the forecast period, due to a range of events including as a result of failure to renew a contract, a loss of a tender, a deterioration in the level of service provided to the customer, a weakening of customer relationships or disputes with customers, or insolvency of customers. In addition to

the risk of losing customers and contracts, *sgfleet* is also at risk of existing customers materially reducing the size of their fleet outsourced to *sgfleet*. Any of these factors could materially adversely affect *sgfleet*'s business, operating and financial performance.

sgfleet provides its customers with a range of products and services including fleet management services as well as leases to both corporate and government customers as well as Novated Customers. Margins vary considerably across the range of products and services that *sgfleet* provides and a change in the mix of products and services that *sgfleet* sells to its customers could have a material adverse impact on *sgfleet*'s financial performance.

5.2.2 *sgfleet*'s profitability may be impacted by a fall in realised used vehicle prices

Operating lease arrangements are structured such that *sgfleet* is responsible for making a residual value payment to the third-party funder at the end of the lease term, regardless of actual proceeds from the sale of the vehicle. However, used vehicle values are subject to fluctuation due to factors that are outside of the control of *sgfleet*, including general economic conditions, demand for new and used vehicles, manufacturer behaviour, including the decision by a manufacturer to cease manufacturing in Australia, regulatory changes and other external events impacting the supply of new vehicles. Such fluctuations in used vehicle values during the lease period may cause *sgfleet* to incur losses on termination of the lease.

Successful management of residual value risk includes *sgfleet*'s ability to set appropriate residual values for vehicles at the end of their lease term. If *sgfleet* does not set appropriate residual values, *sgfleet*'s business, operating and financial performance may be materially adversely affected.

Whilst *sgfleet* has historically achieved better than market outcomes on the disposal of used vehicles, there is no guarantee *sgfleet* will continue to generate the same outcomes in the future. If this occurs, there could be a material adverse affect on *sgfleet*'s business, operating and financial performance.

5.2.3 *sgfleet*'s salary packaging business may be impacted by changes to FBT legislation

Demand for novated leases is driven by the tax concessions available to lessees under existing FBT legislation. While the current Coalition Government is not currently proposing any changes to the FBT legislation, there can be no assurance that there will be no regulatory changes in the future which may have a material effect on demand for novated leases. By way of example, on 16 July 2013, the then Australian Federal Government announced an intention to remove the statutory

5. Risks

formula method for calculating FBT for both salary-packaged and employer-provided cars and retain only the operating cost method which would require users to maintain detailed records of business usage of vehicles to more accurately claim for only business use. This proposed change was issued with no consultation nor warning to industry participants and materially disrupted the industry, with a significant decline in demand for novated leases. This had a material adverse effect on **sgfleet**'s salary packaging business and its operating and financial performance. Refer to Section 3.2.2 for further information regarding the impact of this announcement on **sgfleet**'s business and to Section 2.5.2 for the current Government's stated policy regarding changes to the FBT legislation. Any future changes to FBT legislation could also impact demand for **sgfleet**'s products, which could materially adversely affect **sgfleet**'s business, operating and financial performance in respect of products and services **sgfleet** offers in the salary packaging sector.

5.2.4 Loss of access to finance or change in the terms of finance provided

sgfleet's business model depends on third-party funders providing funding for its customers entering into finance leases, operating leases or novated leases. **sgfleet** has entered into principal and agency arrangements with a limited number of funders to provide the majority of its required funding across each of its products. Some of these arrangements are terminable by the funder without cause on short notice. A significant majority of **sgfleet**'s funding is provided by two major financial institutions. Neither funder has expressed an intention to discontinue the provision of funding to **sgfleet**.

Third-party funders may cease to provide funding, or materially limit the amount of funding that they provide, to **sgfleet** and its customers under these principal and agency arrangements (including due to a decision to no longer provide funding to **sgfleet** or to the fleet management industry generally) or change the terms on which such funding is currently provided. Any loss of access to, or material limitation of, the terms of funding for **sgfleet** or its customers could materially adversely affect **sgfleet**'s ability to win new contracts or retain existing contracts, which could affect **sgfleet**'s business, operating and financial performance. Further, a change in the terms on which financing is provided, including a change in the rates of commissions paid to **sgfleet**, could also affect **sgfleet**'s business, operating and financial performance.

sgfleet relies on a number of other financing facilities with banks in connection with its business operations, including facilities which enable **sgfleet** to provide funding for a limited number of leases directly from its own balance sheet. These facilities are subject to annual renewal and will need to be refinanced or repaid on their respective maturity dates.

sgfleet may not be able to renew or refinance its existing financing facilities when they fall due or the terms (including pricing) on refinancing may be less favourable than the terms of its existing bank facilities. If this occurs, this could affect **sgfleet**'s business, operating and financial performance.

5.2.5 Relationships with key third-party suppliers and service providers

sgfleet's business is dependent upon maintaining successful relationships with a limited number of key third-party suppliers and service providers. Key third-party suppliers and service providers provide a number of services that are key to **sgfleet**'s service offering including fuel, certain software applications, data providers and the provision of insurance. Contracts with these suppliers and service providers are typically terminable without cause in some cases on a short notice period. Any loss of a key third-party supplier or service provider, a material limitation of any of the services provided by them or a material alteration of the terms on which they are provided could result in a disruption to its business, particularly if alternative suppliers or service providers are not available (or only available on less favourable terms). If any of these occur, this could materially adversely affect **sgfleet**'s business, operating and financial performance. In addition, given that the provision of these services is a key competitive advantage in winning new business, any deterioration in the level of service provided may negatively impact **sgfleet**'s ability to win and retain contracts, which could materially adversely affect **sgfleet**'s business, operating and financial performance.

5.2.6 Cost of maintenance may vary against budgeted amounts

Where **sgfleet** provides a fully maintained lease, it takes risk on the cost of maintenance and tyres over the life of the contract for a monthly charge that is fixed for the term of the lease contract. If the cost of maintenance and tyres over the life of the contract exceeds the amount budgeted for, it could have a material adverse effect on **sgfleet**'s financial performance.

5.2.7 **sgfleet**'s technology platform may be disrupted, become outdated or cease to function efficiently for both **sgfleet** and its customers

sgfleet's ability to provide reliable services, effective monitoring and pricing for its own operations, as well as accurate and timely reporting for its customers is a key competitive advantage. This depends on the efficient and uninterrupted operation of its core technologies, which include specialised and proprietary software systems and infrastructure and back-end data processing systems.

5. Risks

sgfleet's core technologies and other systems and operations could be exposed to damage or interruption from systems failures, computer viruses, cyber-attacks, power or telecommunications providers' failures, fire, natural disasters, terrorist acts, war, or human error. These events may cause one or more of *sgfleet*'s core technologies to become unavailable, or may prevent it from servicing its own operations or those of its customers.

Any systemic failure or sustained interruption in service provision could severely damage *sgfleet*'s reputation and its ability to generate new business or retain existing business, directly impair *sgfleet*'s operations and customer service levels and necessitate increased expenditure on technology or generally across the business. Any of these outcomes could materially adversely affect *sgfleet*'s business, operating and financial performance. Further, any sustained disruption to the effective operation of *sgfleet*'s technology platform, such as inaccurate billings, failure to meet customer service levels or other operational inadequacies of the system, could materially adversely affect *sgfleet*'s business, operating and financial performance.

5.2.8 Changes to accounting standards for operating leases

Since 2006, the International Accounting Standards Board (IASB) and Financial Accounting Standards Board (FASB) have been engaged in a joint project to develop a new single approach to lease accounting that would ensure that all assets and liabilities arising under lease contracts are recognised in the statement of financial position (balance sheet). The proposals currently in place would mean that *sgfleet*'s operating lease customers would no longer record a single operating expense in their income statement but would reflect the value of the asset and liability on their balance sheet. This may have the effect of appearing to increase debt and capital intensity within the customer, thereby removing some of the perceived benefit of employing operating leases.

If the current proposals are enshrined in accounting standards, this may have the effect of reducing demand for operating leases which could materially adversely affect *sgfleet*'s business, operating and financial performance.

5.2.9 Employee recruitment risk and retention

The successful operation of *sgfleet* relies on *sgfleet*'s ability to attract and retain experienced and high-performing employees with specialist skills (including relationship managers, qualified technicians, sales staff, operational staff and the vehicle disposal team).

Failure to appropriately recruit and retain employees may adversely affect *sgfleet*'s ability to develop and implement its business strategies, result in a material increase in the costs of obtaining experienced and high performing employees and may ultimately materially adversely affect *sgfleet*'s business, operating and financial performance.

5.2.10 Increases in competition

The Australian fleet management industry is highly competitive and *sgfleet* may face increased competition from:

- existing competitors, for example undertaking aggressive customer acquisition campaigns, significantly increasing customer service levels or price discounting
- an investment by existing competitors in their technology platforms to gain a competitive advantage over *sgfleet*
- new competitors that enter the industry, or the acquisition of competitors by third-parties with significant financial resources
- consolidation between existing competitors delivering enhanced scale benefits

sgfleet's competitive position may deteriorate as a result of these factors, or a failure by *sgfleet* to continue to position itself successfully to meet changing market conditions, customer demands and technology. Any material deterioration in *sgfleet*'s position could materially adversely affect *sgfleet*'s business, operating and financial performance.

5.2.11 *sgfleet* may suffer damage to its reputation or brand

sgfleet's reputation and brand is important in winning and retaining contracts, maintaining its relationship with third-party suppliers and service providers and attracting employees. Reputational damage could arise due to a number of circumstances, including inadequate or deteriorating service, improper conduct or adverse media coverage. *sgfleet*'s reputation is also closely linked to the performance of third-party suppliers and service providers in providing outsourced services to customers. The actions of these suppliers and service providers may damage *sgfleet*'s reputation. Any factors that damage the reputation of *sgfleet* may potentially result in a failure to win new contracts and impinge on *sgfleet*'s ability to maintain relationships with existing corporate and government customers and third-party suppliers and service providers and impede its ability to compete successfully in the fleet management industry as well as affect its ability to attract key employees. If any of these occur, this could materially adversely affect *sgfleet*'s business, operating and financial performance.

5.2.12 Exposure to adverse macroeconomic conditions

sgfleet's business is exposed to changes in general economic conditions in Australia and internationally. For example, the fleet management industry is affected by macroeconomic conditions such as economic recessions, downturns or extended periods of uncertainty or volatility, which may influence customer decisions in relation to whether to enter into finance, operating or novated lease arrangements. These factors may materially adversely affect *sgfleet*'s business, operating and financial performance.

5. Risks

5.2.13 *sgfleet* may not be able to comply with debt covenants

sgfleet has various financial and non-financial covenants under its financing facilities which could limit its future financial flexibility. *sgfleet* estimates that its pro-forma net total indebtedness as at 31 December 2013 was \$5.2 million. If *sgfleet*'s operating results deteriorate, including due to the loss of a material customer contract, *sgfleet* may be unable to meet the covenants governing its indebtedness, which may require *sgfleet* to seek amendments, waivers of covenant compliance, alternative borrowing arrangements, to reduce debt or raise additional equity. If a breach of covenant were to occur, there is no assurance that *sgfleet*'s financiers would consent to an amendment or waiver, or that its financiers would not exercise their enforcement rights, including requiring immediate repayment. Such events could limit *sgfleet*'s flexibility in planning for or reacting to downturns in its business or otherwise materially adversely affect *sgfleet*'s business, operating and financial performance.

5.2.14 *sgfleet* may be exposed to interest rate fluctuations

sgfleet has a combination of floating-rate and fixed-rate borrowings on its corporate debt. It also earns interest on cash balances. Changes in interest rates will affect *sgfleet*'s financial performance.

5.2.15 Concentration of shareholding

After the Offer is completed, Super Group will hold 50.6% of the Shares, and will continue to have the ability to control and exert significant influence over the Company. The interests of a controlling shareholder may be different from the interests of investors who purchase Shares in the Offer. See Section 9.6.4 for further detail regarding the ongoing relationship between Super Group and SG Fleet Group.

5.2.16 Political, legislative or regulatory matters may negatively affect *sgfleet*

sgfleet is required to comply with a range of laws and regulations that relate to its business, such as privacy, work health and safety, and employment. Future changes to laws and regulations in these areas may increase the costs of operations or adversely affect *sgfleet*'s ability to conduct its operations.

A failure by *sgfleet* to comply with applicable laws and regulations may subject *sgfleet* to significant penalties, including payment of compensation, and may also result in the termination of, or failure to renew material contracts.

5.2.17 Protection of intellectual property

sgfleet relies on laws relating to trade secrets, copyright and trademarks to assist in protecting its proprietary customer-facing technology platform. However, there is a risk that unauthorised use or copying of *sgfleet*'s customer-facing technology platform will occur. In addition, there is a risk that the validity, ownership or authorised use of intellectual property relevant to *sgfleet*'s business will be successfully

challenged by third parties. This could involve significant expense and potentially the inability to use the intellectual property in question, and if an alternative cost effective solution were not available, or not available at all, could materially adversely affect *sgfleet*'s business, operating and financial performance.

5.2.18 Risk of litigation, claims and disputes

sgfleet may be subject to litigation and other claims and disputes in the course of its business, including employment disputes, contractual disputes, indemnity claims and occupational and personal claims. Such litigation, claims and disputes, including the costs of settling claims and operational impacts, could materially adversely affect *sgfleet*'s business, operating and financial performance.

5.2.19 Exchange rate risk for New Zealand and United Kingdom operations

sgfleet's financial reports are prepared in Australian dollars. However, revenue, expenditure and cash flows, and assets and liabilities, from *sgfleet*'s New Zealand and United Kingdom operations are denominated in New Zealand dollars and British pounds. *sgfleet* is exposed to the risk of fluctuations in the value of the Australian dollar against those currencies as fluctuations in exchange rates impact on the translation of account balances in *sgfleet*'s New Zealand and United Kingdom operations. As a result, movements in foreign exchange rates, particularly the AUD:GBP and AUD:NZD could affect *sgfleet*'s business, operating and financial performance.

5.3 General risks of an investment in *sgfleet*

5.3.1 Price of Shares

The price at which Shares are quoted on ASX may increase or decrease due to a number of factors. These factors may cause the Shares to trade at prices below the Offer Price. There is no assurance that the price of the Shares will increase following the quotation on ASX, even if *sgfleet*'s earnings increase.

Some of the factors which may affect the price of the Shares include:

- fluctuations in the domestic and international market for listed stocks
- general economic conditions, including interest rates, inflation rates, exchange rates, commodity and oil prices
- changes to government fiscal, monetary or regulatory policies, legislation or regulation
- inclusion in or removal from market indices
- the nature of the markets in which *sgfleet* operates
- general operational and business risks

5. Risks

Other factors which may negatively affect investor sentiment and influence *sgfleet* specifically or stock markets more generally include acts of terrorism, an outbreak of international hostilities, labour strikes, civil wars, natural disasters or other made-made or natural events.

5.3.2 *sgfleet* may be subject to changes in tax law

Significant reforms and current proposals for further reforms to Australia's tax laws give rise to uncertainty. The precise scope of many of the new and proposed tax laws is not yet known. Any changes to the current rate of company income tax may impact shareholder returns. In addition, any change in tax rules and tax arrangements could have an adverse effect on the level of dividend franking and shareholder returns.

5.3.3 Liquidity of Shares

There is currently no public market through which the Existing Shares may be sold. On Completion of the Offer, there can be no guarantee that an active market will develop or that the price of the Shares will increase. There may be relatively few or many potential buyers or sellers of the Shares on ASX at any time. This may increase the volatility of the market price of the Shares and may prevent investors from acquiring more Shares or disposing of Shares they acquire under the Offer. It may also affect the prevailing market price at which the Shareholders are able to sell their Shares. This may result in Shareholders who acquire Shares under the Offer receiving a market price for their Shares that is less or more than the Offer Price.

Following Completion of the Offer, Super Group will hold approximately 50.6% of the Shares, which will reduce the size of the free float of Shares and may also impact on liquidity. Further, the Escrowed Shareholders will hold approximately 7.4% of the Shares, which may also impact on liquidity. The Escrowed Shareholders have entered into voluntary escrow arrangements in relation to all of the Shares they hold immediately following Completion of the Offer. A summary of the escrow arrangements is set out in Section 7.6. The absence of any sale of Shares by the Escrowed Shareholders during this period may cause, or at least contribute to, limited liquidity in the market for the Shares. This could affect the prevailing market price at which Shareholders are able to sell their Shares.

Following release from escrow, Shares held by the Escrowed Shareholders will be able to be freely traded on the ASX. A significant sale of shares by an Escrowed Shareholder, or the perception that such sale has occurred or might occur, could also adversely affect the price of Shares.

5.3.4 Accounting standards

Australian Accounting Standards are issued by the Australian Accounting Standards Board and are not within the control of *sgfleet* and the Directors. Any changes to the accounting standards or to the interpretation of those standards may have a material adverse effect on the reported financial performance and position of *sgfleet*.

5.3.5 General economic and financial market conditions

General economic conditions (both domestically and internationally), may adversely impact the price of Shares as well as SG Fleet Group's ability to pay dividends. This includes increase in unemployment rates, negative consumer and business sentiment and an increase in interest rates, amongst other factors. As a result of the above-mentioned factors, SG Fleet Group is unable to forecast the market price for shares and they may trade on ASX at a price that is below their Offer Price.

5.3.6 Acquisition risk and risk of dilution

sgfleet's strategy includes pursuing acquisitions. The successful implementation of acquisitions will depend on a range of factors including funding arrangements, cultural compatibility and operational integration. To the extent acquisitions are not successfully integrated with *sgfleet*'s existing business, the financial performance of *sgfleet* could be materially adversely affected. Shareholder's interests may be diluted and Shareholders may experience a loss in value of their equity if SG Fleet Group issues Shares as consideration for acquisitions or if SG Fleet Group funds acquisitions through raising equity capital by placing Shares with new investors. SG Fleet Group may also offer Shares for other purposes, including repayment of debt.



Section 6

Key people, interests
and benefits



6. Key people, interests and benefits

6.1 Board of Directors and key management



6.1.1 Board of Directors

The Board of Directors has been appointed to ensure that a highly experienced and complementary skill set exists for the benefit of **sgfleet**. The Directors bring to the Board extensive, relevant experience and skills, including industry and business knowledge, financial management and public company experience.




The Board comprises an Independent Non-Executive Chairman, one Executive Director, one Non-Executive Director and two Independent, Non-Executive Directors.

Further details regarding the Board, its charter, the composition of Board committees and details of key corporate governance policies are set out in Section 6.3.

Table 41: Board of Directors

Director	Experience
 <p data-bbox="124 1317 443 1429">Andrew Reitzer <i>Independent Non-Executive Chairman</i></p>	<ul data-bbox="466 967 1465 1317" style="list-style-type: none"> • Andrew was appointed to the Board in February 2014 as an Independent Non-Executive Director and Chairman • Andrew has over 35 years of global experience in the retailing and wholesaling industry • Andrew served as the CEO of Metcash from 1998 until 30 June 2013. He currently serves as a consultant to Metcash • Prior to becoming the CEO of Metcash, Andrew held various management roles at METRO Cash & Carry (METRO). He was appointed to lead the establishment of METRO's operations in Israel and Russia and served as the Group Operations Director • Andrew holds a Bachelor of Commerce and a Master of Business Leadership from the University of South Africa
 <p data-bbox="124 1787 443 1861">Robbie Blau <i>Chief Executive Officer</i></p>	<ul data-bbox="466 1438 1465 1977" style="list-style-type: none"> • Robbie was appointed CEO of sgfleet in July 2006 and has 10 years of experience in the fleet management and leasing industry • Robbie was appointed to the Board in January 2014 and has been a director of SG Fleet Holdings since November 2010 • Robbie has overall responsibility for the strategic development of sgfleet and manages its relationships with financial services partners • Previously, Robbie was Managing Director of Nucleus Corporate Finance in South Africa, which he founded in 1999. Robbie remained in this role until his appointment to sgfleet in July 2006. During his time at Nucleus Corporate Finance, Robbie advised Super Group on corporate advisory and strategic projects • Prior to this, Robbie spent a year working with the Operations Director of South African Breweries Limited and practiced as a commercial attorney for 5 years at Werksmans Attorneys in South Africa • Robbie holds a Bachelor of Commerce (Accounting and Law) and a Bachelor of Laws (Cum Laude) from the University of the Witwatersrand, as well as a Higher Diploma in Tax Law from Johannesburg University

6. Key people, interests and benefits

Director	Experience
 <p>Peter Mountford <i>Non-Executive Director</i></p>	<ul style="list-style-type: none"> • Peter was appointed to the Board in February 2014 as a Non-Executive Director and nominee of Super Group. Peter has been a director of SG Fleet Holdings since April 2011 • Peter has over 20 years of senior management experience • Peter currently serves as the CEO of Super Group. He has held this position since 29 July 2009 • Prior to becoming the CEO of Super Group, he served as the Managing Director of Super Group's Logistics and Transport division and later its Supply Chain division • Peter's experience also includes six years as the CEO of Imperial Holdings' Consumer Logistics division and the Managing Director of South African Breweries Diversified Beverages • Peter's other directorships include Super Group and the Road Freight Association in South Africa • Peter holds an MBA from Warwick University and is a Chartered Accountant
 <p>Graham Maloney <i>Independent Non-Executive Director</i></p>	<ul style="list-style-type: none"> • Graham was appointed to the Board in January 2014 as an Independent Non-Executive Director • Graham has over 40 years of experience in financial services, including superannuation, life insurance, commercial banking, investment banking and stock broking • Graham is the CEO of Stratagm, which he established in 2009 to provide strategic and financial advisory services to both businesses and individuals • Graham's experience includes roles as Division Director at Macquarie Capital and the Group Treasurer at National Australia Bank • Graham is currently a Director of SFG Australia, the Chairman and Director of various private companies, including Connective Group, and a Fellow of the Australian Institute of Company Directors • Graham holds a Bachelor of Arts from the University of Sydney and qualified as an Associate of the Institute of Actuaries of Australia
 <p>Cheryl Bart AO <i>Independent Non-Executive Director</i></p>	<ul style="list-style-type: none"> • Cheryl was appointed to the Board in January 2014 as an Independent Non-Executive Director • Cheryl is a qualified lawyer and company director with experience across industries including financial services, utilities, television and film. She was awarded the Order of Australia in the Australia Day Honours in January 2009 • Cheryl previously worked as a lawyer specialising in Banking and Finance at Mallesons Stephen Jaques (now King & Wood Mallesons) • Cheryl's other directorships include the Australian Broadcasting Corporation (ABC), Spark Infrastructure Ltd, South Australian Power Networks, Audio Pixels Holdings Ltd, Football Federation of Australia (FFA), Local Organising Committee 2015 Australia Asian Cup and the Australian Himalayan Foundation. She is also a Fellow of the Australian Institute of Company Directors • Cheryl is immediate past Chairman of ANZ Trustees Ltd, the Environment Protection Authority of South Australia, the South Australian Film Corporation, Adelaide Film Festival and the Foundation for Alcohol Research and Education (FARE) • She is the 31st person in the world to complete The Explorer's Grand Slam, and is a Patron of SportsConnect • Cheryl holds a Bachelor of Commerce and Bachelor of Laws from the University of New South Wales




6. Key people, interests and benefits

6.1.2 Key management

Table 42: Senior Management

Executive	Experience
 <p data-bbox="124 792 384 871">Robbie Blau <i>Chief Executive Officer</i></p>	<ul data-bbox="467 450 730 477" style="list-style-type: none"> • Refer to Section 6.1.1
 <p data-bbox="124 1232 376 1310">Kevin Wundram <i>Chief Financial Officer</i></p>	<ul data-bbox="467 887 1455 1323" style="list-style-type: none"> • Kevin has been CFO of sgfleet since July 2006 and has 10 years of experience in the fleet management and leasing industry • Kevin is responsible for the effective management of the finance, treasury and corporate governance functions across the sgfleet group • Prior to joining sgfleet, Kevin was responsible for special projects at Super Group, including the execution of acquisitions, disposals and due diligence. Kevin was also a member of the management committees of the Automotive Parts, Commercial Dealerships and Supply Chain Divisions • Prior to joining Super Group, Kevin worked in the audit and corporate finance divisions of KPMG South Africa for 6 years • Kevin holds a Bachelor of Commerce from the University of the Witwatersrand, an Honours Bachelor of Accounting Science degree from the University of South Africa and is a Chartered Accountant
 <p data-bbox="124 1684 448 1762">Andy Mulcaster <i>Managing Director, Australia</i></p>	<ul data-bbox="467 1339 1449 1753" style="list-style-type: none"> • Andy joined sgfleet in August 2006 as General Manager, Trade Operations and has 15 years of experience in the motor vehicle industry. He was appointed Managing Director, Australia in 2007 • Andy has executive responsibility for sgfleet's Australian business, including new business development, customer relationships and all aspects of sgfleet's vehicle procurement, management and disposal operations • Prior to joining sgfleet, Andy was Trade Services Manager for Custom Fleet in both the United Kingdom and Australia • Andy has previously held roles within the fleet management industry, with Exel Logistics and Budget Rent-A-Car in the United Kingdom • Andy began his career as a specialist heavy plant and equipment mechanic in the British Army, which included postings across Germany, Canada and the Middle East

6. Key people, interests and benefits

Executive	Experience
 <p>Geoff Tipene <i>Managing Director, New Zealand</i></p>	<ul style="list-style-type: none">• Geoff joined sgfleet in 2011 as General Manager, New Zealand and was appointed Managing Director, New Zealand in 2013. He has over 20 years of experience in the fleet management and leasing industry• Geoff has executive responsibility for sgfleet's business in New Zealand, including new business development, customer relationships and all aspects of fleet management operations• Prior to joining sgfleet, Geoff was Managing Director of Custom Fleet New Zealand from 2002 to 2009. Geoff was part of the team that established Custom Fleet in New Zealand in 1996• Between 1996 and 2002, Geoff held various management roles in the Trade Services area of Custom Fleet in Australia, before returning to New Zealand in 2002 after the successful acquisition of Hertz Fleetlease
 <p>David Fernandes <i>Managing Director, United Kingdom</i></p>	<ul style="list-style-type: none">• David joined sgfleet in 2006 as General Manager, Strategic Projects and in 2010 was appointed Managing Director, United Kingdom. He has 15 years of experience in the fleet management and leasing industry• David leads sgfleet's business in the United Kingdom, including the development and marketing of sgfleet's salary sacrifice product into the emerging salary packaging industry in the United Kingdom• Prior to this, David held roles within the fleet management industry in operations, finance, IT and strategic projects, located in Australia, New Zealand and the United Kingdom• David holds a Bachelor of Economics (International Finance and Mathematics) from Macquarie University
 <p>Annie Margossian-Kenny <i>General Manager, Business Quality and Risk</i></p>	<ul style="list-style-type: none">• Annie joined sgfleet as General Manager of Business Quality and Risk in February 2007• Annie has 18 years of experience in the asset finance and fleet management industry, including 12 years of specialised risk management experience in Australia, New Zealand and the United Kingdom• Annie's responsibilities include legal and compliance, human resources, strategic projects, lending and risk management• Prior to joining sgfleet, Annie held senior roles in risk management, business improvement and organisational development at National Australia Bank and Custom Fleet• Annie holds a Bachelor of Commerce from the University of Newcastle

6. Key people, interests and benefits

Executive

Experience



Andy Graham

*General Manager,
Business Systems*

- Andy joined **sgfleet** as General Manager of Business Systems in July 2006 and has 15 years of experience in the IT industry, the majority of which involved providing technology solutions to the fleet management and salary packaging industry
- Andy is responsible for **sgfleet**'s IT innovation, product development, infrastructure and related functions
- Prior to joining **sgfleet**, Andy was Global IT Manager for Custom Fleet, responsible for systems across Australia, United Kingdom and NZ



Yogan Nagaratnam

General Manager, Finance

- Yogan joined **sgfleet** in October 2006 as General Manager, Finance, and has over 28 years of experience in the fleet management and leasing industry, in Australia, New Zealand and the United Kingdom
- Yogan is responsible for the day-to-day financial and funding operations of **sgfleet** and execution of strategic projects within the business
- Prior to joining **sgfleet**, Yogan held senior finance roles at National Australia Bank and Custom Fleet, where he developed broad skills in financial management, governance, consulting, mergers and acquisitions and post-merger integration
- Yogan holds a Masters of Business Administration from RMIT and is a Fellow of CPA Australia, the Chartered Institute of Management Accountants in the United Kingdom and the Financial Services Institute of Australasia



Keith Cormican

*Group Executive, Sales and
Commercial Excellence*

- Keith joined **sgfleet** in 2011, bringing over 25 years of experience in the fleet management and leasing industry, in the United Kingdom, New Zealand and Australia
- Keith is responsible for sales excellence across the **sgfleet** group, including key new customer strategies, product development, operational process improvement and global tenders
- Prior to joining **sgfleet**, Keith operated his own fleet management consultancy between 2009 to 2011
- Keith commenced his career in 1977 with the CBC/NAB group, joining the group's Custom Fleet business in 1986. Keith held a number of senior management roles within Custom Fleet, including Managing Director, United Kingdom and Managing Director, Australia and New Zealand



Ron Polkinghorne

Group Executive, Strategy

- Ron joined **sgfleet** in October 2006 and has nearly 40 years of experience in the financial services sector, including over 25 years in the fleet management and leasing industry
- Ron has provided significant input to the implementation and development of **sgfleet**'s business model and strategies, as well as developing business relationships in several markets
- Prior to joining **sgfleet**, Ron was head of Custom Fleet from January 1986 until its divestment by National Australia Bank in July 2006
- Under Ron's leadership, Custom Fleet grew from approximately 4,000 vehicles under management with operations in Australia, to an international business operating in three countries, with in excess of 100,000 vehicles under management. During this time, Custom Fleet became the market leader in Australia and New Zealand

6. Key people, interests and benefits

6.1.3 Director disclosures

The following is information about:

- any company of which a director was an officer that entered into a form of external administration because of insolvency during the time the director was an officer
- any legal or disciplinary action against a director that is less than 10 years old

Graham Maloney is a director of a private company (Company) that is currently involved in litigation in respect of certain transactions that occurred prior to Graham joining the Company board, and also in connection with a subsequent commercial transaction involving an investment by a third party in the Company. The litigation involves a number of claims by a current shareholder of the Company, including an alleged breach of directors' duties by each of the Company's directors, and associated allegations against the third party investor. *sgfleet* understands that the directors of the Company are of the view that the claims have no substance and accordingly are being vigorously defended.

The other Directors of SG Fleet Group do not believe that the above matter is material to the future performance of Graham's duties as a Director of SG Fleet Group or the future performance or prospects of SG Fleet Group.

6.2 Interests and benefits

This Section sets out the nature and extent of the interests and fees of certain persons involved in the Offer. Other than as set out below or elsewhere in this Prospectus, no:

- Director or proposed Director of SG Fleet Group
- person named in this Prospectus and who has performed a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus

- promoter of SG Fleet Group
- Underwriter to the Offer

holds at the time of lodgement of this Prospectus with ASIC, or has held in the two years before lodgement of this Prospectus with ASIC, an interest in:

- the formation or promotion of SG Fleet Group
- property acquired or proposed to be acquired by SG Fleet Group in connection with its formation or promotion, or in connection with the Offer
- the Offer, and no amount (whether in cash, Shares or otherwise) has been paid or agreed to be paid, nor has any benefit been given or agreed to be given to any such persons for services in connection with the formation or promotion of SG Fleet Group or the Offer or to any Director or proposed Director to induce them to become, or qualify as, a Director of SG Fleet Group

6.2.1 Directors' interests and remuneration

Robbie Blau is employed by SG Fleet Pty Limited in the position of Chief Executive Officer of *sgfleet*. Refer to Section 6.2.3 for further details.

6.2.1.1 Non-executive Director remuneration

Under the Constitution, the Board may decide the remuneration from SG Fleet Group to which each Director is entitled for his or her services as a Director. However, the total amount provided to all Directors for their services as Directors must not exceed in aggregate in any financial year the amount fixed by *sgfleet* in general meeting. This amount has been fixed at \$1,000,000. For the financial year ending 30 June 2014, the fees payable to the current Directors will not exceed \$148,333 in aggregate.

The SG Fleet Group Board and Committee fee structure (inclusive of superannuation) for FY2014 and FY2015 is as follows:

Table 43: Director fee structure for FY2014

Role	Name	Alternate	Director Fees	
			FY14	FY15
Chairman	Andrew Reitzer		\$55,000	\$165,000
Non-Executive Director	Peter Mountford	Colin Brown	\$30,833	\$92,500
Non-Executive Director	Graham Maloney		\$31,667	\$95,000
Non-Executive Director	Cheryl Bart		\$30,833	\$92,500
Total			\$148,333	\$445,000

The annual Director fees currently agreed to be paid by SG Fleet Group are \$165,000 to the Chairman, \$95,000 for Graham Maloney, and \$92,500 to each of Peter Mountford and Cheryl Bart. The Director fees for Graham Maloney will be paid to Stratagm Pty Ltd, a personal services company of which Graham Maloney is the sole director and shareholder.

The Chairman of the Board does not receive Committee fees in respect of his role as chairman or member of any Committee.

6. Key people, interests and benefits

6.2.1.2 Deeds of indemnity, insurance and access

SG Fleet Group has entered into a deed of indemnity, insurance and access with each Director which confirms the Director's right of access to certain books and records of SG Fleet Group and its related bodies corporate while they are a director and for a period of seven years after the Director ceases to hold office. The deeds of indemnity, insurance and access also require SG Fleet Group to indemnify Directors to the full extent permitted by law against all losses or liabilities (including all reasonable legal costs) incurred by the Director as an officer of SG Fleet Group or of a related body corporate.

Pursuant to the Constitution, SG Fleet Group may to the extent permitted by law, purchase and maintain insurance or pay or agree to pay a premium for insurance, for each Director against any liability incurred by the Director as an officer of SG Fleet Group or of a related body corporate. Under the deeds of indemnity, insurance and access, SG Fleet Group must maintain such insurance until seven years after a Director ceases to hold office as a director of SG Fleet Group or a related body corporate (or the date any relevant proceedings commenced during the seven year period have been finally resolved).

SG Fleet Group also indemnifies certain members of its management team to the maximum extent permitted by law and on a full indemnity basis against all liability incurred as an employee of SG Fleet Group or its subsidiaries in connection

with the Offer process, any involvement in the Offer or any transaction arising out of the Offer. However, SG Fleet Group will not indemnify an Indemnified Party to the extent that such liability arises out of conduct involving fraud or a wilful breach of duty. The indemnity continues for a term of seven years commencing from the date of the deed.

6.2.1.3 Other information about Directors' remuneration

Directors may be paid for travel and other expenses incurred in attending to SG Fleet Group's affairs, including attending and returning from meetings of directors or committees or general meetings. Any Director who devotes special attention to the business of SG Fleet Group or who performs services which, in the opinion of the Board, are outside the scope of ordinary duties of a director, may be remunerated for the services (as determined by the Board) out of the funds of SG Fleet Group. There are no retirement benefit schemes for Directors, other than statutory superannuation contributions.

6.2.1.4 Directors' shareholdings

Directors are not required under the Constitution to hold any Shares. As at the date of the Original Prospectus, Robbie Blau and Peter Mountford are the only Directors with an interest in *sgfleet* Shares, as set out below. These Shares will be subject to voluntary escrow arrangements. Please refer to Section 7.6 for further detail. The Directors are entitled to participate in the Broker Firm Offer and/or the Priority Offer and may elect to subscribe for Shares in the Offer.

Table 44: Directors' shareholdings

Existing Owner	Prior to the Offer			On Completion of the Offer	
	Options (million) ^(a)	Existing Shares held (million) ^(b)	Percentage shareholding (%)	Shares held (million)	Percentage shareholding (%)
Robbie Blau	5.0	1.5	3.5	6.8	2.8
Peter Mountford	Nil	Nil	Nil	0.5	0.2

Notes

(a) 1,391,305 Options will vest on the Settlement Date and will be acquired by SG Fleet Group (through a subsidiary) on Settlement. The remaining unvested options will be cancelled. Refer to Sections 6.2.3.4 and 9.6 for further detail.

(b) The Existing Shares will be acquired by SG Fleet Group (through a subsidiary) on Settlement. Refer to Sections 6.2.3.4 and 9.6 for further detail.

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6.2.2 Interests of advisers

sgfleet has engaged the following professional advisers.

- Goldman Sachs and Morgan Stanley have acted as arrangers, managers and underwriters to the Offer. *sgfleet* has paid, or agreed to pay, the Underwriters the fees described in Section 9.5 for these services
- Herbert Smith Freehills has acted as Australian legal adviser (other than in respect of taxation) to *sgfleet* in connection with the Offer. *sgfleet* has paid, or agreed to pay, approximately \$600,000 (plus disbursements and GST) for these services to the date of the Original Prospectus. Further amounts may be paid to Herbert Smith Freehills in accordance with its normal time-based charge-out rates
- KPMG Transaction Services has prepared the Investigating Accountant's Report on the Pro Forma Historical Financial Information and Forecast Financial Information. KPMG Transaction Services has also performed due diligence enquiries in relation to the Pro Forma Historical Financial Information and the Forecast Financial Information. *sgfleet* has paid, or agreed to pay, approximately \$450,000 (plus GST) for these services to the date of the Original Prospectus. In addition, other KPMG entities have performed work in relation to due diligence enquiries and tax advice, and *sgfleet* has paid or has agreed to pay, approximately \$375,000 (plus GST) for these services to the date of the Original Prospectus

In addition, *sgfleet* has agreed to pay Fluxmans Attorneys, a South African law firm, \$300,000 to advise Super Group in respect of South African corporate and legal considerations in connection with the Offer. *sgfleet* has also agreed to pay Lewis King Blumberg Pty Limited \$181,000 (plus disbursements and GST) for legal advice offered to management and Super Group in connection with the Offer.

As part of the Offer, Champ Ventures Shareholders and Management Shareholders will pay an Exit Fee to SG Fleet Group. Refer Section 9.6.3 for further information.

6.2.3 Remuneration and other interests of key management

6.2.3.1 Remuneration of Chief Executive Officer

SG Fleet Management has entered into an employment contract with Robbie Blau to document Robbie's employment with *sgfleet*. Robbie is an Executive Director of SG Fleet Group and is employed in the position of Chief Executive Officer.

From the date of Completion, Robbie is entitled to total fixed remuneration (TFR) of \$640,000 p.a., which includes base salary, statutory superannuation contributions and any salary sacrifice arrangements.

In addition to the TFR, Robbie is entitled to a contingent, short-term incentive (STI) award, determined by the Board based on achieving performance targets. The STI award for FY2014, FY2015 and thereafter will be determined as follows:

- FY2014: award at the discretion of the Board, of between 60.0% and 75.0% of TFR, based on *sgfleet* meeting or exceeding the FY2014 pro forma forecast NPAT¹² (with nil award in the event that *sgfleet*'s FY2014 NPAT is less than the FY2014 pro forma forecast NPAT)
- FY2015 and thereafter: award of between 22.5% and 75.0% of TFR, on a straight-line basis, based on *sgfleet* achieving EPS growth of between 5.0% and 15.0% over the previous financial year (with nil award in the event that *sgfleet*'s EPS growth is less than 5.0% over the previous financial year)

The STI award will be paid in cash, after lodgement of *sgfleet*'s annual financial accounts with ASX for the relevant financial year. Payment of a component of the STI award will be deferred for twelve months then paid in cash, subject to (among other conditions) Robbie's continued employment with *sgfleet*, as follows:

- FY14: nil deferral
- FY15: deferral of 25.0% of the total STI award
- thereafter: deferral of 50.0% of the total STI award

Robbie will also be eligible to participate in the equity incentive plan (Plan). For further details on the Plan, refer to Section 6.2.4. SG Fleet Group intends to grant LTI options worth \$768,000 to Robbie at or shortly after Completion. The key terms and conditions (including the exercise price, performance period and vesting conditions) applicable to the LTI options granted to Robbie are set out in Section 6.2.4.

The term of Robbie's employment as Chief Executive Officer is ongoing. SG Fleet Management can terminate by giving four weeks' notice in writing if performance standards associated with the role are not met. Other circumstances, including serious misconduct, illegal or criminal actions and prolonged absences, can result in immediate termination. The employment contract also deals with termination due to redundancy or changed requirements of *sgfleet*, both of which require four weeks' notice to be given by SG Fleet Management. Robbie is entitled to terminate his employment as Chief Executive Officer by giving four weeks' notice if there is a material change of circumstances with regards to his employment at *sgfleet*, or at any time by giving three months' notice.

Robbie is entitled to certain benefits in the event of termination of his employment contract. Where termination is due to illness or mental disability, Robbie is entitled to receive payment equal to 26 weeks' base salary. Where his employment is terminated by SG Fleet Management for redundancy or changed requirements of *sgfleet*, or is terminated by Robbie for a material change of circumstances, Robbie is entitled to receive a payment equal to 12 months' of his remuneration package (excluding any bonus).

¹²) As disclosed in this Prospectus.

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Upon termination, Robbie is bound by a restraint period nominated by SG Fleet Management, up to a maximum of 12 months, during which time he cannot compete with **sgfleet** or provide services in any capacity to a **sgfleet** competitor. During the period of 12 months from Robbie's termination, he must not solicit **sgfleet** clients or employees. The restraint applies to Australia, New Zealand and the United Kingdom. As consideration for Robbie agreeing to be bound by such restraint, SG Fleet Management has agreed to pay Robbie an amount of restraint consideration that is equal to his monthly remuneration package (excluding any bonus) multiplied by the number of months in the restraint period nominated by SG Fleet Management.

6.2.3.2 Remuneration of Chief Financial Officer

The Chief Financial Officer of **sgfleet**, Kevin Wundram, is employed by SG Fleet Australia.

From the date of Completion, Kevin is entitled to TFR of \$350,000 p.a., which includes base salary, statutory superannuation contributions and any salary sacrifice arrangements.

Additionally, Kevin is entitled to a contingent STI award, determined by the Board based on achieving performance targets. The STI award for FY2014, FY2015 and thereafter will be determined as follows:

- FY2014: award at the discretion of the Board, of between 50.0% and 60.0% of TFR, based on **sgfleet** meeting or exceeding the FY2014 pro forma forecast NPAT¹³ (with nil award in the event that **sgfleet**'s FY2014 NPAT is less than the FY2014 pro forma forecast NPAT)
- FY2015 and thereafter: award of between 18.0% and 60.0% of TFR, on a straight-line basis, based on **sgfleet** achieving EPS growth of between 5.0% and 15.0% over the previous financial year (with nil award in the event that **sgfleet**'s EPS growth is less than 5.0% over the previous financial year)

The STI award will be paid in cash, after lodgement of **sgfleet**'s annual financial accounts with ASX each financial year. Payment of a component of the STI award will be deferred for twelve months then paid in cash, subject to (among other conditions) Kevin's continued employment with **sgfleet**, as follows:

- FY14: nil deferral
- FY15: deferral of 25.0% of the total STI award
- thereafter: deferral of 50.0% of the total STI award

Kevin will also be eligible to participate in the Plan. For further details on the Plan, refer to Section 6.2.4. SG Fleet Group intends to grant LTI options worth \$315,000 to Kevin at or shortly after Completion. The key terms and conditions (including the exercise price, performance period and vesting conditions) applicable to the LTI options granted to Kevin are set out in Section 6.2.4.

The term of Kevin's employment as Chief Financial Officer is ongoing. SG Fleet Australia can terminate by giving four weeks' notice in writing if performance standards associated

with the role are not met. Other circumstances, including serious misconduct, illegal or criminal actions and prolonged absences, can result in immediate termination. The employment contract also deals with termination due to redundancy and changed requirements of **sgfleet**, both of which require four weeks' notice to be given by SG Fleet Australia. Kevin is entitled to terminate his employment as Chief Financial Officer of **sgfleet** by giving four weeks' notice if there is a material change of circumstances with regards to his employment at **sgfleet** or at any time by giving three months' notice.

Kevin is entitled to certain benefits in the event of termination of this employment contract. Where termination is due to illness or mental disability, Kevin is entitled to receive payment equal to 26 weeks' base salary. Where his employment is terminated by SG Fleet Management for redundancy or changed requirements of **sgfleet**, or is terminated by Kevin for a material change of circumstances, Kevin is entitled to receive a payment up to a maximum of 48 weeks' base salary (determined by age and length of service).

Upon termination, Kevin is bound by a restraint period nominated by SG Fleet Management, up to a maximum of six months, during which time he cannot compete with **sgfleet** or provide services in any capacity to a **sgfleet** competitor. During a period of 12 months from Kevin's termination, he must not solicit **sgfleet** clients or employees. The restraint applies to Australia, New Zealand and the United Kingdom. As consideration for Kevin agreeing to be bound by such restraint, SG Fleet Australia has agreed to pay Kevin an amount of restraint consideration that is equal to his monthly remuneration package (excluding any bonus) multiplied by the number of months in the restraint period nominated by SG Fleet Management.

6.2.3.3 Remuneration of other key management

Each other member of **sgfleet**'s management is employed under individual employment agreements. These agreements provide for a total compensation including a base salary, superannuation contribution and incentive arrangements; variable notice and termination provisions, including termination payments of up to a maximum of 48 weeks' base salary (determined by age and length of service); provisions for redundancy; and variable restraint provisions, including payment of restraint consideration.

6.2.3.4 Other interests of key management

Members of the key management team, including Robbie Blau, hold Existing Shares and Options in SG Fleet Holdings. Under the Deed Polls and certain other arrangements entered into between the Existing Owners, upon Completion of the IPO, Management Shareholders (including Robbie Blau) will receive:

- their pro-rata share of the \$67.4 million pre-IPO dividend
- cash consideration of \$10.60 per Existing Share for the sale of certain Existing Shares to Bluefin

13) As disclosed in this Prospectus.

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- of a combination of:
 - cash consideration of \$9.25 per Existing Share¹⁴ and \$7.20 per Option (respectively)
 - consideration in the form of Shares in the ratio of 5 Shares for every 1 Existing Share

for the sale of the remainder of their Existing Shares and Options to SG Fleet Group (through a subsidiary)

Robbie Blau has elected to receive cash consideration for the sale of 6.8% of his Existing Shares¹⁵ and 100% of his Options, and will receive 6,756,425 Shares for the remainder of his interests. Other Management Shareholders have elected to receive cash consideration for the sale of 6.8% of their Existing Shares¹⁵ and 100% of their Options, and will receive 9,552,180 Shares in aggregate for their remainder of their interests.

Refer to Section 7.1.6 for details of the Existing Owners' interests in SG Fleet Holdings and Section 9.6.2 for further details of the Deed Polls.

Management Shareholders (including Robbie Blau) and Bonus Share recipients will directly and indirectly hold approximately 7.4% of the Shares on issue at Completion. These Shares will be subject to voluntary escrow arrangements. Please refer to Section 6.2.4.3 and Section 7.6 for further detail on the escrow arrangements.

6.2.4 Employee incentive plans

SG Fleet Group has established the Plan in order to facilitate remuneration arrangements for *sgfleet* employees and enhance the alignment of their interests with those of shareholders.

6.2.4.1 The Plan

The rules of the Plan (**Plan Rules**) provide the framework under which the Plan and individual grants will operate.

The key features of the Plan are outlined in Table 45 below.

Table 45: Key features of the Plan

Key feature	Description
Eligibility	Offers may be made at the Board's discretion to employees of SG Fleet Group or its related bodies corporate or any other person that the Board determines to be eligible to receive a grant under the Plan.
Types of securities	<p>The Plan Rules provide flexibility for SG Fleet Group to grant one or more of the following securities as incentives, subject to the terms of individual offers:</p> <ul style="list-style-type: none"> • performance rights • options • restricted shares <p>Options are an entitlement to receive a Share upon satisfaction of applicable conditions and payment of an applicable exercise price. Performance rights and restricted shares are an entitlement to receive a Share for no consideration upon satisfaction of applicable conditions.</p> <p>Unless otherwise specified in an offer document, the Board has the discretion to settle performance rights or options with a cash equivalent payment.</p>
Offers under the Plan	<p>The Board may make offers at its discretion and any offer documents must contain the information required by the Plan Rules. The Board has the discretion to set the terms and conditions on which it will offer performance rights, options and restricted shares in individual offer documents.</p> <p>Offers must be accepted by the employee and can be made on an opt-in or opt-out basis. SG Fleet Group intends to make opt-out offers.</p>
Issue price	Unless the Board determines otherwise, no payment is required for a grant of a performance right, option or restricted share under the Plan.
Vesting	<p>Vesting of performance rights, options and restricted shares under the Plan is subject to any vesting or performance conditions determined by the Board and specified in the offer document.</p> <p>Options must be exercised by the employee and the employee is required to pay the exercise price before Shares are allocated.</p> <p>Subject to the Plan Rules and the terms of the specific offer document, any performance rights, options or restricted shares will either lapse or be forfeited if the relevant vesting and performance conditions are not satisfied.</p>

¹⁴) Does not include existing unvested options which will be cancelled as part of the pre-IPO restructure for no consideration.

¹⁵) Includes the sale of Existing Shares to Bluefin.

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Key feature	Description
Cessation of employment	Under the Plan Rules, the Board has a broad discretion in relation to the treatment of entitlements on cessation of employment. It is intended that individual offer documents will provide more specific information on how the entitlements will be treated if the participating employee ceases employment.
Clawback and preventing inappropriate benefits	The Plan Rules provide the Board with broad 'clawback' powers if, amongst other things, the participant has acted fraudulently or dishonestly, engaged in gross misconduct or has acted in a manner that has brought SG Fleet Group or its related bodies corporate into disrepute, or there is a material financial misstatement, or SG Fleet Group is required or entitled under law or company policy to reclaim remuneration from the participant, or the participant's entitlements vest as a result of the fraud, dishonesty or breach of obligations of any other person and the Board is of the opinion that the incentives would not have otherwise vested.
Change of control	The Board may determine that all or a specified number of a participant's performance rights, options or restricted shares will vest or cease to be subject to restrictions on a change of control event in accordance with the Plan Rules.
Other terms	The Plan contains customary and usual terms for dealing with administration, variation, suspension and termination of the Plan.

6.2.4.2 2014 long term incentive offer under the Plan

SG Fleet Group intends to offer options as long term incentives which it will grant under the Plan (LTI).

The key terms of the proposed initial LTI grant is summarised in Table 46 below.

Table 46: Key terms of the proposed LTI grant

Key term	Description										
Participants	The LTI offer will be made to the CEO, CFO and other senior executives.										
Grant date and timing of future offers	The LTI award will be made at or around the time of the initial listing of SG Fleet Group. Any future grants will be at the discretion of the Board and subject to any requirements for shareholder approval.										
Grant of options	<p>The LTI offer will comprise of options to acquire Shares.</p> <p>The number of options granted will be based on a fixed percentage of the relevant participant's total fixed remuneration and will be issued to the participant at no cost.</p>										
Performance conditions, performance period and vesting	<p>Options granted as part of the LTI offer will vest subject to the satisfaction of performance conditions. The performance conditions will be tested over a performance period of at least 3 years.</p> <p>The performance conditions must be satisfied in order for the options to vest and become exercisable. For the 2014 LTI offer it is intended that the performance conditions will be based on the compound annual growth rate (CAGR) of SG Fleet Group's earnings per share (EPS).</p> <p>The percentage of options that vest and become exercisable, if any, will be determined by reference to the following vesting schedule:</p> <table border="1"> <thead> <tr> <th>Company's CAGR of EPS over the Performance Period</th> <th>% of Options that become exercisable</th> </tr> </thead> <tbody> <tr> <td>Less than 5% CAGR</td> <td>Nil</td> </tr> <tr> <td>5% CAGR (threshold performance)</td> <td>30%</td> </tr> <tr> <td>Between 5% and 15% CAGR</td> <td>Straight line pro rata vesting between 30% and 100%</td> </tr> <tr> <td>15% CAGR or above (stretch performance)</td> <td>100%</td> </tr> </tbody> </table> <p>Any options that remain unvested at the end of the performance period will lapse immediately.</p>	Company's CAGR of EPS over the Performance Period	% of Options that become exercisable	Less than 5% CAGR	Nil	5% CAGR (threshold performance)	30%	Between 5% and 15% CAGR	Straight line pro rata vesting between 30% and 100%	15% CAGR or above (stretch performance)	100%
Company's CAGR of EPS over the Performance Period	% of Options that become exercisable										
Less than 5% CAGR	Nil										
5% CAGR (threshold performance)	30%										
Between 5% and 15% CAGR	Straight line pro rata vesting between 30% and 100%										
15% CAGR or above (stretch performance)	100%										

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Key term	Description
Exercise of options	<p>The participant must exercise any vested options within 12 months of vesting. After 12 months, any unexercised options will lapse.</p> <p>In order to exercise the options, participants must submit an exercise notice and pay the exercise price. The exercise price payable by the participant on vesting of the options will be notified to the participant in the offer document.</p> <p>The participant will be entitled to receive one Share for each option that vests and is exercised. The Board may make an equivalent cash payment in lieu of providing Shares to the participant.</p>
Rights associated with options	The options do not carry dividends or voting rights prior to vesting and exercise.
Restrictions on dealing	Participants must not sell, transfer, encumber, hedge or otherwise deal with options.
Cessation of employment	<p>If the participant ceases employment for cause, the unvested options will automatically lapse unless the Board determines otherwise.</p> <p>In other circumstances, the options will remain on foot with a broad discretion for the Board to vest or lapse some or all of the options, the latter of which the Board will ordinarily be expected to exercise in the case of resignation.</p>
Change of control	In a situation where there is likely to be a change of control, the Board has the discretion to accelerate vesting of some or all of the options and the Board will notify the participant of the date on which any vested but unexercised options will expire. Where only some of the options are vested on a change of control, the remainder of the options will immediately lapse.

Further details regarding the grants to the CEO and CFO are set out below, however these grants will otherwise be granted on the key terms of the LTI offer outlined above. Grants to other participants will be on similar terms, at the discretion of the Board.

Grant of options to the CEO

A LTI offer of options will be made to the CEO at or around the date of initial listing of SG Fleet Group.

The CEO will have a maximum LTI opportunity of up to 120% of his Total Fixed Remuneration. Under the LTI offer, the CEO will be entitled to receive options worth \$768,000 in value. The final number of options awarded to the CEO will be calculated by an independent advisor based on the Black Scholes pricing model.

Each option will be granted with an exercise price of \$1.85.

The options will be granted to the CEO under the Plan and subject to the key terms and vesting and performance conditions of the LTI offer outlined above.

Grant of options to the CFO

A LTI offer of options will also be made to the CFO at or around the date of initial listing of SG Fleet Group.

The CFO will have a maximum LTI opportunity of up to 90% of his Total Fixed Remuneration. Under the LTI offer, the CFO will be entitled to receive options worth \$315,000 in value. The final number of options awarded to the CFO will be calculated by an independent advisor based on the Black Scholes pricing model.

Each option will be granted with an exercise price of \$1.85.

The options will be granted to the CFO under the Plan and subject to the key terms and vesting and performance conditions of the LTI offer outlined above.

6.2.4.3 Bonus share and cash offer under the Plan

The Board has made a one-off offer of Bonus Shares and a cash bonus payment worth a total of \$4,650,000 to be granted under the Plan in relation to the initial listing of SG Fleet Group. The cash component will be used to meet employees' taxation obligations in respect of the award of Bonus Shares. It is intended that the Bonus Shares will be issued on Settlement of the Offer.

The key features of the offer of Bonus Shares are set out in the table on the next page.

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Table 47: Key features of the offer of Bonus Shares

Key feature	Description
Participants	The participants are a number of employees of <i>sgfleet</i> who are employed in managerial level roles. None of these participants are Existing Owners. Peter Mountford (Director of SG Fleet Group and CEO and director of Super Group Limited) and Colin Brown (CFO and director of Super Group Limited) are also participants.
Grant of Bonus Shares	Bonus Shares are granted as restricted shares under the Plan at no cost to the participants.
Escrow arrangement	Once issued, the Bonus Shares are placed in escrow and will be released to the participants in two equal tranches, the first tranche of Shares will be escrowed until the date on which the audited financial accounts of SG Fleet Group for the financial year ended 30 June 2015 have been released to the ASX and the second tranche until 28 February 2017. In order to effect the escrow arrangement, the Bonus Shares are held on trust for the participant by an equity plan trustee until they vest or are otherwise forfeited.
Rights during the escrow period	The participant is able to direct the trustee how to vote the Bonus Shares and is entitled to receive dividends earned during the escrow period.
Restrictions on dealing	Participants must not sell, transfer, encumber, hedge or otherwise deal with Bonus Shares during the escrow period.
Cessation of employment	Upon cessation of employment, a participating employee's Bonus Shares will continue to be held on trust until the end of the relevant escrow period.
Change of control	In a situation where there is likely to be a change of control, the Board has the discretion to release some or all of the Bonus Shares from escrow.

6.3 Corporate governance

The main policies and practices adopted by SG Fleet Group are summarised below. Details of SG Fleet Group's key policies and practices and the charters for the Board and each of its committees are available on *sgfleet*'s website at www.sgfleet.com.

The Board monitors the operational and financial position and performance of SG Fleet Group and oversees its business strategy, including approving the strategic goals of SG Fleet Group. The Board is committed to maximising performance, generating appropriate levels of Shareholder value and financial return, and sustaining the growth and success of SG Fleet Group.

In conducting business with these objectives, the Board is committed to ensuring that SG Fleet Group is properly managed to protect and enhance Shareholder interests, and that SG Fleet Group, its Directors, officers and employees operate in an appropriate environment of corporate governance. Accordingly, the Board has created a framework for managing SG Fleet Group, including adopting relevant internal controls, risk management processes and corporate governance policies and practices, which it believes are appropriate for SG Fleet Group's business and which are designed to promote the responsible management and conduct of SG Fleet Group. Details of SG Fleet Group's corporate governance policies are set out in Section 6.4 below.

6.3.1 ASX corporate governance principles

SG Fleet Group is seeking a listing on ASX. The ASX Corporate Governance Council has developed and released its ASX Corporate Governance Principles and Recommendations (**ASX Recommendations**) for ASX listed entities in order to promote investor confidence and to assist companies in meeting stakeholder expectations. The ASX Recommendations are not prescriptions, but guidelines. However, under the ASX Listing Rules, SG Fleet Group will be required to provide a statement in its annual report disclosing the extent to which it has followed the ASX Recommendations in the reporting period. Where SG Fleet Group does not follow a recommendation, it must identify the recommendation that has not been followed and give reasons for not following it. SG Fleet Group intends to comply with all of the ASX Recommendations from the time of its listing.

6.3.2 Board of Directors

The Board of Directors comprises five Directors, including an independent, non-executive Chairman, three non-executive Directors and one executive Director. Detailed biographies of the Directors are provided in Section 6.1.1. The Board considers directors to be independent where they are not members of management (a non-executive director) and are free of any business or other relationship that could materially interfere with, or could reasonably be perceived to interfere with, the exercise of their unfettered and independent judgement. The

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Board will consider the materiality of any given relationship on a case-by-case basis and has adopted materiality guidelines to assist it in this regard. The Board regularly reviews the independence of each Director in light of information disclosed by each Director to the Board.

The Board considers that each of Andrew Reitzer, Graham Maloney and Cheryl Bart is free from any business or any other relationship that could materially interfere with, or reasonably be perceived to interfere with the independent exercise of their judgement and is able to fulfil the role of an independent Director for the purposes of the ASX Recommendations.

Peter Mountford and Robbie Blau are considered by the Board not to be independent for the purposes of the ASX Recommendations, as:

- Peter Mountford is a nominee of Super Group
- Robbie Blau is the Chief Executive Officer of SG Fleet Group

6.3.3 Board charter

The Board has adopted a charter to provide a framework for the effective operation of the Board. The Board charter sets out:

- the Board's composition and process
- the Board's roles and responsibilities
- the relationship and interaction between the Board and management
- the authority delegated by the Board to management and Board Committees

The Board's role is to:

- represent and serve the interests of Shareholders by overseeing and appraising SG Fleet Group's strategies, policies and performance. This includes overseeing the financial and human resources SG Fleet Group has in place to meet its objectives and reviewing management performance
- protect and optimise SG Fleet Group performance and build sustainable value for Shareholders in accordance with any duties and obligations imposed on the Board by law and SG Fleet Group's Constitution and within a framework of prudent and effective controls that enable risk to be assessed and managed
- set, review and ensure compliance with SG Fleet Group's values and governance framework (including establishing and observing high ethical standards)
- ensure Shareholders are kept informed of SG Fleet Group's performance and major developments affecting its state of affairs

The management function is conducted by, or under the supervision of, the CEO as directed by the Board (and by other officers to whom the management function is properly delegated by the CEO). Management must supply the Board with information in a form, timeframe and quality that will enable the Board to discharge its duties effectively.

The Board has adopted a performance evaluation process in relation to the Board and its committees. Each year, the

Directors will provide written feedback in relation to the performance of the Board and its committees against a set of agreed criteria. Each committee of the Board will also be required to provide feedback in terms of a review of its own performance. Feedback will be collected by the chair of the Board, or an external facilitator, and discussed by the Board, with consideration being given as to whether any steps should be taken to improve performance of the Board or its committees. The CEO will also provide feedback from senior management in connection with any issues that may be relevant in the context of the Board performance review. Where appropriate to facilitate the review process, assistance may be obtained from third-party advisers.

6.3.4 Board committees

The Board may, from time-to-time, establish appropriate committees to assist in the discharge of its responsibilities. The Board has established the Audit, Business Risk and Compliance Committee and the Nomination and Remuneration Committee. Other committees may be established by the Board as and when required.

6.3.4.1 Audit, Business Risk and Compliance Committee

The Audit, Business Risk and Compliance Committee's role is to assist the Board in carrying out its accounting, auditing and financial reporting responsibilities, including:

- overseeing SG Fleet Group's relationship with the external auditor and the external audit function generally
- overseeing SG Fleet Group's relationship with the internal auditor and the internal audit function generally
- overseeing the preparation of the financial statements and reports
- overseeing SG Fleet Group's financial controls and systems
- managing the process of identification and management of business and financial risk

The Audit, Business Risk and Compliance Committee comprises Graham Maloney (Chairman), Cheryl Bart and Peter Mountford.

6.3.4.2 Nomination and Remuneration Committee

The Nomination and Remuneration Committee's role is to:

- review and recommend to the Board the size and composition of the Board, including review of Board succession plans and the succession of the Chairman and CEO, having regard to the objective that the Board comprise directors with a broad range of skills, expertise and experience from a broad range of backgrounds, including gender
- review and recommend to the Board the criteria for Board membership, including the necessary and desirable competencies of Board members; and the time expected to be devoted by non-executive Directors in relation to SG Fleet Group's affairs
- review and recommend to the Board membership of the Board, including making recommendations for the

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re-election of Directors, subject to the principle that a Committee member must not be involved in making recommendations to the Board in respect of themselves; and assisting the Board as required to identify individuals who are qualified to become Board members (including in respect of executive Directors), in accordance with the policy outlined in section 4 of the Charter

- assist the Board as required in relation to the performance evaluation of the Board, its committees and individual Directors, and in developing and implementing plans for identifying, assessing and enhancing Director competencies
- ensure that an effective induction process is in place and regularly review its effectiveness
- on an annual basis, review the effectiveness of SG Fleet Group's Diversity Policy by assessing SG Fleet Group's progress towards the achievement of the measurable objectives and any strategies aimed at achieving the objectives, and reporting to the Board recommending any changes to the measurable objectives, strategies or the way in which they are implemented
- in accordance with SG Fleet Group's Diversity Policy, on an annual basis, review the relative proportion of women and men in the workforce at all levels of *sgfleet*, and submit a report to the Board, which outlines the Committee's findings

The Nomination and Remuneration Committee comprises Andrew Reitzer (Chairman), Cheryl Bart, and Peter Mountford.

6.4 Corporate governance policies

The Board has adopted the following corporate governance policies, each having been prepared having regard to the ASX Recommendations and which are available on *sgfleet*'s website at www.sgfleet.com.

6.4.1 Diversity Policy

The Board has adopted a Diversity Policy in order to ensure a work environment where people are treated fairly and with respect notwithstanding their gender, ethnicity, disability, age or educational experience. The Board will include in the Annual Report each year a summary of SG Fleet Group's progress towards achieving the measurable objectives set under this Policy for the year to which the Annual Report relates and details of the measurable objectives set under this Policy for the subsequent financial year.

6.4.2 Continuous Disclosure Policy

Once listed, SG Fleet Group will be required to comply with the continuous disclosure requirements of the ASX Listing Rules and the Corporations Act. Subject to the exceptions contained in the ASX Listing Rules, SG Fleet Group will be required to disclose to ASX any information concerning SG Fleet Group which is generally not available and which a reasonable person would expect to have a material effect on the price or value of Shares. SG Fleet Group is committed to observing its disclosure obligations under the ASX Listing Rules and the Corporations Act.

SG Fleet Group has adopted a Continuous Disclosure Policy to take effect from listing on ASX which establishes procedures which are aimed at ensuring that Directors and management are aware of and fulfil their obligations in relation to the timely disclosure of material price-sensitive information.

6.4.3 Securities Trading Policy

SG Fleet Group has adopted a Securities Trading Policy for dealing in securities which is intended to explain the types of conduct in dealing in securities that are prohibited under the Corporations Act and to establish a best practice procedure in dealing in Shares by Directors, officers, senior executives, employees of *sgfleet*, and their connected persons. The Securities Trading Policy sets out restrictions that apply to dealing with Shares, including "blackout periods", during which relevant persons are not permitted to deal in Shares (except in exceptional circumstances) and a procedure under which Directors and senior executives (and their connected persons) may deal in any other period subject to approval.

6.4.4 Policy on non-audit services provided by the independent external auditors

The Audit, Business Risk and Compliance Committee is responsible for the development and oversight of SG Fleet Group's policy on the engagement of the external auditor to supply non-audit services and ensure compliance with the Policy. To ensure auditor independence is maintained, SG Fleet Group requires all engagements of the external auditor to provide non-audit services to be approved in writing by the Chief Financial Officer and, in some circumstances, by the Audit, Business Risk and Compliance Committee.

6.4.5 Code of Conduct

The Board is committed to a high level of integrity and ethical standards in all business practices. Accordingly, the Board has adopted a formal Code of Conduct which outlines how SG Fleet Group expects its representatives to behave and conduct business in the workplace and includes legal compliance and guidelines on appropriate ethical standards. All employees of *sgfleet* (including temporary employees, contractors and SG Fleet Group's Directors) must comply with the Code of Conduct.

6.4.6 Communications with Shareholders

The Board's aim is to ensure that Shareholders are kept informed of all major developments affecting the state of affairs of SG Fleet Group. In addition to SG Fleet Group's continuous disclosure obligations, SG Fleet Group has a policy of seeking to keep Shareholders informed. All ASX announcements made to the market, including annual and half year financial results, are posted on *sgfleet*'s website at www.sgfleet.com as soon as they have been released by the ASX. Copies of all investor presentations made to analysts and media briefings are also posted on *sgfleet*'s website. The website also contains a facility for the Shareholders to direct queries to *sgfleet*.



Section 7

Details of the Offer



7. Details of the Offer

7.1 Description of the Offer

This Prospectus relates to an initial public offering of 101.9 million shares in SG Fleet Group at an Offer Price of \$1.85 per Share. On Completion of the Offer, 140.7 million Shares will be held by Existing Owners and Bonus Share recipients. The 16.3 million Shares held by Management Shareholders and the 1.6 million Bonus Shares will be subject to the voluntary escrow agreements described in Section 7.6. The total number of Shares on issue at the Completion of this Offer will be 242.7 million. All Shares will rank equally with each other.

The Offer comprises the Broker Firm Offer (see Section 7.3.1), the Priority Offer (see Section 7.3.2) and the Institutional Offer (see Section 7.4). There is no general public offer of Shares.

The Offer has been fully underwritten by the Underwriters. A summary of the Underwriting Agreement, including the events which would entitle the Underwriters to terminate the Underwriting Agreement, is set out in Section 9.5.

The Offer is made on the terms, and is subject to the conditions, set out in this Prospectus.

7.1.1 Purpose of the Offer

The purpose of the Offer is to:

- give some of the Existing Owners an opportunity to realise their investment in **sgfleet**
- for SG Fleet Group facilitate payment of a dividend to the Existing Owners, declared in respect of the operation of the business up to Completion
- provide a liquid market for the Shares
- provide **sgfleet** with the benefits of an increased profile that arises from being a listed entity
- provide **sgfleet** with access to the capital markets to improve capital management flexibility
- assist **sgfleet** in attracting and retaining quality staff

7.1.2 Proceeds of the Offer

The Offer is expected to raise approximately \$188.6 million, which is equal to the number of Shares issued under the Offer multiplied by the Offer Price.

- The total sources of funds under the offer are expected to be \$277.2 million, which will fund the acquisition of Shares, RPS and Options in SG Fleet Holdings from the Existing Owners, fund the pre-IPO dividend and pay the fees and expenses of the offer as set out in Tables 48 and 49 below

Table 48: Sources of proceeds

Sources of proceeds	\$ million	%
Cash proceeds received from issue of Shares by SG Fleet Group ^(a)	188.6	68.0
Cash and cash equivalents of sgfleet as at 31 December 2013	80.5	29.0
Exit Fee paid by various Existing Owners ^(b)	8.1	2.9
Total sources	277.2	100.0%

Notes

(a) Does not include the reinvestment of \$10.2 million by Bluefin, a subsidiary of Super Group, of their share of the pro-rata pre-IPO dividend via a subscription for Shares in SG Fleet Group and Shares issued to Bluefin, as consideration for the purchase of \$11.2 million of RPS held by Bluefin's subsidiary, SG Fleet Mauritius Limited.

(b) Various Existing Owners have agreed to pay SG Fleet Group an Exit Fee for services rendered by **sgfleet** in respect of the Offer.

7. Details of the Offer

Table 49: Uses of proceeds

Uses of proceeds	\$ million	%
Payment to Existing Owners to purchase all of the Existing Shares and Options in SG Fleet Holdings ^(a)	167.5	60.4
Purchase of RPS ^(b)	9.3	3.3
Payment of pre-IPO dividend to Existing Owners ^(c)	57.2	20.6
Payment of costs of the Offer by SG Fleet Group ^(d)	8.2	3.0
Pro forma cash and cash equivalents	35.0	12.6
Total uses	277.2	100.0%

Notes

- (a) Includes 3,358,321 Options issued by SG Fleet Holdings that will vest on Settlement and will be acquired by SG Fleet Group (through a subsidiary) for \$7.20 per Option. All unvested options will be cancelled for no consideration. These Options were granted shortly after CHAMP Ventures Shareholders and Management Shareholders acquired an interest in *sgfleet* and do not include the options issued under the equity incentive Plan discussed in Section 6.2.4.
- (b) Total RPS outstanding at the date of the Original Prospectus is \$20.5 million. SG Fleet Mauritius, a managed subsidiary of Bluefin, has elected to receive Shares as consideration for the purchase of the RPS held by it from SG Fleet Group and has directed SG Fleet Group to issue such Shares to Bluefin (\$11.2 million). CHAMP Ventures Shareholders have elected to receive cash consideration for the purchase of the RPS held by them (\$9.3 million).
- (c) A total pre-IPO dividend of \$67.4 million was declared. Bluefin will reinvest \$10.2 million of their pro-rata pre-IPO dividend via a subscription for Shares in SG Fleet Group, prior to or on Settlement. The cash amount of the pre-IPO dividend to Existing Owners has been reduced accordingly.
- (d) Fees associated with the IPO include \$7.7 million of capitalised Offer costs and \$0.5 million of Offer related that are expensed through the statutory forecast consolidated statement of profit or loss.

7.1.3 Formation of SG Fleet Group and Settlement of the Offer

SG Fleet Group was incorporated in Victoria, Australia on 15 January 2014 and will become the new holding company of the *sgfleet* group as part of settlement of the Offer. At the date of the Original Prospectus, SG Fleet Group has not traded and has two Shares on issue (fully paid at \$1.00) currently held by the Bluefin and Philip Vallet, the Chairman of Super Group.

SG Fleet Group has also incorporated a wholly-owned subsidiary, SG Fleet Solutions, and has made an election to form a consolidated tax group. SG Fleet Solutions currently has one share on issue (fully paid at \$1.00) held by SG Fleet Group.

On Settlement of the Offer, the following key steps will occur:

- SG Fleet Holdings will pay a fully franked dividend of \$67.4 million to its ordinary shareholders (the Existing Owners). Part of the dividend will be funded by free cash in the business and the remainder will be funded via

proceeds from the issue of Shares. Bluefin will reinvest a portion of the dividend received by it to subscribe for 5,524,540 additional Shares in SG Fleet Group

- CHAMP Ventures Shareholders and Management Shareholders will sell 1,698,844 ordinary shares in SG Fleet Holdings to Bluefin
- the Existing Owners will transfer the Existing Shares and RPS in SG Fleet Holdings held by them (and, in the case of Management Shareholders, any Options that the Board of SG Fleet Holdings have determined will vest on the Settlement Date) to SG Fleet Group (through a subsidiary). The Existing Owners will receive either Shares issued by SG Fleet Group or cash as consideration in accordance with the elections made by them
- SG Fleet Group will issue the Bonus Shares
- CHAMP Ventures Shareholders and Management Shareholders will pay SG Fleet Group the Exit Fee
- SG Fleet Group will issue Shares to investors under the Offer

7. Details of the Offer

7.1.4 Pro forma balance sheet

SG Fleet Group's pro forma balance sheet as at 31 December 2013, following the Completion of the Offer, including details of the pro forma adjustments, is set out in Section 4.5.

7.1.5 Capital structure

sgfleet's indebtedness as at 31 December 2013, both before and following Completion of the Offer, is set out in Section 4.6.

7.1.6 Shareholders

The details of the ownership of Shares upon Completion of the Offer are set out below.

Table 50: Ownership of Shares upon Listing

Existing Owner	Prior to Offer				On Completion of Offer	
	Existing Shares held ^(a)	Percentage shareholding	RPS ^(b)	Options ^(c)	Shares held	Percentage shareholding
Bluefin ^(d)	20.5 million	50.1%	11.2 million	–	122.8 million ^(e)	50.6%
CHAMP Ventures Shareholders	17.0 million	41.4%	9.3 million	–	–	–
Robbie Blau	1.5 million	3.5%	–	1.4 million	6.8 million ^(f)	2.8%
Other Management Shareholders ^(g)	2.1 million	5.0%	–	2.0 million	11.2 million ^(f)	4.6%
New Shareholders	–	–	–	–	101.9 million	42.0%
Total	41.0 million	100.0%	20.5 million	3.4 million	242.7 million	100.0%

Notes

(a) The Existing Shares will be acquired by SG Fleet Group (through a subsidiary) on Settlement. Refer to Sections 6.2.3.4 and 9.6 for further details.

(b) The RPS will be purchased by SG Fleet Group (through a subsidiary) on Settlement. Refer to Sections 6.2.3.4 and 9.6 for further details.

(c) Options that will vest on Settlement and will be acquired by SG Fleet Group (through a subsidiary) on Settlement. Refer to Sections 6.2.3.4 and 9.6 for further details.

(d) Bluefin is a wholly owned subsidiary of Super Group. Bluefin's subsidiary, SG Fleet Mauritius Limited, holds the RPS.

(e) Bluefin's subsidiary, SG Fleet Mauritius Limited, has directed that the Shares to be allotted on the acquisition of the RPS by SG Fleet Group (through a subsidiary) be allotted to Bluefin.

(f) Shares held by Management Shareholders on Completion and the Bonus Shares will be subject to voluntary escrow arrangements. Refer to Section 7.6 for further information.

(g) These amounts represent the Existing Shares initially purchased by the Management Shareholders and remaining RPS. It includes the Bonus Shares issued to other members of management and Peter Mountford and Colin Brown.

7.1.7 Control implications of the Offer

Super Group will control SG Fleet Group on Completion of the Offer (as defined in Section 50AA of the Corporations Act).

In a public announcement on 6 January 2014 Super Group expressed its intention to retain its current majority shareholding of SG Fleet and that it will continue to consolidate SG Fleet in its accounts. Super Group also announced that it remains committed to the long term growth of the *sgfleet* business.

7. Details of the Offer

7.2 Terms and conditions of the Offer

Table 51: Terms and conditions of the Offer

Topic	Summary
What is the type of security being offered?	Shares (being fully paid ordinary shares in SG Fleet Group).
What are the rights and liabilities attached to the security being offered?	A description of the Shares, including the rights and liabilities attaching to them, is set out in Section 7.9 below.
What is the consideration payable for each security?	The Offer Price is \$1.85 per Share.
What is the Offer period?	The key dates, including details of the Offer period, are set out in Key Dates on page 3. No Shares will be issued on the basis of this Prospectus later than the Expiry Date.
What are the cash proceeds to be raised?	\$188.6 million will be raised under the Institutional Offer, the Broker Firm Offer and the Priority Offer.
What is the minimum and maximum application size under the Broker Firm Offer and the Priority Offer?	<p>The minimum application under the Broker Firm Offer is \$2,000, and in multiples of \$500 thereafter, as directed by the Applicant's Broker. There is no maximum value of Shares that may be applied for under the Broker Firm Offer.</p> <p>The minimum application under the Priority Offer is \$10,000, and in multiples of \$5,000 thereafter. Applications under the Priority Offer will be limited to \$4 million in aggregate.</p> <p>The Underwriters and SG Fleet Group reserve the right to reject any Application or to allocate a lesser number of Shares than that applied for.</p>
What is the allocation policy?	<p>The allocation of Shares between the Broker Firm Offer, the Priority Offer and the Institutional Offer will be determined by the Underwriters in agreement with SG Fleet Group, having regard to the allocation policy outlined in Sections 7.3.1.6, 7.3.2.4, 7.3.3.4 and 7.4.2.</p> <p>With respect to the Broker Firm Offer, approximately \$66.5 million of Shares have been allocated to the Broker Firm Offer. Prior to the date of the Original Prospectus, certain Institutional Investors committed to the Underwriters to acquire Shares as described in Section 7.4.</p> <p>The allocation of Shares among Applicants in the Institutional Offer was determined by the Underwriters in agreement with SG Fleet Group. For further information on the Institutional Offer refer to Section 7.4.</p> <p>The Broker Firm Offer, the Priority Offer and the Institutional Offer are not open to investors in the United States.</p> <p>For further information on the:</p> <ul style="list-style-type: none">• Broker Firm Offer, see Section 7.3.1• Priority Offer, see Section 7.3.2• Institutional Offer, see Section 7.4
Are there any restrictions on Shareholdings?	There are certain restrictions on the number of Shares a Shareholder and its affiliates and associates may hold without approval from relevant regulators as a result of licencing or regulatory requirements in certain jurisdictions in which SG Fleet Group operates. Investors should obtain legal advice if they wish to acquire substantial holdings in SG Fleet Group.
When will I receive confirmation whether my application has been successful?	It is expected that initial holding statements will be despatched by standard post on or about 10 March 2014.

7. Details of the Offer

Topic	Summary
Will the securities be listed?	<p>SG Fleet Group has applied for admission to the official list of the ASX and quotation of Shares on the ASX under the code 'SGF'. Completion of the Offer is conditional on the ASX approving this application. If approval is not given within three months after such application is made (or any longer period permitted by law), the Offer will be withdrawn and all Application Monies received will be refunded without interest as soon as practicable in accordance with the requirements of the Corporations Act.</p> <p>SG Fleet Group will be required to comply with the ASX Listing Rules, subject to any waivers obtained by SG Fleet Group from time to time.</p> <p>The ASX takes no responsibility for this Prospectus or the investment to which it relates. The fact that the ASX may admit SG Fleet Group to the official list is not to be taken as an indication of the merits of SG Fleet Group or the Shares offered for subscription.</p>
When are the securities expected to commence trading?	<p>It is expected that trading of the Shares on the ASX will commence on or about 4 March 2014, initially on a conditional and deferred settlement basis. The contracts formed on acceptance of Applications and confirmations of allocations will be conditional on the ASX agreeing to quote the Shares on the ASX, and on issue of the Shares occurring. Trades occurring on the ASX before issue occurring will be conditional on such allotment issue.</p> <p>Conditional trading will continue until SG Fleet Group has advised the ASX that: (i) Settlement has occurred; and (ii) SG Fleet Group has issued Shares to successful Applicants under the Offer, which is expected to be on or about 7 March 2014.</p> <p>From 7 March 2014, trading will be on an unconditional but deferred settlement basis until SG Fleet Group has advised the ASX that holding statements have been dispatched to Shareholders.</p> <p>Normal settlement trading is expected to commence on or about 11 March 2014. If Settlement has not occurred within 14 days (or such longer period as the ASX allows) after the day Shares are first quoted on the ASX, the Offer and all contracts arising on acceptance of the Offer and confirmations of allocations will be cancelled and of no further effect and all Application Monies will be refunded (without interest). In these circumstances, all purchases and sales made through the ASX participating organisations during the conditional trading period will be cancelled and of no effect.</p> <p>It is the responsibility of each Applicant to confirm their holding before trading in Shares. Applicants who sell Shares before they receive an initial statement of holding do so at their own risk.</p> <p>SG Fleet Group and the Underwriters disclaim all liability, whether in negligence or otherwise, to persons who sell Shares before receiving their initial statement of holding, whether on the basis of a confirmation of allocation provided by any of them, by the sgfleet Offer Information Line, by a Broker or otherwise.</p>
Is the Offer underwritten?	Yes, the Underwriters have fully underwritten the Offer. Details are provided in Section 9.5.
Are there any escrow arrangements?	Yes, details are provided in Section 7.6.
Has any ASIC relief or ASX waiver been obtained or been relied on?	No, except as described in Section 9.11.
Are there any tax considerations?	Refer to Section 9.10.
Are there any brokerage, commission or stamp duty considerations?	<p>No brokerage, commission or stamp duty is payable by Applicants on acquisition of Shares under the Offer.</p> <p>See Section 9.6 for details of various fees payable by SG Fleet Group to the Underwriters.</p>
What should I do with any enquiries?	<p>All enquiries in relation to this Prospectus should be directed to the sgfleet Offer Information Line on 1300 317 954 (within Australia) or +61 3 9415 4845 (outside Australia) from 8.30am to 5.00pm Sydney Time, Monday to Friday (Business Days only).</p> <p>If you are unclear in relation to any matter or are uncertain as to whether SG Fleet Group is a suitable investment for you, you should seek professional guidance from your solicitor, stockbroker, accountant or other independent and qualified professional adviser before deciding whether to invest.</p>

7. Details of the Offer

7.3 Broker Firm Offer and Priority Offer

7.3.1 Broker Firm Offer

7.3.1.1 Who can apply?

The Broker Firm Offer is open to Retail Investors who have received a firm allocation from their Broker and who have a registered address in Australia. If you have been offered a firm allocation by a Broker, you will be treated as an Applicant under the Broker Firm Offer in respect of that allocation. You should contact your Broker to determine whether they may allocate Shares to you under the Broker Firm Offer.

The Broker Firm Offer is not open to persons in the United States.

7.3.1.2 How to apply?

Applications for Shares may only be made on an Application Form attached to or accompanying this Prospectus or in its paper copy form which may be downloaded in its entirety from www.sgfleet.com/global/investor-relations/prospectus. If you are an investor applying under the Broker Firm Offer, you should complete and lodge your Application Form with the Broker from whom you received your firm allocation. Application Forms must be completed in accordance with the instructions given to you by your Broker and the instructions set out on the Application Form.

By making an Application, you declare that you were given access to this Prospectus (or any replacement Prospectus), together with an Application Form. The Corporations Act prohibits any person from passing an Application Form to another person unless it is attached to, or accompanied by, a hard copy of this Prospectus or the complete and unaltered electronic version of this Prospectus.

The minimum application under the Broker Firm Offer is \$2,000 worth of Shares and in multiples of \$500 thereafter. There is no maximum value of Shares that may be applied for under the Broker Firm Offer. However, SG Fleet Group and the Underwriters reserve the right to aggregate any Applications which they believe may be multiple Applications from the same person or reject or scale back any Applications in the Broker Firm Offer which are for more than \$250,000. SG Fleet Group may determine a person to be eligible to participate in the Broker Firm Offer, and may amend or waive the Broker Firm Offer application procedures or requirements, in its discretion in compliance with applicable laws.

Applicants under the Broker Firm Offer must lodge their Application Form and Application Monies with the relevant Broker in accordance with the relevant Broker's directions in order to receive their firm allocation. Applicants under the Broker Firm Offer must not send their Application Forms to the Share Registry.

The Broker Firm Offer opens on 21 February 2014 and is expected to close on 28 February 2014. SG Fleet Group and the Underwriters may elect to extend the Offer or any part of it, or accept late Applications either generally or in particular cases. The Offer, or any part of it, may be closed at any earlier date and time, without further notice. Your Broker may also impose an earlier closing date. Applicants

are therefore encouraged to submit their Applications as early as possible. Please contact your Broker for instructions.

7.3.1.3 How to pay

Applicants under the Broker Firm Offer must pay their Application Monies in accordance with instructions received from their Broker.

7.3.1.4 Broker Firm Offer allocation policy

The allocation of firm stock to Brokers will be determined by the Underwriters and SG Fleet Group. Shares which have been allocated to Brokers for allocation to their Australian resident retail clients will be issued or transferred to the Applicants who have received a valid allocation of Shares from those Brokers (subject to the right of SG Fleet Group and the Underwriters to reject or scale back Applications which are for more than \$250,000). It will be a matter for those Brokers how they allocate Shares among their retail clients, and they (and not SG Fleet Group or the Underwriters) will be responsible for ensuring that retail clients who have received an allocation from them, receive the relevant Shares.

7.3.1.5 Announcement of final allocation policy in the Broker Firm offer

SG Fleet Group expects to announce the final allocation policy under the Broker Firm Offer on or about 4 March 2014. It is expected that this information will be advertised in The Sydney Morning Herald, The Melbourne Age, The Australian and The Australian Financial Review on that same day. Applicants in the Broker Firm Offer will be able to call the *sgfleet* Offer Information Line on 1300 317 954 (within Australia) or +61 3 9415 4845 (outside Australia) from 8.30am to 5.00pm Sydney Time, Monday to Friday (Business Days only), from 4 March 2014 to confirm their allocations. Applicants under the Broker Firm Offer will also be able to confirm their allocation through the Broker from whom they received their allocation.

However, if you sell Shares before receiving a holding statement, you do so at your own risk, even if you obtained details of your holding from the *sgfleet* Offer Information Line or confirmed your allocation through a Broker.

7.3.2 Priority Offer

7.3.2.1 Who can apply?

The Priority Offer is open to certain investors nominated by *sgfleet*. If you are a Priority Offer Applicant, you should have received a personalised invitation to apply for Shares in the Priority Offer.

The Priority Offer is not open to persons in the United States.

7.3.2.2 How to apply?

If you have received a personalised invitation to apply for Shares under the Priority Offer and you wish to apply for all or some of those Shares, you should follow the instructions on your personalised invitation to apply.

You may apply for an amount up to and including the amount indicated on your personalised invitation. Applications under the Priority Offer must be for a minimum of \$10,000 worth of Shares and in multiples of \$5,000 worth of Shares thereafter.

7. Details of the Offer

7.3.2.3 How to pay

If you are a Priority Offer Applicant, you must pay for Shares applied for following the instructions on your personalised invitation.

7.3.2.4 Priority Offer allocation policy

Allocations under the Priority Offer will be at the absolute discretion of SG Fleet Group, provided that those allocations (in aggregate) do not exceed \$4 million.

Priority Offer Applicants will receive a guaranteed allocation up to and including the amount indicated on their personalised invitation. Any amount applied for in excess of this amount will be refunded in full (without interest), where Applicants receive a lesser number of Shares than the amount applied for.

7.3.3 Application Monies

SG Fleet Group reserves the right to decline any Application in whole or in part, without giving any reason. Applicants under the Broker Firm Offer and Priority Offer whose Applications are not accepted, or who are allocated a lesser number of Shares than the amount applied for, will receive a refund of all or part of their Application Monies, as applicable. Interest will not be paid on any monies refunded.

Applicants whose Applications are accepted in full will receive the whole number of Shares calculated by dividing the Application Amount by the Offer Price. Where the Offer Price does not divide evenly into the Application Amount, the number of Shares to be allocated will be determined by the Applicant's Broker. Cheque(s) or bank draft(s) must be in Australian Dollars and drawn on an Australian branch of an Australian bank, must be crossed 'Not Negotiable' and must be made payable in accordance with the directions of the Broker from whom the Applicant received a firm allocation.

Applicants should ensure that sufficient funds are held in the relevant account(s) to cover the amount of the cheque(s) or bank draft(s). If the amount of your cheque(s) or bank draft(s) for Application Monies (or the amount for which those cheque(s) or bank draft(s) clear in time for allocation) is less than the amount specified on your Application Form, you may be taken to have applied for such lower dollar amount of Shares as for which your cleared Application Monies will pay (and to have specified that amount on your Application Form) or your Application may be rejected.

7.3.4 Acceptance of Applications under the Broker Firm Offer or the Priority Offer

An Application in the Broker Firm Offer or the Priority Offer is an offer by an Applicant to SG Fleet Group to subscribe for Shares in the amount specified the Application Form at the Offer Price on the terms and conditions set out in this Prospectus (including any supplementary or replacement prospectus) and the Application Form. To the extent permitted by law, an Application by an Applicant under the Offer is irrevocable.

An Application may be accepted by SG Fleet Group and the Underwriters in respect of the full number of Shares specified in the Application Form or any of them, without further notice to the Applicant. Acceptance of an Application will give rise to a binding contract.

7.4 Institutional Offer

7.4.1 Invitations to Bid

Under the Institutional Offer, selected Australian resident Institutional Investors and other eligible Institutional Investors in certain jurisdictions outside the United States were invited to bid for an allocation of Shares under this Prospectus at the Offer Price per Share. The Underwriters have separately advised Institutional Investors of the Application procedures for the Institutional Offer.

7.4.2 Institutional Offer Allocation policy

The Underwriters and SG Fleet Group had absolute discretion regarding the basis of allocation of Shares among other Institutional Investors and there was no assurance that any such Institutional Investor would be allocated any Shares, or the number of Shares for which it had bid. Participants in the Institutional Offer have been advised of their allocation of Shares, if any, by the Underwriters.

The allocation policy for the invitations referred to in Section 7.4.1 was influenced by a number of factors including the following:

- number of Shares bid for by particular bidders
- the timeliness of the bid by particular bidders
- SG Fleet Group's desire for an informed and active trading market following listing on the ASX
- SG Fleet Group's desire to establish a wide spread of institutional shareholders
- overall level of demand under the Broker Firm Offer, the Priority Offer and the Institutional Offer
- the size and type of funds under management of particular bidders
- the likelihood that particular bidders will be long-term shareholders
- any other factors that SG Fleet Group and the Underwriters considered appropriate

7.5 Underwriting arrangements

The Offer is fully underwritten. The Underwriters and SG Fleet Group have entered into an Underwriting Agreement under which the Underwriters have been appointed as managers and underwriters of the Offer. The Underwriters agree, subject to certain conditions and termination events, to underwrite severally Applications for all Shares under the Offer in equal proportions. The Underwriting Agreement sets out a number of circumstances under which the Underwriters may terminate the Underwriting Agreement and their underwriting obligations.

A summary of certain terms of the agreement and underwriting arrangements, including the termination provisions, is provided in Section 9.5.

7. Details of the Offer

7.6 Escrow arrangements

All Shares held by the Management Shareholders and their respective controlled entities at Listing, details of which are set out in Section 7.1.4, will be subject to voluntary escrow arrangements until the date which is the earlier of the date the audited financial accounts of SG Fleet Group for FY2015 have been released to ASX and the date on which the Escrowed Shareholder ceases to be an employee of SG Fleet Group or its subsidiaries if his or her employment is terminated:

- due to his/her death
- by SG Fleet Group due to the serious disability or permanent incapacity through ill health of the employee (as determined by the Board, acting reasonably)
- by the employee if the termination is as a result of a breach of a material obligation in a material respect by SG Fleet Group (or a subsidiary of SG Fleet Group) of his/her employment contract with SG Fleet Group or its subsidiary which remains unremedied for a period of 30 days after written notice of the breach by him/her
- by SG Fleet Group due to the redundancy of the employee's position
- by SG Fleet Group due to "Change of Requirements" (as that term is defined in his/her employment contract with the Company or its subsidiary as of the date of the deed)
- by the employee due to "Material Change of Circumstances" (as that term is defined in his/her employment contract with SG Fleet Group or its subsidiary as of the date of the deed), provided that the employee validly terminates his/her employment contract in those circumstances
- in other circumstances, excluding termination by SG Fleet Group for serious misconduct by the employee or the employee's resignation, if the Board in its discretion determines that he/she should be released from the deed

In accordance with the escrow arrangements, there are other limited circumstances in which an escrow may be released, namely:

- to allow the Escrowed Shareholder to accept an offer under a takeover bid in relation to its Shares if at least half of the Shares which are subject of the bid that are not held by the Escrowed Shareholders have accepted the takeover bid
- to allow the Shares held by the Escrowed Shareholder to be transferred or cancelled as part of a merger by scheme of arrangement under Part 5.1 of the Corporations Act

During the escrow period, the Escrowed Shareholders whose Shares are subject to escrow, may deal in any of their Shares to the extent the dealing is required by applicable law (including an order of court of competent jurisdiction). The restriction on 'disposing' is broadly defined and includes, among other things, selling, assigning, transferring or otherwise disposing of any interest in the Shares, encumbering or granting a security interest over the Shares, doing, or omitting to do, any act if the act or omission would have the effect of

transferring effective ownership or control of any of the Shares or agreeing to do any of those things.

Refer to Section 6.2.4.3 for details of the escrow arrangements applying to the Bonus Shares.

7.7 Discretion regarding the Offer applying to the Bonus Shares

SG Fleet Group may withdraw the Offer at any time before the issue or transfer of new Shares to successful Applicants in the Broker Firm Offer, the Priority Offer or the Institutional Offer. If the Offer, or any part of it, does not proceed, all relevant Application Monies will be refunded without interest. SG Fleet Group and the Underwriters also reserve the right to close the Offer or any part of it early, extend the Offer or any part of it, accept late Applications either generally or in particular cases, reject any Application or allocate to any Applicant fewer new Shares than applied for.

7.8 ASX listing, registers and holding statement, deferred/conditional settlement trading

7.8.1 Application to ASX for listing and quotation of the Shares

SG Fleet Group has applied to ASX for listing of SG Fleet Group and quotation of Shares on ASX. SG Fleet Group's expected ASX code is 'SGF'. ASX takes no responsibility for this Prospectus or the investment to which it relates. The fact that ASX may admit SG Fleet Group to the official list is not to be taken as an indication of the merits of SG Fleet Group or the Shares offered for subscription under the Offer. If permission is not granted for the official quotation of the Shares on ASX within three months after the date of the Original Prospectus (or any later date permitted by law), all Application Monies received by SG Fleet Group will be refunded without interest as soon as practicable in accordance with the requirements of the Corporations Act. Subject to certain conditions (including any waivers obtained by SG Fleet Group from time to time), SG Fleet Group will be required to comply with the ASX Listing Rules.

7.8.2 CHES and issuer sponsored holdings

SG Fleet Group will apply to participate in ASX's Clearing House Electronic Subregister System (CHES) and will comply with the ASX Listing Rules and the ASX Settlement Operating Rules. CHES is an electronic transfer and settlement system for transactions in securities quoted on ASX under which transfers are affected in an electronic form. When the Shares become approved financial products (as defined in the ASX Settlement Operating Rules), holdings will be registered in one of two subregisters, an electronic CHES subregister or an issuer sponsored subregister.

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For all successful Applicants, the Shares of a Shareholder who is a participant in CHESS or a Shareholder sponsored by a participant in CHESS will be registered on the CHESS subregister. All other Shares will be registered on the issuer sponsored subregister. Following Completion of the Offer, Shareholders will be sent a holding statement that sets out the number of Shares that have been allocated to them. This statement will also provide details of a Shareholder's Holder Identification Number (**HIN**) for CHESS holders or, where applicable, the Security holder Reference Number (**SRN**) of issuer sponsored holders. Shareholders will subsequently receive statements showing any changes to their shareholding. Certificates will not be issued. Shareholders will receive subsequent statements during the first week of the following month if there has been a change to their holding on the register and as otherwise required under the ASX Listing Rules and the Corporations Act. Additional statements may be requested at any other time either directly through the Shareholder's sponsoring broker in the case of a holding on the CHESS subregister or through the Share Registry in the case of a holding on the issuer sponsored subregister. SG Fleet Group and the Share Registry may charge a fee for these additional issuer sponsored statements.

7.8.3 Conditional and deferred settlement trading and selling Shares on market

It is expected that trading of the Shares on ASX on a conditional and deferred settlement basis will commence on or about 4 March 2014. The contracts formed on acceptance of applications will be conditional on ASX agreeing to quote the Shares on ASX, and on settlement occurring under the Underwriting Agreement (**Settlement**). Trades occurring on ASX before Settlement will be conditional on Settlement occurring. Conditional trading will continue until SG Fleet Group has advised ASX that (i) Settlement has occurred and (ii) SG Fleet Group has issued Shares to successful Applicants under the Offer, which is expected to be on or about 7 March 2014. Trading will then be on an unconditional but deferred delivery basis until SG Fleet Group has advised ASX that holding statements have been despatched to Shareholders. Normal Settlement trading is expected to commence on or about 11 March 2014.

If Settlement has not occurred within 14 days (or such longer period as ASX allows) after the day Shares are first quoted on ASX, the Offer and all contracts arising on acceptance of Applications will be cancelled and of no further effect and all Application Monies will be refunded (without interest). In these circumstances, all purchases and sales made through ASX participating organisations during the conditional trading period will be cancelled and of no effect. It is the responsibility of each person who trades in Shares to confirm their holding before trading in Shares. If you sell Shares before receiving a holding statement, you do so at your own risk. SG Fleet Group, each member of *sgfleet*, the Share Registry, the Underwriters and the Existing Owners disclaim all liability, whether in negligence or otherwise, if you sell Shares before receiving your holding statement, even if you obtained details of your holding from the *sgfleet* Offer Information Line or confirmed your firm allocation through a Broker.

7.9 Description of Shares

7.9.1 Introduction

The rights and liabilities attaching to ownership of Shares arise from a combination of the Constitution, statute, the ASX Listing Rules and general law.

A summary of the significant rights, liabilities and obligations attaching to the Shares and a description of other material provisions of the Constitution are set out below. This summary is not exhaustive nor does it constitute a definitive statement of the rights and liabilities of Shareholders. The summary assumes that SG Fleet Group is admitted to the official list of the ASX.

7.9.2 Voting at a general meeting

At a general meeting of SG Fleet Group, every Shareholder present in person or by proxy, representative or attorney has one vote on a show of hands and, on a poll, one vote for each Share held (with adjusted voting rights for partly paid Shares).

7.9.3 Meeting of members

Each Shareholder is entitled to receive notice of, attend and vote at, general meetings of SG Fleet Group and to receive all notices, accounts and other documents required to be sent to Shareholders under the Constitution, the Corporations Act and the ASX Listing Rules. SG Fleet Group must give at least 28 days' written notice of a general meeting.

7.9.4 Dividends

The Board may pay any interim and final dividend that, in its judgement, the financial position of the company justifies. The Board may pay any dividend required to be paid under the terms of issue of a Share, and fix a record date for a dividend and the timing and method of payment. For further information in respect of SG Fleet Group's proposed dividend policy, see Section 4.13.1.

7.9.5 Transfer of Shares

Subject to the Constitution, Shares may be transferred by a proper ASTC transfer (effected in accordance with the Corporations Act and the ASX Settlement Operating Rules), by a written instrument of transfer which complies with the Constitution or by any other method permitted by the Corporations Act, the ASX Listing Rules or the ASX Settlement Operating Rules.

The Board may refuse to register a transfer of Shares where permitted to do so under the Corporations Act, the ASX Listing Rules or the ASX Settlement Operating Rules. The Board must refuse to register a transfer of Shares when required to by the Corporations Act, the ASX Listing Rules or ASX Settlement Operating Rules.

7. Details of the Offer

7.9.6 Issue of further Shares

Subject to the Corporations Act, the ASX Listing Rules and ASX Settlement Operating Rules and any rights and restrictions attached to a class of shares, SG Fleet Group may issue, allot or grant options for, or otherwise dispose of Shares on such terms as the Directors decide.

7.9.7 Winding up

If SG Fleet Group is wound up, then subject to the Constitution and the rights or restrictions attached to any shares or class of shares, any surplus must be divided among SG Fleet Group's members in the proportion to the number of shares held by them, irrespective of the amounts paid or credited as paid on the shares. If SG Fleet Group is wound up, the liquidator may with the sanction of a special resolution, divide the whole or part of SG Fleet Group's property among Shareholders and decide how the division is to be carried out as between Shareholders or different classes of Shareholders.

7.9.8 Unmarketable parcels

Subject to the Corporations Act, the ASX Listing Rules and ASX Settlement Operating Rules, SG Fleet Group may sell the Shares of a Shareholder who holds less than a marketable parcel of Shares.

7.9.9 Share buy-backs

Subject to the Corporations Act and the ASX Listing Rules, SG Fleet Group may buy back Shares on terms and at times determined by the Board.

7.9.10 Proportional takeover provisions

The Constitution contains provisions for Shareholder approval in relation to any proportional takeover bid. These provisions will cease to apply unless renewed by special resolution of the Shareholders in general meeting by the third anniversary of the date that those rules were adopted or the date those rules were last renewed.

7.9.11 Variation of class rights

At present, SG Fleet Group's only class of shares on issue is ordinary shares. Subject to the Corporations Act and the terms of issue of a class of shares, the rights attaching to any class of shares may be varied or cancelled:

- with the written consent of the holders of 75% of the shares of the class
- by a special resolution passed at a separate meeting of the holders of the class

7.9.12 Dividend reinvestment plan

The Directors have established a dividend reinvestment plan (under which any Shareholder may elect that the dividends payable by SG Fleet Group be reinvested in Shares). For more information on the dividend reinvestment plan, see Section 9.4.

7.9.13 Directors – appointment and removal

Under the Constitution, the minimum number of Directors that may comprise the Board is four and the maximum is nine unless the Shareholders pass a resolution varying that number at a general meeting. Directors are elected at general meetings of SG Fleet Group. No Director (excluding any Managing Director) may hold office without re-election beyond the third annual general meeting at which the Director was last elected or re-elected. The Board may also appoint a Director to fill a casual vacancy on the Board or in addition to the existing Directors, who will then hold office until the next annual general meeting of SG Fleet Group.

7.9.14 Directors – voting

Questions arising at a meeting of the Board will be decided by a majority of votes of the Directors present at the meeting and entitled to vote on the matter. In the case of an equality of votes on a resolution, the chairperson of the meeting has a casting vote (unless only two directors are present or entitled to vote, in which case the chairperson does not have a casting vote, and the proposed resolution is taken as lost).

7.9.15 Directors – remuneration

The Board may decide the remuneration each Director is entitled to be paid for services as a director. However, the total amount provided to all Directors for their services must not exceed in any financial year the amount fixed by SG Fleet Group in general meeting. This amount has been fixed at \$1,000,000, with the initial remuneration of the Directors set out in Section 6.2.1. The Constitution also makes provision for SG Fleet Group to pay travelling and other expenses of Directors incurred in attending to the Company's affairs, including attending general meetings of SG Fleet Group or meetings of the Board.

7.9.16 Indemnities

SG Fleet Group indemnifies each Director, alternate director and executive officer of SG Fleet Group on a full indemnity basis and to the full extent permitted by law against all losses, liabilities, costs, charges and expenses incurred by that person as an officer of SG Fleet Group or its related bodies corporate. SG Fleet Group, to the extent permitted by law, may purchase and maintain insurance, or pay or agree to pay, a premium for insurance for each Director, alternate director and executive officer of SG Fleet Group against any liability incurred by that person as an officer of SG Fleet Group or its related bodies corporate, including a liability for negligence or for reasonable costs and expenses incurred in defending or responding to proceedings (whether civil or criminal and whatever their outcome). SG Fleet Group may enter into contracts with a Director or former directors agreeing to provide continuing access to board papers, books, records and documents of SG Fleet Group which relate to the period during which the director or former director was a director. SG Fleet Group may procure that its subsidiaries provide similar access to board papers, books, records or documents.

7. Details of the Offer

7.9.17 Amendment

The Constitution can only be amended by special resolution passed by Shareholders.

7.10 Restriction on distribution

No action has been taken to register or qualify this Prospectus, the Shares or the Offer or otherwise to permit a public offering of the Shares in any jurisdiction outside Australia. This Prospectus does not constitute an offer or invitation to subscribe for Shares in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or invitation or issue under this Prospectus.

This document may not be released or distributed in the United States. This document does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States. Any securities described in this document have not been, and will not be, registered under the US Securities Act and may not be offered or sold in the United States except in transactions exempt from, or not subject to, the registration requirements under the US Securities Act and applicable US state securities laws.

Each Applicant under the Broker Firm Offer will be taken to have represented, warranted and agreed as follows:

- it understands that the Shares have not been, and will not be, registered under the US Securities Act or the securities law of any state of the United States and may not be offered or sold in the United States except in accordance with an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and any other applicable securities law
- it is not in the United States
- it has not and will not send the Prospectus or any other material relating to the Offer to any person in the United States
- it will not offer or sell the Shares in the United States or in any other jurisdiction outside Australia except in transaction exempt from, or not subject to, registration under the US Securities Act and in compliance with all applicable laws in the jurisdiction in which the Shares are offered and sold. Each Applicant under the Institutional Offer is required to make certain representations, warranties and covenants set out in the confirmation of allocation letter distributed to it

This document does not, nor is it intended to, constitute a prospectus prepared and registered under the South African Companies Act 2008 and may not be distributed to the public in South Africa.

An entity or institution resident in South Africa may not implement participation in the Offer unless (i) permitted under the South African Exchange Control Regulations or (ii) a specific approval has been obtained from an authorised foreign exchange dealer in South Africa or the Financial Surveillance Department of the South African Reserve Bank.



Section 8

Investigating
Accountant's Report



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KPMG Transaction Services

A division of KPMG Financial Advisory Services
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The Directors
SG Fleet Group Limited &
SG Fleet Holdings Pty Limited
Building 3, Level 2,
20 Bridge Street,
Pymble NSW 2073

13 February 2014

Dear Directors

Limited Assurance Investigating Accountant's Report and Financial Services Guide

Investigating Accountant's Report

Introduction

KPMG Financial Advisory Services (Australia) Pty Ltd (of which KPMG Transaction Services is a division) ("KPMG Transaction Services") has been engaged by SG Fleet Holdings Pty Limited ("SG Fleet") and SG Fleet Group Limited ("SG Fleet Group") to prepare this report for inclusion in the Prospectus to be dated 13 February 2014 ("Prospectus"), and to be issued by SG Fleet Group, in respect of the proposed initial public offering of shares in SG Fleet Group on the ASX (the "Offer").

Expressions defined in the Prospectus have the same meaning in this report.

Scope

You have requested KPMG Transaction Services to perform a limited assurance engagement in relation to the pro forma historical and forecast financial information described below and disclosed in the Prospectus.

The pro forma historical and forecast financial information is presented in the Prospectus in an abbreviated form, insofar as it does not include all of the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the *Corporations Act 2001*.

KPMG Financial Advisory Services (Australia) Pty Ltd is affiliated with KPMG. KPMG is an Australian partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

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Pro Forma Historical Financial Information

You have requested KPMG Transaction Services to perform limited assurance procedures in relation to the pro forma historical financial information of SG Fleet Group (the responsible party) included in the Prospectus.

The pro forma historical financial information has been derived from the historical financial information of SG Fleet Holdings Pty Limited, after adjusting for the effects of pro forma adjustments described in Section 4.3.3 of the Prospectus.

The pro forma historical financial information consists of SG Fleet Group's:

- Pro forma historical consolidated balance sheet as at 31 December 2013.
- Pro forma historical consolidated income statements for the financial years ended 30 June 2011, 2012 and 2013 and the six months ended 31 December 2012 and 2013; and
- Pro forma historical consolidated statements of cash flows for the financial years ended 30 June 2011, 2012 and 2013 and the six months ended 31 December 2012 and 2013,

and related notes as set out in Section 4 of the Prospectus (collectively the "Pro Forma Historical Financial Information").

The stated basis of preparation is the recognition and measurement principles contained in Australian Accounting Standards applied to the historical financial information and the event(s) or transaction(s) to which the pro forma adjustments relate, as described in Section 4. of the Prospectus. Due to its nature, the Pro Forma Historical Financial Information does not represent the company's actual or prospective financial position, financial performance, and/or cash flows.

The Pro Forma Historical Financial Information has been compiled by SG Fleet Group to illustrate the impact of the Offer on SG Fleet Group's financial position as at 31 December 2013, financial performance and cash flows for the financial years ended 30 June 2011, 2012 and 2013, and the six months ended 31 December 2012 and 2013. As part of this process, information about SG Fleet Group's financial position, financial performance and cash flows has been extracted by SG Fleet Group from SG Fleet Pty Limited's and SG Fleet's audited financial information for the year ended 30 June 2011 and SG Fleet's audited financial statements for the years ended 30 June 2012 and 2013 and the reviewed financial statements for the six months ended 31 December 2013.

The financial statements of SG Fleet Pty Limited and SG Fleet for the year ended 30 June 2011 and SG Fleet for the years ended 30 June 2012 and 2013 were audited by KPMG in accordance with Australian Auditing Standards. The audit opinions issued to the members of SG Fleet Pty Limited and SG Fleet relating to those financial statements were unqualified.

For the purposes of preparing this report we have performed limited assurance procedures in relation to Pro Forma Historical Financial Information in order to state whether, on the basis of

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the procedures described, anything comes to our attention that would cause us to believe that the Pro Forma Historical Financial Information is not prepared or presented fairly, in all material respects, by the directors in accordance with the stated basis of preparation. As stated in Section 4 of the Prospectus, the stated basis of preparation is:

- the extraction of historical financial information, comprising the:
 - historical consolidated balance sheet as at 31 December 2013;
 - historical consolidated income statements for the financial years ended 30 June 2011, 2012 and 2013 and the six months ended 31 December 2012 and 2013; and
 - historical consolidated statements of cash flows for the financial years ended 30 June 2011, 2012 and 2013 and the six months ended 31 December 2012 and 2013,

(together the "Historical Financial Information") from the audited financial information of SG Fleet Pty Limited and SG Fleet for the year ended 30 June 2011 and the audited financial statements of SG Fleet for the years ended 30 June 2012 and 2013 and the reviewed financial statements for the six months ended 31 December 2013;

- the application of pro forma adjustments, determined in accordance with Australian Accounting Standards and SG Fleet Group's accounting policies, to the Historical Financial Information of SG Fleet to illustrate the effects of the Offer on SG Fleet Group described in Section 4 of the Prospectus.

We have conducted our engagement in accordance with the Standard on Assurance Engagements ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*.

The procedures we performed were based on our professional judgement and included:

Historical financial information

- consideration of work papers, accounting records and other documents, including those dealing with the extraction of the Historical Financial Information of SG Fleet Pty Limited and SG Fleet from their respective audited financial information for the year ended 30 June 2011 and of SG Fleet from its audited financial statements for the years ended 30 June 2012 and 2013 and from its reviewed financial statements for the six months ended 31 December 2013;

Pro forma adjustments:

- consideration of the pro forma adjustments made to the Historical Financial Information;
- enquiry of directors, management, personnel and advisors;

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- the performance of analytical procedures applied to the Pro Forma Historical Financial Information; and
- a review of SG Fleet Group's and SG Fleet's accounting policies for consistency of application in the preparation of the pro forma adjustments.

The procedures performed in a limited assurance engagement vary in nature from, and are less in extent than for, an audit. As a result, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed an audit. Accordingly, we do not express an audit opinion about whether the Pro Forma Historical Financial Information is prepared, in all material respects, by the directors in accordance with the stated basis of preparation.

Forecast Financial Information and directors' best-estimate assumptions

You have requested KPMG Transaction Services to perform limited assurance procedures in relation to the:

- Pro forma forecast consolidated income statements for the financial years ending 30 June 2014 and 2015;
- Statutory forecast consolidated income statements for the financial years ending 30 June 2014 and 2015;
- Pro forma forecast consolidated statements of cash flows for the financial years ending 30 June 2014 and 2015; and
- Statutory forecast consolidated statements of cash flows for the financial years ending 30 June 2014 and 2015,

of SG Fleet Group (the responsible party) as described in Section 4 of the Prospectus (the "Forecast Financial Information"). The directors' best-estimate assumptions underlying the Forecast Financial Information are described in Section 4.10.1 of the Prospectus. As stated in Section 4.2.3 of the Prospectus, the basis of preparation of the Forecast Financial Information is the recognition and measurement principles contained in Australian Accounting Standards and SG Fleet Group's accounting policies.

We have performed limited assurance procedures in relation to the Forecast Financial Information, set out in section 4 of the Prospectus, and the directors' best-estimate assumptions underlying it in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that:

- the directors' best-estimate assumptions do not provide reasonable grounds for the Forecast Financial Information;
- in all material respects the Forecast Financial Information is not:

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- prepared on the basis of the directors' best-estimate assumptions as described in the Prospectus; and
- presented fairly in accordance with the recognition and measurement principles contained in Australian Accounting Standards and SG Fleet Group's accounting policies; and
- the Forecast Financial Information itself is unreasonable.

We have conducted our engagement in accordance with the Standard on Assurance Engagements ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*.

Our limited assurance procedures consisted primarily of:

- comparison and analytical review procedures;
- discussions with management and directors of SG Fleet and SG Fleet Group of the factors considered in determining their assumptions; and
- examination, on a test basis, of evidence supporting:
 - the assumptions and amounts in the Forecast Financial Information; and
 - the application of accounting policies used in the Forecast Financial Information.

The procedures performed in a limited assurance engagement vary in nature from, and are less in extent than for, an audit. As a result, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed an audit. Accordingly, we do not express an audit opinion.

Directors' responsibilities

The directors of SG Fleet Group are responsible for the preparation of:

- the Pro Forma Historical Financial Information, including the selection and determination of the pro forma transactions and/or adjustments made to the historical financial information and included in the Pro Forma Historical Information; and
- the Forecast Financial Information, including the directors' best-estimate assumptions on which the Forecast Financial Information is based and the sensitivity of the Forecast Financial Information to changes in key assumptions.

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The directors' responsibility includes establishing and maintaining such internal controls as the directors determine are necessary to enable the preparation of financial information that is free from material misstatement, whether due to fraud or error.

Conclusions

Review statement on the Pro Forma Historical Financial Information

Based on our procedures, which are not an audit, nothing has come to our attention that causes us to believe that the Pro Forma Historical Financial Information, as set out in Section 4 of the Prospectus, comprising:

- the pro forma historical consolidated income statements of SG Fleet Group for the financial years ended 30 June 2011, 2012 and 2013 and the six months ended 31 December 2012 and 2013;
- the pro forma historical consolidated statements of cash flows of SG Fleet Group for the financial years ended 30 June 2011, 2012 and 2013 and the six months ended 31 December 2012 and 2013; and
- the pro forma historical consolidated balance sheet of SG Fleet Group as at 31 December 2013,

is not prepared or presented fairly, in all material respects, on the basis of the pro forma transactions and/or adjustments described in Section 4.3.3 of the Prospectus, and in accordance with the recognition and measurement principles prescribed in Australian Accounting Standards, and SG Fleet Group's accounting policies.

Forecast Financial Information and the directors' best-estimate assumptions

Based on our procedures, which are not an audit, nothing has come to our attention which causes us to believe that:

- the directors' best-estimate assumptions used in the preparation of the Forecast Financial Information do not provide reasonable grounds for the Forecast Financial Information; and
- in all material respects, the Forecast Financial Information:
 - is not prepared on the basis of the directors' best-estimate assumptions as described in Section 4.10.1 of the Prospectus; and
 - is not presented fairly in accordance with the recognition and measurement principles contained in Australian Accounting Standards, and SG Fleet Group's accounting policies; and
- the Forecast Financial Information itself is unreasonable.

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The Forecast Financial Information has been prepared by SG Fleet Group management and adopted and disclosed by the directors in order to provide prospective investors with a guide to the potential financial performance of SG Fleet Group for the years ending 30 June 2014 and 30 June 2015.

There is a considerable degree of subjective judgement involved in preparing forecasts since they relate to events and transactions that have not yet occurred and may not occur. Actual results are likely to be different from the Forecast Financial Information since anticipated events or transactions frequently do not occur as expected and the variation may be material. The directors' best-estimate assumptions on which the Forecast Financial Information is based relate to future events and/or transactions that management expect to occur and actions that management expect to take and are also subject to uncertainties and contingencies, which are often outside the control of SG Fleet Group. Evidence may be available to support the directors' best-estimate assumptions on which the Forecast Financial Information is based however such evidence is generally future-oriented and therefore speculative in nature. We are therefore not in a position to express a reasonable assurance conclusion on those best-estimate assumptions, and accordingly, provide a lesser level of assurance on the reasonableness of the directors' best-estimate assumptions. The limited assurance conclusion expressed in this report has been formed on the above basis.

Prospective investors should be aware of the material risks and uncertainties in relation to an investment in SG Fleet Group, which are detailed in the Prospectus, and the inherent uncertainty relating to the Forecast Financial Information. Accordingly, prospective investors should have regard to the investment risks and sensitivities as described in Sections 5 and 4.12, respectively, of the Prospectus. The sensitivity analysis described in Section 4.12 of the Prospectus demonstrates the impact on the Forecast Financial Information of changes in key best-estimate assumptions. We express no opinion as to whether the Forecast Financial Information will be achieved.

We have assumed, and relied on representations from certain members of management of SG Fleet and SG Fleet Group, that all material information concerning the prospects and proposed operations of SG Fleet Group has been disclosed to us and that the information provided to us for the purpose of our work is true, complete and accurate in all respects. We have no reason to believe that those representations are false.

Independence

KPMG Transaction Services does not have any interest in the outcome of the Offer, other than in connection with the preparation of this report and participation in due diligence procedures for which normal professional fees will be received. KPMG is the auditor of SG Fleet and from time to time, KPMG also provides SG Fleet with certain other professional services for which normal professional fees are received.

General advice warning

This report has been prepared, and included in the Prospectus, to provide investors with general information only and does not take into account the objectives, financial situation or needs of any specific investor. It is not intended to take the place of professional advice and investors

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should not make specific investment decisions in reliance on the information contained in this report. Before acting or relying on any information, an investor should consider whether it is appropriate for their circumstances having regard to their objectives, financial situation or needs.

Restriction on use

Without modifying our conclusions, we draw attention to Section 4 of the Prospectus, which describes the purpose of the financial information, being for inclusion in the Prospectus. As a result, the financial information may not be suitable for use for another purpose. We disclaim any assumption of responsibility for any reliance on this report, or on the financial information to which it relates, for any purpose other than that for which it was prepared.

KPMG Transaction Services has consented to the inclusion of this Investigating Accountant's Report in the Prospectus in the form and context in which it is so included, but has not authorised the issue of the Prospectus. Accordingly, KPMG Transaction Services makes no representation regarding, and takes no responsibility for, any other statements, or material in, or omissions from, the Prospectus.

Yours faithfully



David Willis
Authorised Representative

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Financial Services Guide Dated 13 February 2014

What is a Financial Services Guide (FSG)?

This FSG is designed to help you to decide whether to use any of the general financial product advice provided by **KPMG Financial Advisory Services (Australia) Pty Ltd ABN 43 007 363 215**, Australian Financial Services Licence Number 246901 (of which KPMG Transaction Services is a division) (**'KPMG Transaction Services'**), and David Willis as an authorised representative of KPMG Transaction Services (**Authorised Representative**), authorised representative number 404265.

This FSG includes information about:

- KPMG Transaction Services and its Authorised Representative and how they can be contacted
- the services KPMG Transaction Services and its Authorised Representative are authorised to provide
- how KPMG Transaction Services and its Authorised Representative are paid
- any relevant associations or relationships of KPMG Transaction Services and its Authorised Representative
- how complaints are dealt with as well as information about internal and external dispute resolution systems and how you can access them; and
- the compensation arrangements that KPMG Transaction Services has in place.

The distribution of this FSG by the Authorised Representative has been authorised by KPMG Transaction Services. This FSG forms part of an Investigating Accountant's Report (Report) which has been prepared for inclusion in a disclosure document or, if you are offered a financial product for issue or sale, a Product Disclosure Statement (PDS). The purpose of the disclosure document or PDS is to help you make an informed decision in relation to a financial product. The contents of the disclosure document or PDS, as relevant, will include details such as the risks, benefits and costs of acquiring the particular financial product.

Financial services that KPMG Transaction Services and the Authorised Representative are authorised to provide

KPMG Transaction Services holds an Australian Financial Services Licence, which authorises it to provide, amongst other services, financial product advice for the following classes of financial products:

- deposit and non-cash payment products;
- derivatives;
- foreign exchange contracts;

- government debentures, stocks or bonds;
- interests in managed investments schemes including investor directed portfolio services;
- securities, and
- superannuation.

to retail and wholesale clients. We provide financial product advice when engaged to prepare a report in relation to a transaction relating to one of these types of financial products. The Authorised Representative is authorised by KPMG Transaction Services to provide

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Limited Assurance Investigating Accountant's Report and Financial
Services Guide*

financial product advice on KPMG Transaction Services' behalf.

KPMG Transaction Services and the Authorised Representative's responsibility to you

KPMG Transaction Services has been engaged by SG Fleet Limited (**SG Fleet Group**) to provide general financial product advice in the form of a Report to be included in prospectus dated 13 February 2014 (**Prospectus**) prepared by SG Fleet Group in relation to the initial public offering of shares in SG Fleet Group on the ASX (**Offer**).

You have not engaged KPMG Transaction Services or the Authorised Representative directly but have received a copy of the Report because you have been provided with a copy of the Document. Neither KPMG Transaction Services nor the Authorised Representative are acting for any person other than the SG Fleet Group.

KPMG Transaction Services and the Authorised Representative are responsible and accountable to you for ensuring that there is a reasonable basis for the conclusions in the Report.

General Advice

As KPMG Transaction Services has been engaged by SG Fleet Group, the Report only contains general advice as it has been prepared without taking into account your personal objectives, financial situation or needs.

You should consider the appropriateness of the general advice in the Report having regard to your circumstances before you act on the general advice contained in the Report.

You should also consider the other parts of the Document before making any decision in relation to the Offer.

Fees KPMG Transaction Services may receive and remuneration or other benefits received by our representatives

KPMG Transaction Services charges fees for preparing reports. These fees will usually be agreed with, and paid by, SG Fleet Group. Fees are agreed on either a fixed fee

or a time cost basis. In this instance, SG Fleet Group has agreed to pay KPMG Transaction Services approximately \$450,000 for preparing the Report. In addition, other KPMG entities have performed work in relation to tax advice and due diligence enquiries and SG Fleet Group has agreed to pay \$375,000 (excluding GST and disbursements) for these services up to the date of the Prospectus. KPMG Transaction Services and its officers, representatives, related entities and associates will not receive any other fee or benefit in connection with the provision of the Report.

KPMG Transaction Services officers and representatives (including the Authorised Representative) receive a salary or a partnership distribution from KPMG's Australian professional advisory and accounting practice (the KPMG Partnership). KPMG Transaction Services' representatives (including the Authorised Representative) are eligible for bonuses based on overall productivity. Bonuses and other remuneration and benefits are not provided directly in connection with any engagement for the provision of general financial product advice in the Report.

Further details may be provided on request.

Referrals

Neither KPMG Transaction Services nor the Authorised Representative pay commissions or provide any other benefits to any person for referring customers to them in connection with a Report.

Associations and relationships

Through a variety of corporate and trust structures KPMG Transaction Services is controlled by and operates as part of the KPMG Partnership. KPMG Transaction Services' directors and Authorised Representatives may be partners in the KPMG Partnership. The Authorised Representative is a partner in the KPMG Partnership. The financial product advice in the Report is provided by KPMG Transaction Services and the Authorised Representative and not by the KPMG Partnership.

From time to time KPMG Transaction Services, the KPMG Partnership and related entities (KPMG entities) may provide professional services, including audit, tax and financial advisory services, to companies and issuers of

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SG Fleet Group Limited

Limited Assurance Investigating Accountant's Report and Financial Services Guide

financial products in the ordinary course of their businesses.

KPMG entities have provided, and continue to provide, a range of audit, tax and advisory services to SG Fleet Group for which professional fees are received. Over the past two years professional fees of \$1.17 million have been received from SG Fleet Holdings Pty Limited or its subsidiaries. None of these services have related to the transaction or alternatives to the transaction.

No individual involved in the preparation of this Report holds a substantial interest in, or is a substantial creditor of, SG Fleet Group or has other material financial interests in the transaction.

Complaints resolution

Internal complaints resolution process

If you have a complaint, please let either KPMG Transaction Services or the Authorised Representative know. Formal complaints should be sent in writing to The Complaints Officer, KPMG, PO Box H67, Australia Square, Sydney NSW 1213. If you have difficulty in putting your complaint in writing, please telephone the Complaints Officer on 02 9335 7000 and they will assist you in documenting your complaint.

Written complaints are recorded, acknowledged within 5 days and investigated. As soon as practical, and not more than 45 days after receiving the written complaint, the response to your complaint will be advised in writing.

External complaints resolution process

If KPMG Transaction Services or the Authorised Representative cannot resolve your complaint to your satisfaction within 45 days, you can refer the matter to the Financial Ombudsman Service (FOS). FOS is an independent company that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial services industry.

Further details about FOS are available at the FOS website www.fos.org.au or by contacting them directly at:

Address: Financial Ombudsman Service Limited, GPO Box 3, Melbourne Victoria 3001

Telephone: 1300 78 08 08
Facsimile: (03) 9613 6399
Email: info@fos.org.au.

The Australian Securities and Investments Commission also has a freecall infoline on 1300 300 630 which you may use to obtain information about your rights.

Compensation arrangements


KPMG Transaction Services has professional indemnity insurance cover as required by the Corporations Act 2001(Cth).

Contact Details

You may contact KPMG Transaction Services or the Authorised Representative using the contact details:

KPMG Transaction Services
A division of KPMG Financial Advisory Services (Australia) Pty Ltd
10 Shelley St
Sydney NSW 2000
PO Box H67
Australia Square
NSW 1213
Telephone: (02) 9335 7000
Facsimile: (02) 9335 7200

David Willis
C/O KPMG
PO Box H67
Australia Square
NSW 1213
Telephone: (02) 9335 7000
Facsimile: (02) 9335 7200



Section 9

Additional
information



9. Additional information

9.1 Registration

SG Fleet Group was registered in Victoria on 15 January 2014 as a public company.

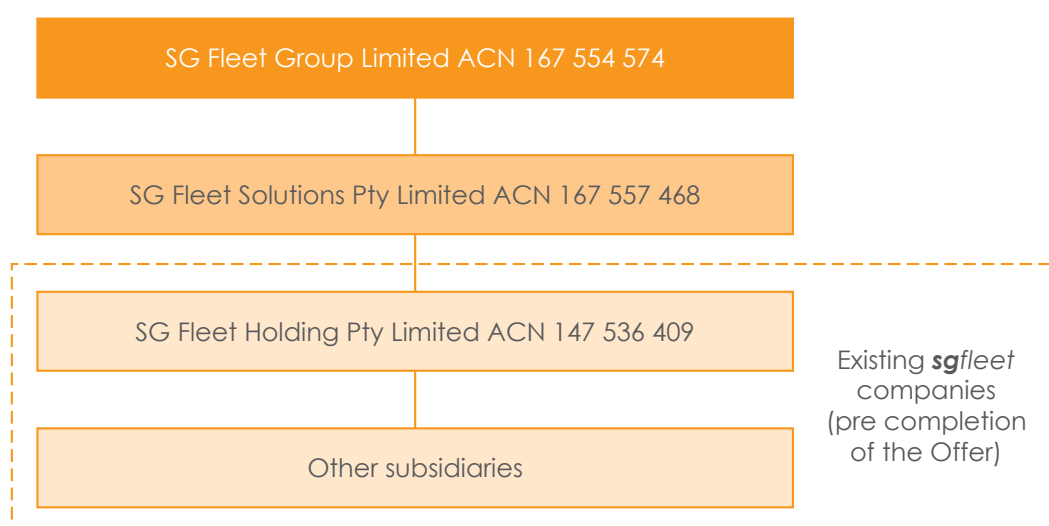
9.2 Company tax status

SG Fleet Group will be subject to tax at the Australian corporate tax rate.

9.3 Corporate structure

Figure 24: *sgfleet's* corporate structure

post Completion of the Offer



9.4 Dividend reinvestment plan

The Directors have approved a Dividend Reinvestment Plan (DRP). SG Fleet Group will determine when it may be appropriate to activate the DRP. The rules of the DRP are typical of a DRP operated by an ASX-listed company. Shareholders who elect to participate in the DRP will be able to reinvest the dividends they are entitled to receive in Shares rather than receiving those dividends in cash.

Shareholders may choose to participate in the DRP in respect of some or all of their Shares, although SG Fleet Group may specify a minimum and/or maximum number of shares that are able to participate.

SG Fleet Group may choose to enter into underwriting arrangements from time-to-time for the partial or full underwriting of any shortfall in the DRP take-up with respect to a particular dividend. The DRP may be varied, suspended or terminated by SG Fleet Group at any time, according to the rules of the DRP. Shareholders who are not resident in Australia or New Zealand may not be eligible to participate in the DRP, except where SG Fleet Group is satisfied that it would be lawful and practicable for them to do so.

The Board will determine eligibility to participate in the DRP as it sees fit having regard to the criteria in the DRP rules. If and when the DRP is activated, a copy of the rules of the DRP will be made available to Shareholders in advance of the record date for the first dividend payable by SG Fleet Group after the activation of the DRP, and a copy of the rules of the DRP will be made available on *sgfleet's* website at www.sgfleet.com.

9.5 Underwriting Agreement

The Offer is underwritten by the Underwriters pursuant to an underwriting agreement dated 13 February 2014 between SG Fleet Group, SG Fleet Holdings and the Underwriters (Underwriting Agreement). Through the Underwriting Agreement, the Underwriters have agreed to arrange, manage and underwrite the Offer.

9.5.1 Commission, fees and expenses

SG Fleet Group has agreed to pay the Underwriters a fee equal to 2.5% of the Offer proceeds on the date of Settlement comprising an underwriting fee of 1.875% and a management fee of 0.625%. An incentive fee of up to 0.6%

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of the Offer proceeds is also payable on the Settlement Date to the Underwriters at the absolute discretion of SG Fleet Group. Any fees payable to co-managers, co-lead managers and brokers appointed in relation to the Offer are payable by the Underwriters on behalf of SG Fleet Group out of the underwriting fee. In addition to the fees described above, SG Fleet Group has agreed to reimburse the Underwriters for certain other agreed costs and expenses incurred by the Underwriters in relation to the Offer.

For the purpose of this Section 9.5, “Offer Documents” means the documents issued or published by or on behalf of SG Fleet Group and with their prior approval in respect of the Offer including:

- the initial pathfinder and any document that supplements or replaces the initial pathfinder (including any addendum to the initial pathfinder)
- this Prospectus, any application form and any supplementary prospectus
- any cover email, including an appropriate cautionary legend, sent to eligible Institutional Investors in Australia and New Zealand and other agreed foreign jurisdictions with a link to or attaching the initial pathfinder in connection with the Institutional Offer and bookbuild
- any investor presentation or marketing presentation and/or ASX announcement used in connection with the Institutional investors, the Institutional Offer or the Broker Firm Offer (including any addendum to those presentations and any draft of such documents used for roadshow purposes prior to the lodgement date)

9.5.2 Termination events

An Underwriter may terminate the Underwriting Agreement, without cost or liability, by notice to SG Fleet Group and to the other Underwriter, if any of the following events occur at any time from the date of the Underwriting Agreement until on or before 10:00 am on the date of Settlement of the Offer:

- there occurs a new circumstance that arises after the Original Prospectus is lodged that would have been required to be included in the Prospectus if it had arisen before the initial distribution or lodgement (as applicable)
- SG Fleet Group:
 - issues or, in the reasonable opinion of the Underwriter seeking to terminate, becomes required to issue a supplementary prospectus to comply with section 719(1) of the Corporations Act
 - lodges a supplementary prospectus with ASIC in a form that has not been approved by the Underwriters in circumstances required by the Underwriting Agreement or otherwise fails to comply with the relevant requirements in the Underwriting Agreement
- at any time the S&P/ASX 200 Index falls to a level that is 85% or less of the level as at the close of trading on the day immediately prior to the close of the Institutional bookbuild and is at or below that 85% level at the close of trading:
 - for three consecutive Business Days during any time after the date of this agreement; or
 - on the Business Day immediately prior to, either, the Settlement date or the Issue date
- any of the restriction deeds are withdrawn, varied, terminated, rescinded, altered or amended, breached or failed to be complied with
- the Deed Poll is withdrawn, varied, terminated, rescinded, altered or amended, breached or failed to be complied with or a Deed Poll condition is not satisfied
- approval is refused or not granted, or approval is granted subject to conditions other than customary conditions, to SG Fleet Group’s admission to the official list of ASX on or before the listing approval date or the quotation of all of SG Fleet Group’s ordinary shares, including the Offer Shares, on ASX or for SG Fleet Group’s ordinary shares, including the Offer Shares, to be cleared through CHESSE on or before the date on which the Shares are to be first quoted on ASX, or if granted, the approval is subsequently withdrawn, qualified (other than by customary conditions) or withheld
- there is an event or occurrence, including any statute, order, rule, regulation, directive or request (including one compliance with which is in accordance with the general practice of persons to whom the directive or request is addressed) of any governmental agency which makes it illegal for the terminating Underwriter to satisfy an obligation under this document, or to market, promote or settle the Offer
- any of the following notifications are made in respect of the Offer:
 - ASIC issues an order (including an interim order) under section 739 of the Corporations Act and any such inquiry or hearing becomes public or is not withdrawn within three Business Days of when it is made, or if it is made within 3 Business Days of the Settlement Date it has not been withdrawn by the Settlement Date
 - ASIC holds a hearing under section 739(2) of the Corporations Act
 - an application is made by ASIC for an order under Part 9.5 of the Corporations Act in relation to the Offer or an Offer Document or ASIC commences any investigation or hearing under Part 3 of the *Australian Securities and Investments Commission Act 2001 (Cth)* in relation to the Offer or the Prospectus, and any such application,

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inquiry or hearing becomes public or is not withdrawn within three Business Days of when it is made, or if it is made within three Business Days of the Settlement Date it has not been withdrawn by the Settlement Date

- any person (other than the Underwriter seeking to Terminate) who has previously consented to the inclusion of its name in the Prospectus withdraws that consent
- any person gives a notice under section 730 of the Corporations Act in relation to the Prospectus (other than an Underwriter, co-lead manager or co-manager)
- SG Fleet Group withdraws the Prospectus, any supplementary prospectus, or the Offer or indicates that it does not intend to proceed with the Offer or any part of the Offer
- SG Fleet Group fails to lodge the Prospectus with ASIC on or before the lodgement date (unless the Underwriters consent to lodgement on a different date)
- any person makes an application for an order under Part 9.5 of the Corporations Act, or to any government agency, in relation to this Prospectus or the Offer, or ASIC commences or gives notice of an intention to hold, any investigation, proceedings or hearing in relation to the Offer or this Prospectus
- any of the following occur:
 - a director or proposed director named in the initial pathfinder or this Prospectus of SG Fleet Group or SG Fleet Holdings is charged with an indictable offence
 - any director or proposed director named in the initial pathfinder or this Prospectus of SG Fleet Group or SG Fleet Holdings is disqualified from managing a corporation under Part 2D.6 of the Corporations Act
 - SG Fleet Group or any member of *sgfleet* or any of their respective directors or officers (as those terms are defined in the Corporations Act) engage, or are alleged to have been engaged in, any fraudulent conduct or activity, whether or not in connection with the Offer
- SG Fleet Group is prevented from allotting or issuing (as applicable) the Offer Shares within the time required by the Timetable, the Offer Documents, the ASX Listing Rules, the ASX Settlement Operating Rules or by any other applicable laws, an order of a court of competent jurisdiction or a government agency
- SG Fleet Group varies any term of the Constitution without the prior written consent of the Underwriters (such consent not be unreasonably withheld or delayed)
- a change in, or a vacancy in the position held by, the Chairman, Chief Executive Officer, or Chief Financial Officer occurs
- in the reasonable opinion of an Underwriter, a statement in any of the Offer Documents is or becomes misleading or deceptive or is likely to mislead or deceive, or a matter required to be included is omitted from an Offer Document
- SG Fleet Group or SG Fleet Holdings is or becomes insolvent or there is an act or omission which may result in SG Fleet Group or SG Fleet Holdings becoming insolvent
- any event specified in the timetable is delayed for more than two Business Days without the prior written consent of the Underwriters (such consent not to be unreasonably withheld or delayed)
- any government agency commences or gives notice of an intention to hold, any enquiry against an *sgfleet* company, or any of their respective directors in their capacity as a director of an *sgfleet* company, or announces that it intends to take action
- a closing certificate is not provided by SG Fleet Group and SG Fleet Holdings as and when required by the Underwriting Agreement
- SG Fleet Group or SG Fleet Holdings:
 - alters the issued capital of SG Fleet Group or SG Fleet Holdings
 - disposes or attempts to dispose of a substantial part of the business or property of SG Fleet Group or an *sgfleet* companywithout the prior written consent of the Underwriters
- any of the of the obligations of the relevant parties under the contracts summarised in Section 9.6 of the Prospectus are not capable of being performed in accordance with their terms (in the reasonable opinion of the terminating Underwriter) or if all or any part of any of such contract:
 - is amended or varied without the consent of the Underwriters (acting reasonably)
 - is terminated
 - ceases to have effect, otherwise than in accordance with its terms
 - is or becomes void, voidable, illegal, invalid or unenforceable (other than by reason only of a party waiving any of its rights) or capable of being terminated, rescinded or avoided or of limited force and affect, or its performance is or becomes illegal

Termination events subject to materiality

An Underwriter may terminate the Underwriting Agreement, without cost or liability, by notice to SG Fleet Group and to the other Underwriter, if any of the events listed below occur at any time from the date of the Underwriting Agreement until on or before the issue of new Shares under the Offer only if the Underwriter has reasonable grounds to believe that the event:

- has or is likely to have a materially adverse effect on:
 - the success or settlement of the Offer or the ability of the Underwriter to market or promote the Offer
 - the likely price at which the Offer Shares will trade on ASX in the two weeks after quotation
- has given, or would be likely to, give rise to a liability of the Underwriter under, or a contravention by the Underwriter or its affiliates of, the Corporations Act or any applicable law

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An Underwriter can terminate as above if any of the following events occur:

- without limitation on the Underwriters' rights under the Underwriting Agreement, if a regulatory body withdraws, revokes or amends any regulatory approvals required for SG Fleet Group or SG Fleet Holdings to perform their obligations under this agreement or to carry out the transactions contemplated by the Offer Documents
- any Group member (other than SG Fleet Group or SG Fleet Holdings) is or becomes insolvent or there is an act or omission which may result in an **sgfleet** company (other than SG Fleet Group or SG Fleet Holdings) becoming insolvent
- a change or a vacancy in the position held by the Board or the board of directors of SG Fleet Holdings occurs (excluding the Chief Executive Officer or the Chairman)
- any of the Offer Documents, the information released to the public or any aspect of the Offer does not comply with the Corporations Act (including if a statement in the Offer Documents or public information is or becomes misleading or deceptive, or a matter required to be included is omitted from the Offer Documents or public information), the ASX Listing Rules or any other applicable law or regulation
- a closing certificate provided under the Underwriting Agreement is false, misleading or deceptive (including by way of omission)
- any adverse change occurs in the assets, liabilities, financial position or performance, profits, losses or prospects of SG Fleet Group and the **sgfleet** companies (insofar as the position in relation to an entity in the Group affects the overall position of SG Fleet Group), including any adverse change in the assets, liabilities, financial position or performance, profits, losses, prospects or forecasts of SG Fleet Group and the **sgfleet** companies from those respectively disclosed in the Offer Documents or the public information
- the due diligence report or verification material or any other information supplied by or on behalf of SG Fleet Group or SG Fleet Holdings to the Underwriters in relation to the **sgfleet** companies or the Offer (including (without limitation) supporting documents and other work papers to which the Underwriters are given access for the purpose of due diligence investigations) is (or is likely to), or becomes (or becomes likely to be), false or misleading or deceptive or likely to mislead or deceive, including by way of omission
- a contravention by SG Fleet Group or SG Fleet Holdings, or any entity in the **sgfleet** companies, of the Corporations Act, the *Competition and Consumer Act 2010 (Cth)*, the *Australian Securities and Investments Commission Act 2001 (Cth)* (or any regulations under those acts), the Constitution, or any of the ASX Listing Rules
- a default by SG Fleet Group or SG Fleet Holdings in the performance of any of their obligations under the Underwriting Agreement occurs
- a representation, warranty, undertaking or obligation contained in the Underwriting Agreement on the part of SG Fleet Group or SG Fleet Holdings (whether severally or jointly) is breached, becomes not true or correct or is not performed
- hostilities not presently existing commence (whether war has been declared or not) or a major escalation in existing hostilities occurs (whether war has been declared or not) involving, or a major terrorist act is perpetrated in any one or more of Australia, New Zealand, the United States, the United Kingdom, Hong Kong, Singapore or any member state of the European Union or any diplomatic, military, commercial or political establishment of any of those countries
- there is introduced, or there is a public announcement of a proposal to introduce, into the Parliament of Australia, New Zealand, the United Kingdom, or any State or Territory of Australia a new law, or the Reserve Bank of Australia, or any Commonwealth or State authority, including if ASIC adopts or announces a proposal to adopt a new policy (other than a law or policy which has been announced before the date of this agreement)
- there is a breach of all or any part of any contract summarised in Section 9.6 of the Prospectus
- there is the commencement of legal proceedings against SG Fleet Group, any other **sgfleet** company or any director of SG Fleet Group or any other **sgfleet** company in that capacity
- any of the following occurs:
 - a general moratorium on commercial banking activities in Australia, New Zealand the United States, the United Kingdom, Hong Kong, Singapore or any Member State of the European Union is declared by the relevant central banking authority in those countries, or there is a disruption in commercial banking or security settlement or clearance services in any of those countries
 - any adverse effect on the financial markets in Australia, New Zealand, the United States, United Kingdom, Hong Kong, Singapore, or any Member State of the European Union or in foreign exchange rates or any prospective change in political, financial or economic conditions in any of those countries
 - trading in all securities quoted or listed on the ASX, the New Zealand Stock Exchange, the New York Stock Exchange, the London Stock Exchange, the Singapore Exchange or the Hong Kong Stock Exchange is suspended, or limited, in a material respect for one day (or a substantial part of one day) on which that exchange is open for trading

9.5.3 Conditions, representations, warranties and undertakings

The Underwriting Agreement contains certain common representations, warranties and undertakings by SG Fleet Group and SG Fleet Holdings to the Underwriters (as well as common conditions precedent including conducting due diligence, lodgement of this Prospectus, obtaining specific ASX waivers and ASIC modifications and the execution of a separation agreement, an exit deed, other material contracts as described in this Prospectus, the restriction deeds and the Deed Poll).

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The representations and warranties given by SG Fleet Group and SG Fleet Holdings include, but are not limited to, matters such as power and authorisations, validity of obligations, status, compliance, disclosure in this Prospectus and public information, conduct, due diligence, accounts, disposals, insolvency, compliance with applicable laws and the ASX Listing Rules, litigation, anti-money laundering, bribery, market data and conduct and labour. SG Fleet Group also provides additional representations and warranties in relation to matters including, but not limited to, financial information, closing certificates, the Offer Shares, encumbrances, future matters, material contracts, licences, the business of SG Fleet Group, eligibility for listing, the Constitution, insurance, entitlement, title to property, dividends and distributions, internal controls, internal accounting controls, stamp duty and taxation.

The undertakings given by SG Fleet Group include, but are not limited to, notifications of breach and regulatory action to the Underwriters, compliance with applicable laws and the ASX Listing Rules, withdrawal of the Offer, changes to *sgfleet*, material contracts, correspondence with ASIC or ASX and restrictions deeds. SG Fleet Group also undertakes that, during the period following the date of the Underwriting Agreement until 180 days after the Shares have been issued under the Offer, it will not issue or agree to issue any shares or securities or enter certain other arrangements without the prior written consent of the Underwriters, subject to certain exceptions. These exceptions include the issue of Shares under the Offer and employee share plans or other proposed transactions if described in the initial pathfinder or this Prospectus.

9.5.4 Indemnity

Subject to certain exclusions relating to, among other things, recklessness, fraud, wilful misconduct or gross negligence of an Underwriter or certain representatives, SG Fleet Group agrees to keep the Underwriters and certain representatives indemnified from losses suffered in connection with the Offer.

9.6 Other material contracts

9.6.1 Finance Facilities

Refer to Section 4.6.2 for a description of the finance facilities and associated security arrangements.

9.6.2 Deed Poll

On 13 February 2014, SG Fleet Group, SG Fleet Solutions and SG Fleet Holdings entered into an implementation deed poll under which SG Fleet Holdings agreed to undertake certain capital re-organisation actions (as outlined below) conditional on settlement occurring under the Underwriting Agreement. SG Fleet Group (through SG Fleet Solutions) has also irrevocably offered to acquire all of the Existing Shares, RPS and Options that the Board of SG Fleet Holdings have determined will vest on the Settlement Date from the Existing Owners. The offer by SG Fleet Group under the Deed Poll is conditional on settlement occurring under the Underwriting Agreement, and SG Fleet Group receiving notice that certain capital re-organisation actions, including the payment of the IPO dividend and completion of sale of Existing Shares to Bluefin, taking place.

The Existing Owners have irrevocably accepted the Deed Poll offer and made elections in relation to the form of consideration that they wish to receive. Therefore, assuming that the Deed Poll becomes unconditional, the interests of the Existing Owners before and after Completion of the Offer will be as set out in Section 7.1.6.

As consideration for the acquisition of the Existing Shares and RPS, SG Fleet Group will either pay \$9.25 per fully paid Existing Share and \$1.00 per RPS or deliver five Shares for each Existing Share and 0.5405 Share for each RPS (or a combination of cash and Shares), as elected by the Existing Owner. In relation to the Options, SG Fleet Group will pay \$7.20 per Option.

SG Fleet Holdings has also declared a dividend on the Existing Shares, fully franked, in the amount of \$67.4 million, payable on Settlement to the Existing Owners in their respective proportions. Bluefin will reinvest \$10.2 million of its pro-rata dividend via a subscription of Shares, prior to or on the Settlement Date. The amount of this subscription price will be set-off against the dividend payable to Bluefin. The Deed Poll contains a number of warranties given by the Existing Owners in respect of capacity, title and trustees.

9.6.3 Exit Deed

SG Fleet Group, Super Group, SG Fleet Holdings, Bluefin, SG Fleet Mauritius Limited, the Management Shareholders and the CHAMP Ventures Shareholders have entered into an exit deed on 13 February 2014.

In summary, the agreement provides for the:

- consent and waiver of any breach or requirement of the existing shareholders deed; of SG Fleet Holdings, including a waiver of any pre-emptive rights
- cancellation of remaining Options and termination of the existing option placements of SG Fleet Holdings
- subject to the completion of the transfer of the Existing Shares, RPS and Options to SG Fleet Solutions, termination of the existing and shareholders deed of SG Fleet Holdings
- payment of the Exit Fee by CHAMP Ventures Shareholders and the Management Shareholders to SG Fleet Group in consideration for services provided by SG Fleet Group in respect of the Offer

9.6.4 Separation Agreement

SG Fleet Group, Bluefin, Super Group and SG Fleet Holdings have entered into a separation agreement on 13 February 2014. Under this agreement, the parties agree to give effect, or procure that their respective subsidiaries give effect, to certain restructuring and separation issues in connection with the Offer, including certain existing and ongoing arrangements between the parties.

In summary, the agreement provides for:

- provision of information to Super Group: ongoing information sharing arrangements relating to the provision of financial and other information by SG Fleet Group to Super Group to enable Super Group to comply with its obligations under applicable laws, including

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financial and tax reporting obligations and with other compulsory requires of applicable legal, governmental, taxation, regulatory (including stock exchange) or licensing authorities, subject at all times to any applicable laws

- provision of information to SG Fleet Group: ongoing information sharing arrangements relating to the provision of information by Super Group to SG Fleet Group to enable SG Fleet Group and its subsidiaries to comply with applicable laws and the terms of its banking facilities and as otherwise reasonably required in the ordinary course of SG Fleet Group's business, subject at all times to any applicable laws
- timing of earnings releases: Super Group will consult with SG Fleet Group in relation to the timing of Super Group's earnings releases. SG Fleet Group intends to publicly release its financial results concurrently with or immediately prior to Super Group's release of its financial results for the corresponding period
- while Super Group holds more than 50% of the Shares:
 - SG Fleet Group will ensure its audit, risk and compliance committee will:
 - take into account the views of the Super Group audit committee where appropriate
 - to the extent that certain laws applicable to Super Group require steps to be taken by SG Fleet Group, the SG Fleet Group audit, risk and compliance committee will ensure that those steps are taken to the extent permitted by law (including directors duties)
 - unless Super Group agrees otherwise, any "equity securities" (as defined in the ASX Listing Rules) which are allocated under any employee or executive incentive plan will be sourced by purchasing them in the market rather than by issuing them (provided nothing prevents SG Fleet Group from issuing options or similar rights to receive equity securities where those underlying equity securities will be purchased in the market)
 - unless Super Group agrees otherwise, and except as permitted under the agreement, any equity securities issued by SG Fleet Group must have been offered to shareholders on a pro-rata basis
- sell-down or restructure assistance: Super Group may at any time decide to sell down or restructure its shareholding in SG Fleet Group. If Super Group decides to conduct a sell-down or restructure of its shareholding, it may request the reasonable cooperation and assistance of SG Fleet Group in facilitating the sell-down or restructure
- insurance: SG Fleet Group and Super Group agree that they will each be responsible for purchasing and maintaining directors and officers insurance for each of their respective directors and officers

9.6.5 Principal and agency agreements

SG Fleet Australia has agreed a number of principal and agency agreements that allow it to enter into financed leasing arrangements – in relation to both corporate and novated leases – as agent for various financiers. A significant

amount of SG Fleet Australia's leasing arrangements are funded by two major financial institutions and these agreements are summarised together below:

- as an agent for the financiers (either on a disclosed or undisclosed basis), SG Fleet Australia enters into leasing agreements with third party lessees on the financier's behalf in consideration for a financing commission. SG Fleet Australia must submit a lease proposal, which the financier may accept or decline
- SG Fleet Australia is then appointed by the financier to undertake all administration (including collection of lease payments) on behalf of the financier. So long as warranties given at the time the lease was entered into by SG Fleet Australia are true, there is no recourse under these agreements to SG Fleet Australia for lessee default. Generally SG Fleet Australia gives full and unlimited indemnity protection to the financier against any loss, cost, liability or damage suffered as a direct or indirect result of breach of the agreement, acting beyond its authority, failing to comply with its obligations under a leasing agreement, doing anything which results in the financier not obtaining good and clear title to any leased goods or making any fraudulent or negligent misstatement to a lessee or financier
- the agreements may be terminated by either party with or without cause and are subject to different termination notice periods dependent on the termination event or circumstance. Termination rights include, but are not limited to, events of default – including un-remedied breaches of payment obligations, insolvency, judgements or enforcement of security against SG Fleet Australia, ceasing to carry on business, change of control, ASIC investigations, deregistration and breaches of representations and warranties – as well as unsatisfactory performance, fraud, reputational concerns and group structure changes (not triggered by the Offer)

9.7 Litigation and claims

sgfleet is from time-to-time, party to various disputes and legal proceedings incidental to the conduct of its business. As far as the Directors are aware, there is no current or threatened civil litigation, arbitration proceeding or administrative appeal, or criminal or governmental prosecution of a material nature in which *sgfleet* is directly or indirectly concerned which is likely to have a material adverse effect on the business or financial position of *sgfleet*.

9.8 Consents

Written consents to the issue of this Prospectus have been given and, at the time of lodgement of this Prospectus with ASIC, had not been withdrawn by the following parties:

- Goldman Sachs and Morgan Stanley have given, and have not withdrawn prior to the lodgement of this Prospectus with ASIC, their written consent to be named in this Prospectus as the Underwriters to the Offer in the form and context in which they are named

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- KPMG Transaction Services has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as Investigating Accountant to SG Fleet Group in relation to the Pro Forma Historical Financial Information and the Forecast Financial Information in the form and context in which it is named and has given and not withdrawn its consent to the inclusion in this Prospectus of its Investigating Accountant's Reports in the form and context in which it is included
- KPMG has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as Australian taxation adviser to SG Fleet Group in relation to the Offer in the form and context in which it is named
- Herbert Smith Freehills has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as Australian legal adviser (other than in respect of taxation and financing matters) to SG Fleet Group in relation to the Offer in the form and context in which it is named
- Computershare Investor Services Pty Limited has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as the share registry in the form and context in which it is named. Computershare Investor Services Pty Limited has had no involvement in the preparation of any part of this Prospectus other than being named as Share Registry to SG Fleet Group
- CBA Equities Limited has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as Co-Lead Manager to the Offer in the form and context in which it is named
- Each of JBWere Limited and Morgan Stanley Wealth Management Australia Pty Limited has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as Co-Manager to the Offer in the form and context in which it is named

Each of the persons and entities referred to above has not authorised or caused the issue of this Prospectus, does not make any offer of Shares and, subject to applicable law, expressly disclaims and takes no responsibility for any statements or omissions in this Prospectus except as stated above.

9.9 Description of syndicate

The Underwriters to the Offer are Goldman Sachs and Morgan Stanley. The Co-Lead Manager to the Offer is CBA Equities Limited.

The Co-Managers to the Offer are JBWere Limited and Morgan Stanley Wealth Management Australia Pty Limited.

9.10 Taxation considerations

9.10.1 Australian taxation considerations

The following tax comments are based on the tax law in Australia in force as at the date of the Original Prospectus. Australian tax laws are complex. This summary is general in nature and is not intended to be an authoritative or complete statement of all potential tax implications for each investor. During the ownership of the Shares by investors, the taxation laws of Australia or their interpretation may change. The precise implications of ownership or disposal will depend upon each investor's specific circumstances. Investors should seek their own professional advice on the taxation implications of holding or disposing of the Shares, taking into account their specific circumstances.

The following information is a general summary of the Australian income tax implications for Australian resident individuals, complying superannuation entities, trusts, partnerships and corporate investors. These comments do not apply to investors that hold Shares on revenue account, investors who are exempt from Australian income tax or investors subject to the Taxation of Financial Arrangements regime in Division 230 of the *Income Tax Assessment Act 1997* which have made elections for the fair value or Reliance on Financial Reports methodologies.

9.10.2 Dividends paid on Shares

9.10.2.1 Australian resident individuals and complying superannuation entities

Dividends paid by the SG Fleet Group on a Share will constitute assessable income of an Australian tax resident investor. Australian tax resident investors who are individuals or complying superannuation entities should include the dividend in their assessable income (some superannuation funds may be exempt in relation to shares to the extent they are held to support current pension liabilities) in the year the dividend is paid, together with any franking credit attached to that dividend. Such investors should be entitled to a tax offset equal to the franking credit attached to the dividend. The tax offset can be applied to reduce the tax payable on the investor's taxable income. Where the tax offset exceeds the tax payable on the investor's taxable income, such investors should be entitled to a tax refund.

To the extent that the dividend is unfranked, the investor will generally be taxed at his or her prevailing marginal rate on the dividend received with no tax offset.

9.10.2.2 Corporate investors

Corporate investors are also required to include both the dividend and associated franking credit in their assessable income. They are then allowed a tax offset up to the amount of the franking credit on the dividend.

An Australian resident corporate investor should be entitled to a credit in its own franking account to the extent of the franking credit on the distribution received. This will allow the corporate investor to pass on the benefit of the franking credits to its own investor(s) on the payment of dividends.

9. Additional information

Excess franking credits received cannot give rise to a refund for a company but can be converted into carry forward tax losses.

9.10.2.3 Trusts and partnerships

Investors who are trustees (other than trustees of complying superannuation entities) or partnerships should include the franking credit in determining the net income of the trust or partnership. The relevant beneficiary or partner may be entitled to a tax offset equal to the beneficiary's or partner's share of the net income of the trust or partnership.

9.10.2.4 Shares held at risk

The benefit of franking credits can be denied where an investor is not a 'qualified person' in which case the investor will not need to include an amount for the franking credits in their assessable income and will not be entitled to a tax offset.

Broadly, to be a 'qualified person', two tests must be satisfied, namely the holding period rule and the related payment rule:

- under the holding period rule, an investor is required to hold shares 'at risk' for more than 45 days continuously (which is measured as the period commencing the day after the shares were acquired and ending on the 45th day after the shares become ex-dividend) in order to qualify for franking benefits, including franking credits. This holding period rule is subject to certain exceptions, including where the total franking offsets of an individual in a year of income do not exceed \$5,000. Special rules apply to trusts and beneficiaries
- under the related payment rule, a different testing period applies where the investor has made, or is under an obligation to make, a related payment in relation to the dividend. The related payment rule requires the investor to have held the shares at risk for the continuous 45 day period as above but within the limited period commencing on the 45th day before, and ending on the 45th day after, the day the shares become ex-dividend

Investors should seek professional advice to determine if these requirements, as they apply to them, have been satisfied.

On 14 May 2013, the Commonwealth Government announced measures which apply to 'dividend washing' arrangements and the amendments are proposed to be made to the 45 day holding period rules. No legislation has yet been released in respect of this change. Investors should consider the impact of this proposed change given their own personal circumstances.

9.10.3 Disposal of Shares

Most Australian resident investors will be subject to Australian CGT on the disposal of the Shares. Some investors will hold Shares on revenue account, trading stock or under the Taxation of Financial Arrangements regime. These investors should seek their own advice.

An investor will derive a capital gain on the disposal of a particular share where the capital proceeds received on disposal exceeds the CGT cost base of the share. The CGT cost base of the share is broadly the amount paid to acquire the share plus any transaction/incidental costs.

A CGT discount may be available on the capital gain for individual investors, trustee investors and investors that are complying superannuation entities provided the particular Shares are held for at least 12 months prior to sale. Any current year or carry forward capital losses should offset the capital gain first before the CGT discount can be applied.

The CGT discount for individuals and trusts is 50% and for complying superannuation entities is 33⅓%. In relation to trusts, the rules are complex, but this discount may be able to be flowed up to beneficiaries of the trust.

An investor will incur a capital loss on the disposal of the particular Shares to the extent that the capital proceeds on disposal are less than the CGT reduced cost base of the Shares.

If an investor derives a net capital gain in a year, this amount is, subject to the comments below, included in the investor's assessable income. If an investor incurs a net capital loss in a year, this amount is carried forward and is available to offset against capital gains derived in subsequent years, subject in some cases to the investor satisfying certain rules relating to the recoupment of carried forward losses.

9.10.4 Tax file numbers

An investor is not required to quote their tax file number (TFN) to SG Fleet Group. However, if TFN or exemption details are not provided, Australian tax may be required to be deducted by SG Fleet Group from dividends at the maximum marginal tax rate plus the Medicare levy.

An investor that holds shares as part of an enterprise may quote its Australian Business Number instead of its TFN.

9.10.5 Stamp duty

No stamp duty should be payable by investors on the acquisition of Shares on the basis that the Company is not a landholder in the States in which it holds interests in land.

Investors should seek their own advice as to the impact of stamp duty in their own particular circumstances.

9.10.6 Australian Goods and Services Tax (GST)

The acquisition, redemption or disposal of the Shares by an Australian resident (that is registered for GST) will be an input taxed financial supply, and therefore is not subject to GST.

No GST should be payable in respect of dividends paid to investors.

An Australian resident investor that is registered for GST may not be entitled to claim full input tax credits in respect of GST on expenses they incur that relate to the acquisition, redemption or disposal of the Shares (e.g. lawyers' and accountants' fees).

Investors should seek their own advice on the impact of GST in their own particular circumstances.

9. Additional information

9.11 ASX and ASIC waivers, relief and confirmations

9.11.1 ASX waivers and confirmations

SG Fleet Group has applied to ASX for the following waivers/confirmations:

- a waiver of ASX Listing Rule 10.14 in connection with SG Fleet Group's proposed long and short term incentive plans
- confirmation that SG Fleet Group may undertake conditional and deferred settlement trading of the Shares, subject to certain conditions to be approved by ASX
- confirmation that SG Fleet Group will be admitted to the official list under the 'profit test' in ASX Listing Rule 2.1

9.11.2 ASIC relief and modifications

SG Fleet Group has applied for certain exemption from, modification to, and relief from, the following provisions of the Corporations Act:

- relief so that the takeover provisions of the Corporations Act will not apply to certain relevant interests that SG Fleet Group would otherwise acquire in the Escrowed Shareholders' escrowed Shares by reason of the voluntary escrow arrangements in relation to those Shares described in Section 7.6
- an exemption from the requirements of section 734(2) of the Corporations Act to enable SG Fleet Holdings to communicate limited information about the Offer to employees of *sgfleet* prior to lodgement of the Prospectus

9.11.3 Incorporation by reference

SG Fleet Holdings has lodged statutory accounts for the years ended 30 June 2011, 30 June 2012 and 30 June 2013 with ASIC, and the information in each account is incorporated by reference into this Prospectus. These can be obtained from www.sgfleet.com/global/investor-relations/reports-and-notice after the date on which the Shares are issued.

9.12 Privacy

By filling out the Application Form to apply for new Shares you are providing personal information to SG Fleet Group through its Share Registry, which is contracted by SG Fleet Group to manage Applications. SG Fleet Group, and the Share Registry on its behalf, may collect, hold and use that personal information in order to process your Application, service your needs as a Shareholder, provide facilities and services that you request and administer SG Fleet Group. If you do not provide the information requested in the Application Form, SG Fleet Group and the Share Registry may not be able to process or accept your Application.

Your personal information may also be used from time-to-time to inform you about other products and services offered by SG Fleet Group, which it considers may be of interest to you. Your personal information may also be provided to SG Fleet Group members, agents and service

providers on the basis that they deal with such information in accordance with SG Fleet Group's privacy policy and applicable laws. The members, agents and service providers of SG Fleet Group may be located outside Australia where your personal information may not receive the same level of protection as that afforded under Australian law.

The types of agents and service providers that may be provided with your personal information and the circumstances in which your personal information may be shared are:

- the Share Registry for ongoing administration of the Shareholder register
- printers and other companies for the purpose of preparation and distribution of statements and for handling mail
- market research companies for the purpose of analysing the Shareholder base and for product development and planning
- legal and accounting firms, auditors, contractors, consultants and other advisers for the purpose of administering, and advising on, the Shares and for associated actions

You may request access to your personal information held by or on behalf of SG Fleet Group. You may be required to pay a reasonable charge to the Share Registry in order to access your personal information. You can request access to your personal information by writing to or telephoning the Share Registry as follows.

Email: privacy@computershare.com.au
Address: The Privacy Officer
Computershare Investor Services Pty Limited
Yarra Falls, 452 Johnson Street
Abbotsford VIC 3067

9.13 Photographs and diagrams

Photographs and diagrams used in this Prospectus that do not have descriptions are for illustration only and should not be interpreted to mean that any person shown in them endorses this Prospectus or its contents or that the assets shown in them are owned by SG Fleet Group. Diagrams and maps used in this Prospectus are illustrative only and may not be drawn to scale.

9.14 Governing law

This Prospectus and the contracts that arise from the acceptance of the Applications under this Prospectus are governed by the law applicable in New South Wales and each Applicant under this Prospectus submits to the exclusive jurisdiction of the courts of New South Wales.

9.15 Statement of Directors

This Prospectus is authorised by each Director who has consented to its lodgement with ASIC and to its issue.



Appendix A

Significant
accounting policies



A. Significant accounting policies

The principal accounting policies adopted in the preparation of the Financial Information included in Section 4 of this Prospectus are set out below. These accounting policies are consistent with the last audited general purposes financial report of SG Fleet Holdings for the year ended 30 June 2013.

Principles of consolidation

The Financial Information incorporates the assets and liabilities of all subsidiaries of SG Fleet Group ('company' or 'parent entity') and the results of all subsidiaries for the year then ended. SG Fleet Group and its subsidiaries together are referred to in the Financial Information as the '*sgfleet*'.

Subsidiaries are all those entities over which the consolidated entity has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The effects of potential exercisable voting rights are considered when assessing whether control exists. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of common control subsidiaries is accounted for using the common control method. The acquisition of other subsidiaries is accounted for using the acquisition method of accounting. Refer to the 'business combinations' accounting policy for further details. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Common control transactions

The insertion of SG Fleet Group, which was conditional upon the successful completion of the IPO, has been treated as a common control transaction through an accounting policy choice election. This accounting policy choice allows SG Fleet Group to account for its investment in SG Fleet Holdings at book value, with no gain or loss recognised in the income statement.

Foreign currency translation

The Financial Information is presented in Australian dollars, which is *sgfleet*'s functional and presentation currency.

Foreign currency transactions

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rate at the date of the transaction, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

Revenue recognition

Revenue is recognised when it is probable that the economic benefit will flow to the consolidated entity and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

Fleet management services include fleet management income and management fees, maintenance income, finance commissions and any profit on disposal of vehicles at the end of their lease term.

Fleet management income and management fees

Fleet management income and management fees are brought to account on a straight-line basis over the term of the lease.

A. Significant accounting policies

Maintenance income

Maintenance income is recognised on a stage of completion basis in order that profit is recognised when the services are provided. Maintenance costs are expensed as and when incurred.

Finance commissions

Introductory commissions earned are recognised in the profit or loss in full in the month in which the finance is introduced to the relevant financier. Trailing commissions earned from financiers are recognised over the life of the lease.

Operating lease income

Lease income from operating leases is recognised in the profit or loss on a straight-line basis over the lease term.

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- when the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits
- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entity's which intend to settle simultaneously.

SG Fleet Group (the 'head entity') and its wholly-owned Australian controlled entities have formed an income tax consolidated group under the tax consolidation regime. The head entity and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'separate taxpayer within group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, the head entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the tax consolidated group. The tax funding arrangement ensures that the intercompany charge equals the current tax liability or benefit of each tax consolidated group member, resulting in neither a contribution by the head entity to the subsidiaries nor a distribution by the subsidiaries to the head entity.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

A. Significant accounting policies

Finance, trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

For finance lease and contract purchase agreements see 'Leases – Consolidated entity as lessor' accounting policy.

Other receivables are recognised at amortised cost, less any provision for impairment.

Inventories

End-of-term operating lease assets are stated at the lower of cost and net realisable value. Cost comprises purchase and delivery costs, net of rebates and discounts received or receivable.

Net realisable value is the lower of (i) estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale and (ii) cost less residual value provision.

Residual values

sgfleet has entered into various agreements with its financiers which govern the transfer of the residual value risk inherent in operating lease assets from the financier to *sgfleet* at the end of the underlying lease agreement. These agreements include put/call options, sale direction deeds and guaranteed buyback arrangements. The residual value provision is created on an onerous pool basis to cover future expected losses on the disposal of these vehicles. Assets are grouped into homogenous groups which are then analysed further into maturity pools. A provision is raised for a maturity pool if the forecast loss on disposal of the assets in the pool exceeds the future fee income that the pool will generate between the reporting date and the maturity date. Maturity pools in a net profit position are not offset against maturity pools in a net loss position.

Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently revalued to their fair value at each reporting date. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

Derivatives are classified as current or non-current depending on the expected period of realisation.

Cash flow hedges

Cash flow hedges are used to cover the consolidated entity's exposure to variability in cash flows that is attributable to particular risk associated with a recognised asset or liability or a firm commitment which could affect income or expenses. The effective portion of the gain or loss on the hedging instrument is recognised directly in equity, whilst the ineffective portion is recognised in profit or loss. Amounts taken to equity are transferred out of equity and included in the measurement of the hedged transaction when the forecast transaction occurs.

Cash flow hedges are tested for effectiveness on a regular basis both retrospectively and prospectively to ensure that each hedge is highly effective and continues to be designated as a cash flow hedge. If the forecast transaction is no longer expected to occur, amounts recognised in equity are transferred to profit or loss.

If the hedging instrument is sold, terminated, expires, exercised without replacement or rollover, or if the hedge becomes ineffective and is no longer a designated hedge, amounts previously recognised in equity remain in equity until the forecast transaction occurs.

Property, plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment over their expected useful lives as follows:

- leasehold improvements, 5 years
- fixtures and fittings, 3-8 years
- motor vehicles, 4 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity.

For leased motor vehicles see 'Leases – Consolidated entity as lessor – leased motor vehicles assets' accounting policy.

Leases

Consolidated entity as lessee

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of leased assets, and operating leases, under which the lessor effectively retains substantially all such risks and benefits.

Finance leases are capitalised. A lease asset and liability are established at the present value of minimum lease payments. Lease payments are allocated between the principal component of the lease liability and the finance costs, so as to achieve a constant rate of interest on the remaining balance of the liability.

A. Significant accounting policies

Leased assets acquired under a finance lease are depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the consolidated entity will obtain ownership at the end of the lease term.

Operating lease payments, net of any incentives received from the lessor, are charged to profit or loss on a straight-line basis over the term of the lease.

Consolidated entity as lessor

Amounts due from customers under finance leases and contract purchase agreements are recorded as receivables. Finance and contract purchase receivables are initially recognised at an amount equal to the present value of the minimum instalment payment receivable plus the present value of any unguaranteed residual value expected to accrue at the end of the contract term. Interest income is allocated to accounting periods so as to reflect a constant periodic rate of return on the consolidated entity's net investment outstanding in respect of the contracts.

Consolidated entity as lessor – leased motor vehicles assets

Full maintenance lease assets are stated at historical cost less accumulated depreciation.

The cost of full maintenance lease assets includes the purchase cost including non-refundable purchase taxes and other expenditure that is directly attributable to the acquisition of the assets to bring the assets held-for-use in the lease asset portfolio to working condition for the intended use.

The depreciable amount of the asset is depreciated over its estimated useful life of 7 years on a straight-line basis.

Lease rentals receivable and payable on operating leases are recognised in profit or loss in periodic amounts over the effective lease term on a straight line basis.

Intangible assets

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Goodwill

Where an entity or operation is acquired in a business combination, that is not a common control transaction, the identifiable net assets acquired are measured at fair value. The excess of the fair value of the cost of the acquisition over the fair value of the identifiable net assets acquired is brought to account as goodwill. Goodwill is not amortised.

Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

Customer contracts

Customer contracts are assessed as having either an indefinite or finite life. Indefinite life customer contracts are not amortised. Instead they are tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Finite life customer contracts are amortised on a straight-line basis over the period of their expected benefit, being their finite life of 5 years.

Software

Significant costs associated with software are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 4-8 years.

Impairment of non-financial assets

Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Goodwill and other indefinite life intangible assets

sgfleet tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy set out above. The recoverable amounts of cash-generating units, to which these assets belong, have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

Trade and other payables

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

A. Significant accounting policies

Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Where there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, the loans or borrowings are classified as non-current.

Finance costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred, including:

- interest on short-term and long-term borrowings
- interest on hire purchases
- redeemable preference share costs

Provisions

Provisions are recognised when the consolidated entity has a present (legal or constructive) obligation as a result of a past event, it is probable the consolidated entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Maintenance deferred income liability

Income is measured by reference to the stage of completion based on the proportion that the maintenance costs incurred to date bear to the estimated costs of completion of the contract lease.

Deferred income is recognised based on the differences in maintenance fee derived in accordance with the contract billing cycle and income based on stage of completion by reference to costs incurred.

Employee benefits

Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in current liabilities in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Non-accumulating sick leave is expensed to profit or loss when incurred.

Long service leave

The liability for long service leave is recognised in current and non-current liabilities, depending on the unconditional right to defer settlement of the liability for at least 12 months after the reporting date. The liability is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Defined contribution superannuation expense

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of SG Fleet Group, on or before the end of the financial year but not distributed at balance date.

Business combinations

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the consolidated entity assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the consolidated entity's operating or accounting policies and other pertinent conditions in existence at the acquisition date.

Where the business combination is achieved in stages, the consolidated entity remeasures its previously held equity interest in the acquiree at the acquisition date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

A. Significant accounting policies

Contingent consideration to be transferred by the acquirer is recognised at the acquisition date fair value. Subsequent changes in the fair value of contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

Goods and Services Tax (GST) and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Rounding of amounts

Amounts in this Prospectus have been rounded to the nearest one hundred thousand dollars, unless otherwise indicated.

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Appendix B

Glossary



B. Glossary

Glossary

Term	Meaning
ACT	Australian Capital Territory
Alliance	The PHH Arval Global Alliance
Applicant	A person who submits an Application
Application	Application made to subscribe for Shares under the Offer
Application Form	The relevant form attached to or accompanying this Prospectus pursuant to which Applicants apply for Shares
Application Monies	The amount accompanying an Application Form submitted by an Applicant
AFLA	Australian Fleet Lessors Association
ASIC	Australian Securities and Investments Commission
ASTC	ASX Settlement Pty Limited (ABN 49 008 504 532)
ASPIA	Australian Salary Packaging Industry Association
ASX	Australian Securities Exchange, as operated by ASX Limited (ABN 98 008 624 691)
ASX Listing Rules	The official rules of ASX
ASX Recommendations	The Corporate Governance Principles and Recommendations issued by the ASX
ASX Settlement	ASX Settlement Pty Ltd (ABN 49 008 504 532)
ASX Settlement Operating Rules	The operating rules of ASX Settlement
ATO	Australian Taxation Office
AUD	Australian dollars
Australian Accounting Standards	Australian Accounting Standards and other authoritative pronouncements issued by the Australian Accounting Standards Board and Urgent Issues Group interpretations
Bluefin	Bluefin Investments Limited, a wholly-owned subsidiary of Super Group incorporated in Mauritius
Board	The board of Directors of SG Fleet Group
Bonus Payment	A cash bonus to certain employees of <i>sgfleet</i> as specified in Section 4.3.3
Bonus Shares	The \$3.0 million worth of Shares issued on Settlement of the Offer to certain employees of <i>sgfleet</i> and Peter Mountford and Colin Brown under the terms of the Plan
Broker	Any ASX participating organization selected by the Underwriters to participate in the Broker Firm Offer
Business Day	Means a day on which (a) ASX is open for trading in securities and (b) banks are open for general banking business in Sydney
Broker Firm Applicant	A person who applies to subscribe for Shares under the Broker Firm Offer

B. Glossary

Term	Meaning
Broker Firm Offer	The offer of Shares under this Prospectus to Australian resident clients of Brokers who have received a firm allocation from their Broker
BVRLA	British Vehicle Rental and Leasing Association
CAGR	Compound annual growth rate
CEO	Chief Executive Officer
CFO	Chief Financial Officer
Chairman	In relation to sgfleet or SG Fleet Group, Andrew Reitzer, or otherwise as the context requires
CHAMP Ventures	CHAMP Ventures Pty Limited, as manager of CHAMP Ventures Investments Trust No.6A and No.6B, and CHAMP Ventures 7 Management Pty Limited, as manager of CHAMP Ventures Investments Trust No. 7A and No. 7C
CHAMP Ventures Shareholders	Each of: <ol style="list-style-type: none"> 1. Perpetual Corporate Trust Limited as trustee for CHAMP Ventures Investments Trust No. 6A and for CHAMP Ventures Investments Trust No. 7A 2. PT Limited trustee for CHAMP Ventures Investments Trust No. 6B 3. Perpetual Nominees Limited as trustee of CHAMP Ventures Investments Trust No. 7C
CHESS	Clearing House Electronic Sub-register System operated in accordance with the Corporations Act
Chief Executive Officer	In relation to sgfleet or SG Fleet Group, Robbie Blau, or otherwise as the context requires
Chief Financial Officer	In relation to sgfleet or SG Fleet Group, Kevin Wundram, or otherwise as the context requires
Co-Manager	The Co-Managers to the Offer, being JBWere Limited (ABN 68 137 978 360) and Morgan Stanley Wealth Management Australia Pty Limited (ABN 19 009 145 555)
Co-Lead Manager	The Co-Lead Manager to the Offer, being CBA Equities Limited (ABN 76 003 485 952)
Completion	Completion in respect of the allotment of Shares in accordance with the Underwriting Agreement
Computershare Investor Services Pty Limited	Computershare Investor Services Pty Limited (ABN 48 078 279 277)
Constitution	The constitution of SG Fleet Group
Corporations Act	<i>Corporations Act 2001</i> (Cth)
Deed Poll	The deed poll entered into in accordance with Section 9.6.2
Director	Each of the directors of SG Fleet Group from time to time
Diversity Policy	The diversity policy of the Board, as described in Section 6.4.1
DRP	The dividend reinvestment plan of SG Fleet Group
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation and amortisation

B. Glossary

Term	Meaning
EPS	Earnings per share
Escrow Period	The period commencing on the date SG Fleet Group is admitted to the official list of the ASX until the date the audited financial accounts of SG Fleet Group for FY2015 have been released to the ASX
Escrowed Shareholders	Each of the Management Shareholders
Escrowed Shares	Each of the Shares held by the Escrowed Shareholders at Completion
Existing Owners	The persons holding Existing Shares immediately prior to Completion which include Bluefin, the CHAMP Ventures Shareholders and Management Shareholders
Existing Shares	Ordinary Shares in SG Fleet Holdings
Exit Deed	The Exit Deed between the CHAMP Ventures Shareholders, the Management Shareholders, Super Group, Bluefin, SG Fleet Holdings, SG Fleet Group and SG Fleet Mauritius dated on or around the date of the Original Prospectus as described in Section 9.6
Exit Fee	The Fee of \$8.1 million payable by the CHAMP Ventures Shareholders and the Management Shareholders under the terms of the Exit Deed
Expiry Date	The date which is 13 months after the date of the Original Prospectus, after which no Shares will be issued under this Prospectus
Exposure Period	The period specified in section 723(3) of the Corporations Act, being a minimum of seven days from the date of the Original Prospectus, during which an Application must not be accepted. ASIC may extend this period to no more than 14 days after the date of the Original Prospectus
FBT	Fringe benefits tax
Financial Information	Has the meaning given in Section 4
Forecast Financial Information	Has the meaning given in Section 4
FY	Financial year ending 30 June each year
Goldman Sachs	Goldman Sachs Australia Pty Ltd. (ACN 006 797 897)
GBP	British pounds
GST	Goods and services or similar tax imposed in Australia
Herbert Smith Freehills	Herbert Smith Freehills, an Australian Partnership, and <i>sgfleet's</i> Australian legal advisers in connection with the Offer
HIN	Holder Identification Number
IFRS	International Financial Reporting Standards
Inertia	Rental income earned from vehicles on <i>sgfleet's</i> balance sheet, where vehicles are retained by customers beyond the initial lease term
Institutional Investors	An investor to whom offers or invitations of Shares can be made without the need for a lodged prospectus, including in Australia persons to whom offers or invitations of Shares can be made without the need for a lodged prospectus under Section 708 of the Corporations Act
Institutional Offer	The invitation to bid for Shares made to Institutional Investors under this Prospectus as described in Section 7.4
Investigating Accountant	KPMG Transaction Services
Investigating Accountant's Report	The Investigating Accountant's report set out in Section 8

B. Glossary

Term	Meaning
KPMG	KPMG (ABN 51 194 660 183)
KPMG Transaction Services	KPMG Transaction Services, a division of KPMG Financial Advisory Services (Australia) Pty Limited (ACN 007 363 215)
Listing	The date on which SG Fleet Group is admitted to the official list of ASX
LTI	The options offered as long term incentives granted under the Plan
Management Shareholders	Those members of management who will, directly or indirectly, hold Shares on Completion
Morgan Stanley	Morgan Stanley Australia Securities Limited (ABN 55 078 652 276)
NAB	National Australia Bank Limited (ABN 12 004 044 937)
New Shareholders	Persons acquiring Shares under the Offer excluding any Existing Owners who acquire Shares under the Offer
Novated Customer	An employee who accesses a novated lease under salary packaged arrangements with their employer
NPAT	Net profit after tax
Offer	The Offer under this Prospectus of new Shares to be issued by SG Fleet Group and includes the Institutional Offer, Broker Firm Offer, and the Priority Offer
Offer Documents	Has the meaning given in Section 9.7
Offer Information Line	(within Australia) 1300 317 954 (outside Australia) +61 3 9415 4845
Offer Price	\$1.85 per Share
Options	Options over Shares in SG Fleet Holdings issued by SG Fleet Holdings to certain members of <i>sgfleet</i> management
Original Prospectus	The Prospectus issued by SG Fleet Group dated 13 February 2014 which was lodged with ASIC on that date and is replaced by this Prospectus
Plan	The equity incentive plan established by SG Fleet Group as described in Section 6.2.4.1
Plan Rules	The rules of the Plan
PPE	Plant, property and equipment
Priority Offer	The component of the Offer under which investors who have received an invitation can apply for Shares, as discussed in Section 7.3.2
Pro forma historical financial information	Has the meaning given in Section 4
Prospectus	This document (including the electronic form of this Prospectus) and any supplementary or replacement Prospectus in relation to this document
Related body corporate	Has the meaning given in the Corporations Act
Retail Investors	A person who is a resident of Australia and is not otherwise treated as an Institutional Investor
RPS	Redeemable Preference Shares in SG Fleet Holdings
Settlement	Settlement in respect of the Shares the subject of the Offer, occurring as described in the Underwriting Agreement
SGF	Expected ASX code of SG Fleet Group
<i>sgfleet</i>	SG Fleet Group and its subsidiaries post completion of the Offer and SG Fleet Holdings and its subsidiaries prior to Completion of the Offer, and where the context requires, the business conducted by those companies

B. Glossary

Term	Meaning
SG Fleet Australia	SG Fleet Australia Pty Limited (ACN 003 429 356)
SG Fleet Group	SG Fleet Group Limited (ACN 167 554 574)
SG Fleet Holdings	SG Fleet Holdings Pty Limited (ACN 147 536 409)
SG Fleet Management	SG Fleet Management Pty Limited (ACN 108 174 296) (formerly SG Fleet Pty Limited)
SG Fleet Solutions	SG Fleet Solutions Pty Limited (ACN 167 557 468)
Share	A fully paid ordinary share in SG Fleet Group
Shareholder	The registered holder of a Share
Share Registry	Computershare Investor Services Pty Limited
SRN	Securityholder Reference Number
St. George	St. George Bank, a division of Westpac Banking Corporation ABN 33 007 457 141
STI	Short-term incentive
Subsidiary	Has the meaning given in the Corporations Act
Super Group	Super Group Limited, a company incorporated in the Republic of South Africa and listed on the Johannesburg Stock Exchange
Sydney Time	The time in Sydney, Australia
TFN	Tax file number
TFR	Total fixed remuneration
Underwriters	Goldman Sachs and Morgan Stanley
Underwriting Agreement	The underwriting agreement dated 13 February 2014 between SG Fleet Group, SG Fleet Holdings and the Underwriters in connection with the Offer, as described in Section 9.5
US Securities Act	The U.S. Securities Act of 1933, as amended



Phone

(within Australia) 1300 317 954
(outside Australia) +61 3 9415 4845

Please return your completed form to your Broker

Please complete all relevant sections of the Application Form in BLOCK LETTERS, using black or blue ink. These instructions are cross-referenced to each section of the form.

Broker Firm Offer Application Form

Broker Firm Offer closes 5.00pm (Sydney Time) on Friday, 28 February 2014

Broker Firm Applicants must contact their Broker for information on how to submit this Broker Firm Offer Application Form and Application Monies.

This Application Form relates to the Offer by SG Fleet Group of Shares in SG Fleet Group, made under the Prospectus lodged with the ASIC on Thursday, 13 February 2014 (or any supplementary or replacement Prospectus).

This Application Form is important. If you are in doubt as to how to deal with it, please contact your financial or other professional adviser. You should read the entire Prospectus carefully before completing this Application Form. To meet the requirements of the Corporations Act, this Application Form must not be distributed unless included in, or accompanied by, the Prospectus. Capitalised terms have the meaning given to them in the Prospectus.

STEP 1 Shares applied for

Enter the number of Shares you wish to apply for. The Application must be for a minimum of 1,081 Shares (A\$2,000.00). Applications for greater than 1,081 Shares must be in multiples of 270 Shares (A\$500.00). Enter the amount of the Application Monies. To calculate this amount, multiply the number of Shares applied for by the Offer Price which is A\$1.85.

STEP 2 Applicant name(s) and postal address

Enter the full name you wish to appear on the confirmation statement. This must be either your own name or the name of a company. Up to three joint Applicants may register. You should refer to the table overleaf for the correct forms of registrable title(s). Applications using the wrong form of names may be rejected. CHESSE participants should complete their name identically to that presently registered in CHESSE. Enter your postal address for all correspondence. All communications to you from the Share Registry will be mailed to the person(s) and address as shown. For joint Applicants, only one address can be entered. Enter your contact name and telephone number. This information may be used to communicate other matters to you subject to SG Fleet Group's privacy statement. This is not compulsory but will assist us if we need to contact you.

STEP 3 CHESSE holdings only

SG Fleet Group will apply to ASX for Shares to participate in CHESSE, operated by ASX Settlement Pty Limited, a wholly owned subsidiary of ASX. In CHESSE, SG Fleet Group will operate an electronic CHESSE subregister of shareholdings and an electronic issuer sponsored subregister of shareholdings.

Together, the two subregisters will make up SG Fleet Group's principal register of Shares. SG Fleet Group will not be issuing certificates to applicants in respect of Shares allotted.

If you are a CHESSE participant (or are sponsored by a CHESSE participant) and you wish to hold Shares allotted to you under this Application on the CHESSE subregister, enter your CHESSE HIN.

Otherwise, leave the section blank and on allotment you will be sponsored by SG Fleet Group and an SRN will be allocated to you.

Please note that if you supply a CHESSE HIN but the name and address details on your Application Form do not correspond exactly with the registration details held at CHESSE, your Application will be deemed to be made without the CHESSE HIN, and any Shares issued will be held on the issuer sponsored subregister.

STEP 4 Application payment

Applicants under the Broker Firm Offer must lodge their Application Form and Application Monies with the relevant Broker in accordance with the relevant Broker's directions in order to receive their firm allocation.

Applicants under the Broker Firm Offer must not return this Application Form or Application Monies to the Share Registry.

Cheque(s) or bank draft(s) must be in Australian dollars and drawn on an Australian branch of an Australian bank, must be crossed 'Not Negotiable' and must be made payable in accordance with the directions of the Broker from whom the Applicant received a firm allocation. The total amount of your cheque or bank draft should equal the amount shown in Step 1.

Lodgement instructions

There is no maximum value of Shares that may be applied for under the Broker Firm Offer. SG Fleet Group may determine a person to be eligible to participate in the Broker Firm Offer, and may amend or waive the Broker Firm Offer application procedures or requirements, in its discretion in compliance with applicable laws.

The Broker Firm Offer opens at 9.00 am (Sydney Time) on Friday, 21 February 2014 and is expected to close at 5.00 pm (Sydney Time) on Friday, 28 February 2014. SG Fleet Group and the Underwriters may elect to extend the Offer or any part of it, or accept late Applications either generally or in particular cases. The Offer, or any part of it, may be closed at any earlier date and time, without further notice. Your Broker may also impose an earlier closing date. Applicants are therefore encouraged to submit their Applications as early as possible. Please contact your Broker for instructions.

Acceptance of the Offer

By returning this Application Form with your Application Monies:

- you declare that this Application is completed and lodged according to the Prospectus and the declarations/statements on this Application Form;
- you represent and warrant that you have read and understood the Prospectus and that you acknowledge the matters, and make the warranties and representations, contained in the Prospectus and this Application Form;
- you declare that all details and statements made are complete and accurate;
- you declare that if you received the Prospectus via electronic means, it was received either personally or a printout was accompanied by the Application Form before making an Application;
- you declare that each Applicant, if a natural person, is at least 18 years old;
- you declare that you are located in Australia, not acting for the account or benefit of any person in the United States;
- you were given access to the Prospectus together with the Application Form and you represent and warrant that the law of any other place does not prohibit you from being given the Prospectus and any supplementary or replacement prospectus or making an Application on this Application Form;
- if you are a trustee, you are authorised under the constituent documents of the trust to apply for and hold Shares in SG Fleet Group;
- if you are a custodian, you confirm that you are authorised by your client to give undertakings on their behalf;
- you provide authorisation to be registered as the holder of Shares issued to you and agree to be bound by the Constitution and the Prospectus;
- you apply for the number of Shares set out on or determined in accordance with this Application Form and agree to be issued or transferred such number of Shares, a lesser number or none;
- you agree to become a member of SG Fleet Group and to be bound by and comply with the terms of its Constitution;

- you acknowledge that the information contained in the Prospectus (or any supplementary or replacement Prospectus) is not investment advice or a recommendation that Shares are suitable for you, given your investment objectives, financial situation or particular needs and that the investment performance of shares is not guaranteed by SG Fleet Group;
- you authorise SG Fleet Group and the Underwriters to do anything on your behalf necessary for Shares to be issued to you, including acting on instructions received by your Broker;
- you acknowledge that an investment in SG Fleet Group does not constitute an investment in, a deposit with, or any type of liability of the Underwriters or any of their related bodies corporate and none of the foregoing parties in any way stand behind or guarantee the repayment of capital from SG Fleet Group, the investment performance of SG Fleet Group or any portfolio rate of return;
- you acknowledge that an investment in SG Fleet Group involves a degree of risk;
- your Application to acquire Shares is irrevocable and may not be varied or withdrawn except as allowed by law;
- you acknowledge that an Application may be rejected without giving any reason, including where this Application Form is not properly completed or where a cheque submitted with this Application Form is dishonoured or for the wrong amount and you authorise SG Fleet Group to complete or correct this Application Form;
- you acknowledge that if you are not issued any Shares or you are issued fewer Shares than the number that you applied and paid for as a result of a scale back, all or some of your Application Monies (as applicable) will be refunded to you (without interest) in accordance with the Corporations Act; and
- you agree that by providing SG Fleet Group with your email address, you consent to SG Fleet Group contacting you via email unless you notify SG Fleet Group otherwise in writing.



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STEP 2 Applicant name(s) and postal address

Enter the full name you wish to appear on the confirmation statement. This must be either your own name or the name of a company. Up to three joint Applicants may register. You should refer to the table overleaf for the correct forms of registrable title(s). Applications using the wrong form of names may be rejected. CHESSE participants should complete their name identically to that presently registered in CHESSE. Enter your postal address for all correspondence. All communications to you from the Share Registry will be mailed to the person(s) and address as shown. For joint Applicants, only one address can be entered. Enter your contact name and telephone number. This information may be used to communicate other matters to you subject to SG Fleet Group's privacy statement. This is not compulsory but will assist us if we need to contact you.

STEP 3 CHESSE holdings only

SG Fleet Group will apply to ASX for Shares to participate in CHESSE, operated by ASX Settlement Pty Limited, a wholly owned subsidiary of ASX. In CHESSE, SG Fleet Group will operate an electronic CHESSE subregister of shareholdings and an electronic issuer sponsored subregister of shareholdings.

Together, the two subregisters will make up SG Fleet Group's principal register of Shares. SG Fleet Group will not be issuing certificates to applicants in respect of Shares allotted.

If you are a CHESSE participant (or are sponsored by a CHESSE participant) and you wish to hold Shares allotted to you under this Application on the CHESSE subregister, enter your CHESSE HIN.

Otherwise, leave the section blank and on allotment you will be sponsored by SG Fleet Group and an SRN will be allocated to you.

Please note that if you supply a CHESSE HIN but the name and address details on your Application Form do not correspond exactly with the registration details held at CHESSE, your Application will be deemed to be made without the CHESSE HIN, and any Shares issued will be held on the issuer sponsored subregister.

STEP 4 Application payment

Applicants under the Broker Firm Offer must lodge their Application Form and Application Monies with the relevant Broker in accordance with the relevant Broker's directions in order to receive their firm allocation.

Applicants under the Broker Firm Offer must not return this Application Form or Application Monies to the Share Registry.

Cheque(s) or bank draft(s) must be in Australian dollars and drawn on an Australian branch of an Australian bank, must be crossed 'Not Negotiable' and must be made payable in accordance with the directions of the Broker from whom the Applicant received a firm allocation. The total amount of your cheque or bank draft should equal the amount shown in Step 1.

Lodgement instructions

There is no maximum value of Shares that may be applied for under the Broker Firm Offer. SG Fleet Group may determine a person to be eligible to participate in the Broker Firm Offer, and may amend or waive the Broker Firm Offer application procedures or requirements, in its discretion in compliance with applicable laws.

The Broker Firm Offer opens at 9.00 am (Sydney Time) on Friday, 21 February 2014 and is expected to close at 5.00 pm (Sydney Time) on Friday, 28 February 2014. SG Fleet Group and the Underwriters may elect to extend the Offer or any part of it, or accept late Applications either generally or in particular cases. The Offer, or any part of it, may be closed at any earlier date and time, without further notice. Your Broker may also impose an earlier closing date. Applicants are therefore encouraged to submit their Applications as early as possible. Please contact your Broker for instructions.

Acceptance of the Offer

By returning this Application Form with your Application Monies:

- you declare that this Application is completed and lodged according to the Prospectus and the declarations/statements on this Application Form;
- you represent and warrant that you have read and understood the Prospectus and that you acknowledge the matters, and make the warranties and representations, contained in the Prospectus and this Application Form;
- you declare that all details and statements made are complete and accurate;
- you declare that if you received the Prospectus via electronic means, it was received either personally or a printout was accompanied by the Application Form before making an Application;
- you declare that each Applicant, if a natural person, is at least 18 years old;
- you declare that you are located in Australia, not acting for the account or benefit of any person in the United States;
- you were given access to the Prospectus together with the Application Form and you represent and warrant that the law of any other place does not prohibit you from being given the Prospectus and any supplementary or replacement prospectus or making an Application on this Application Form;
- if you are a trustee, you are authorised under the constituent documents of the trust to apply for and hold Shares in SG Fleet Group;
- if you are a custodian, you confirm that you are authorised by your client to give undertakings on their behalf;
- you provide authorisation to be registered as the holder of Shares issued to you and agree to be bound by the Constitution and the Prospectus;
- you apply for the number of Shares set out on or determined in accordance with this Application Form and agree to be issued or transferred such number of Shares, a lesser number or none;
- you agree to become a member of SG Fleet Group and to be bound by and comply with the terms of its Constitution;

- you acknowledge that the information contained in the Prospectus (or any supplementary or replacement Prospectus) is not investment advice or a recommendation that Shares are suitable for you, given your investment objectives, financial situation or particular needs and that the investment performance of shares is not guaranteed by SG Fleet Group;
- you authorise SG Fleet Group and the Underwriters to do anything on your behalf necessary for Shares to be issued to you, including acting on instructions received by your Broker;
- you acknowledge that an investment in SG Fleet Group does not constitute an investment in, a deposit with, or any type of liability of the Underwriters or any of their related bodies corporate and none of the foregoing parties in any way stand behind or guarantee the repayment of capital from SG Fleet Group, the investment performance of SG Fleet Group or any portfolio rate of return;
- you acknowledge that an investment in SG Fleet Group involves a degree of risk;
- your Application to acquire Shares is irrevocable and may not be varied or withdrawn except as allowed by law;
- you acknowledge that an Application may be rejected without giving any reason, including where this Application Form is not properly completed or where a cheque submitted with this Application Form is dishonoured or for the wrong amount and you authorise SG Fleet Group to complete or correct this Application Form;
- you acknowledge that if you are not issued any Shares or you are issued fewer Shares than the number that you applied and paid for as a result of a scale back, all or some of your Application Monies (as applicable) will be refunded to you (without interest) in accordance with the Corporations Act; and
- you agree that by providing SG Fleet Group with your email address, you consent to SG Fleet Group contacting you via email unless you notify SG Fleet Group otherwise in writing.

Broker Firm Offer Application Form

STEP 1 Enter the number of Shares you wish to apply for

I/we apply for:	Price per Share	Application payment
<input type="text"/>	A\$1.85	A\$ <input type="text"/>

STEP 2 Applicant name(s) and postal address

Individual / joint Applications – refer to naming standards for correct form of registrable title(s)

<input type="text"/>	<input type="text"/>	<input type="text"/>
Title or company name	Given name(s)	Surname

Joint Applicant 2 or account designation

Joint Applicant 3 or account designation

Postal address

<input type="text"/>	<input type="text"/>	<input type="text"/>
Unit	Street number	Street name or PO box

Street name or PO box (continued)

<input type="text"/>	<input type="text"/>	<input type="text"/>
City/Suburb/Town	State	Postcode

Contact details

<input type="text"/>	(<input type="text"/>) <input type="text"/>
Contact name	Telephone number where you can be contacted during business hours

Email address

STEP 3 CHESS Holdings Only – supply your Holder Identification Number

X

STEP 4 Cheque(s) must be crossed 'Not Negotiable' and made payable in accordance with the directions of your Broker

<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	A\$ <input type="text"/>
Drawer	Cheque number	BSB number	Account number	Amount of payment

Privacy Statement

Personal information is collected on this form by Computershare Investor Services Pty Limited, as Share Registry for SG Fleet Group for the purpose of maintaining registers of Shares and facilitating payments and other corporate actions and communications. Your personal information may be disclosed to related bodies corporate of Computershare Investor Services Pty Limited, to external service companies such as print or mail service providers, or as otherwise required or permitted by law. If you would like details of your personal information held by Computershare Investor Services Pty Limited, or you would like to correct information that is inaccurate, incorrect or out of date, please contact Computershare Investor Services Pty Limited. In accordance with the Corporations Act, you may be sent material (including marketing material) approved by SG Fleet Group in addition to general corporate communications. You may elect not to receive marketing material by contacting Computershare Investor Services Pty Limited. You can contact Computershare Investor Services Pty Limited using the details provided on the front of this Application Form or e-mail privacy@computershare.com.au. Chapter 2C of the Corporations Act requires information about you as a Shareholder (including your name, address and details of the Shares you hold) to be included in the public register of SG Fleet Group. Information is collected to administer your shareholding and if some or all of the information is not collected it may not be possible to administer your Shares.

Correct forms of registrable titles

Applications must be made in the name(s) of natural persons, companies or other legal entities in accordance with the Corporations Act. At least one full given name and surname is required for each natural person. The name of the beneficial owner or any other registrable name may be included by way of an account designation or completed as described in the correct forms of registrable title(s) below.

Type of Applicant	Correct form of registration	Incorrect form of registration
Individual – Use given name(s) in full, not initials	Mr John Alfred Smith	J.A Smith
Joint – Use given name(s) in full, not initials	Mr John Alfred Smith & Mrs Janet Marie Smith	John Alfred & Janet Marie Smith
Company – Use company title, not abbreviations	ABC Pty Ltd	ABC P/L; ABC Co
Trusts – Use trustee(s) personal name(s) – Do not use the name of the trust	Ms Penny Smith <Penny Smith Family A/C>	Penny Smith Family Trust
Deceased Estates – Use executor(s) personal name(s) – Do not use the name of the deceased	Mr William Smith <Est John Smith A/C>	Estate of Late John Smith
Minor (a person under the age of 18) – Use the name of a responsible adult with an appropriate designation	Mr John Alfred Smith <Peter Smith A/C>	Peter Smith
Partnerships – Use partners personal name(s) – Do not use the name of the partnership	Mr John Smith & Mr William Smith <John Smith & Son A/C>	John Smith & Son
Clubs/Unincorporated Bodies/Business Names – Use office bearer(s) personal name(s) – Do not use the name of the club etc	Mrs Janet Smith <ABC Tennis Association A/C>	ABC Tennis Association
Superannuation Funds – Use the name of trustee of the fund – Do not use the name of the fund	John Smith Pty Ltd <Super Fund A/C>	John Smith Pty Ltd Superannuation Fund

Corporate directory

ISSUER'S REGISTERED OFFICE

SG Fleet Group Limited

Level 2, Building 3
20 Bridge Street
Pymble NSW 2073
Australia

JOINT LEAD MANAGERS

Goldman Sachs Australia Pty Limited

Level 46, Governor Phillip Tower
1 Farrer Place
Sydney NSW 2000
Australia

Morgan Stanley Australia Securities Limited

Level 39, Chifley Tower
2 Chifley Square
Sydney NSW 2000
Australia

CO-LEAD MANAGER

CBA Equities Limited

Ground Floor, Tower 1
201 Sussex Street
Sydney NSW 2000
Australia

CO-MANAGERS

JBWere Limited

Level 16
101 Collins Street
Melbourne VIC 3000
Australia

Morgan Stanley Wealth Management Australia Pty Limited

Level 14
120 Collins Street
Melbourne VIC 3000
Australia

AUSTRALIAN LEGAL ADVISER

Herbert Smith Freehills

ANZ Tower
161 Castlereagh Street
Sydney NSW 2000
Australia

INVESTIGATING ACCOUNTANT

KPMG Financial Advisory Services (Australia) Pty Limited

10 Shelley Street
Sydney NSW 2000
Australia

AUDITOR

KPMG

10 Shelley Street
Sydney NSW 2000
Australia

SHARE REGISTRY

Computershare Investor Services Pty Limited

60 Carrington Street
Sydney NSW 2000
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OFFER WEBSITE

www.sgfleet.com/global/investor-relations/prospectus

