autosports group

PROSPECTUS

Initial Public Offering of Ordinary Shares.

JOINT LEAD MANAGERS

MACQUARIE UBS

FINANCIAL ADVISOR

LUMINIS PARTNERS
IN AFFILIATION WITH EVERCORE

Important Notices

Offer

This Prospectus is issued by Autosports Group Limited ACN 614 505 261 (**Autosports Group, ASG** or the **Company**) for the purpose of Chapter 6D of the Corporations Act 2001 (Cth) (**Corporations Act**). The Offer contained in this Prospectus is an initial public offering to acquire fully paid ordinary shares in Autosports Group (**Shares**). See Section 7 for further information on the Offer.

References to ASG and the Restructure

Autosports Group was incorporated on 29 August 2016 and does not currently own the business conducted by ASG. In connection with the Offer, a shareholding restructuring will take place under the Restructure, pursuant to which Autosports Group will acquire the issued capital in Pre-IPO Autosports Group. Completion of the Restructure is conditional on Completion. The Restructure will take effect during the conditional listing period. Following completion of the Restructure, Autosports Group will own Pre-IPO Autosports Group.

Additionally, following Completion, the Acquisition will be completed. Completion of the Acquisition is conditional on Completion. Following completion of the Acquisition, Autosports Group will own the five dealerships owned by ASG Brisbane Pty Ltd.

In this Prospectus, '**ASG**' means, prior to Completion, Pre-IPO Autosports Group and the business carried on by those entities. On and from Completion, ASG means Autosports Group and its subsidiaries (including the Dealership acquired under the Acquisition, which will be owned by a subsidiary of Autosports Group). Unless otherwise specified, this Prospectus is prepared as if the Proposed Transaction by the Company has occurred. For example, the investment overview in Section 1, the overview of the Company in Section 2, and the Pro forma Historical Financial Information and the Forecast Financial Information in Section 4 represent the business operations of the Company assuming completion of the Proposed Transaction.

See Section 7.1.1 for a description of the Offer structure and Section 9.4 for a description of the Restructure.

Lodgement and Listing

This Prospectus is dated 28 October 2016 (**Prospectus Date**) and was lodged with the Australian Securities and Investments Commission (**ASIC**) on that date.

ASG will apply to the Australian Securities Exchange (**ASX**) within seven days after the Prospectus Date, for admission of the Company to the Official List and quotation of its Shares on ASX. None of ASIC, ASX or any of their respective officers takes any responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

Expiry Date

This Prospectus expires on the date which is 13 months after the Prospectus Date (**Expiry Date**). No Shares will be issued on the basis of this Prospectus after the Expiry Date.

Not investment advice

The information contained in this Prospectus is not financial product advice and does not take into account your investment objectives, financial situation or particular needs.

It is important that you read this Prospectus carefully and in full before deciding whether to invest in ASG.

Consult your accountant, financial advisor, stockbroker, lawyer or other professional advisor before deciding whether to invest in Shares.

In particular, you should consider the assumptions underlying the Pro forma Historical Financial Information and Pro forma Forecast Financial Information (see Sections 4.2 and 4.7) and the risk factors (see Section 5) that could affect the business, financial condition and financial performance of ASG. 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 advisor, stockbroker, lawyer or other professional advisor before deciding whether to invest in Shares. There may be risks in addition to these that should be considered in light of your personal circumstances.

No person named in this Prospectus, nor any other person, warrants or guarantees the performance of ASG, the repayment of capital by ASG or any return on investment in Shares made pursuant to this Prospectus.

No person is authorised to give any information or to 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 ASG, the Directors, the Joint Lead Managers or any other person in connection with the Offer. You should rely only on information in this Prospectus.

Exposure Period

The Corporations Act prohibits ASG from processing Applications in the seven day period after the Prospectus Date (**Exposure Period**). The Exposure Period may be extended by ASIC by up to a further seven days. The purpose of 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.

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 once it has been accepted.

Obtaining a copy of this Prospectus

During the Exposure Period, an electronic version of this Prospectus without an Application Form will be available at http://investors.autosportsgroup.com.au to persons who are Australian residents only. Application Forms will not be made available until after the Exposure Period has expired.

During the Offer Period, this Prospectus is available in electronic form at http://investors.autosportsgroup.com.au. The Offer constituted by this Prospectus in electronic form at http://investors.autosportsgroup.com.au is available only to persons within Australia. The Prospectus is not available to persons in other jurisdictions (including the United States) in which it may not be lawful to make such an invitation or offer. If you access the electronic version of this Prospectus, you should ensure that you download and read the Prospectus in its entirety.

You may, before the Closing Date, obtain a paper copy of this Prospectus (free of charge) by telephoning the ASG IPO Offer Information Line on 1800 425 578 (within Australia) from 8.30am to 5.30pm (Sydney time), Monday to Friday. If you are eligible to participate in the Offer and are calling from outside Australia, you should call +61 1800 425 578 from 8.30am to 5.30pm (Sydney time), Monday to Friday.

Applications for Shares may only be made during the Offer Period on an Application Form attached to or accompanying this Prospectus.

The Corporations Act prohibits any person from passing the Application Form on to another person unless it is attached to a paper copy of the Prospectus or the complete and unaltered electronic version of this Prospectus.

Refer to Section 7 for further information.

Statements of past performance

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

Financial information

Section 4 sets out in detail the Financial Information referred to in this Prospectus and the basis of preparation of that Financial Information.

The Historical Financial Information is presented on both an actual and pro forma basis (as described in Section 4.2.4) and has been prepared and presented in accordance with the recognition and measurement principles of Australian Accounting Standards (including the Australian Accounting Interpretations) issued by the Australian Accounting Standards Board, which are consistent with International Financial Reporting Standards and interpretations issued by the International Accounting Standards Board.

This Prospectus also includes Forecast Financial Information based on the best estimate assumptions of the Directors. The basis of preparation and presentation of the Forecast Financial Information is consistent with the basis of preparation and presentation for the Historical Financial Information. The Forecast Financial Information presented in this Prospectus is presented on both a statutory and pro forma basis and is unaudited.

All financial amounts contained in this Prospectus are expressed in Australian dollars, unless otherwise stated. Any discrepancies between totals and sums of components in tables, figures and components contained in this Prospectus are due to rounding.

Financial periods

All references to FY2014, FY2015 and FY2016 appearing in this Prospectus are to the financial years ended 30 June 2014, 30 June 2015 and 30 June 2016 respectively, unless otherwise indicated.

Forward looking statements

This Prospectus contains forward looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'expects', 'intends' and other similar words that involve risks and uncertainties. The Forecast Financial Information included in Section 4.7 is an example of forward looking statements. These forward looking statements speak only as of the Prospectus Date, and ASG does not undertake to, and does not intend to, update or revise any 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, except where required by law.

Any forward looking statements are subject to various risks that could cause ASG's actual results to differ materially from the results expressed or anticipated in these statements. Forward looking statements should be read in conjunction with, and are qualified by reference to, the risk factors as set out in Section 5, the general and specific assumptions as set out in Section 4.7, the sensitivity analysis as set out in Section 4.8, and other information in this Prospectus. Such forward looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are outside the control of ASG, the Directors and ASG management. ASG, the Directors, ASG management and the Joint Lead Managers 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.

Industry and market data

This Prospectus, including the industry overview in Section 2 and the business overview in Section 3, contains statistics, data and other information (including forecasts and projections) relating to markets, market sizes, market shares, market segments, market positions and other industry data pertaining to ASG's business and markets. ASG has obtained significant portions of this information from market research prepared by third parties.

Investors should note that market data and statistics are inherently predictive and subject to uncertainty and not necessarily reflective of actual market conditions. There is no assurance that any of forecasts or projections in the surveys, reports and surveys of any third party that are referred to in this Prospectus will be achieved. ASG has not independently verified, and cannot give any assurances to the accuracy or completeness of, this market and industry data.

Estimates involve risks and uncertainties and are subject to change based on various factors, including those discussed in the risk factors set out in Section 5.

Selling restrictions

This Prospectus does not constitute an offer or invitation to apply for Shares 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 (including electronically) 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. This Prospectus may not be distributed to, or relied upon by, persons in the United States.

Shares have not been, and will not be, registered under the United States Securities Act of 1933, as amended (**US Securities Act**) or the securities laws of any state or other jurisdiction of the United States and may not be offered or sold, directly or indirectly, in the United States unless the Shares have been registered under the US Securities Act or are offered and sold in a transaction exempt from, or not subject to, the registration requirements of the US Securities Act and any other applicable securities laws. See Section 9.15 for more detail on selling restrictions that apply to the Offer in jurisdictions outside Australia.

Defined terms and time

Defined terms and abbreviations used in this Prospectus have the meanings defined in the Glossary or are defined in the context in which they appear.

Unless otherwise stated or implied, references to times in this Prospectus are to Sydney time. Unless otherwise stated or implied, references to dates or years are calendar year (**CY**) references.

Privacy

By completing an Application Form to apply for Shares, you are providing personal information to ASG through the Share Registry, which is contracted by ASG to manage Applications. ASG and the Share Registry on behalf of ASG, 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 carry out appropriate administration.

If you do not provide the information requested in the Application Form, ASG 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 ASG, which it considers may be of interest to you.

Your personal information may also be provided to the Company's members, agents and service providers on the basis that they deal with such information in accordance with ASG's Privacy Policy and applicable laws. The members, agents and service providers of the Company 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; and
- legal and accounting firms, auditors, contractors, consultants and other advisers for the purpose of administering, and advising on, the Shares and for associated actions.

If an Applicant becomes a Shareholder, the Corporations Act requires ASG to include information about the Shareholder (including name, address and details of the Shares held) in its public Shareholder register. If you do not provide all the information requested, your Application Form may not be able to be processed.

The information contained in the Shareholder register must remain there even if that person ceases to be a Shareholder. Information contained in the Shareholder register is also used to facilitate dividend payments and corporate communications (including ASG's financial results and annual reports and other information that the Company may wish to communicate to its Shareholders) and compliance by ASG with legal and regulatory requirements. An Applicant has a right to gain access to the information that the Company and the Share Registry hold about that person, subject to certain exemptions under law. A fee may be charged for access. Access requests must be made in writing or by telephone call to the Company's registered office or the Share Registry's office, details of which are disclosed in the Corporate Directory on the inside back cover of this Prospectus. Applicants can obtain a copy of ASG's Privacy Policy by visiting ASG's website http://investors.autosportsgroup.com.au.

You may request access to your personal information held by or on behalf of ASG and you may correct the personal information held by or on behalf of ASG about you. 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:	registrars@linkmarketservices.com.au
Address:	Locked Bag A14, Sydney South NSW 1235
Telephone:	1800 425 578 (within Australia), 9.00am – 5.30pm (Sydney time)

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 ASG. Diagrams and maps used in this Prospectus are illustrative only and may not be drawn to scale. Unless otherwise stated, all data contained in charts, graphs and tables is based on information available at the Prospectus Date.

Company website

Any references to documents included on ASG's website at www.autosportsgroup.com.au or http://investors.autosportsgroup.com.au are for convenience only, and none of the documents or other information available on ASG's website is incorporated into this Prospectus by reference.

Disclaimer

Except as required by law, and only to the extent so required, none of ASG, the Directors, ASG management, the Joint Lead Managers or any other person warrants or guarantees the future performance of ASG, or any return on any investment made pursuant to this Prospectus.

As set out in Section 7.12, it is expected that the Shares will be quoted on ASX initially on a conditional and deferred settlement basis. ASG, the Share Registry and the Joint Lead Managers disclaim all liability, whether in negligence or otherwise, to persons who trades Shares before receiving a holding statement, even if such person received confirmation of allocation from the ASG IPO Offer Information Line or confirmed their firm allocation through a Broker.

Macquarie Capital (Australia) Limited and UBS AG, Australia Branch have acted as Joint Lead Managers to the Offer and have not authorised, permitted or caused the issue or lodgement, submission, dispatch or provision of this Prospectus and there is no statement in this Prospectus which is based on any statement made by them or by any of their affiliates, officers or employees. To the maximum extent permitted by law, the Joint Lead Managers and each of their respective affiliates, officers, employees and advisers expressly disclaim all liabilities in respect of, make no representations regarding, and take no responsibility for, any part of this Prospectus other than references to their name and make no representation or warranty as to the currency, accuracy, reliability or completeness of this Prospectus.

Investigating Accountant's Report and Financial Services Guide

The provider of the Investigating Accountant's Report is required to provide Australian retail investors with a financial services guide in relation to the review under the Corporations Act (**Financial Services Guides**). The Investigating Accountant's Report and accompanying Financial Services Guide is provided in Section 8.

Questions

If you have any questions about how to apply for Shares, call your Broker or the ASG IPO Offer information line on 1800 425 578 between 8.30am and 5.30pm (Sydney time), Monday to Friday. Instructions on how to apply for Shares are set out in Section 7 of this Prospectus and on the back of the Application Form.

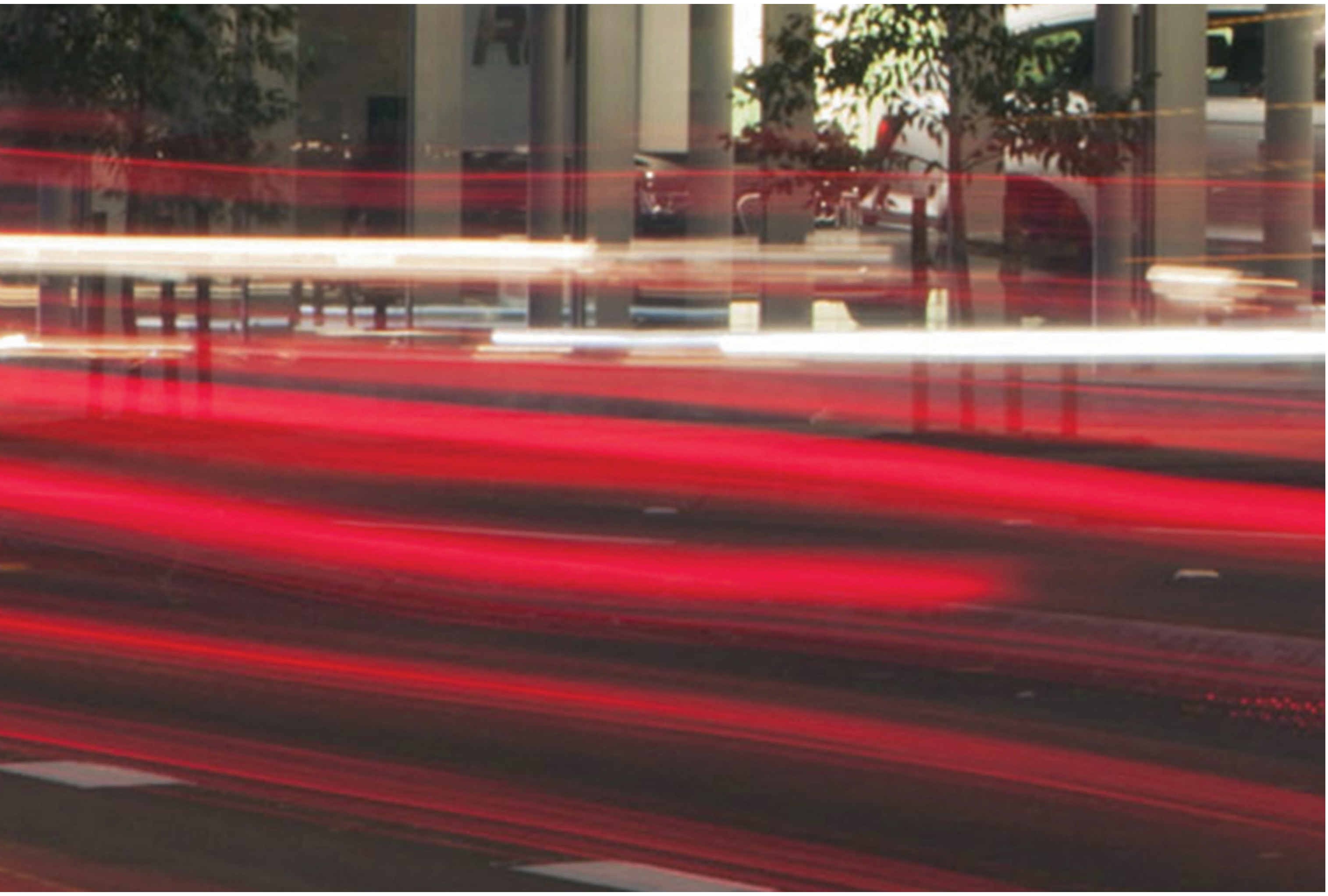
If you have any questions about whether to invest in ASG, you should seek professional advice from your accountant, financial advisor, stockbroker, lawyer or other professional advisor before deciding whether to invest in Shares.

Offer management

Macquarie Capital (Australia) Limited and UBS AG, Australia Branch are jointly managing and underwriting the Offer for ASG.

This document is important and should be read in its entirety.

Table of Contents



Important Information

Key Dates	
Prospectus lodgement date	Friday 28 October 2016
Retail Offer open	Monday 7 November 2016
Retail Offer close	Monday 14 November 2016
Commencement of ASX trading on a conditional and deferred settlement basis	Wednesday 16 November 2016
Settlement	Thursday 17 November 2016
Issue and allotment of Shares (Completion)	Friday 18 November 2016
Expected dispatch of holding statements	Monday 21 November 2016
Expected commencement of trading of Shares on ASX on a normal settlement basis	Tuesday 22 November 2016

Note: This timetable is indicative only and may change. Unless otherwise indicated, all times are stated in Sydney time. The Company, in consultation with the Joint Lead Managers, 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 Offer Period relating to any component of the Offer, or to accept late Applications, either generally or in particular cases, or to cancel or withdraw the Offer before Settlement, in each case without notifying any recipient of this Prospectus or Applicants). If the Offer is cancelled or withdrawn before the allocation 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.

Key Offer statistics	
Offer Price	$2.40 per Share
Total number of Shares offered under this Prospectus	66.7 million
Total value of Shares offered under this Prospectus	$160.1 million
Total Shares on issue immediately after Completion	201.0 million
Market capitalisation based on the Offer Price[1]	$482.4 million
Enterprise value based on the Offer Price[2]	$478.7 million
Enterprise value to pro forma FY2017 EBITDA[3,4]	10.5x
Offer Price to pro forma FY2017 NPATA per Share[4,5]	17.2x
FY17 dividend yield (annualised)[6]	3.8%

Note 1: Market capitalisation is calculated as the total number of Shares on issue on Completion multiplied by the Offer Price. Shares may not trade at the Offer Price after Listing.

Note 2: Enterprise value is calculated as the market capitalisation of the Company, based on the Offer Price, minus pro forma net cash of $3.6 million, which excludes floor plan (bailment) finance of $215.5 million. Refer to Section 4 for details of the components of pro forma net debt (cash).

Note 3: EBITDA is defined as earnings before interest, taxation, depreciation and amortisation. For the purposes of calculating the enterprise value to pro forma FY2017 EBITDA multiple, floor plan interest expense is deducted from FY2017 EBITDA. All other references in this Prospectus to FY2017 EBITDA are not-adjusted for the value of floor plan interest expense, unless otherwise specified.

Note 4: The Forecast Financial Information is based on assumptions and accounting policies set out in Section 4 and Appendix A.1, and is subject to 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 as pro forma for the reasons described in Section 4.2. Forecasts have been included in this Prospectus for the period ending 30 June 2017.

Note 5: NPATA means net profit after tax excluding amortisation pertaining to acquired intangibles.

Note 6: Dividend yield assumes mid-point of the target 60% – 70% dividend payout ratio.

How to invest

Applications for Shares can only be made by completing and lodging the Application Form attached to or accompanying this Prospectus.

Instructions on how to apply for Shares are set out in Section 7 of this Prospectus and on the back of the Application Form.

Chairman's Letter

Friday 28 October 2016

Dear Investor,

On behalf of the Board, it is my pleasure to invite you to become a shareholder of the Company.

ASG commenced operations in 2006 and following Completion and completion of the Proposed Transaction, will own and operate 25 franchised new and used Motor Vehicle Dealerships across Sydney, Melbourne and Brisbane (selling 11 different Prestige and Luxury brands) and two specialist prestige Motor Vehicle collision repair facilities.

Sales of new Motor Vehicles, the main source of revenue for Automotive Dealers, have demonstrated steady growth over the last 20 years. ASG focuses on the Prestige and Luxury segments, which have been the fastest growing segments of the market with compound annual growth of 8.3% between CY1996 and CY2015. In addition to the sale of new Motor Vehicles, ASG earns revenue at multiples points in the life cycle of Motor Vehicle ownership from the sale of used Motor Vehicles, the sale of ancillary products and services as well as Motor Vehicle servicing and the sale of Motor Vehicle spare parts.

ASG has successfully expanded its business to take advantage of this growth via a combination of establishment of new greenfield dealerships and acquisition of existing Dealerships. Following Completion, ASG's strategy is to continue to focus on the Prestige and Luxury segments and to grow both organically and via acquisition.

Organic growth is expected to be generated from both establishment of new greenfield Dealerships and the maturation of ASG's existing award-winning operations. ASG's operational expertise has been recognised by its OEM partners through multiple "Dealer of the Year" awards, complemented by an array of customer service and management excellence awards.

ASG has opened nine new Dealerships over the past five years and, as the customer base from these newer Dealerships expands and matures, ASG typically generates additional revenue from other activities in the Motor Vehicle life cycle.

ASG is well positioned to capitalise on acquisition opportunities. The Australian Automotive Dealership industry is highly fragmented with an estimated 2,500 new Motor Vehicle Dealerships nationwide, according to industry associations. ASG believes that there is a pipeline of potential acquisition targets in OEM brands it does not currently represent, as well as additional dealerships in existing OEM brands that it currently represents.

The purpose of the Offer is to enable ASG to expand its existing operations, fund the Acquisition and to enhance its financial flexibility to pursue growth opportunities. In addition, the Offer will provide existing investors with an opportunity to realise a part of their investment, provide ASG with access to capital markets, provide a liquid market for Shares and assist ASG to attract and retain quality employees.

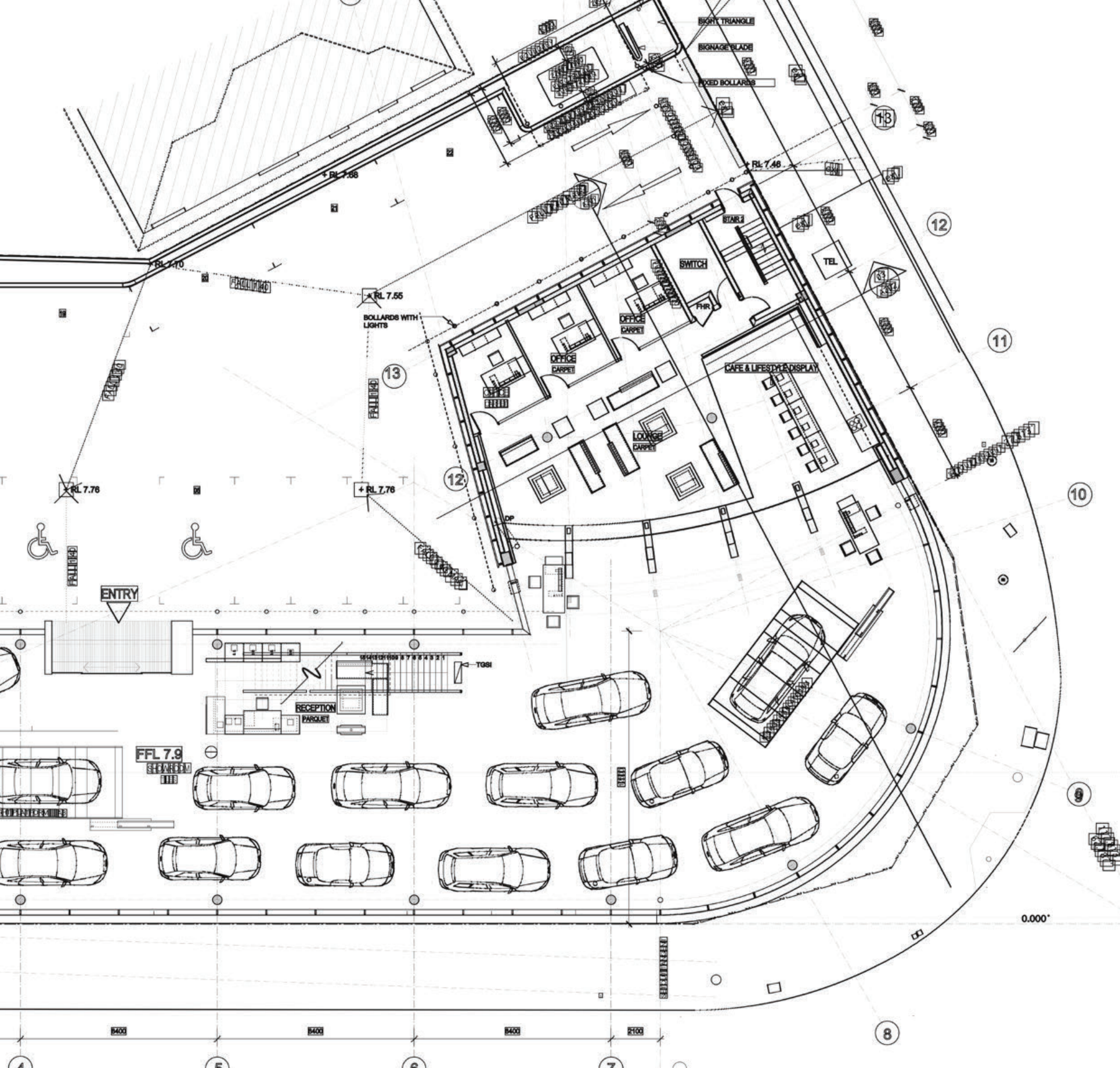
This Prospectus contains detailed information about the Offer, financial information (including historic and forecast financial information) relating to ASG and material risks associated with an investment in ASG. Please read this Prospectus carefully, and in its entirety, before making an investment decision, and consult your accountant, financial advisor, stockbroker, lawyer or other professional advisor before deciding whether to invest in Shares.

We look forward to welcoming you as a Shareholder.

Yours faithfully,

Tom Pockett

Independent Chairman



SECTION 1

Investment Overview

1. Investment Overview

1.1 Introduction

Topic	Summary	For more information
What is ASG?	ASG is a privately owned Dealer Group, focussed on the sale of Prestige and Luxury Motor Vehicles. Following Completion and completion of the Proposed Transaction, ASG's operations will comprise: • 23 franchised Dealerships selling new and used Prestige and Luxury Motor Vehicles; • two used Motor Vehicle outlets, focussed primarily the sale of Prestige and Luxury Motor Vehicles; and • two specialist prestige Motor Vehicle collision repair facilities.	Section 3
Where does ASG operate?	ASG operates in Sydney, Melbourne and Brisbane.	Section 3.2
What industry does ASG operate in?	ASG operates in the Automotive Dealership industry, with a focus on the Prestige and Luxury segments. Participants in the Automotive Dealership industry sell new and used Motor Vehicles, distribute finance and insurance products on behalf of Retail Financiers and Automotive Insurers, sell aftermarket products and provide spare parts, Motor Vehicle servicing and collision repair services to customers.	Section 2.1
Why is the Offer being conducted?	The Offer is being conducted to: • part fund the Acquisition; • enhance ASG's financial flexibility to pursue its business strategies and identified growth opportunities; • provide ASG with access to capital markets; • provide a liquid market for Shares; • assist ASG in attracting and retaining quality employees; and • provide Existing Owners with an opportunity to realise part of their investment.	Section 7.1.2

1.2 Key features of ASG's business model

Topic	Summary	For more information
How does ASG generate its income?	ASG's generates its income from: • the sale of new and used Motor Vehicles; • the sale or distribution of ancillary products and services, such as finance, insurance and aftermarket products, alongside the sale of Motor Vehicles; • the sale of Motor Vehicle spare parts; • the provision of Motor Vehicle servicing; and • the provision of collision repair services.	Section 3.4
What is ASG's growth strategy?	ASG's strategy is to continue to grow both organically and via acquisition. Organic growth includes: • expansion of new Motor Vehicle sales and increased sales of used Motor Vehicles; • growth of back-end services (e.g. servicing and sale of Motor Vehicle spare parts); • capacity expansion at existing Dealerships to meet demand; and • establishment of new greenfield Dealerships. Acquisition growth will focus on opportunities both in ASG's existing brands and in Prestige and Luxury brands where ASG does not currently have a presence.	Section 3.5

Topic	Summary	For more information
What is ASG's pro forma and statutory historical and forecast financial performance?	The tables below provides a summary of the pro forma historical and pro forma forecast financial information, and the statutory historical and statutory forecast financial information for ASG. The information presented is a summary only and should be read in conjunction with the more detailed discussion of the Financial Information set out in Section 4 as well as the risk factors set out in Section 5.	Section 4.3.1 and Section 4.3.4

		Historical		Forecast
		Pro forma		Pro forma
$m	FY2014	FY2015	FY2016	FY2017
Total Revenue	650.9	1,039.2	1,266.4	1,445.1
Gross profit	93.0	148.5	177.0	208.3
EBITDA	21.5	35.0	40.9	52.4
EBIT	16.0	28.4	33.8	45.1
NPBT	11.8	21.9	26.7	37.1
NPAT	8.2	15.3	18.7	26.0
NPATA	10.7	17.7	20.9	28.1

Note 1: NPATA is defined as the net profit after tax attributable to shareholders of ASG excluding the amortisation relating to finite-life intangibles recognised on the application of Acquisition Accounting at Completion.

Note that the statutory historical financial information below excludes the historical results of acquisitions undertaken post 30 June 2016 (see Section 4.2.3.2). The statutory forecast financial information below represents the forecast results of ASG for the period from Completion (18 November 2016) to 30 June 2017 and therefore not the full forecast year of trading. See Section 4.3.3 for details of the pro forma adjustments made to statutory financial information.

		Historical		Forecast
		Aggregated Accounts (Statutory)		Statutory
$m	FY2014	FY2015	FY2016	FY2017
Total Revenue	461.6	824.3	1,032.6	901.5
Gross profit	66.4	115.4	138.5	128.4
EBITDA	17.3	25.4	32.1	23.1
EBIT	15.7	23.1	29.6	18.5
NPBT	12.7	17.5	24.0	13.1
NPAT	8.7	11.7	15.4	6.1

Topic	Summary	For more information
What is ASG's dividend policy?	The payment of a dividend by ASG 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, the financial condition of the Company, future funding requirements, capital management (including an assessment of gearing levels), taxation considerations (including the level of franking credits available), any contractual, legal or regulatory restrictions on the payment of dividends by the Company, and any other factors the Board may consider relevant. The Directors intend to pay out 60% to 70% of the Company's NPATA attributable to shareholders of ASG as a dividend. However, the level of payout ratio may vary between periods depending on the factors above. The Board's intention is to pay dividends on a semi-annual basis, with the first dividend to be paid in respect of the six months ending 30 June 2017. The Board expects that dividends will be franked to the maximum extent possible. No assurances can be given by any person, including the Directors, about the payment of any dividend and the level of franking on any such dividend.	Section 4.11

Topic	Summary	For more information
Does ASG currently have any debt facilities?	On Completion, ASG will have $250.1 million of available floor plan facilities. ASG's pro forma drawn debt at 30 June 2016 was comprised of: • $20.3 million in capital loans; • $1.1 million in other loans and hire purchase facilities; and • $215.5 million in floor plan finance facilities, which are used to acquire ASG's Motor Vehicle inventory	Section 4.5.2

1.3 Key strengths

Topic	Summary	For more information
Attractive industry fundamentals	• Sales of new Motor Vehicles have grown at a compound annual rate of 3.0% between CY1996 and CY2015[1] • The consistent growth in new Motor Vehicle sales is expected to continue, driven by factors including increasing Motor Vehicle affordability, rising disposable incomes, low oil prices, low interest rates and the increasing quality and technical specifications of Motor Vehicles • High barriers to entry due to OEM relationships, significant capital expenditure requirements and limited access to suitable finance • Due to the fragmented structure of the Automotive Dealership industry, there is significant scope for consolidation	Section 2
ASG operates in the attractive Prestige and Luxury segments	• ASG is focussed on the Prestige and Luxury segments of the market, which have experienced compound annual growth of 8.3% between CY1996 and CY2015[2] • This growth reflects increasing affordability of Prestige and Luxury brands and the expanding product ranges of these brands, among other factors • On average, Prestige and Luxury Dealers generate higher gross profit per Motor Vehicle sold and, due to the higher average sale price and ongoing revenue opportunity, generate higher average gross profit per employee with a lower fixed cost base (as a percentage of gross profit)	Section 2.1.2.2
ASG has a well established platform	• ASG represents five of the top 10 selling Prestige and Luxury brands in Australia • ASG has successfully demonstrated its ability to grow sales of Prestige and Luxury Motor Vehicles and, as such, is an attractive partner for OEMs operating in these segments of the market • ASG is recognised with industry awards by OEMs as a high quality brand ambassador, positioning it well for future greenfield opportunities with existing OEMs • ASG's Dealerships are strategically located in areas with attractive demographic profiles in the large metropolitan markets of Sydney, Melbourne and Brisbane • ASG's Dealer Principals focus on one OEM brand at each location, underpinning ASG's commitment to its OEM partners and contributing to maintaining strong relationships with the OEMs • ASG leverages its industry expertise and understanding of Prestige and Luxury customers to deliver on the expectations of its OEM partners and provide an exceptional customer experience	Section 3
Diversified revenue model	• ASG generates revenue across multiple stages of Motor Vehicle ownership, including new and used Motor Vehicle sales, distribution of finance and insurance, aftermarket sales, servicing, parts sales and collision repair • Growth in servicing and spare parts revenues from maturing greenfield Dealerships is expected in the medium term as ASG's new Motor Vehicle customer base expands and matures	Section 3.4

1 Source: FCAI VFACTS data
2 Source: FCAI VFACTS data

Topic	Summary	For more information
ASG has a demonstrated track record of organic and inorganic growth	• ASG has demonstrated significant expertise in executing acquisitions alongside its greenfield growth strategy, having grown from a single Audi Dealership in 2006, to following Completion and completion of the Proposed Transaction, 25 new and used Motor Vehicle Dealerships and two specialist collision repair facilities • ASG has been profitable every year for the past seven years • ASG believes that there is a strong pipeline of potential acquisition targets in OEM brands that it does not currently represent as well as additional Dealerships in OEM brands that it currently represents	Section 3.5
Highly experienced management team	• ASG's founders have been involved in the Automotive Dealership Industry since 1968 • The majority of the senior management team and Dealer Principals have been with the business for over five years • A service-focussed culture is entrenched in the business model	Section 3.3

1.4 Key risks

For more detail on the risks referred to below and for additional information on the risks which may adversely impact the future operating and financial performance of ASG and the value of its Shares, see Section 5.

Topic	Summary	For more information
Retail environment and general economic conditions	The operating and financial performance of ASG is influenced by a variety of general economic and business conditions, including levels of consumer spending, inflation, interest rates and exchange rates, access to consumer credit, government fiscal, monetary and regulatory policies and oil prices. A deterioration in general economic and business conditions could impact consumer purchasing decisions and cause consumers to reduce their level of spending on discretionary items.	Section 5.1.1
Relationships with OEMs, floor plan financing and insurance distribution arrangements	The success of ASG's business and its ability to grow rely on its ability to retain existing relationships with OEMs and distributors and develop new ones. There is no guarantee that these relationships will continue or if they do continue, that these relationships will be successful. Key OEM relationships may be lost or impaired due to a variety of factors and if ASG is unable to maintain its existing relationships or attract new OEM partners, its business, operating and financial performance could be adversely affected. ASG is a party to separate floor plan financing arrangements with each OEM. The terms upon which floor plan finance can be obtained is a key driver of dealer profitability as floor plan financing costs make up a significant operational cost for dealers. These arrangements are generally up for renewal each year, and are often up for renewal at a different time to the Dealership Agreement. Any change in the terms of the floor plan financing arrangements may impact ASG's business model. The termination of these floor plan financier contracts or a decision by a financier to stop providing floor plan finance or to provide it on less favourable terms to ASG may adversely affect the ASG's financial performance. Dealership Agreements and floor plan financing may be terminated by the OEM or financier without cause or on short notice periods (depending on the termination event or circumstances), generally between 30 and 90 days. Any termination or non-renewal of the Dealership Agreements or floor plan financing arrangements will reduce the Company's access to an inventory of new Motor Vehicles and consequently adversely affect ASG's financial performance.	Section 5.1.2

Topic	Summary	For more information
Interruption of the supply of Motor Vehicles	In order to retail Motor Vehicles, ASG is reliant on the supply of new Motor Vehicles by the OEMs. In certain circumstances, the quantity of inventory of new Motor Vehicles available to ASG for sale is restricted under the Dealership Agreements or may be limited at the OEM's discretion. The supply of new Motor Vehicles may also be limited as a result of issues affecting OEMs, such as product defect or safety recalls. Additionally, given that the OEMs are located in foreign jurisdictions, ASG is exposed to a number of other risks including increased security requirements for foreign goods, delays in international shipping arrangements, imposition of taxes and other charges as well as restrictions on imports. ASG is also exposed to risks related to disruption to production and ability to supply and other issues in foreign jurisdictions where the OEMs operate.	Section 5.1.3
Interest rate	ASG's performance may be impacted by fluctuations in interest rates. An increase in interest rates may lead to an increase in the cost of servicing ASG's floor plan financing arrangements which is a significant operational cost for ASG. Therefore, an increase in interest rates may adversely affect ASG's financial performance. More generally, an increase in interest rates will also lead to reduced affordability for Prestige and Luxury Motor Vehicles and potentially reduce sales of both new and used Vehicles, which could adversely impact on ASG's financial performance.	Section 5.1.4
Financing	Separate to the floor plan financier arrangements referred to above, ASG has entered into various financing arrangements with Volkswagen Financial Services Australia, Macquarie Leasing Pty Ltd, Macquarie Bank Limited, Mercedes-Benz Financial Services Australia Pty Ltd, Australia and New Zealand Banking Group Limited and Westpac Banking Corporation referred to in Section 4.5.2. These financier arrangements contribute to ASG's ability to maintain a relatively low cost operating structure. If a financier stopped providing finance to ASG for any reason, ASG's ability to maintain a relatively low cost operating structure would be adversely affected and may require ASG to refinance all or some of its borrowings on terms not as favourable as its current terms, or at all. If ASG is unable to repay or refinance these financing arrangements, ASG may have to seek further equity, dispose of assets or enter into new debt facilities on less favourable terms. These factors could adversely affect ASG's ability to acquire new assets and fund capital expenditure and could adversely affect the financial performance of ASG, and ASG may suffer reputational damage which could result in financiers being unwilling to extend additional finance or potentially raise future borrowing costs.	Section 5.1.5
Reliance on key personnel and employee recruitment	Key members of management and in particular Nick Pagent and Ian Pagent have significant experience in, and knowledge of, the Automotive Dealership industry. The loss of the services of key members of management, and any delay in their replacement, or the failure to attract additional key individuals to key management roles, could have a material adverse effect on ASG's financial performance and ability to implement is business and growth strategies.	Section 5.1.7

Topic	Summary	For more information
Regulation	ASG is subject to a number of Australian laws and regulations. These include, but are not limited to, consumer protection laws, consumer finance laws, laws relating to the sale of insurance products, importation laws, privacy laws in relation to the handling of personal information, data collection laws and laws relating to workplace health and safety. There is a risk that ASG could face legal, or regulatory sanctions or reputational damage as a result of any failure to comply with (or comply with developing interpretations of) applicable laws, regulations, codes of conduct and standards of good practice. A breach in any of these areas could result in fines or penalties, the payment of compensation or the cancellation or suspension of ASG's ability to carry on certain of its activities or businesses, which could adversely affect ASG's financial performance. In the markets in which ASG operates it is a requirement that each Dealership and panel and collision repair workshop is licenced. If ASG operates without the required licences or its sales staff or Dealer Principals fail to comply with the terms of those licences, those licences may be suspended or revoked and ASG may be liable to pay fines, penalties or compensation or ASG or its staff or dealer principals may be prohibited from carrying on certain business activities, which could adversely affect ASG's financial performance. Further future laws or regulations may be introduced, or existing laws and regulations may be changed (such as the Federal Government's proposed amendments to the regulation of private importation of Motor Vehicles), which could adversely impact ASG's business.	Section 5.1.9
Maintenance of reputation	The success of ASG is dependent on its reputation. Reputational damage could arise due to a number of circumstances, including inadequate service, poor quality products or failure to comply with legislation or regulation applicable to the business. Further, ASG's reputation may also be adversely impacted by the actions of OEMs, or issues relating to the Motor Vehicles manufactured by the OEMs, with whom ASG has a relationship. Any adverse perception of ASG's reputation or image on the part of customers, counterparties or regulators could adversely affect ASG's financial performance.	Section 5.1.10
Acquisitions and expansion of Dealerships	The growth strategy of ASG relies in part on increasing the size of its Dealership network, which it intends to do partly through acquisitions and partly by developing greenfield dealership opportunities. If suitable acquisition targets or greenfield opportunities are not able to be identified, or acquisitions are not able to be made on acceptable terms, then this may limit ASG's ability to realise its growth strategy. Further, acquisitions that are made may prove not to be as successful as ASG anticipates, including failure of due diligence to identify issues associated with the acquisition or due to issues arising from integrating the new businesses into existing operations. If acquisitions made by ASG are unsuccessful, the financial performance of ASG, its growth strategy and its capacity to pursue further acquisitions may be adversely affected. Similarly, greenfield opportunities which are pursued may not be as successful as ASG anticipates, for example if the relevant PMA of the greenfield opportunity does not prove as profitable as anticipated. If the greenfield development opportunities pursued by ASG are unsuccessful, the financial performance of ASG, its growth strategy and its capacity to pursue further acquisitions may be adversely affected.	Section 5.1.11
Relationships with landlords may deteriorate	ASG currently has 22 Dealerships and collision repair workshops, and following Completion and completion of the Proposed Transaction, will have 27 Dealerships and panel and collision repair workshops, all of which are located on leased premises. These leases typically contain a range of restrictions on the Company's activities at the relevant premises which may restrict ASG's operating flexibility. Any default under a lease by ASG, or failure to renew existing leases on acceptable terms or an inability to negotiate alternative arrangements could adversely affect ASG's ability to operate Dealerships in preferred locations, which may result in a reduction in revenue and have an adverse effect on ASG's future financial performance.	Section 5.1.14

1. Investment Overview (continued)

Topic	Summary	For more information
Other risks	A number of other risks relating specifically to an investment in the Company and generally to an investment in the Shares are included in Section 5, including risks associated with its inability to meet forecasts, changes in customer preferences, impact of competition via the internet and other technologies, changes in foreign exchange rates, Dealership concentration, reliance on third parties for information technology systems and infrastructure, liabilities arising from an increase in claims under extended warranty or warranty products, exposure to litigation, claims or disputes, liabilities not adequately covered under ASG's existing insurance arrangements, risks associated with ASG's deterioration of its competitive position and liabilities and costs arising from unforeseen environmental compliance.	Section 5

1.5 Directors and key management

Topic	Summary	For more information
Who are the Directors of ASG?	• Tom Pockett, Independent Chairman • Nick Pagent, Managing Director and Chief Executive Officer • Ian Pagent, Executive Director • Malcolm Tilbrook, Independent Non-Executive Director • Marina Go, Independent Non-Executive Director • Robert Quant, Independent Non-Executive Director	Section 6.1
Who are the key management of ASG?	• Nick Pagent, Managing Director and Chief Executive Officer • Ian Pagent, Executive Director • Aaron Murray, Chief Financial Officer	Section 6.2

1.6 Significant interests of key people and related party transactions

Topic	Summary	For more information
Who are the Shareholders before the Offer and what will be their interest post Completion?	See table below	Section 7.1.3

	Existing Shares held in existing ASG entities[1]		Shares held on Completion and completion of the Proposed Transaction	
	m	%	m	%
Pagent Entities	119.5	82.1	102.5	51.0
Other Management Shareholders	26.1	17.9	22.4	11.1
Willims Vendors	-	-	9.4	4.7
Directors and Employees	-	-	0.4	0.2
New Shareholders	-	-	66.4	33.0
Total	**145.6**	**100.0**	**201.0**	**100.0**

Note 1: Number of Existing Shares held by the Existing Owners is based on a value allocation methodology agreed among the Existing Owners.

At Completion, 66.8% of the Shares will be subject to voluntary escrow arrangements. See Section 9.13.4 for further information.

<table>
<tr><th>Topic</th><th>Summary</th><th>For more information</th></tr>
<tr><td>What significant benefits are payable to Directors and other persons connected with ASG or the Offer?</td><td><table>
<tr><th>Key people</th><th>Interest or benefit</th><th>For more information</th></tr>
<tr><td>Existing Owners</td><td>Ownership of Shares</td><td>Section 6.3.4</td></tr>
<tr><td>Non-Executive Directors</td><td>Directors’ remuneration</td><td>Section 6.3.2.3</td></tr>
<tr><td>Management</td><td>Remuneration and entitlements under the STI arrangements and LTI Plan</td><td>Section 6.3.3</td></tr>
<tr><td>Advisers and other service providers</td><td>Fees for services</td><td>Section 6.3.1</td></tr>
</table>
Eligible Employees will also be offered up to $1,000 of Shares under the Employee Gift Offer.</td><td>Section 6.3</td></tr>
<tr><td>Will any Shares be subject to restrictions on disposal following Completion?</td><td>The Escrowed Shareholders have entered into a voluntary escrow deed in respect of their Escrowed Shares, which prevent them from dealing in their respective Escrowed Shares for the applicable escrow period.

On Completion, Shares held by the Escrowed Shareholders will be subject to the following escrow arrangements:
• 46.9% of Shares will be subject to escrow from Listing until release of ASG’s FY2018 annual result; and
• 19.9% of Shares will be subject to escrow from Listing until release of ASG’s FY2019 annual result.

Shares to be issued to the Willims Vendor under the Acquisition Agreement will be subject to the same escrow arrangements.</td><td>Section 9.13.4</td></tr>
</table>

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

Topic	Summary	For more information
What is the Offer?	The Offer is an initial public offering of 66.7 million Shares at the Offer Price of $2.40 per Share. The Offer is expected to raise $159.3 million. Each Share issued and allotted under this Prospectus will, from the time they are issued and alloted, rank equally with all other Shares on issue.	Section 7.1
Who is the issuer of this Prospectus?	Autosports Group Limited ACN 614 505 261 (ASX code: ASG)	Section 9.1
What is the proposed use of funds raised under the Offer?	The funds received under the Offer will be used as follows: • $54.1 million will be used to partly fund the Acquisition; • $16.8 million will be retained by ASG to pursue future growth initiatives and for working capital; • $25.8 million will be used to fund the Pre-Completion dividend; • $49.7 million will be paid to the Existing Owners to partly fund the Restructure; and • $12.9 million will be used to pay costs associated with the Offer.	Section 7.1.2

Topic	Summary	For more information
How is the Offer structured?	The Offer comprises: • the Retail Offer, consisting of the: – Broker Firm Offer; – Employee Gift Offer; – Employee Offer; and – Priority Offer; and • the Institutional Offer. No general public offer of Shares will be made under the Offer.	Section 7.1.1
Is the Offer underwritten?	Yes. The Offer is fully underwritten by the Joint Lead Managers.	Section 9.5
Who are the Joint Lead Managers on the Offer?	The Joint Lead Managers are Macquarie Capital (Australia) Limited and UBS AG, Australia Branch.	Section 9.5
Will the Shares be quoted on ASX?	ASG will apply to ASX within seven days of the Prospectus Date for its admission to the Official List and quotation of Shares on ASX (under the code "ASG"). It is anticipated that quotation will initially be on a conditional and deferred settlement basis. 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.	Section 7.12.1
What is the allocation policy?	The allocation of Shares between the Broker Firm Offer, Employee Gift Offer, Employee Offer, Priority Offer and Institutional Offer was determined by agreement between the Joint Lead Managers and the Company having regard to the allocation policies outlined in Sections 7.3.4, 7.4.4, 7.6.4 and 7.9.2. The allocation of Shares among Applicants in the Institutional Offer was determined by agreement between the Joint Lead Manager and ASG. Eligible Employees will, at the discretion of the Company, be offered the opportunity to apply for up to $1,000 of Shares each for nil consideration. With respect to the Employee Offer, it is at the absolute discretion of the Company. The allocation of Shares among Applicants in the Priority Offer will be determined by the Company in its absolute discretion. With respect to the Broker Firm Offer, it is a matter for the Brokers how they allocate Shares among their retail clients.	Section 7
Is there any brokerage, commission or stamp duty payable by Applicants?	No brokerage, commission or stamp duty is payable by Applicants on acquisition of Shares under the Offer.	Section 7.2
What are the tax implications of investing in the Shares?	Summaries of certain Australian tax consequences of participating in the Offer and investing in Shares are set out in 9.18. The tax consequences of any investment in Shares will depend upon an investor's particular circumstances. Applicants should obtain their own tax advice prior to deciding whether to invest.	Section 9.18
When will I receive confirmation that my Application has been successful?	It is expected that initial holding statements will be dispatched by standard post on or about Monday 21 November 2016.	Sections 7.2 and 7.12.2
What is the minimum Application size?	The minimum Application size under the Broker Firm Offer, Employee Offer and Priority Offer is $2,000 of Shares in aggregate.	Section 7.2

Topic	Summary	For more information
How can I apply?	**Institutional Offer Applicants** The Joint Lead Managers separately advised Institutional Investors of the Application procedure under the Institutional Offer. **Employee Gift Offer Applicants** To apply under the Employee Gift Offer, you must complete the Employee Gift Offer Application Form in accordance with the instructions provided to you by the Company. **Employee Offer Applicants** To apply under the Employee Offer, you must complete the Employee Offer Application Form in accordance with the instructions provided to you by the Company. **Broker Firm Offer Applicants** Broker Firm Offer Applicants may apply for Shares by completing a valid Broker Firm Offer Application Form attached to or accompanying this Prospectus and lodging it with the Broker who invited them to participate in the Broker Firm Offer. **Priority Offer Applicants** Applicants under the Priority Offer must apply in accordance with the instructions provided in their Priority Offer invitation.	Sections 7.3.2, 7.4.2, 7.5.2, 7.6.2 and 7.9
When can I sell my Shares on ASX?	It is expected that trading of Shares on ASX will commence on or about Wednesday 16 November 2016 on a conditional and deferred settlement basis. It is expected that dispatch of holding statements will occur on or about Monday 21 November 2016 and that Shares will commence trading on ASX on a normal settlement basis on Tuesday 22 November 2016. It is the responsibility of each Applicant to confirm their holding before trading their Shares. Applicants who sell Shares before they receive an initial holding statement do so at their own risk.	Section 7.12.3
Can the Offer be withdrawn?	The Company may withdraw the Offer at any time before the issue of Shares to Successful Applicants under the Offer. If the Offer, or any part of it, does not proceed, all relevant Application Monies will be refunded. No interest will be paid on any Application Monies refunded as a result of the withdrawal of the Offer.	Section 7.14
Where can I find out more information about this Prospectus or the Offer?	All enquiries in relation to this Prospectus should be directed to the ASG IPO Offer Information Line on: – within Australia: 1800 425 578; or – outside Australia: +61 1800 425 578, from 8.30am to 5.30pm (Sydney time), Monday to Friday. If you have any questions about whether to invest in the Company, you should seek professional advice from your accountant, financial advisor, stockbroker, lawyer or other professional advisor before deciding whether to invest.	Section 7.2

SECTION 2

Industry Overview

2. Industry Overview

2.1 Overview of the Automotive Dealership industry

ASG operates in the Automotive Dealership industry, with a focus on Prestige and Luxury segments of the industry.

Automotive Dealers typically generate income through:

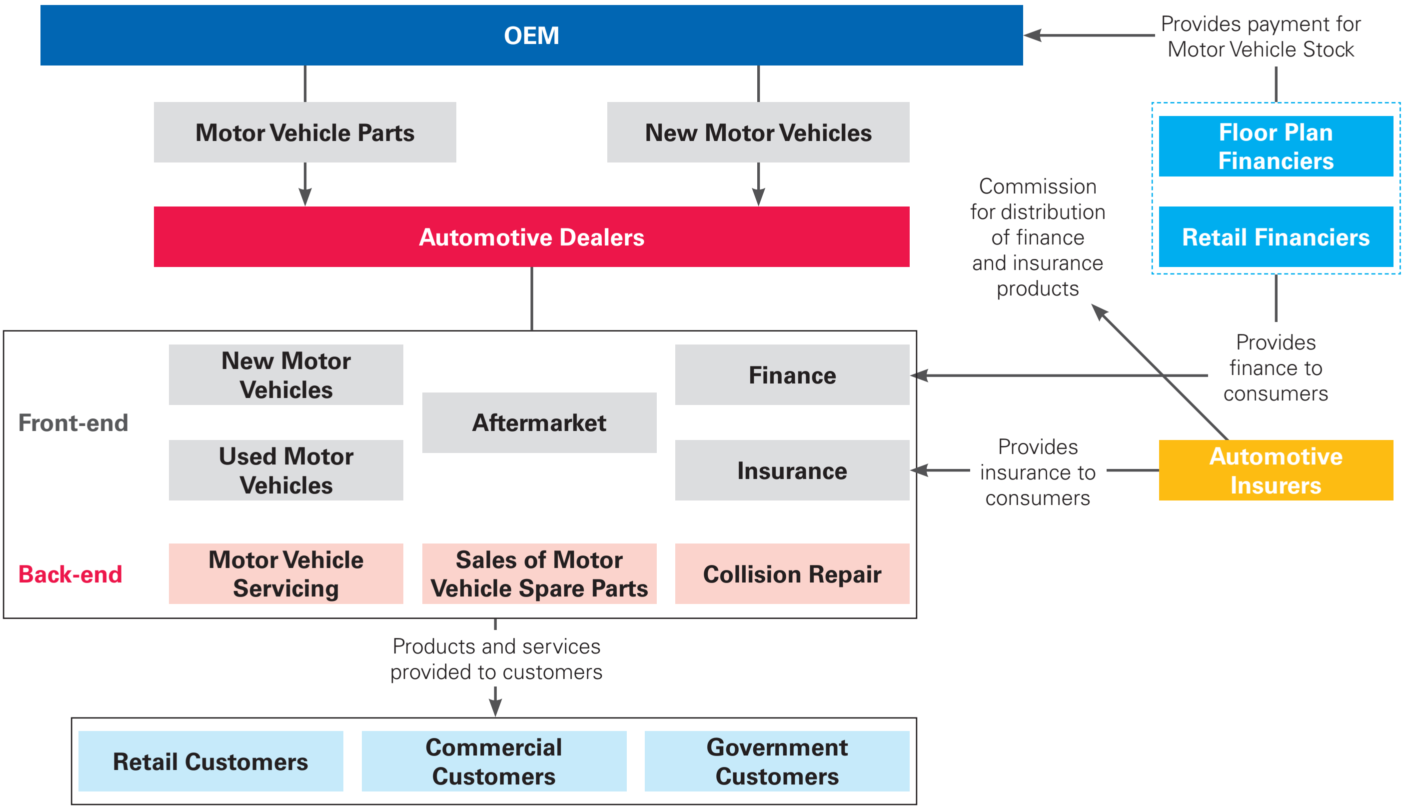
- the sale of new and used Motor Vehicles;
- the sale or distribution of ancillary products and services in conjunction with the sale of Motor Vehicles, such as finance, insurance and aftermarket products;
- the sale of Motor Vehicle spare parts; and
- the provision of Motor Vehicle servicing.

Some Automotive Dealers also generate revenue from the provision of collision repair services.

This Section 2 sets out details on the key features, size, growth drivers, competitive landscape and other relevant aspects of the industry in which ASG operates.

2.1.1 Industry structure

Figure 1 – Overview of the Australian Automotive Dealership industry



2.1.1.1 Automotive Dealership industry participants

There are a number of different parties involved in the delivery of Motor Vehicle sales, financing, insurance and ongoing servicing within the Automotive Dealership industry:

- **Automotive Original Equipment Manufacturer (OEMs):** OEMs manufacture and are the primary wholesale distributors of new Motor Vehicles and secondary market Motor Vehicle parts and accessories. OEMs typically appoint Dealers to retail New Motor Vehicles and spare parts to customers;
- **Automotive Dealers:** Automotive Dealers are licensed retailers of new and used Motor Vehicles. New Motor Vehicles are sold through OEM-appointed Dealers. Dealers typically enter into a Dealership Agreement with the relevant OEM which provides exclusivity to operate a new Motor Vehicle Dealership for that brand in a certain geography and governs the manner in which the Automotive Dealer can manage the sale of that OEM's new, and in some cases, used, Motor Vehicles;
- **Floor Plan Financiers:** The purchase of Motor Vehicles by Dealers is primarily funded via floor plan financing arrangements (see Section 2.4.5). In most cases, Floor Plan Financiers also seek to distribute or make available retail finance products to Motor Vehicle customers through the Dealerships which they provide floor plan financing to;
- **Retail Financiers:** Retail Financiers provide finance products to purchasers of Motor Vehicles. Dealers earn income on the distribution of finance products on behalf of Retail Financiers. The Retail Financier may also be the Dealer's Floor Plan Financier;
- **Automotive Insurers:** Automotive Insurers provide insurance products such as CTP greenslip (third party) insurance and comprehensive car insurance. Automotive Dealers earn income on the distribution of insurance products on behalf of Automotive Insurers and will generally distribute the majority of insurance products on behalf of a preferred Automotive Insurer;
- **Collision repairers:** Collision repairers provide Motor Vehicle repair services following an accident. Many panel repairers also assist customers with the accident insurance claims process;
- **Aftermarket parts suppliers:** Aftermarket parts suppliers are the non-OEM manufacturers and/or distributors of aftermarket parts for sale by Automotive Dealers. Aftermarket parts and services include window tinting, fabric protection, roof racks, tyre and wheel protection, extended warranties and other accessories; and
- **Motor Vehicle customers:** Automotive Dealers sell Motor Vehicles and, in some circumstances, distribute finance and insurance products to retail customers, commercial customers and government customers.

2.1.2 Industry size

The Automotive Dealership industry is a large and growing market with new Motor Vehicle sales in Australia rising from 635,697 in CY1996 to over 1,123,224 in CY2015.[1] The market for Prestige and Luxury Motor Vehicle sales (defined in Section 2.1.2.1) has grown faster than the overall market, rising from 90,058 sales in CY1996 to over 406,743 in CY2015 (refer Section 2.1.2.2).

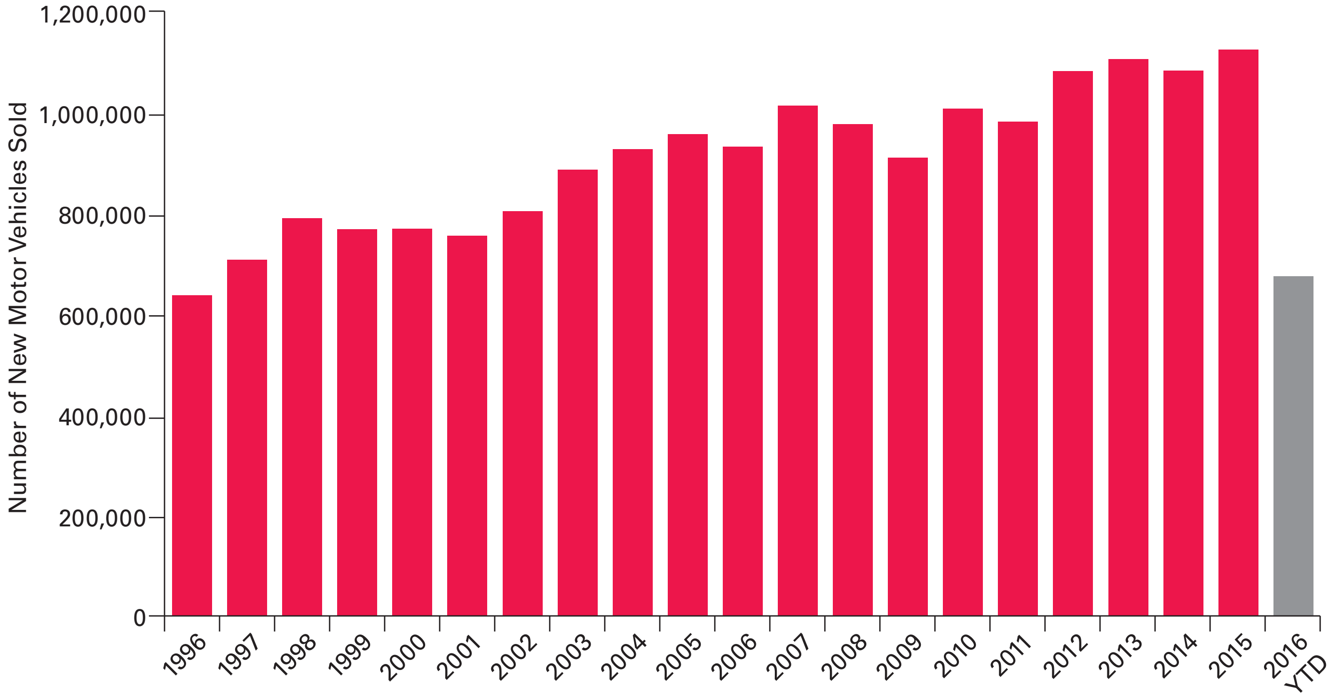
Sale volumes of new Motor Vehicles have steadily grown since CY1996, growing at a 3.0% CAGR between CY1996 and CY2015 with only minor demand-side disruptions to sales volumes in CY2000, coinciding with the introduction of GST and the Sydney Olympics and in CY2008 and CY2009, as a result of the global financial crisis. Motor Vehicle sales in 2016 are tracking strongly with July 2016 year-to-date sales up 2.8% compared to those first seven months of CY2015.[2]

According to industry data, the used Motor Vehicle market is estimated to have recorded sales of 3.7 million used Motor Vehicles in 2014 with annual growth in used Motor Vehicle wholesaling estimated at 3.7% over the last five years and annual growth between CY2014 and CY2019 expected to average 5.2% per annum.

Management anticipates that supportive economic factors including population growth, accommodative monetary policy settings and low unemployment will continue to support overall growth in the Automotive Dealership industry over the medium term.

1 FCAI VFACTS data
2 FCAI VFACTS data

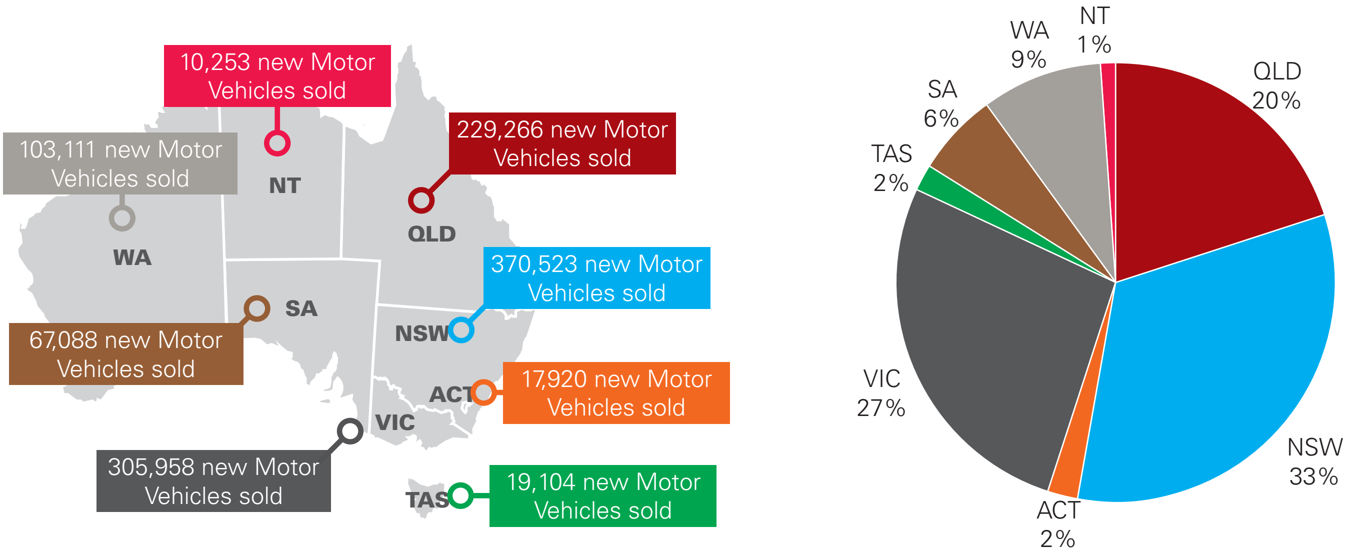
Figure 2 – Australian total new Motor Vehicle sales (CY1996 – July 2016)



Source: FCAI VFACTS data (as at July 2016)

New South Wales, Victoria and Queensland are the three largest markets in Australia by volume of new Motor Vehicle sales, with approximately 80% of new Motor Vehicle sales attributable to those three states.

Figure 3 – Distribution of new Motor Vehicle sales by state (CY2015)



Source: FCAI VFACTS data (CY2015)

2. Industry Overview (continued)

2.1.2.1 Categories of Motor Vehicle brands

The Deloitte Motor Industry Services 2016 Dealership Benchmarks report divides the Automotive Dealership industry into three market segments based broadly on the different Dealer business models used to operate and generate income at the Dealership level:

- **Volume:** include those Dealers who focus on the volume side of the volume/margin equation and who typically have higher sales per sales person (through-put) and lower margins (gross margin per new Motor Vehicle retailed);
- **Prestige:** include those Dealers who focus on a balance in the volume/margin equation and who typically have a mid-range through-put and above average margins; and
- **Luxury:** Like those Dealers in the Prestige segment, Dealers in Luxury tend to focus on a balance between in the volume/margin equation and typically have mid-range through-put and above average margins.

In line with the Automotive Dealership industry market segments referred to above, OEM brands can be similarly characterised in accordance with the market segmentation as Volume, Prestige or Luxury brands, based on the brand's positioning with customers. Brand categorisation does not necessarily depend on the retail price of the Motor Vehicle, with Prestige and Luxury brands also selling smaller Motor Vehicles at lower price points.

Table 1 – Categorisation of OEM brands

	Volume			Prestige			Luxury		
Share of total market volume (CY2015)		64%			26%			10%	
ASG brands				HONDA		mazda	Audi	Mercedes-Benz	VOLVO
				FIAT	ALFA ROMEO		LAMBORGHINI	BENTLEY	MASERATI
Non-ASG brands	Toyota	Holden	Ford	Chrysler	Citroen	Peugeot	Infiniti	Jaguar	Land Rover
	Mitsubishi	Nissan	Kia	Smart	Subaru	Jeep	Lexus	Mini	McLaren
	Proton	Renault	Skoda				Ferrari	Hummer	Rolls Royce
	Ssangyong	Suzuki	Great Wall				Porsche	BMW	McLaren

Source: 'Deloitte Motor Industry Services 2016 Dealership Benchmarks' by Deloitte Motor Industry Services Pty Ltd

2.1.2.2 Growing customer preference for Prestige and Luxury OEM brands

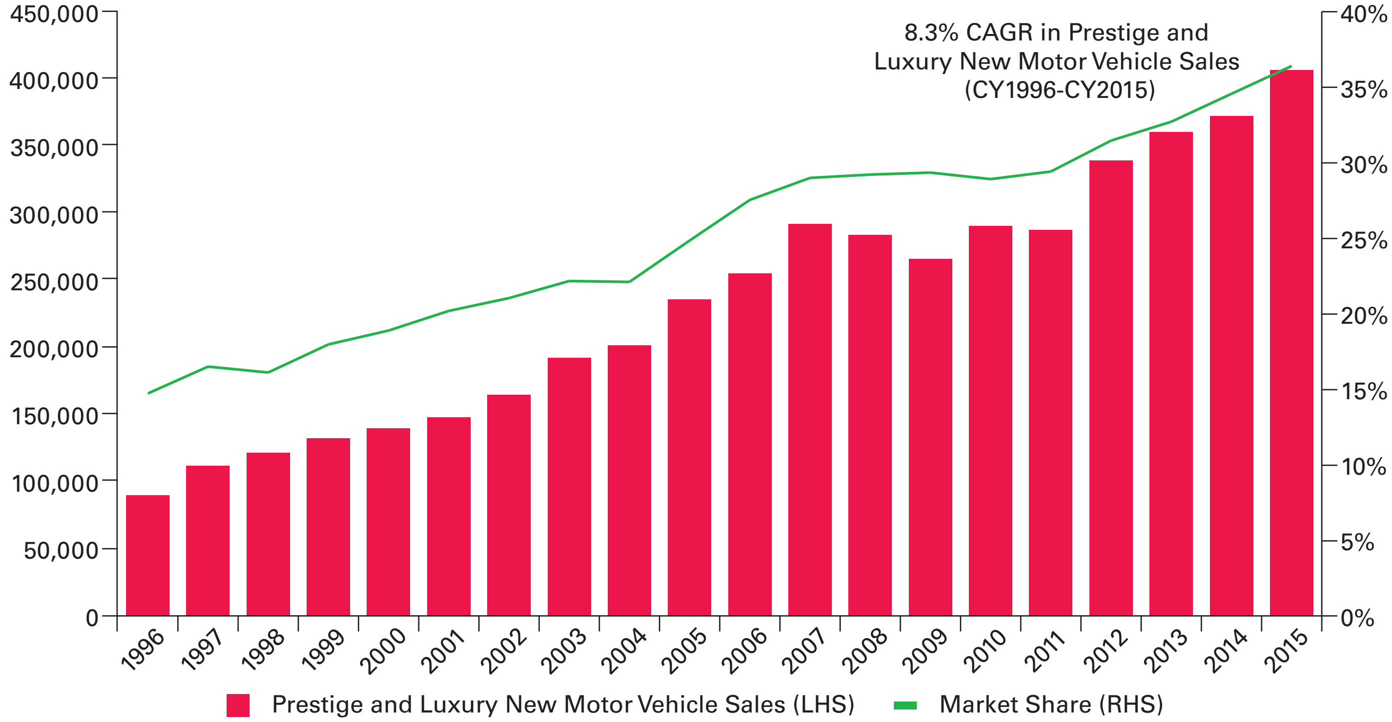
Today, more than three in 10 new Motor Vehicles sold in Australia are a Prestige or Luxury Motor Vehicle, representing the highest level of market share of Prestige and Luxury models historically and more than double the market share levels of CY1996.[4] This growth represents 8.3% CAGR in the period CY1996 to CY2015, compared to 3.0% CAGR across the whole market for the same period.

A number of factors have contributed to significant growth in the market share of Prestige and Luxury brands. Key factors driving this trend include:

- the increased affordability of Prestige and Luxury Motor Vehicles, in absolute terms and relative to brands traditionally associated with the Volume segment of the Automotive Dealership industry;
- the expansion in the product offering from OEMs manufacturing and distributing Prestige and Luxury brands – towards a more diverse model range including in particular, growth in:
  - the SUV offering by OEMs manufacturing Prestige and Luxury brands; and
  - the small car offering by OEMs manufacturing Prestige and Luxury brands, reflecting customer preference for smaller, more fuel efficient and affordable Prestige and Luxury Motor Vehicles.

  This trend has provided customers with Prestige and Luxury alternatives in product segments traditionally dominated by OEMs manufacturing and distributing Volume brands;
- the increase in customer preference for Prestige and Luxury Motor Vehicles; and
- the increased availability and affordability of parts and servicing for European manufactured Prestige and Luxury brands.

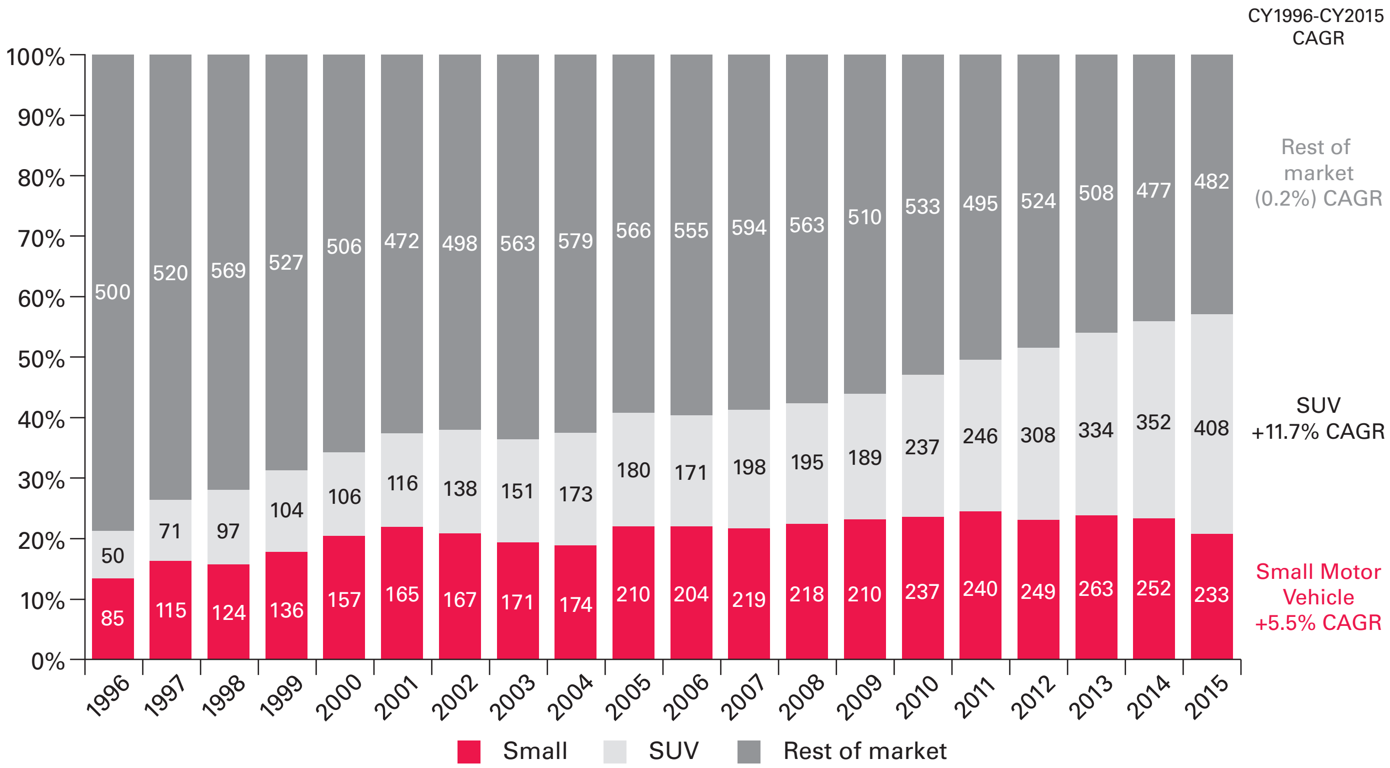
Figure 4 – Penetration of Prestige and Luxury brands (CY1996 – CY2015)



Source: FCAI VFACTS data (2016)

4 FCAI VFACTS data

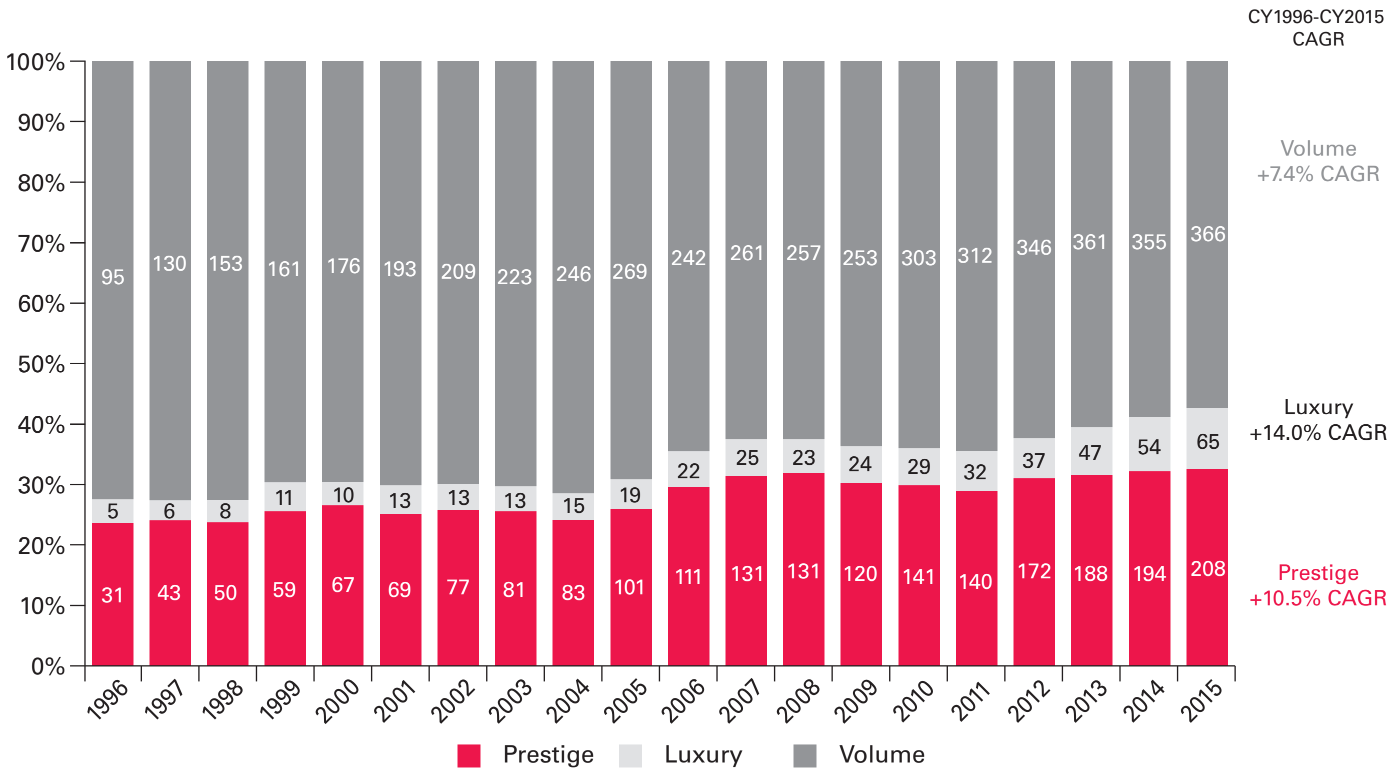
Figure 5 – Whole of market growth in SUV and small Motor Vehicle segments



Year	Small	SUV	Rest of market
1996	85	50	500
1997	115	71	520
1998	124	97	569
1999	136	104	527
2000	157	106	506
2001	165	116	472
2002	167	138	498
2003	171	151	563
2004	174	173	579
2005	210	180	566
2006	204	171	555
2007	219	198	594
2008	218	195	563
2009	210	189	510
2010	237	237	533
2011	240	246	495
2012	249	308	524
2013	263	334	508
2014	252	352	477
2015	233	408	482

Source: FCAI VFACTS data (2016)

Figure 6 – Penetration of Prestige and Luxury brands within the SUV and small Motor Vehicle segments (CY1996 – CY2015)



Year	Prestige	Luxury	Volume
1996	31	5	95
1997	43	6	130
1998	50	8	153
1999	59	11	161
2000	67	10	176
2001	69	13	193
2002	77	13	209
2003	81	13	223
2004	83	15	246
2005	101	19	269
2006	111	22	242
2007	131	25	261
2008	131	23	257
2009	120	24	253
2010	141	29	303
2011	140	32	312
2012	172	37	346
2013	188	47	361
2014	194	54	355
2015	208	65	366

Source: FCAI VFACTS data (2016)

2.1.2.3 Automotive Dealerships

The Australian Automotive Dealership industry is large and highly fragmented. There are approximately 65 different OEM brands currently available to Motor Vehicle customers in Australia, with each brand having a dealership network. According to industry associations, these brands are sold through an estimated 2,500 new Motor Vehicle Dealerships in Australia.

Automotive Dealers are focussed in metropolitan areas and are generally aligned with the concentration of Motor Vehicle sales volumes and the distribution of the Australian population. The size of the dealership network for each brand is typically driven by the level of sales for that brand.

2.1.2.4 Industry consolidation

Due to the fragmented industry structure, there is significant scope for industry consolidation, with larger Dealer Groups better positioned to benefit due to their scale and operational synergies. The number and scale of consolidation opportunities are expected to continue to increase in the medium term due to a number of factors, including:

- OEMs increasingly requiring higher levels of investment in showrooms and customer service;
- ageing demographic of private Dealership operators (approaching retirement with the inability to implement appropriate succession plans);
- OEMs' preference for dealing with larger, well capitalised and corporatised Dealer Groups;
- increased cost of franchise compliance; and
- increasing industry regulation.

Dealership Agreements typically impose limitations around change of control and may limit the number of franchises a single Dealer Group can operate (particularly within a state or capital city). As such, OEMs are able to exercise some influence over a Dealer Group's ability to pursue acquisition opportunities.

Larger Dealer Groups with an established track record and strong relationships with OEMs are better positioned relative to smaller Dealerships and industry newcomers to secure OEM approval to establish new greenfield sites for Dealerships or acquire Dealerships from incumbent owners.

2.2 Industry features

2.2.1 Dealership Agreements

The relationship between an Automotive Dealership and an OEM is governed by a Dealership Agreement.

Dealership Agreements provide the Dealer with exclusivity to operate a Dealership for that brand in a specific area (**Prime Market Area** or **PMA**). Dealership Agreements also govern the responsibilities of the Dealer including minimum standards of operational and financial performance and outline the manner in which Dealers receive income from the OEM. Dealership Agreements typically include key performance indicator (**KPI**) linked bonuses. These KPIs are typically related to sales performance, customer service and facility standards.

Other matters typically governed by a Dealership Agreement include the provision of Motor Vehicles for sale, recommended sale prices, Motor Vehicle model offering, franchise rights for brands, provision of parts and materials for servicing, inventory and capital requirements. Dealership Agreements also govern conditions around change of control and restrictions on Dealers operating franchises that provide a similar product or service.

Non-compliance or breach of a Dealership Agreement may result in the OEM terminating the agreement, or the failure of the Dealer to achieve KPI-linked bonuses. Dealership Agreements may be terminated by the OEM without cause or on short notice periods (depending on the termination event or circumstances), ranging typically between 30, 90 or 180 days. Since the commencement of ASG's operations, no Dealership Agreement that it has entered into with an OEM has been terminated.

All Dealership Agreements are franchise agreements governed by the Franchising Code of Conduct (a mandatory code under the Competition and Consumer Act 2010 (Cth) (**FCC**)). The FCC regulates significant rights and provides protections to Dealers relating to the franchise relationship, including how an OEM may terminate a Dealership Agreement and how disputes between an OEM and Dealer must be resolved. Dealership Agreements cannot override the application of the FCC. Refer to Section 9.13.1 for further information.

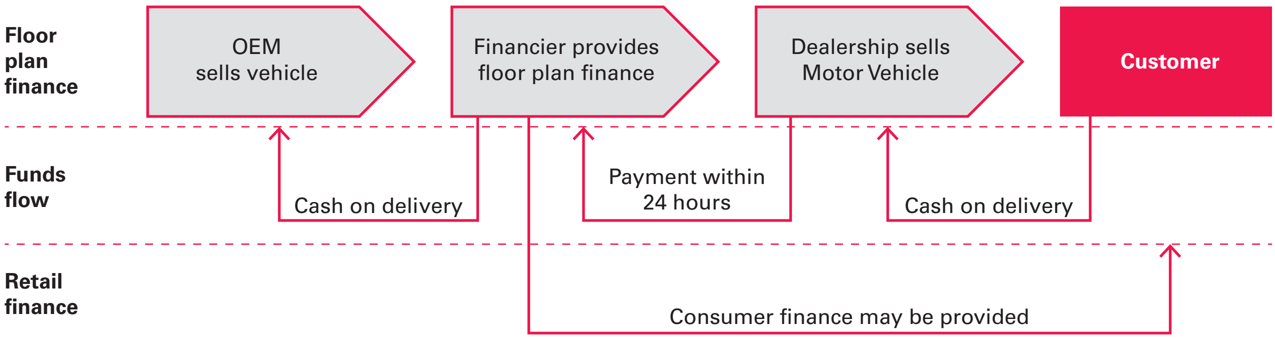
2.2.2 Floor plan finance

New, demonstrator and used Motor Vehicle inventory purchased by Automotive Dealers is typically financed, either partially or in full, through floor plan finance arrangements (also known as bailment finance). As outlined in Figure 7, new Motor Vehicles are purchased from the OEM using financing provided by a Floor Plan Financier, who retains title in the Motor Vehicle until it is subsequently sold by the Dealership to the end customer. Floor plan finance allows Dealers to hold a wide range of inventory while minimising the required capital investment.

Floor plan finance in Australia is provided by both OEM-aligned Floor Plan Financiers (including Toyota Financial Services, Nissan Financial Services, BMW/Alphera, Mercedes-Benz Financial, and Volkswagen Financial Services Australia) and independent Floor Plan Financiers (including St. George, Macquarie Leasing Pty Ltd and Macquarie Bank Limited).[5]

5 Source: ACCC Informal Review – Macquarie Bank Limited – proposed acquisition of Esanda Dealer Finance business.

Figure 7 – Overview of Dealer floor plan financing



- Dealers take out a loan with a Floor Plan Financier and pay interest on financing the Motor Vehicle until sold and paid out
- the Floor Plan Financier legally owns the Motor Vehicle even though possession is with the Dealer, with the Motor Vehicle residing at the Dealer's premises
- once the Motor Vehicle is sold, title passes from the Floor Plan Financier to the end purchaser and the Dealer repays the floor plan loan and any outstanding interest on the Motor Vehicle within 24 to 48 hours of the sale
- the Dealer typically receives payment from the customer (either directly or via a financier) at the time of delivery

2.3 Revenue model

This Section 2.3 summarises the key revenue streams and profitability drivers of Automotive Dealerships.

The revenue streams of Dealers can broadly be categorised as either front-end or back-end. Front-end revenue is generated at the point of sale of the Motor Vehicle, whilst back-end revenue is generated at various points through the ownership life cycle of a Motor Vehicle and is typically more recurring in nature.

Front-end revenue streams include:

- **Motor Vehicle sales**: sale of new and used Motor Vehicles to retail customers, companies and government entities;
- **Finance and insurance**: distribution of ancillary finance and insurance products (on which income is earned) to customers, generally in addition to the sale of a new or used Motor Vehicle; and
- **Aftermarket sales**: sale of non-OEM products and services such as window tinting, roof rack installations, fabric protection, tyre and wheel protection, extended warranty products and accessories.

Back-end revenue streams include:

- **Motor Vehicle servicing**: provision of Motor Vehicle servicing;
- **Sale of Motor Vehicle parts**: sale of OEM parts to retail and trade customers; and
- **Panel and collision repair**: provision of collision repair/panel beating services to customers.

Whilst there is no requirement to do so, most customers subsequently service their Motor Vehicle and buy spare parts from the Dealer from whom they acquired the Motor Vehicle. As such, front-end revenue is typically a lead indicator of back-end revenue. For a newly established Dealership, the focus will be primarily be on the sale of Motor Vehicles and, as the customer base of the Dealership expands and matures, this typically generates back-end revenues for that Dealership.

As outlined in Table 2, there are differences in the profitability profile of Automotive Dealerships selling Volume, Prestige and Luxury brands.

Table 2 – Overview of Dealership profitability metrics (by market segment)

	Volume	Prestige	Luxury
Average earnings mix[1] (% gross profit)	53% front-end 47% back-end	53% front-end 47% back-end	55% front-end 45% back-end
Average gross profit per employee per month	$9,500	$10,200	$11,900
Average margin[2] (gross profit per Motor Vehicle unit)	New Vehicle – $2,700 Used Vehicle – $2,700	New Vehicle – $2,850 Used Vehicle – $2,700	New Vehicle – $4,650 Used Vehicle – $2,700
Orientation of Dealer gross profit	New Vehicle sale – 38% Used Vehicle sale – 15% Parts – 13% Servicing – 34%	New Vehicle sale – 39% Used Vehicle sale –14% Parts – 13% Servicing – 34%	New Vehicle sale – 43% Used Vehicle sale –12% Parts – 14% Servicing – 31%
Average gross profit margin	New Vehicle – 8% – 10% Used Vehicle – 14% – 16% Parts – 22% – 26% Servicing – 64% – 68%	New Vehicle – 8% – 10% Used Vehicle – 13% – 15% Parts – 22% – 26% Servicing – 64% – 68%	New Vehicle – 10% – 12% Used Vehicle – 12% – 14% Parts – 22% – 26% Servicing – 65% – 69%
Average fixed costs[3] (overheads as a % of gross profit)	45%	42%	39%

Source: 'Deloitte Motor Industry Services 2016 Dealership Benchmarks' by Deloitte Motor Industry Services Pty Ltd

Note 1: Front-end revenue comprises new and used Motor Vehicle sales, the distribution of finance and insurance products and aftermarket product sales. Back-end revenue comprises servicing and the sale of replacement parts.

Note 2: Includes OEM incentive payments.

Note 3: Overheads include administration and salaries, training, fringe benefits tax (net of contributions), payroll tax, superannuation, long service leave, rent, rates and taxes, property maintenance, telephone, insurance, office supplies, professional fees, interest, bad debts, electricity, depreciation, travel and entertainment and miscellaneous expenses.

2.3.1 Sale of new Motor Vehicles

The sale of new Motor Vehicles is generally the largest contributor to Automotive Dealership gross profit.[6]

The ability of a Dealership to generate sales volume is driven by market demand, brand and product popularity, product mix, OEM incentives on particular products and sales staff performance.

In addition to generating revenue from the sale of a Motor Vehicle to the customer, Dealers typically receive some form of OEM incentive payment on the sale of each new Motor Vehicle and may receive additional financial incentives for achieving OEM-set KPIs. These incentives can be linked to a range of different KPIs, most frequently including: sales volumes, service quality, maintenance of Dealership facility standards and reporting, and customer satisfaction.

2.3.2 Sale of used Motor Vehicles

The sale of used Motor Vehicles is an important revenue source for Dealers. Dealerships typically acquire used Motor Vehicles while selling new Motor Vehicles to a customer (via trade-in), via used Motor Vehicle wholesalers or through auctions.

Margins on the sale of a used Motor Vehicle are generally higher than margins on the sale of a new Motor Vehicle as Dealerships are able to source stock at competitive wholesale or trade-in prices. Dealerships may also service and repair the Motor Vehicle if necessary before selling it to a customer.

In some cases, used Motor Vehicles may also be certified by OEMs to improve the overall profitability of a used Motor Vehicle sale.

6 Source: 'Deloitte Motor Industry Services 2016 Dealership Benchmarks' by Deloitte Motor Industry Services Pty Ltd

2.3.3 Distribution of finance and insurance products

Many Automotive Dealerships generate revenue, in the form of commission, from the distribution of finance and insurance products to Motor Vehicle customers. Finance products are generally distributed by Dealerships via a point of sale exemption or a referrer model (see Section 2.6.2) and insurance products are distributed by Dealerships in their capacity as an authorised representative of the relevant Insurer. Dealers do not have any exposure to the underlying liability associated with the finance or insurance product as they are not the issuer of the product, although commissions paid to Dealers may be clawed back in certain circumstances.

The provision of these finance and insurance products is typically delivered by dedicated specialist employees in the Dealership who are accredited and trained by the Retail Financier or Automotive Insurer. These specialist employees assist customers with the credit scoring and the applications process.

Deloitte Motor Industry Services Pty Ltd estimates that the current penetration rate for finance products for new and used Motor Vehicle sales across the Volume, Prestige and Luxury segments is approximately 30% to 35%[7], while a smaller proportion of new Motor Vehicles are sold along with insurance products.

2.3.4 Aftermarket sales

Many Automotive Dealers sell a range of non-OEM products and services including:

- window tinting;
- fabric and paint protection;
- tyre and wheel protection;
- extended warranty products; and
- accessories (e.g. roof racks).

Aftermarket sales typically generate higher margins than Motor Vehicle sales; however, they generally do not provide a material contribution to a Dealership's overall gross profit.

2.3.5 Sale of Motor Vehicle parts

The sale of OEM-branded Motor Vehicle parts to retail and trade customers is an important contributor to overall Dealership income, and on average comprises approximately 13% to 14% of gross profit for Dealers selling Prestige and Luxury brands.[8]

Retail customers primarily purchase Motor Vehicle parts as part of a Motor Vehicle service or repair (to the extent a replacement Motor Vehicle part is required at the time).

Key trade customers include Motor Vehicle servicing businesses and panel/collision repair businesses, whether operated by third parties or as part of the Dealer Group.

2.3.6 Motor Vehicle servicing

Motor Vehicle servicing operations are a large contributor to overall Dealership profitability, on average accounting for approximately 31% to 34% of gross profit for Dealers selling Prestige and Luxury brands.[9]

Servicing operations typically generate higher margins than new Motor Vehicle sales, driven primarily by the ability to derive margin from the provision of labour. As a result, the ability of Automotive Dealerships to attract and retain customers in their servicing operations is a key driver of Dealership profitability.

Typically, the service book of an Automotive Dealership includes maintenance, servicing and warranty requirements for new Motor Vehicles sold by that Dealer within the previous three to five years.

OEMs often provide incentives to customers, such as fixed price or OEM complimentary servicing, certified pre-owned programs and extended warranties which are linked to the use of franchised servicing facilities. These incentives typically improve customer retention and assist Dealers in generating additional income across the life cycle of a Motor Vehicle.

7 Source: 'Deloitte Motor Industry Services 2016 Dealership Benchmarks' by Deloitte Motor Industry Services Pty Ltd
8 Source: 'Deloitte Motor Industry Services 2016 Dealership Benchmarks' by Deloitte Motor Industry Services Pty Ltd
9 Source: 'Deloitte Motor Industry Services 2016 Dealership Benchmarks' by Deloitte Motor Industry Services Pty Ltd

2.3.6.1 Warranty claims

Automotive Dealers typically provide Motor Vehicle servicing associated with warranty claims as part of their broader servicing operations. The cost of those repair and replacement services is generally paid for by OEMs (in whole or in part), depending upon the terms of the warranty and the nature of any defect.

OEM warranties are a key driver of customer satisfaction and contribute to the propensity of customers to purchase new (and in some cases, used) Motor Vehicles. Whilst the terms of OEM warranties vary, typically OEM warranties will cover manufacturer defects, Motor Vehicle recalls and OEM safety campaigns. In some cases, customers may also purchase additional warranty cover.

In many cases, OEM warranties require that the customer service the Motor Vehicle and claim on warranties at OEM-certified repairers, such as an OEM-appointed Automotive Dealer. Therefore, in addition to being a source of higher-margin income, warranty claim services contribute to the ability of Dealers to build servicing relationships with customers and generate additional income across the Motor Vehicle life cycle.

2.3.7 Collision repair

Some Automotive Dealers also provide collision repair services.

Collision repair services generally include both mechanical and panel repair services and are often provided through specialist panel operators affiliated with an OEM.

The terms of OEM warranties may require that Motor Vehicle repairs be undertaken by OEM-certified or authorised repairers that provide collision or panel repair services. Authorised OEM collision repairers typically have specialist expertise in handling more complex repair jobs, such as damage to a carbon fibre or aluminium Motor Vehicle frame.

Where they are provided by Dealers, collision repair services can assist Dealers in deepening the customer relationship and generating revenue across the life cycle of the Motor Vehicle.

2.4 Key income drivers

2.4.1 General macroeconomic factors

Demand for Motor Vehicles is influenced by consumer sentiment and general economic conditions. Accordingly, macroeconomic conditions and factors affecting Motor Vehicle affordability have an impact on demand and income. Recent trends in the Australian economic environment have been supportive of Dealers.

Table 3 – Key macroeconomic factors promoting industry growth

Macroeconomic factor	Impact on demand and affordability
Consumer sentiment	Macroeconomic indicators such as low unemployment (as customers are more likely to purchase goods and services when regular income is expected) and GDP growth contribute to positive levels of consumer sentiment, which is considered positive for automotive demand more generally.
Household disposable income	Rising levels of household disposable income, generally as a result of a rise in real wages and other passive increases in wealth including the rise in value of property, have the effect of increasing the relative affordability of Motor Vehicles compared to substitute products.
Exchange rates	A strong Australian dollar may improve the affordability of imported Motor Vehicles. However, many OEMs maintain absolute pricing points and may vary the level of extras and add-ons in response to movements in the currency rather than adjusting Motor Vehicle prices.
Interest rates	Interest rates are an important consideration for Motor Vehicle purchasers. The current low interest rate environment has translated to more affordable financing options for customers.
Fuel prices	Lower fuel costs impact on the overall running costs of a Motor Vehicle. As a result of declining oil prices, Australian motorists have experienced a period of declining fuel prices, reducing the overall cost of owning and maintaining a Motor Vehicle.

2.4.1.1 Trends in consumer spending

As illustrated in Figure 8 and Figure 9, the Australian economy has recorded consistently increasing levels of both household consumption and household disposable income. These two measures, when combined with positive consumer sentiment, have supported the growth of new Motor Vehicle sales in Australia, particularly in the Prestige and Luxury segments.

Figure 8 – Household consumption (CY1996 – CY2015)

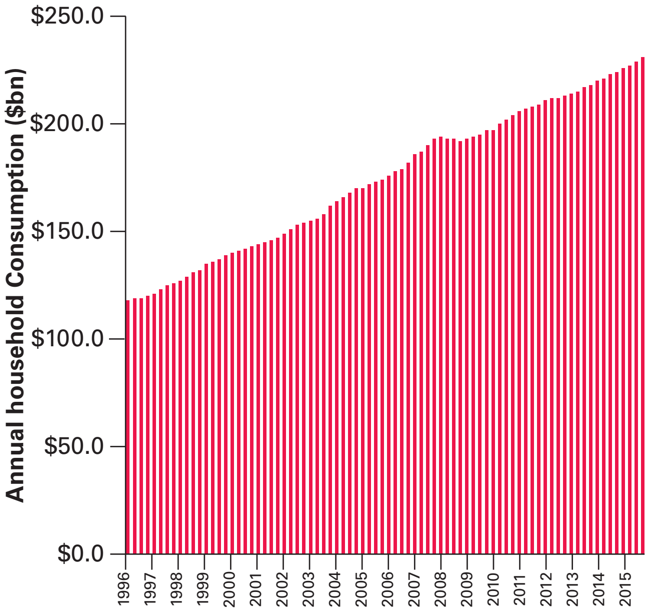
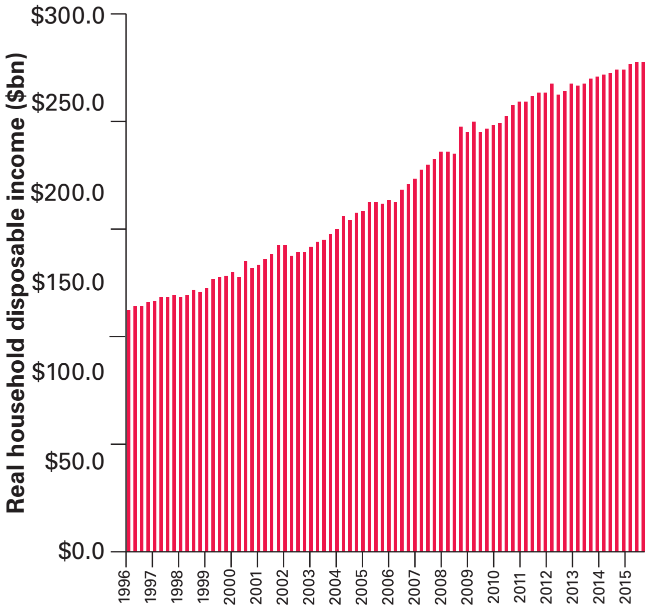


Figure 9 – Household disposable income (CY1996 – CY2015)



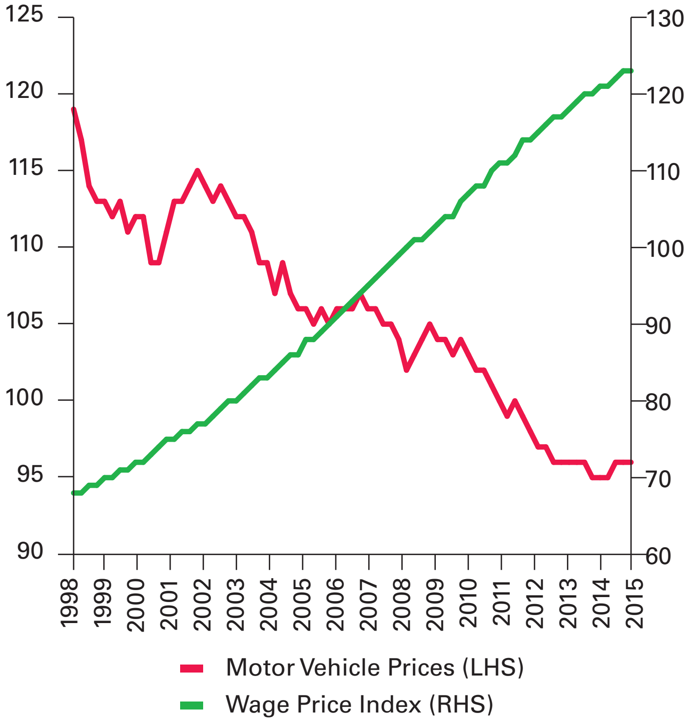
Source: Australian Bureau of Statistics (June 2016)

2.4.1.2 Trends in Motor Vehicle affordability

Rising wages and levels of disposable income combined with a decrease in Motor Vehicle prices have resulted in the steady improvement in overall Motor Vehicle affordability over the last 20 years.

Recent improvements in Motor Vehicle affordability have also been influenced by reducing interest rates, declining fuel prices and the trend of OEMs producing more SUVs and smaller Motor Vehicles at lower price points. The continuation of these trends is expected to support demand conditions for the Automotive Dealer industry in the medium term.

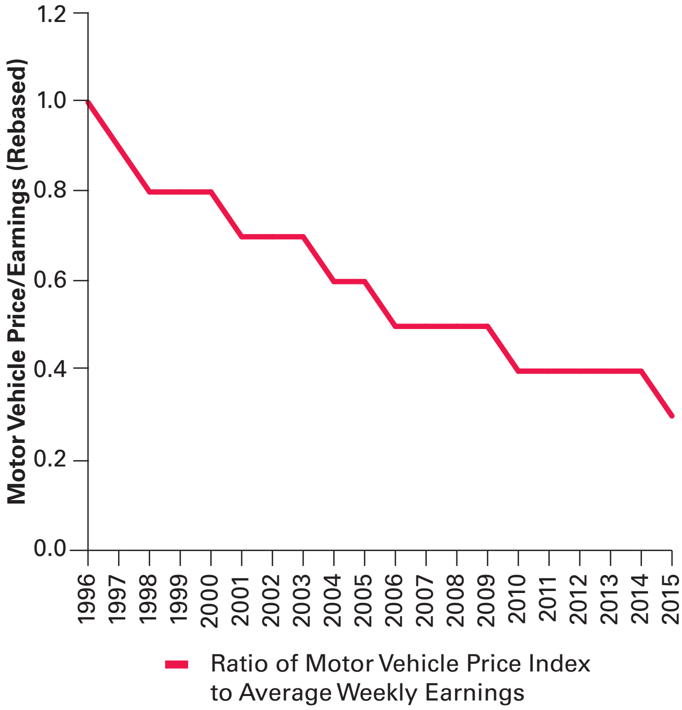
Figure 10 – Motor Vehicle price index vs. Wage Price Index (CY1998 – CY2015)



Source: Australian Bureau of Statistics

Note: Wage Price Index data not published prior to September quarter 1997.

Figure 11 – Ratio of Motor Vehicle price index to average weekly earnings (CY1996 – CY2015)



Source: Australian Bureau of Statistics

Note: Refers to total full time earnings per person.

2.4.2 Geography and location

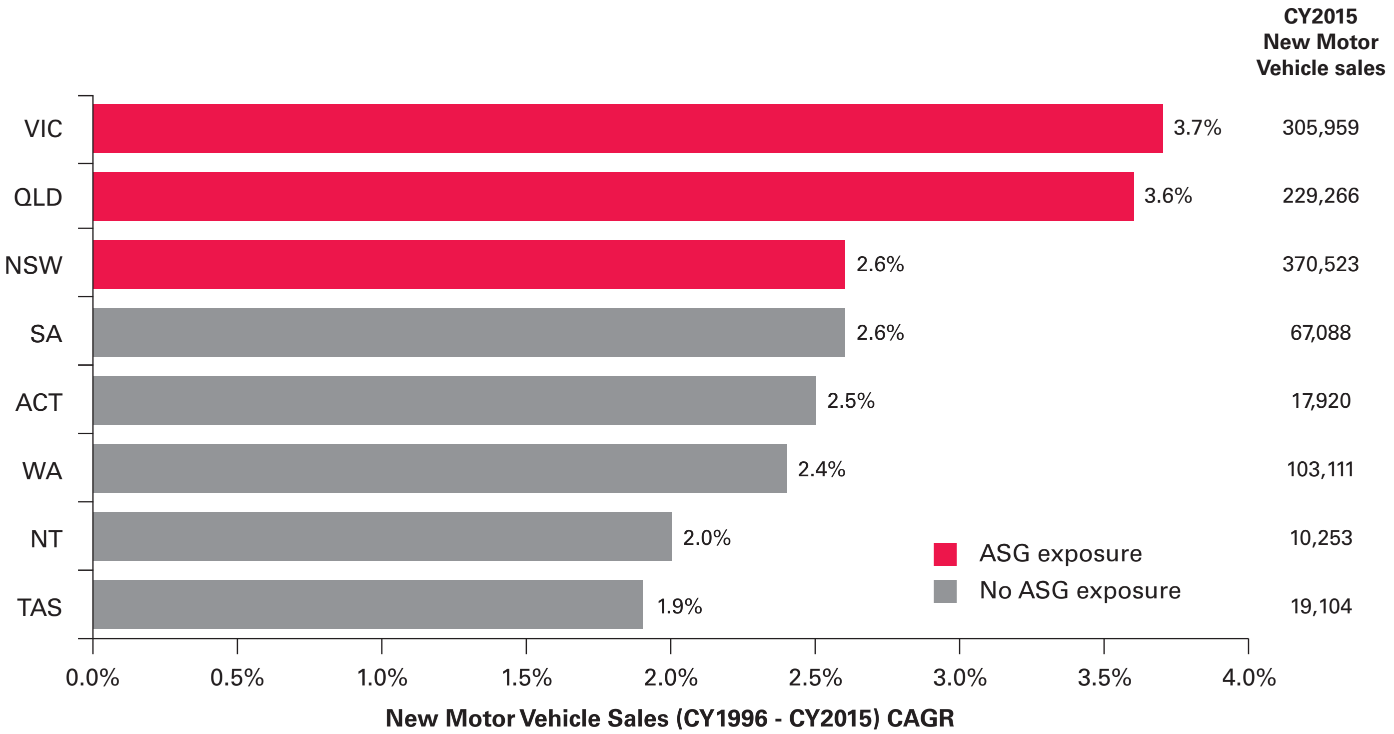
2.4.2.1 Regional economic conditions

The exposure a Dealer Group has to states demonstrating higher growth in Motor Vehicle sales has an impact on overall income. Historically, the total number of Motor Vehicle sales achieved within individual states and territories has varied in line with the prevailing economic conditions in that state or territory.

Over the last two years, the more challenging economic conditions being experienced in North Queensland and Western Australia due largely to the slowdown in the resources industry, has translated into lower Motor Vehicle sales. By contrast, New South Wales and South East Queensland have continued to produce strong sales growth as outlined in Figure 12. New South Wales continues to record a high level of demand for new Motor Vehicles, recording 7.6% growth in the number of new Motor Vehicles sold in the 12 months to June 2016.[10]

10 FCAI VFACTS data (2016)

Figure 12 – Growth in New Motor Vehicle sales by state (CAGR – CY1996 to CY2015)[11]



Source: FCAI VFACTS data (2016)

2.4.2.2 Site-specific factors

The location of an individual Dealership can be an important driver of sales and income. Ideally, Dealerships are located on an easy to access site in a prime market area with a demographic profile that is suited to its brand and in an area with a growing population.

Further benefits can be derived through Dealers "clustering" multiple brands by locating them adjacent to each other on a single site. The clustering of Dealerships results in the creation of an automotive 'hub' and can attract customers by offering access to a broader range of Motor Vehicle brands and models. This can translate to improved customer exposure, increased marketing efficiency and higher conversion rates. Additional benefits from clustering operations include the ability to centralise back-end parts and services operations (e.g. by servicing multiple Motor Vehicle brands in a single location).

2.4.3 Automotive brand exposure

As Motor Vehicles are discretionary consumer products, Dealer income is substantially driven by consumer preferences and product selection. A Dealer's exposure to popular, high growth brands and the product segments within those brands is closely tied to that Dealer's income.

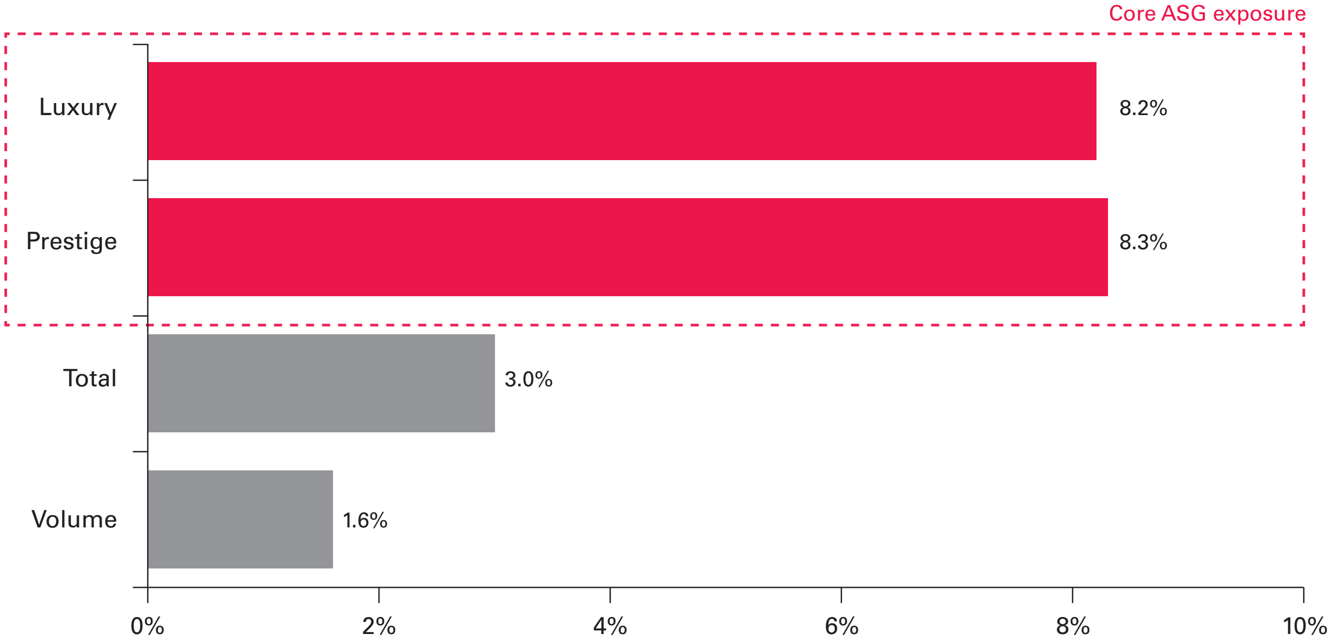
As illustrated in Section 2.1.2.2, the overall market penetration of the Prestige and Luxury brands has been increasing over the last two decades. Similarly, as outlined in Figure 13, the Prestige and Luxury segments of the new Motor Vehicle market have recorded higher growth rates than those for the overall Australian new Motor Vehicle market.

As outlined in Table 2, Prestige and Luxury brands generally attract higher average margins per new Motor Vehicle in both front-end and back-end revenue streams.[12] The combination of higher growth and higher margin generally results in increased Dealer income amongst the Prestige and Luxury segments.

11 Australian Bureau of Statistics trend data

12 Source: 2016 Dealership Benchmarks, Deloitte (performance benchmarked against top 30% of dealerships)

Figure 13 – CAGR in new Motor Vehicle sales by market segment (CY1996 – CY2015)



Source: FCAI VFACTS data (2016)

2.4.4 Relationships with OEMs

Access to expansion opportunities and other benefits are derived from a successful relationship with OEMs.

A track record of successfully operating Dealerships on behalf of an OEM typically means that the Dealer is more likely to be:

- appointed to develop new greenfield sites on behalf of that OEM; and
- approved as a secondary purchaser of an existing Dealership affiliated with that OEM.

The manner in which OEM-appointed Dealers are able to earn income through the management of a Dealership is heavily influenced by the terms of the Dealership Agreement with the relevant OEM.

2.4.5 Operating costs and inventory management

Operating margins for Dealerships (particularly on the front-end sale of Motor Vehicles) are relatively narrow. This combined with the high levels of competition within the industry and fixed costs in the Dealership model, means that Dealers are very focussed on managing their cost base.

The key operating cost line items which Dealerships are focussed on include the cost of holding their stock (primarily cost of floor plan finance), rental expenses and employee expenses. Some Dealerships may also benefit from a number of scale benefits available to large Dealer Groups, described in Section 2.4.6.

2.4.5.1 Cost of floor plan finance

The terms upon which floor plan finance can be obtained is a key driver of income as these costs can be a significant operational cost for Dealers, and the terms of floor plan agreements can impact upon the ability of Dealers to manage inventory.

The ability of Automotive Dealerships to obtain attractive floor plan financing terms is a function of:

- availability of floor plan finance (i.e. how many suppliers there are in the market);
- volume of floor plan finance required;
- amount of the affiliated Retail Financier's finance products distributed by the relevant Dealer;
- turnover of Motor Vehicles (i.e. how quickly funds are returned to the Floor Plan Financier); and
- prevailing economic, credit and money market conditions.

2.4.5.2 Ability to manage inventory

A Dealer's ability to effectively manage inventory is also a key income driver, particularly given the high costs associated with holding Motor Vehicles in inventory. Accordingly, achieving a high turnover of Motor Vehicles is very important.

The holding of used Motor Vehicle inventory is also less capital efficient than holding new Motor Vehicle inventory as floor plan financing on new Motor Vehicles is typically available for 100% of the implied value of the Motor Vehicle, whereas floor plan financing on used Motor Vehicles is generally only available for a lower percentage of the estimated value of the Motor Vehicle. As such, the ability of a Dealer to achieve high levels of used Motor Vehicle turnover has a significant impact on overall Dealer profitability.

2.4.6 Economies of scale

Large operators with multiple Dealerships may be able to leverage scale benefits available to them, including the:

- increased purchasing power, reducing the overall cost of inputs across the supply chain;
- ability to implement best practice processes and achieve sales efficiencies across the Dealer Group;
- capital efficiencies through their ability to negotiate and secure more favourable financing/floor plan terms for their floor stock;
- ability to negotiate improved terms with Retail Financiers and Automotive Insurers for the payment of commissions on finance and insurance products distributed;
- ability to assist OEMs in managing larger stock clearances at more attractive pricing where a Dealer is able to use its distribution network and access to floor plan finance;
- ability to hold higher levels of parts inventory, leading to more efficient servicing and a higher number of cars serviced per period;
- ability to spread overheads and fixed costs across a larger number of Dealerships;
- diversification benefits through exposure to multiple brands;
- rationalisation of corporate costs such as human resources and accounting;
- ability to capture additional aftermarket parts and servicing market share from less sophisticated operators of Automotive Dealerships, in line with increasing Motor Vehicle complexity; and
- ability to more easily achieve OEM set KPIs via standardisation of service levels and other operations in order to generate higher levels of profit.

2.5 Competitive landscape

The Automotive Dealership industry in Australia is highly fragmented, with the majority of Dealerships privately owned and operated by individual operators. According to industry associations, there are an estimated 2,500 new Motor Vehicle Dealerships operating in Australia.

2.5.1 Basis of competition

Competition within the Automotive Dealership industry takes place at several levels.

For the sale of new Motor Vehicles, Dealerships compete against other OEM-appointed Dealers representing the same brand in proximate geographic areas (assuming the customer has already made the decision to buy a Motor Vehicle of a particular brand) as well as Dealers selling other brands. Key competitive factors influencing a customer's decision between Dealerships selling the same brand include Dealership location, pricing, any additional add-ons offered and the level of customer service provided to that customer.

In relation to the sale of used Motor Vehicles, Dealers generally compete on the basis of price, availability, quality and condition of used Motor Vehicle inventory.

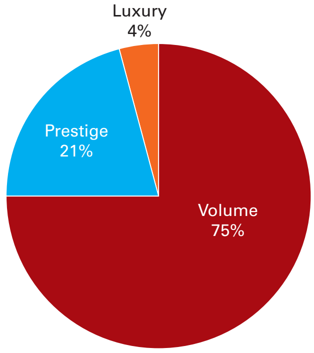
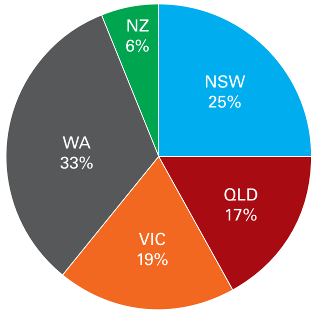
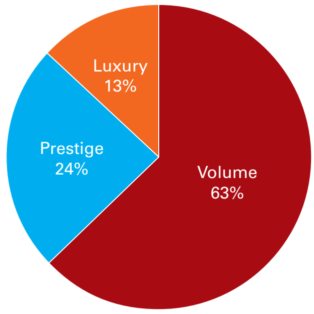
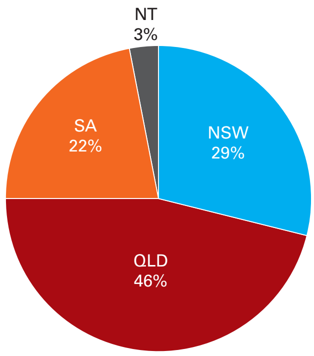
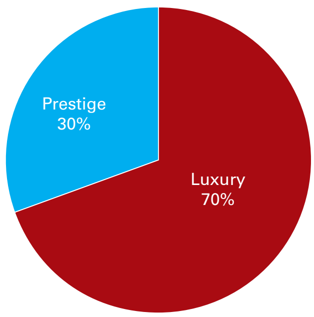
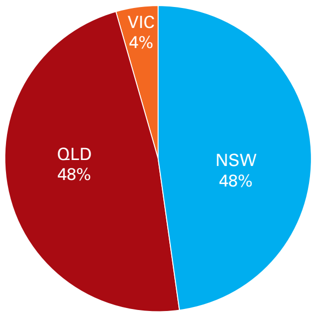
In relation to the distribution of finance products, Dealers compete against other non-affiliated Retail Financiers on the pricing and attractiveness of financing terms extended to that customer. The pricing and availability of other alternative sources of funding available to that customer is also an important competitive factor.

In relation to back-end parts and servicing, Dealers compete against other OEM-appointed Dealerships and independent workshops. Key factors influencing competition include pricing of parts and services and convenience of the service offering (taking into account factors such as the location of the service workshop, time the service will take and other amenities offered to customers to improve the overall service offering).

2.5.2 ASX listed competitors

ASG competes against two listed competitors (Automotive Holdings Group Limited and AP Eagers Limited) and other non-listed Automotive Dealers.

Table 4 – Key ASX listed competitors

Operator	Number of OEM-appointed Dealerships and collision repair facilities[3]	Estimated average revenue per Dealership[4]	OEM brand portfolio (by number of new Motor Vehicle Dealerships)[5]	Geographical presence (by number of new Motor Vehicle Dealerships)[6]
Automotive Holdings Group Limited[1]	179	$26.4m		
AP Eagers Limited[2]	80	$42.5m		
Autosports Group	25	$44.7m		

Source: Company filings and company websites

Note 1: Revenue attributable to Automotive Retail segment.

Note 2: Revenue excludes "other revenue" in AP Eagers Limited financial disclosure.

Note 3: Sourced from the "About AHG" page of the Automotive Holdings Group Limited website and number of new Motor Vehicle Dealerships disclosed on the AP Eagers Limited website as at 15 September 2016. ASG number of OEM-appointed Dealerships includes Pat Cole's Autobody and Autohaus Prestige collision repair facilities (both OEM approved).

Note 4: Revenue calculated as the 12 months to 30 June 2016 (and number of Dealerships in that FY). Sourced from ASX disclosure from Automotive Holdings Group Limited dated 19 August 2016 and the ASX disclosures from AP Eagers Limited dated 24 August 2016, 20 April 2016 and 26 August 2015.

Note 5: Calculated as at October 2016 based on information sourced from the Automotive Holdings Group Limited website and AP Eagers Limited website; and categorised in segments as described in Section 2.1.2.1. Analysis of Dealerships excludes non-passenger vehicle Dealerships and non-OEM affiliated Dealerships. Chrysler Jeep Dodge, Jaguar Land Rover and Fiat Alfa Romeo Dealerships treated as single OEM brand.

Note 6: Calculated as at October 2016 based on information sourced from the Automotive Holdings Group Limited website and AP Eagers Limited website. Analysis of Dealerships excludes non-passenger vehicle Dealerships and non-OEM affiliated Dealerships. Chrysler Jeep Dodge, Jaguar Land Rover and Fiat Alfa Romeo Dealerships treated as single OEM brand.

2.5.3 Barriers to entry

The Automotive Dealership industry is characterised by high levels of barriers to entry. These barriers include:

- **PMA under a Dealership Agreement**: Dealers are able to operate their OEM-appointed Dealerships within their PMAs to the exclusion of other Dealers selling for the same OEM. OEMs are also able to dictate when, where and if further Dealership Agreements will be granted (and to which Dealers). Typically, OEMs have a preference to grant Dealership Agreements to Dealers with a proven track record of successfully managing Dealerships rather than inexperienced and unproven new market entrants;
- **compliance with Dealership Agreements**: Prospective industry entrants may also be deterred due to the complex OEM-set sales targets and KPIs that apply in Dealership Agreements. OEM-paid bonuses are an extremely important source of additional front-end revenue for Dealers. Inexperienced Dealership operators may find it difficult to maximise the revenue obtained through such arrangements;
- **capital expenditure**: The capital expenditure associated with establishing a standalone greenfield Dealership varies significantly depending on factors including OEM brand, location, PMA size and the acquisition of the land and associated planning and development expenses, but could cost up to an estimated $30 million, depending on any combination of these factors noted. Capital expenditure is generally more significant for Dealers selling Prestige and Luxury brands, as they typically provide facilities of a higher quality, in line with OEM-set standards. Establishing a "cluster" of Automotive Dealerships to generate economies of scale and higher financial returns can often cost more than $15 million;
- **Dealership working capital**: Floor Plan Financiers also require dealerships to maintain adequate levels of working capital in the business as a form of security;
- **access to funding**: As described above, the capital expenditure required to establish Dealerships is significant. Accordingly, a potential entrant's ability to access funding (and in particular, lower cost floor plan and capital loan funding from OEMs) is a potential barrier to entry;
- **access to suitable finance and insurance products**: New industry entrants may face difficulties in establishing relationships with Retail Financiers and Automotive Insurers to provide customers with suitable finance and insurance products in relation to Motor Vehicles; and
- **profit margins**: Dealerships are generally operated on relatively low profit margins, particularly on new and used Motor Vehicle sales. Losses incurred before sufficient scale and revenue diversification is achieved through back-end revenue streams may be a significant deterrent to entry.

2.6 Industry regulation

There are a number of regulatory frameworks applicable to the Australian Automotive Dealership industry.

2.6.1 Licensing

In each state and territory within Australia, an Automotive Dealer's Licence is required in order to run a business that involves buying, selling or exchanging Motor Vehicles.

The terms and conditions associated with obtaining and maintaining an Automotive Dealer's License vary between each state and territory. However, typical terms include that the person(s):

- not be disqualified from holding a licence;
- not having been bankrupt;
- having necessary approvals from the relevant local council;
- having not been found guilty within the past 10 years of stealing a Motor Vehicle; and
- having sufficient financial resources to carry on the business.

Additionally, in New South Wales, an automotive repairer's licence is required in order to carry out repair work on Motor Vehicles, including but not limited to, works of installing or repairing electrical equipment, systems or circuits, or of repairing the structural components, frames, panels or bodies of Motor Vehicles.

2.6.2 Consumer finance

There are increasing levels of regulation around the provision of finance to Motor Vehicle customers.

Generally, a person that provides services in respect of consumer finance is required to hold an Australian credit licence under the National Consumer Credit Protection Act 2009 (Cth) (**NCCP Act**). However, in practice many Dealerships rely on the "point of sale" licensing exemption, which is available for credit which is substantially applied to the purchase of goods or services from a supplier.

The Federal Government has consulted on the continued scope of the "point of sale" exemption, including whether to withdraw or narrow the scope of the exemption.

ASIC is also considering prohibiting financiers from paying to motor dealers commissions that are funded by the borrower (i.e. because they form part of the amount of credit provided) or commissions that vary depending on the interest rate payable under the finance contract. The proposed prohibition, if implemented, would not amount to a complete ban on financiers paying commissions to Automotive Dealers; however, it would require Automotive Dealers to amend their current commission arrangements to alternative structures acceptable under the new regulatory position. ASIC has undertaken a consultation phase and if ASIC determines to proceed with the proposal, it is expected to be implemented in the short term.

ASIC is also reviewing practices associated with the payment of finance commissions (particularly "Flex commissions") where Automotive Dealers set the interest rate payable by the customer.

ASG has analysed a representative sample of its retail finance contracts written in FY2016 for each of its Retail Financiers. Across this sample, approximately 80% of contracts would not be impacted by ASIC's proposal to limit the interest rate to no more than 150 basis points above the base rate, representing an immaterial impact to the revenue attributable to these contracts.

2.6.3 Insurance sales

The distribution of insurance products triggers the requirement to hold an Australian Financial Services Licence (**AFSL**) under the Corporations Act. Many Dealerships do not hold an AFSL. Instead, they are typically appointed as an "authorised representative" of an insurer, which enables them to distribute insurance products without the need to hold an AFSL.

ASIC has recently conducted reviews into insurers offering life insurance as part of consumer credit insurance policies sold through Automotive Dealerships and the design and sale of general insurance add-on products sold through Automotive Dealerships. On 12 September 2016, ASIC released Report 492 "A market that is failing consumers: the sale of add on insurance through car dealers". In its report, ASIC made various findings in relation to the sale of general insurance add on products. ASIC has made a number of recommendations in relation to the sale of these products, including the design and distribution of these products and changes to the pricing of these products and the commission structures for the Dealership selling these products, which may result in a loss of income for Dealerships.

Under ASG's arrangements with its insurers, the commission that ASG receives on the sale of consumer credit insurance is already capped at 20% of the insurance premium excluding government charges. In FY2016, Pre-IPO Autosports Group earned less than $0.25 million in commissions from the sale of consumer credit insurance and loan termination insurance.

2.6.4 Consumer protection

The consumer protection provisions set out in the Australian Consumer Law[13] govern the licensed Motor Vehicle traders (including of cars and motorcycles) industry. There is increasing regulatory focus on the sale of new cars and the ACCC is currently undertaking a market study into the new car retailing industry focussing on a number of key areas including:

- compliance with consumer guarantee obligations and the ability of consumers to enforce their rights;
- false, misleading and deceptive practices in performance, fuel efficiency, fuel consumption and emissions;
- the effect on competition and consumers of post-sale care arrangements (such as servicing); and
- whether consumers and businesses could be affected by any restrictions on Motor Vehicle access to data.

An ACCC draft report of findings is expected to be released in the first quarter of 2017.

2.6.5 Luxury car tax

The luxury car tax (**LCT**) is a tax on cars with a GST-inclusive value above the LCT threshold[14] ($75,526 for fuel efficient Motor Vehicles[15] and $64,132 for normal Motor Vehicles for 2016-2017).

The LCT is imposed at the rate of 33% on the amount above the threshold and is paid by businesses that sell or import Luxury Motor Vehicles and in practice this cost is then passed onto the customers.

2.6.6 Other government policies

2.6.6.1 Novated lease arrangements

A novated lease provides an alternative form of Motor Vehicle financing for customers that may have potential tax benefits and has been supportive of new car sales in Australia.

Novated leasing is a type of Motor Vehicle lease that allows a company to lease a Motor Vehicle on behalf of an employee, with the responsibility for the lease lying with the employee. A novated lease structure allows employees to lease a Motor Vehicle of their choice while enjoying the potentially tax-effective benefit of financing the Motor Vehicle and its operating cost from a combination of pre and post-tax salary.

Large users of novated leasing structures in Australia are government departments and public benevolent institutions, which include public hospitals, private not-for-profit hospitals, medical research institutes, aged care organisations and charities.

2.6.6.2 Motor Vehicle import restrictions

At present, the importation of Motor Vehicles is prohibited except in very specific circumstances including the:

- full volume scheme by OEMs or distributors;
- personal imports scheme – migrants or expatriates who have owned and used a car offshore for a minimum of 12 months;
- registered automotive workshops – specialist and enthusiast Motor Vehicles;
- pre-1989 cars scheme – classic and/or historic restoration/hobby Motor Vehicles; and
- low volume scheme (25 – 100 per annum) – for new Motor Vehicles on a government register.

The Federal Government has proposed changes to the Motor Vehicle Standards Act, to the effect that from 2018, consumers will potentially be permitted to source and import new Motor Vehicles directly from overseas markets. The current proposal will limit the scope of Motor Vehicles that qualify for direct importation to those that:

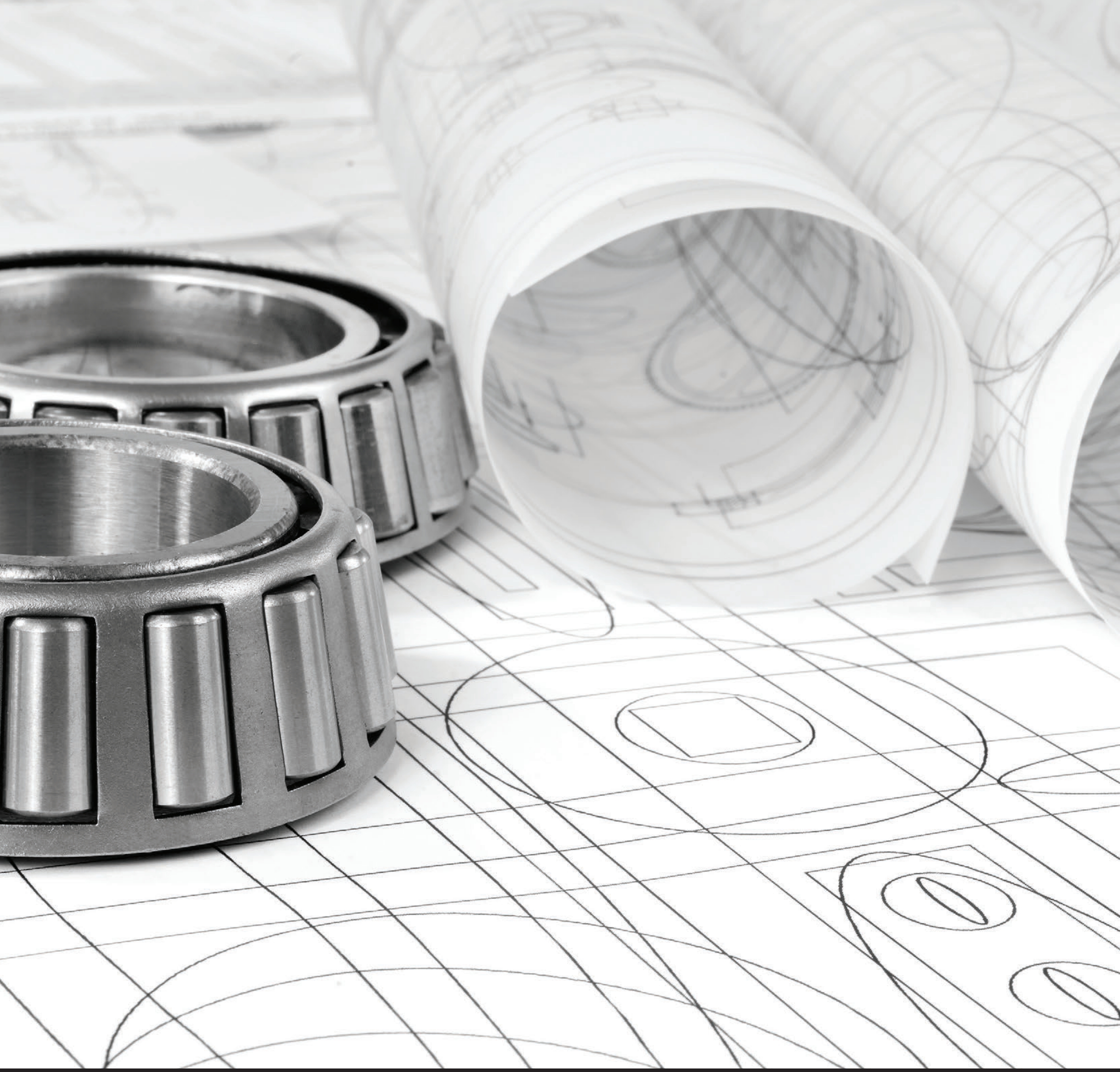
- are sourced from the United Kingdom or Japan;
- are less than 12 months old; and
- have less than 500km on the odometer.

While the volume of Motor Vehicles to be imported under these changes is not expected to be significant relative to the overall market, these Motor Vehicles will present an alternative to purchasing imported Motor Vehicles at a Dealership.

13 Schedule 2 of the Competition and Consumer Act 2010 (Cth)

14 Australian Taxation Office

15 Fuel consumption that does not exceed 7L/100km as a combined rating under the vehicle standards in force under section 7 of the Motor Vehicle Standards Act 1989 (Cth)



SECTION 3

Company Overview

3. Company Overview

3.1 Introduction

ASG is a privately owned Dealer Group which as at the Prospectus Date owns and operates 18 new and two used Dealerships across Sydney, Melbourne and Brisbane, representing nine OEMs that manufacture and distribute Prestige and Luxury Motor Vehicles.[1] ASG also owns and operates two specialist Prestige Motor Vehicle collision repair workshops in Sydney.

ASG commenced operations as Audi Autosports in 2006 through an appointment to a greenfield Audi Dealership. Over the past 10 years, ASG has undertaken a number of greenfield Dealership developments and also made a number of acquisitions to become the group it is today.

Following Completion, an ASG group entity will acquire assets relating to five Luxury Dealerships in metropolitan Brisbane currently owned and operated by the Willims Motor Group. Following completion of the Acquisition, ASG will represent 11 OEMs that manufacture and distribute Prestige and Luxury brands[2].

ASG's core strategy is the sale of Prestige and Luxury Motor Vehicles, providing the full suite of both front-end and back-end products and services including aftermarket, parts and servicing and finance and insurance products to its customers across the Motor Vehicle life cycle. ASG's Dealerships are strategically located in metropolitan centres with growing populations which drive demand for motor vehicles.

ASG's success is underpinned by its strong and growing market position in selling Prestige and Luxury brands, supported by a strong back-end service offering, continued growth through successful acquisitions and establishment of new greenfield Dealerships, against a backdrop of a supportive Automotive Dealership industry environment and significant management and operational experience and expertise. ASG management believes that ASG is well positioned to continue delivering growth and value across its business.

Table 5 – Overview of ASG operations on Completion

	OEM-appointed Dealerships			Other revenue streams
	Prestige	Luxury	Used	Collision repair
OEM			*Variety of Prestige and Luxury brands*	Authorised by:
Number of Dealerships/ Collision repair workshops	7	16	2	2
FY16 unit sales	27%	39%	34%	-

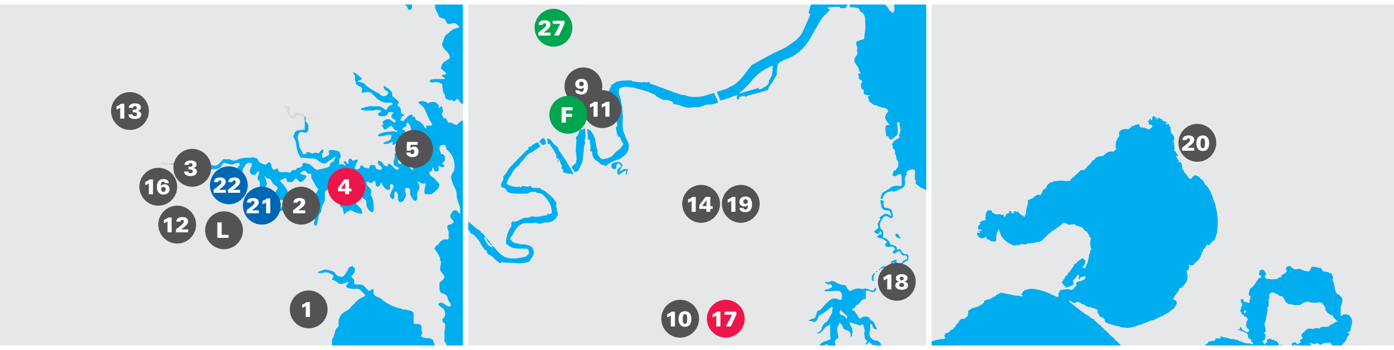
3.2 Dealership portfolio overview

ASG commenced operations in 2006 with the establishment of the Audi Autosports Dealership as a greenfield site. Through executing a well-defined and consistent growth strategy underpinned by disciplined acquisitions in strategic locations and greenfield developments, ASG's Dealership portfolio has grown from a single Audi Dealership in 2006 to 25 Motor Vehicle Dealerships and two collision repair workshops today and is diversified across different brands, front-end and back-end product and service offerings and across geographies (assuming completion of the Acquisition).

1. Refers to ASG Dealerships owned and operated prior to Completion and excludes the Willims Motor Group
2. Acquisition of the Willims Motor Group is subject to Completion

Figure 14 – ASG Dealership locations

Sydney Dealership network | Brisbane Dealership network | Melbourne Dealership network



● New Motor Vehicle Dealership ● Used Motor Vehicle Dealership ● Collision repair workshop ● Dealerships to be acquired on Completion

L Leichhardt F Fortitude Valley

Table 6 – ASG Dealership overview[1]

Dealership/workshop	Figure 14 reference	Brands	Brand category	Year acquired/established
Under current ownership				
Audi Sutherland	1		Luxury	CY06 greenfield
Audi Five Dock	2		Luxury	CY06 greenfield
Audi Centre Parramatta	3		Luxury	CY07 acquisition
Prestige Auto Traders	4	Used Motor Vehicles	n/a	CY09 acquisition
Audi Centre Mosman	5		Luxury	CY11 acquisition
Autosports Honda	Leichhardt		Prestige	CY13 greenfield
Leichhardt Fiat Alfa	Leichhardt		Prestige	CY13 greenfield
Lamborghini Sydney	Leichhardt		Luxury	CY14 greenfield
Toowong Mazda	9		Prestige	CY14 acquisition
Mercedes-Benz Macgregor	10		Luxury	CY14 acquisition
Mercedes-Benz Toowong	11		Luxury	CY14 acquisition
Five Dock VW	12		Prestige	CY14 acquisition
Castle Hill VW	13		Prestige	CY14 greenfield
Mt Gravatt VW	14		Prestige	CY15 greenfield
Volvo Cars Sydney	Leichhardt	VOLVO	Luxury	CY15 greenfield
Volvo Cars Parramatta	16	VOLVO	Luxury	CY16 acquisition
Autosports Brisbane	17	Used Motor Vehicles	n/a	CY16 greenfield
Capalaba VW	18		Prestige	CY16 greenfield
Volvo Cars Mt Gravatt	19	VOLVO	Luxury	CY17 greenfield
Volvo Cars Brighton	20	VOLVO	Luxury	CY16 acquisition
Collision repair facilities				
Autohaus Prestige	21	Collision repair	n/a	CY10 greenfield

Dealership/workshop	Figure 14 reference	Brands	Brand category	Year acquired/established
Pat Cole's Autobody	22	Collision repair	n/a	CY16 acquisition
Dealerships to be acquired on Completion				
Audi Brisbane[2]	Fortitude Valley		Luxury	CY16 acquisition
Audi Indooroopilly	24		Luxury	CY16 acquisition
Bentley Brisbane[2]	Fortitude Valley	BENTLEY	Luxury	CY16 acquisition
Lamborghini Brisbane[2]	Fortitude Valley		Luxury	CY16 acquisition
Maserati Brisbane[2]	Fortitude Valley	MASERATI	Luxury	CY16 acquisition

Note 1: Dealerships shaded green indicate that the Dealership was established as a greenfield site.
Note 2: Williams Motor Group Dealerships located in Fortitude Valley, QLD

3.3 Management expertise and relationships

ASG's founders have all had over 20 years' experience in the Automotive Dealership Industry and many of the senior management team and Dealer Principals have been with the business for more than five years.

The expertise that ASG has accumulated has enabled it to establish, maintain and solidify successful and profitable ongoing relationships with its OEM partners. ASG currently has Dealership Agreements in place with all of its OEM partners. ASG has never had a Dealership Agreement terminated and has a demonstrated track record of renewing Dealership Agreements with its OEM partners.

ASG senior management have deep relationships across the industry, including with other Dealership operators and potential acquisition targets. These relationships place ASG in a strong position to take advantage of industry consolidation and greenfield development opportunities.

ASG's expertise has been recognised by their OEM partners through the multiple "Dealer of the Year" awards which ASG Dealerships have won, complemented by an array of customer service and management excellence awards. These awards recognise a Dealership's achievements and performance across all aspects of the business, including profitability, sales growth and customer satisfaction.

Figure 15 – Recent Dealer of the Year awards

2nd

Audi Centre Parramatta	2014
Audi Five Dock	2015

1st

Audi Parramatta	2012, 2013, 2015
Audi Centre Mosman	2014
Mercedes-Benz Toowong	2015
Five Dock Volkswagen	2015
Leichhardt Fiat Alfa	2014
Audi Five Dock	2008

3rd

Audi Mosman	2015
Audi Five Dock	2014
Audi Five Dock	2010

3.4 ASG's business model

ASG's core business strategy is to focus on the sale of Prestige and Luxury Motor Vehicles and to provide customers with the full range of front-end and back-end automotive products and services and to provide an exceptional customer service experience.

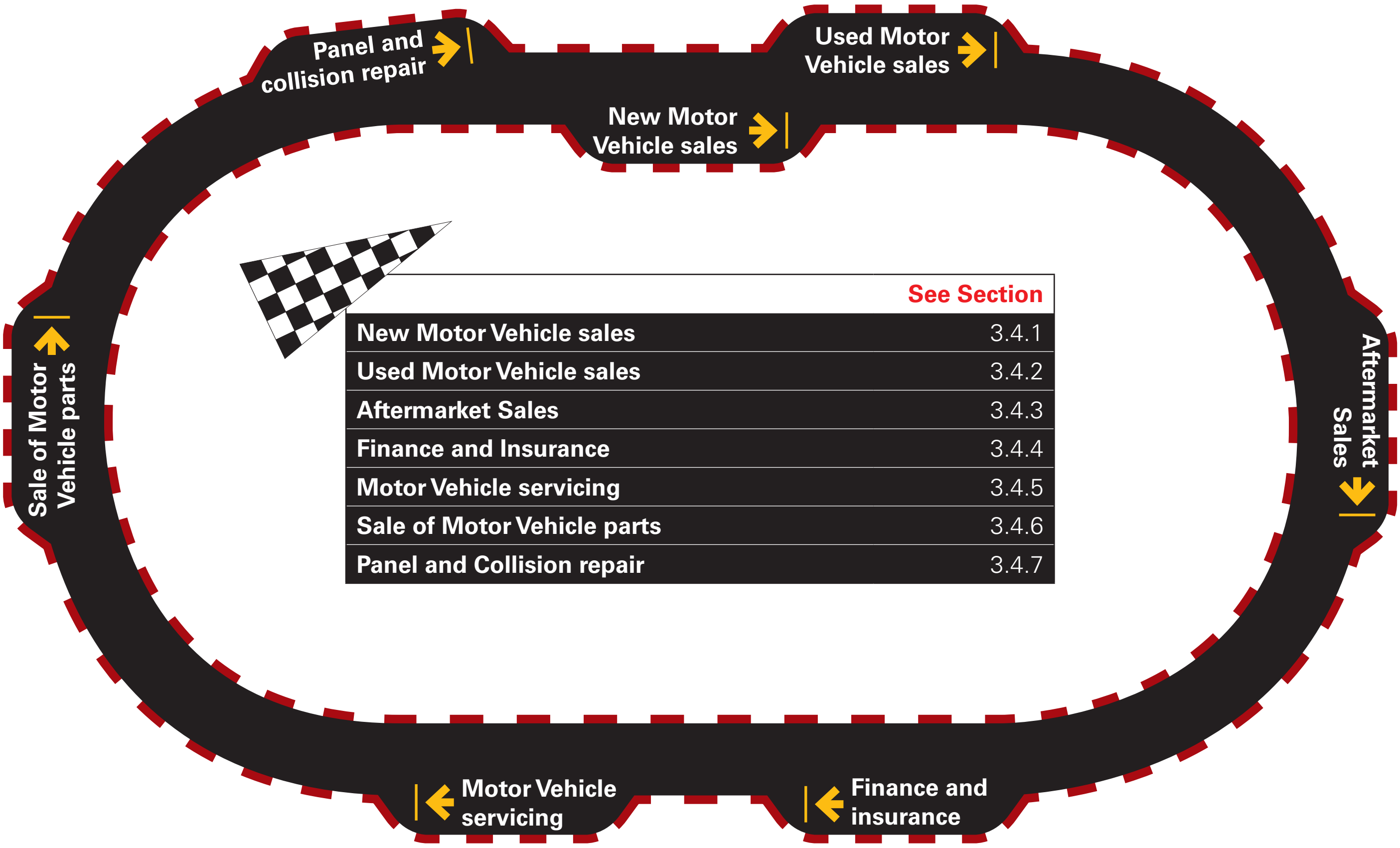
ASG's Dealer Principals are focussed on each of the OEM brands that they are specialised in. This structure underpins ASG's commitment to its OEM partners and allows each Dealer Principal to focus and become a trusted brand and product specialist to both the OEM and ASG's customers.

3. Company **Overview** (continued)

ASG earns gross profit through the front-end sale of Motor Vehicles, sale of higher margin aftermarket products and distribution of finance and insurance products in conjunction with the sale of Motor Vehicles. ASG also earns gross profit through the provision of higher margin back-end Motor Vehicle servicing, parts sales and collision repair services. ASG considers its non-Motor Vehicle retailing services as integral to its business model, assisting in diversifying the revenue base and providing its customers with an integrated range of product and services.

ASG's growth strategy includes organic growth from the expansion of established Dealerships and greenfield Dealership development as well as acquisition driven growth in order to broaden its earnings base and capitalise on the favourable growth profile of the Prestige and Luxury segments of the industry as well as seek inorganic growth opportunities in a highly fragmented market.

Figure 16 – ASG's income streams



	See Section
New Motor Vehicle sales	3.4.1
Used Motor Vehicle sales	3.4.2
Aftermarket Sales	3.4.3
Finance and Insurance	3.4.4
Motor Vehicle servicing	3.4.5
Sale of Motor Vehicle parts	3.4.6
Panel and Collision repair	3.4.7

Figure 17 – ASG "The Difference"

autosports group

THE DIFFERENCE

OUR PURPOSE
INDIVIDUALISED ATTENTION

OUR COMMITMENT
LISTEN, UNDERSTAND, DELIVER

OUR PRIORITIES

PEOPLE
Earn commitment

CUSTOMERS
On show always

FRANCHISE
Partner of choice

BRAND
Deliver excellence

GROWTH
Relevant, targeted expansion

A FORWARD APPROACH
Right idea, right time

OUR FOUNDATIONS

DELIVER ON OUR PROMISE

EXPERIENCED

FLEXIBLE AND FAST

OUR VALUES

VILLAGE

CONTRIBUTION

CONSIDERATE

HIGH EXPECTATIONS

DO WHAT YOU SAY YOU WILL DO

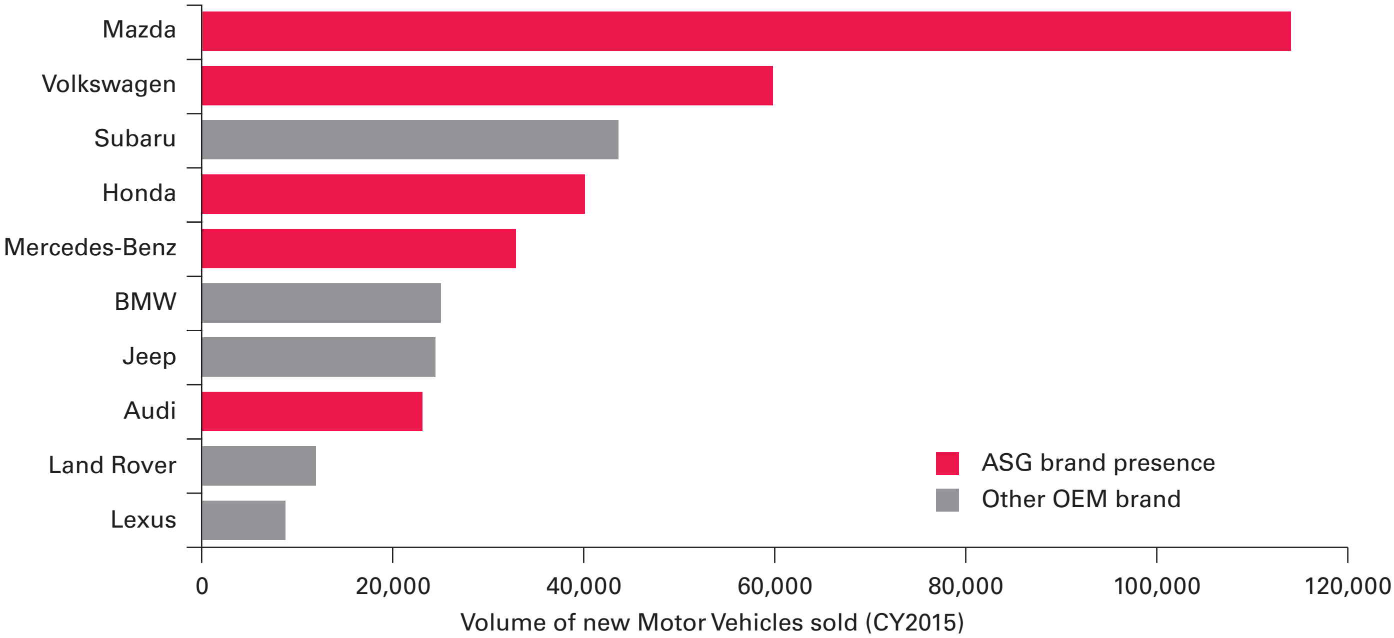
3.4.1 New Motor Vehicle sales

ASG Dealerships represent 11 OEM brands across its network and strives to deliver the brand, sales and customer experience expectations of each of its OEM partners.

ASG has demonstrated its ability to grow new Motor Vehicle sales over time, achieving an annual average growth rate of 18.0% in like-for-like new Motor Vehicle sales volume between FY2014 and FY2016.

ASG's strong market position is highlighted by its representation across five out of the top 10 selling Prestige and Luxury Motor Vehicle brands in the Australian market.

Figure 18 – Top 10 Prestige and Luxury brands in Australia (CY2015)

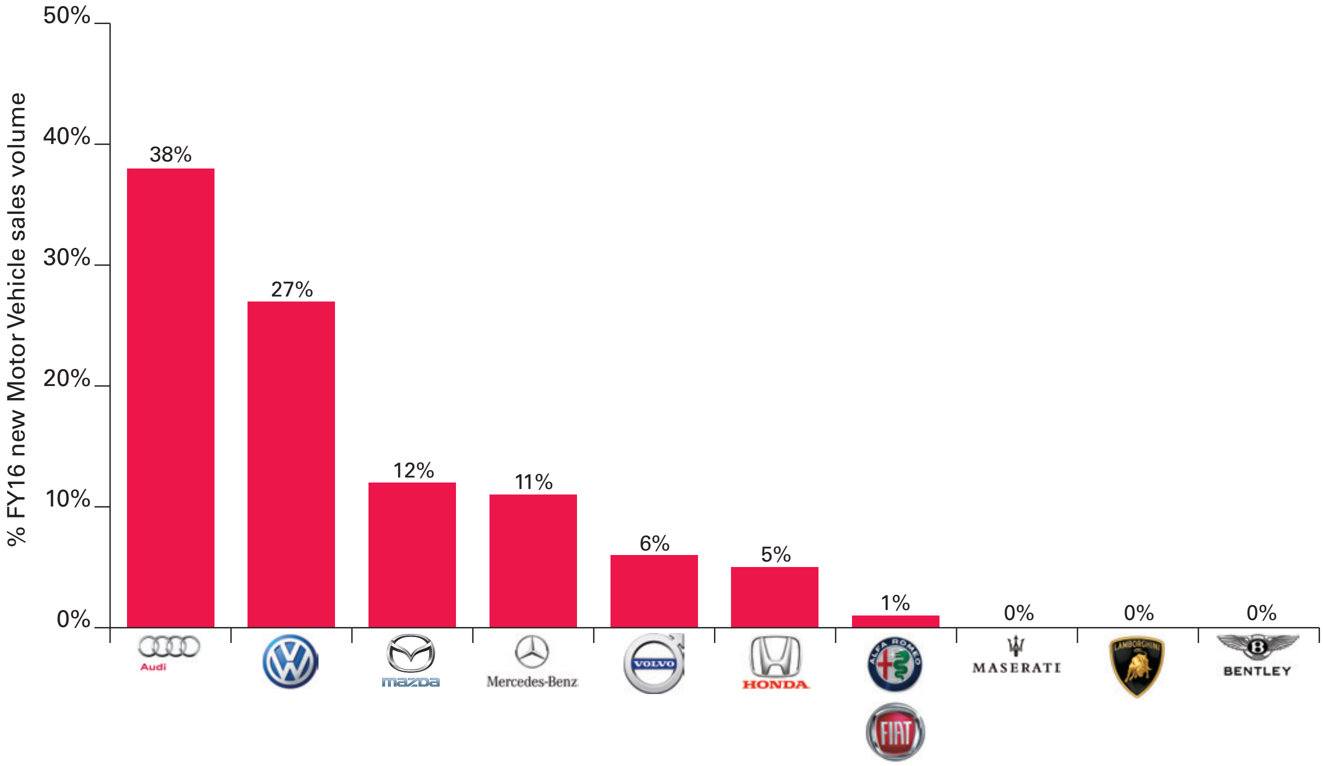


Source: FCAI VFACTS data (2016)

ASG's margins are consistent with average industry margins for Prestige and Luxury Motor Vehicles.

ASG's track record of managing high quality Dealerships has consistently resulted in it meeting or exceeding performance targets and achieving a high rate of securing OEM-related incentive payments. ASG has strict procedures in place for tracking individual Dealership performance against OEM-set KPIs. Whilst ASG's revenues are diversified across all the brands it represents, the three most significant OEM contributors to ASG's new Motor Vehicle sales volumes are Audi, Volkswagen and Mazda, with 38%, 27% and 12% to FY2016 sales volumes respectively. ASG's expertise and performance in these brands are reflected in the awards and recognitions it has received from these OEMs.

Figure 19 – ASG unit sales volume by brand (FY2016)



3.4.2 Used Motor Vehicle sales

ASG sells used Motor Vehicles across its network of Dealerships and at two dedicated used Motor Vehicle Dealerships, Prestige Auto Traders and Autosports Brisbane. Approximately 70% of ASG's used Vehicle sales are conducted at Prestige Auto Traders and Autosports Brisbane. These two Dealerships act as hubs for ASG's used car business, allowing it to source its used Motor Vehicles through a number of avenues including trade-ins from existing customers, as well as from private sellers and then sell these vehicles through its network of Dealerships to retail customers and wholesale to other Dealerships.

The ability of a used Vehicle Dealership to manage used Motor Vehicle stock turnover and inventory obsolescence is a key area of value as used Motor Vehicle inventory depreciates rapidly over time. ASG's experience and expertise in accurately pricing and turning over used vehicle inventory quickly are a key competitive strength, and its used Motor Vehicle buying team has developed significant experience in pricing and buying used Motor Vehicles, providing ASG with visibility and intelligence on pricing trends and market supply and demand. This reduces pricing risk and increases overall purchasing power whilst maximising margins.

3.4.2.1 Used Motor Vehicles sold to retail customers

Used Motor Vehicles sold through ASG's Dealerships are generally of the same brands as the new Motor Vehicles sold by that particular Dealership (e.g. used Motor Vehicles sold at an ASG Audi Dealership will be Audi Motor Vehicles).

Dealer-certified used Motor Vehicles are reconditioned to a high standard prior to sale, access to these Dealer-certified programs are usually limited to the OEM-appointed Dealer network. Dealer-certified programs include factory warranties and other consumer guarantees, providing customers with additional peace of mind and assurance of quality and can maximise the value of a Vehicle for sale and the overall customer value proposition.

ASG operates a number of certified used Vehicle programs including Das WeltAuto (Volkswagen), Audi Approved:plus (Audi), Mercedes-Benz Certified Pre-Owned (Mercedes-Benz) and Volvo Selekt (Volvo).

ASG customers can also access finance and insurance products at the point of sale of a used Motor Vehicle in the same way as for a new Motor Vehicle.

3.4.2.2 Used Motor Vehicles sold to wholesale customers

ASG operates its wholesale used Motor Vehicle business from Prestige Auto Traders and Autosports Brisbane. ASG is not only able to source used Motor Vehicles from its network of Dealerships but also able to retail through the network. In addition, the scale of its used Motor Vehicle operations also allows ASG to wholesale Motor Vehicles to other used Motor Vehicle Dealerships nationally and reduce its reliance on the auction market to sell stock, which can be time consuming and costly.

3.4.3 Aftermarket sales

ASG earns income through the sale of aftermarket products and services to customers at the point of sale of a Vehicle. These are accessories or services that do not come fitted on a Motor Vehicle by the OEM.

ASG's aftermarket offering provides customers with the opportunity to customise a newly purchased Vehicle with additional features concurrently with the purchase, expanding the front-end product and service offering.

The provision of aftermarket products and services is an important part of ASG's business model because of its complementarities with Motor Vehicle sales and the higher margins achieved compared to other front-end sources of revenue.

3.4.4 Finance and insurance

As part of the suite of services and products offered by ASG to customers upon selling a Vehicle, ASG distributes Vehicle finance and insurance products to customers. ASG distributes finance products on behalf of Volkswagen Financial Services Australia, Mercedes-Benz Financial Services Australia, and Macquarie Leasing Pty Ltd, and insurance products on behalf of by QBE Insurance, NRMA Insurance and Allianz Insurance.

Key drivers of ASG income derived from distributing finance and insurance products are the:

- penetration of finance and insurance products; and
- commission structure agreed with Retail Financiers or Automotive Insurers.

The average net amount financed per finance and insurance contract distributed by ASG is substantially higher than that for the broader industry due to the higher unit cost of the Prestige and Luxury Motor Vehicles sold by ASG.

ASG expects to grow income from distributing finance and insurance products by implementing a number of practices to increase product penetration, including:

- investing in fully qualified business managers at each Dealership to manage the credit scoring, application process and product disclosure behind each finance and insurance contract;
- streamlining the application process to make it user-friendly for customers; and
- working with Retail Financiers and OEMs to expand the finance product offering (e.g. guaranteed buyback/ guaranteed future value schemes, the provision of which is tied to OEM-related finance).

ASG includes Birchgrove Finance, a legal entity holding an Australian Credit Licence in compliance with the NCCP Act, that is currently engaged in providing finance to third party customers. The amount of product that is written through this entity is currently not material.

3.4.5 Motor Vehicle servicing

ASG provides Motor Vehicle servicing to existing new and used Motor Vehicle customers and new customers (who have not purchased a vehicle from an ASG Dealership). Continuing to build on ASG's servicing operations is a key aspect of ASG's business strategy, due to the:

- more stable, recurring and predictable nature of servicing revenues;
- higher margins associated with Motor Vehicle servicing;
- anticipated increase in servicing income driven by the maturing of ASG's greenfield Dealerships; and
- opportunity which servicing provides for Dealerships to maximise customer retention through regular customer engagement and the provision of high quality service.

In line with ASG's focus on the Prestige and Luxury markets, ASG aims to deliver high quality servicing to customers. Through having access to market-leading and OEM-specific service equipment and IT systems, ASG's service technicians are OEM trained and stay up to date with industry and technological developments through ongoing training.

ASG expects developments in technology to favour OEM-linked service providers due to the specialised and technical nature of the servicing required, for example state of the art diagnostics and software and programming upgrades, particularly for Prestige and Luxury Motor Vehicles.

Providing a premium and convenient customer experience at each service assists in building brand loyalty, increases customer loyalty and the likelihood of a trade-in or additional new Motor Vehicle sale in the future. Initiatives demonstrating ASG and its OEM partners' commitment to customer service typically include one or a combination of the following:

- courtesy Motor Vehicle and/or pick-up and drop-off service;
- capped price and OEM complimentary servicing packages;
- investment in amenities at service facilities to improve comfort levels of customers (e.g. wireless internet, coffee machines, lounge environment); and
- complimentary wash and vacuum with each Motor Vehicle service.

3.4.6 Sale of Motor Vehicle parts

ASG's parts business is integrated with its servicing operations by providing the genuine OEM parts necessary to complete a Motor Vehicle service. In addition, ASG sells OEM-branded genuine parts to retail customers who carry out DIY servicing and wholesale to external trade customers such as collision repair workshops and non-OEM affiliated service workshops.

3.4.7 Collision repair

ASG operates two collision repair workshops in Sydney (Pat Cole's Autobody and Autohaus Prestige) which provide customers with repair services.

ASG views its collision repair business as a key aspect of its full service offering to customers. There are natural business synergies between providing collision repair services, the sale of Motor Vehicle parts and the distribution of insurance products to customers.

Many Automotive Insurers require Motor Vehicles damaged in an accident to be repaired by a collision repair provider authorised by that Automotive Insurer. The accreditation process to be authorised by an Automotive Insurer aims to select collision repairers that are professional, deliver work to the highest standard and provide outstanding customer service.

3.4.8 Other

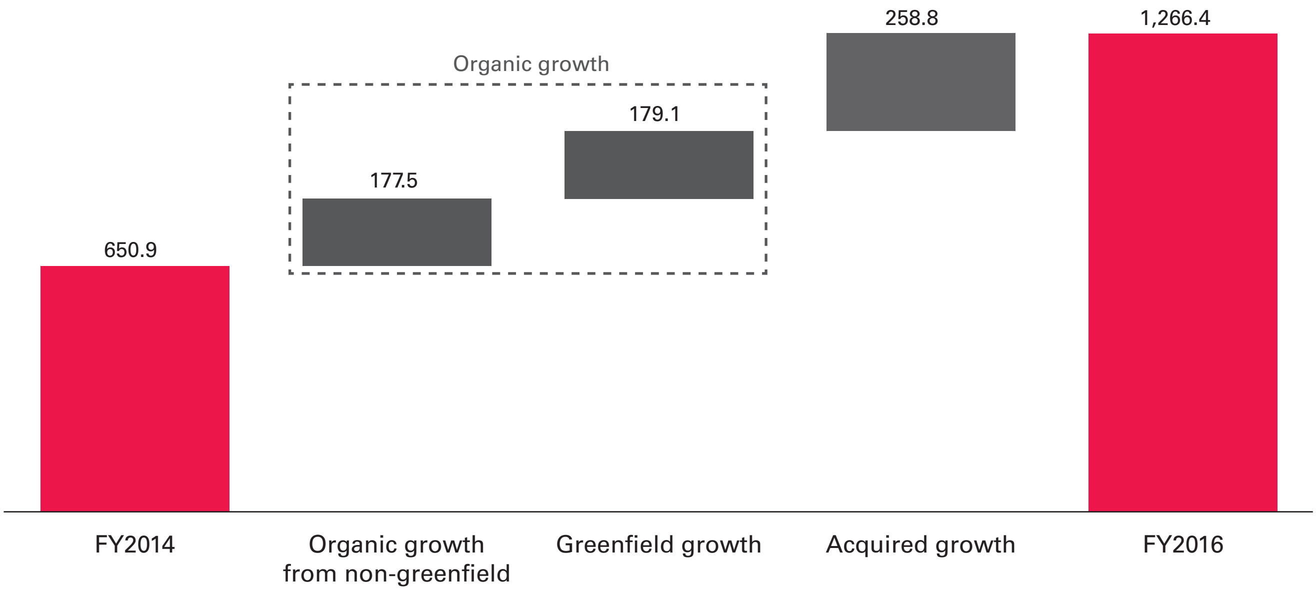
ASG owns a coffee supply and gift hamper business trading as Caffé Molinari which supplies coffee, hampers and gifts to the ASG Dealership network, real estate agencies and other external customers. The provision of amenities (such as coffee facilities) and gift hampers to purchasers of new Motor Vehicles is an important part of ASG's customer service offering. Caffé Molinari provides a source of cost savings to ASG as it would otherwise have to source and purchase those goods externally.

3.5 Growth drivers and strategy

ASG has a well-defined growth strategy combining organic growth of existing Dealerships with greenfield development, and acquisition driven growth. Core to this strategy is building on existing relationships with OEMs, including operating multiple sites per OEM partner.

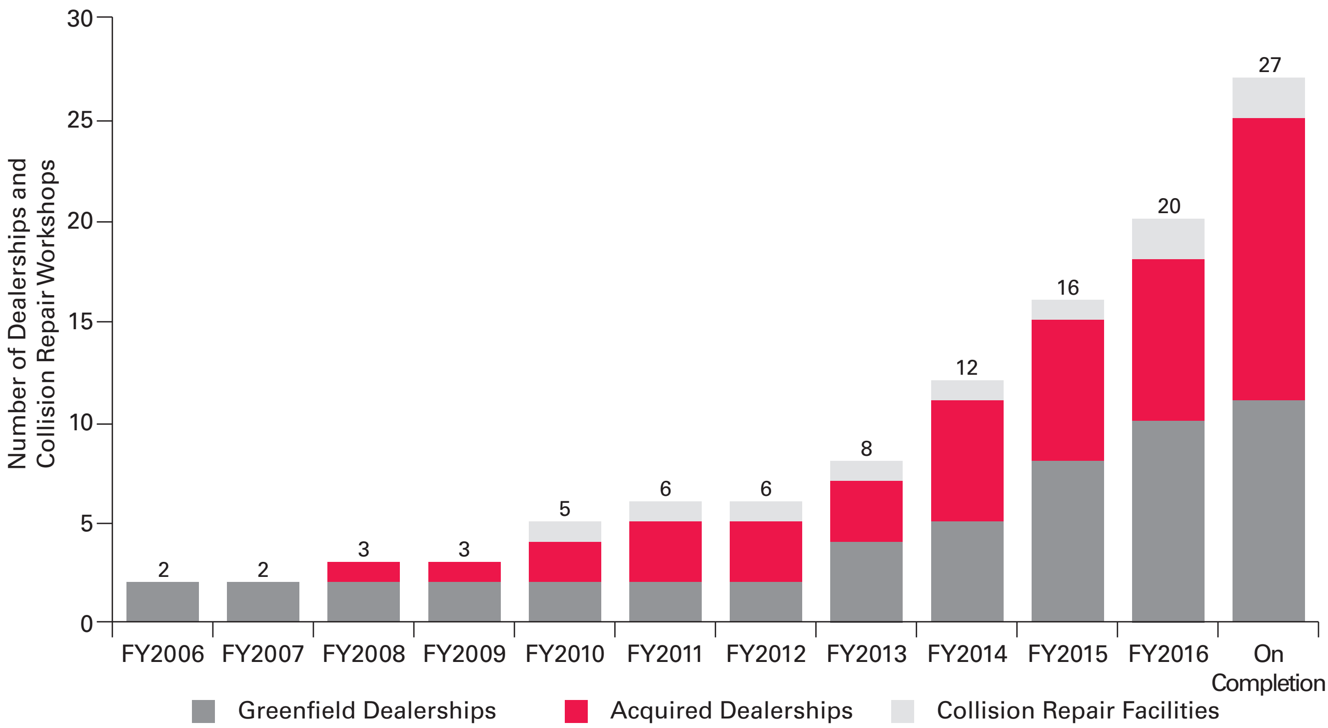
ASG's growth strategy also positions it well to take advantage of the operating and financial benefits available to large Dealer Groups and natural barriers to entry, discussed in Sections 2.4.6 and 2.5.1.

Figure 20 – Sources of growth in pro forma revenue from FY2014 to FY2016



Note: Growth in pro forma revenues shown above has been derived from ASG's Dealership management accounts and differs marginally from the Aggregated Accounts (refer to Section 4.2.2 for further detail) due to internal sales eliminations and intercompany adjustments, with the difference allocated in the chart above on a pro rata basis.

Figure 21 – Dealerships and collision repair facilities owned and operated by ASG at period end



Note: Reflects number of Dealerships and collision repair facilities owned and operated by ASG at period end (does not reflect the date that Dealership or collision repair facility is included in the Pro forma Historical and Forecast Financial Information).

3.5.1 Organic growth

Organic growth consists of growth from expansion in existing operations and from the establishment of greenfield Dealerships and growth in acquired Dealerships following the first full 12 months of ownership.

ASG's organic growth strategy is expected to be supported by the embedded growth in back-end servicing revenues, resulting from historical growth in new Motor Vehicle sales, maturing of greenfield sites and expansion of servicing capacity.

3.5.1.1 Growth from expansion in existing operations

ASG will continue to invest in its facilities to grow both back-end and front-end operations.

Specific front-end initiatives include:

- **Five Dock Volkswagen:** relocation of showroom from existing 350m^2 Five Dock site to 1,550m^2 site at Leichhardt (on the floor above ASG's Volvo and Lamborghini showroom). This is expected to drive higher sales in the future (with relocation scheduled to occur in H2 FY2017); and
- **Audi Sutherland:** expansion of the existing 480m^2 showroom by an additional 420m^2. This expansion is expected to commence in June 2017, with completion in August 2017.

In addition to front-end investment, ASG is planning to expand its Audi Five Dock service department from 14 service bays to up to 40 service bays, with 32 bays targeted to be installed in 2017. This increase in servicing capacity is expected to increase overall higher margin back-end earnings and support the anticipated increase in demand for servicing that management expects to materialise in the short term as a result of high growth in new Motor Vehicle sales in FY2015 and FY2016.

ASG also expects to drive further organic growth through operational improvements. ASG has demonstrated its ability to improve the operational performance of its Dealerships.

ASG is committed to maintaining its financial and operational discipline and will seek to improve margins through the:

- investment in customer relationship management systems and processes designed to maximise customer retention through new and used Motor Vehicle sales and service operations;
- leveraging of operational best practices to reduce costs and improve like-for-like performance across the Dealership network; and
- increasing proportion of gross revenue provided by higher margin revenue streams such as the distribution of finance and insurance products and Motor Vehicle parts, servicing and collision repair.

3.5.1.2 Greenfield development opportunities

Greenfield site development refers to an OEM establishing a new Dealership at a location it does not currently operate in. OEMs award Dealers the opportunity to establish greenfield sites to expand into new geographical areas, expand their market share and grow their brands.

The development of greenfield sites for existing and new OEMs is expected to be an important source of ASG's organic growth in the medium term. Strong returns can be realised from greenfield opportunities as greenfield sites mature, sales volumes increase and embedded growth associated with servicing revenue occurs.

ASG has consistently demonstrated its ability to win greenfield development opportunities from existing and new OEM partners. Since ASG commenced operations in 2006, 10 out of 23 new Dealerships operated by ASG have been greenfield sites (assuming completion of the Acquisition). Four of these developments have been for OEM partners which ASG did not represent at the time of commencing operations.

The availability of greenfield development opportunities is primarily dictated by the growth strategy of an OEM. The ability of a Dealership to secure a greenfield opportunity is dependent on its:

- relationship with that OEM;
- ability to meet the relevant OEM's requirements with respect to the greenfield development;
- history of successfully managing comparable Dealerships, particularly on behalf of the relevant OEM;
- reputation in the industry; and
- track record of successfully developing greenfield sites.

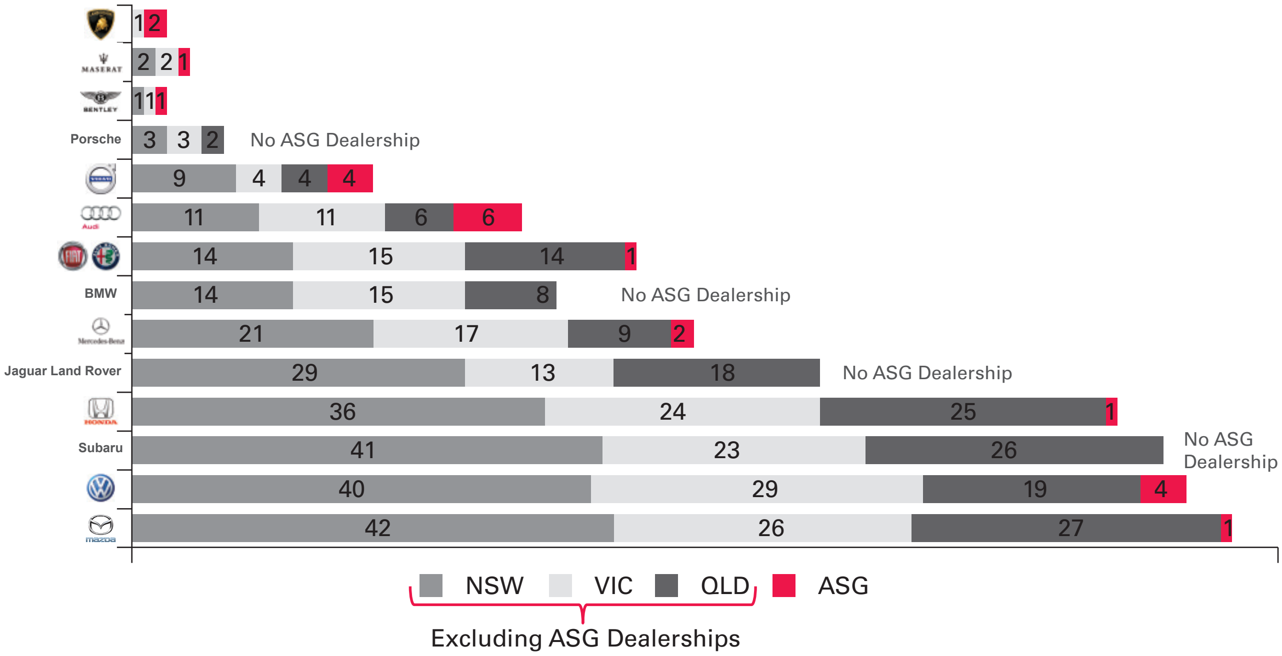
Accordingly, new site appointment opportunities are generally often limited to existing Dealers in the market.

3.5.2 Acquisition strategy

ASG has experience in executing and integrating Dealership acquisitions and, at completion of the Proposed Transaction, will have acquired 13 new Motor Vehicle Dealerships since 2006. ASG intends to continue to pursue acquisitions of further Prestige and Luxury Dealerships in metropolitan areas of capital cities and continues to explore such opportunities.

The Australian Automotive Dealership industry is highly fragmented with an estimated 2,500 new Motor Vehicle Dealerships nationwide, according to industry associations. ASG believes there is a significant opportunity to acquire attractive Dealerships in the Prestige and Luxury segments.

Figure 22 – Number of East Coast Prestige and Luxury Dealerships



Source: Number of East Coast Prestige and Luxury new Motor Vehicle Dealerships calculated as at October 2016 based on information sourced from the above OEM websites.

Detailed below are some of the key financial and operational criteria ASG takes into consideration when assessing acquisition opportunities.

- financial benchmarks
  - Dealership profitability across a range of metrics relative to industry standards and ASG's own performance;
  - sufficient financial scale and critical mass; and
  - purchase price; and
- operational benchmarks
  - Dealership location;
  - OEM brands represented;
  - customer and relationship management;
  - development potential; and
  - staff quality.

ASG is well positioned to execute on its acquisition strategy given its strong relationships with OEMs (both in brands it currently represents as well as in brands it does not currently represent), the long standing history of its key executives in the industry, and their relationships with owners of Dealerships located in ASG's target geographic markets. ASG believes an ASX listing will increase its ability to make acquisitions through additional access to capital, increased profile and ability to offer scrip consideration.

Acquisition of certain Dealerships from the Willims Motor Group (following Completion)

In line with its strategy focussed on Prestige and Luxury Vehicles, following Completion, ASG will acquire certain assets relating to five Dealerships in metropolitan Brisbane, currently owned and operated by the Willims Motor Group. The Acquisition expands ASG's existing footprint in Audi and Lamborghini as well as increasing ASG's brand offering to include additional Luxury brands Bentley and Maserati. The Acquisition also allows ASG to increase its parts and service offering in Brisbane with the addition of 38 bays in servicing capacity.

This Acquisition will significantly expand ASG's presence in Brisbane and further diversify its earnings base.

At Acquisition	
Acquisition price	\$50.0 million cash[1] and \$22.5 million of Shares at the Offer Price
OEM brands represented	Audi, Bentley, Lamborghini, Maserati
FY2016 new Vehicle sales volume	1,929 Vehicles
FY2016 revenue	\$201.1 million
Servicing capacity	38 service bays

Note 1: Subject to certain adjustments including, but not limited to, new, used and demonstration Vehicles and parts stock, merchandise, accessories and consumables.

3.6 Marketing and customer retention management (CRM)

ASG's sales strategy is supported by a marketing and CRM approach that prioritises the customer experience and leverages the brand equity of its OEM partners.

ASG's targeted marketing approach utilises a number of channels, including print and digital media, advertising in newspaper classifieds and an online presence. ASG also engages with its customer base through email marketing and builds brand loyalty by organising events for its customers. These events include sale events, launch events for new Vehicles and other forms of client entertainment. ASG also hosts track days for some of its customers, in line with customer expectations and to reward them for their business.

ASG utilises sophisticated CRM software and methodologies to track sales and customer activity. These systems are designed to refine marketing efforts and increase customer satisfaction.

ASG is very focussed on the quality of the service that it provides to customers and has invested in point of sale customer engagement initiatives including:

- the provision of food and beverages to customers free of cost at certain Dealerships; and
- the presentation of delivery hampers and gifts to purchasers of new Motor Vehicles.

ASG believes that these practices are an important part of the high quality service that they provide and contribute significantly to customer retention.

The retention of customers throughout the service life of a Vehicle is a particular focus for ASG considering:

- the extension of the service life of a vehicle increases the amount of high margin revenue that ASG can capture from a single new Vehicle sale; and
- the ownership life of a new Luxury or Prestige Vehicle is shorter than the Volume segment and opportunities to retail a new Motor Vehicle to an existing customer generally occurs within a four to five year period from first sale.

Attrition in servicing retention rates is partly due to those customers trading in or purchasing new Motor Vehicles, in addition to customers servicing their Motor Vehicles through other providers. In ASG's experience, Prestige and Luxury segment customers are more likely to trade in their vehicles relative to customers in the Volume segment.

3.7 ASG employees and management structure

ASG currently employs over 700 staff and on Completion, will employ over 850 staff across 25 Dealerships and two collision repair workshops. Approximately 35 of these employees are based out of ASG's corporate headquarters and are responsible for the management, finance, human resources and marketing functions of ASG.

ASG has a flat management structure in place, with a Dealer Principal at each Dealership having responsibility over the day-to-day operations of that Dealership, reporting directly to Nick Pagent, CEO.

Through careful recruitment and workforce management, ASG has created a working environment for its staff that attracts and retains the best employees in the sector. ASG continues to invest in training and development opportunities for staff and offers accelerated advancement opportunities for high performing staff at all levels of the business.

ASG is committed to the maintenance and promotion of workplace diversity to ensure that its sales force is best equipped to serve the broadest range of potential customers.

ASG primarily remunerates its customer facing staff using profitability-linked pay structures. ASG believes that the use of incentive-focussed remuneration maximises operational outcomes and aligns the interests of Shareholders and staff. ASG believes its remuneration structures are in line with industry best practice.

The senior management team at ASG has responsibility for instilling sales discipline and driving performance across its business lines. Senior management set a range of KPIs across the business and track performance on an ongoing basis. This allows senior management to identify underperforming Dealerships and work with Dealer Principals to address business performance.

ASG management will leverage its substantial operational expertise and industry experience in pursuing future growth opportunities and has the capacity to execute its growth strategy without significantly expanding its current headcount at the head office level.

3.8 Occupational health and safety

ASG considers the health, safety and well-being of its employees to be of paramount importance. ASG has put in place a comprehensive set of safety policies and procedures in line with occupational health and safety regulations. ASG operational staff and service technicians undergo specific training relating to safety upon commencement of employment and on an ongoing basis.

SECTION 4

Financial Information

4. Financial Information

4.1 Introduction

4.1.1 Financial Information

Financial information for ASG contained in this Section 4 is set out below for the historical financial years ended 30 June 2014 (**FY2014**), 30 June 2015 (**FY2015**) and 30 June 2016 (**FY2016**) as well as for the forecast financial year ending 30 June 2017 (**FY2017**).

This Section 4 contains a summary of:

- the historical financial information for ASG prior to Completion (**Pre-IPO Autosports Group**) comprising:
  - the statutory historical statements of profit or loss and other comprehensive income for FY2014, FY2015 and FY2016 (**Statutory Historical Income Statements**);
  - the historical cash flows before corporate financing and tax[1] for FY2014, FY2015 and FY2016 disclosed in the reconciliation in Table 14 (**Statutory Historical Cash Flows**); and
  - the historical statement of financial position as at 30 June 2016 (**Statutory Historical Balance Sheet**),

  (together, **Historical Financial Information**);
- the pro forma historical financial information for ASG comprising:
  - the pro forma historical consolidated statements of profit or loss and other comprehensive income for FY2014, FY2015 and FY2016 (**Pro forma Historical Income Statements**);
  - the pro forma historical consolidated cash flows before corporate financing and tax for FY2014, FY2015 and FY2016 (**Pro forma Historical Cash Flows**); and
  - the pro forma historical consolidated statement of financial position as at 30 June 2016 (**Pro forma Historical Balance Sheet**),

  (together, **Pro forma Historical Financial Information**); and
- the forecast financial information for ASG comprising:
  - the statutory forecast consolidated statement of profit or loss and other comprehensive income (**the Statutory Forecast Income Statement**) and the statutory forecast consolidated net cash flows (**Statutory Forecast Cash Flows**) for FY2017 (**Statutory Forecast Financial Information**); and
  - the pro forma forecast consolidated statement of profit or loss and other comprehensive income (**Pro forma Forecast Income Statement**) and the Pro forma forecast net cash flows (**Pro forma Forecast Cash Flows**) for FY2017 (**Pro forma Forecast Financial Information**),

  (together, **Forecast Financial Information**).

The Historical Financial Information, the Pro forma Historical Financial Information and the Forecast Financial Information are together the **Financial Information**.

The Financial Information has been reviewed in accordance with the Australian Standard on Assurance Engagements ASAE 3450 Assurance Engagements involving Fundraising and/or Prospective Financial Information, by Deloitte Corporate Finance Pty Limited whose Investigating Accountant's Report on the Financial Information is contained in Section 8.

4.1.2 Additional information

Also summarised in this Section 4 are:

- a summary of the basis of preparation and presentation of the Financial Information (see Section 4.2) including the statutory entities and the Dealerships and businesses that are included in the Financial Information presented for the respective historical and forecast periods;
- a description of the pro forma adjustments to the Historical Financial Information and reconciliations between the Historical Financial Information and the Pro forma Historical Financial Information (see Section 4.3.3);
- a description of the key drivers impacting ASG's business including key financial and operating metrics set out in Section 4.3.2 and management's discussion and analysis of the Pro forma Historical Financial Information and Forecast Financial Information (see Section 4.6);
- a summary of ASG's capitalisation and indebtedness and debt facilities including key terms of the floor plan finance facilities (see Section 4.5.2);
- ASG's best estimate assumptions and general assumptions underlying the Forecast Financial Information (see Section 4.7);
- an analysis of the key sensitivities in respect of the Pro forma Forecast Income Statement (see Section 4.8);
- a summary of ASG's proposed dividend policy (see Section 4.11); and
- a description of ASG's significant accounting policies (see Appendix A.1).

The information in this Section 4 should be read in conjunction with the risk factors set out in Section 5 and other information contained in this Prospectus. Tables in this Section 4 have not been amended to correct immaterial summation differences that may arise from this round convention.

All amounts disclosed in the tables are presented in Australian dollars and, unless otherwise noted, are rounded to the nearest $0.1 million.

4.2 Basis of preparation of the Financial Information

4.2.1 Overview

The Financial Information included in this Prospectus is intended to present potential investors with information to assist them in understanding the underlying historical financial performance, cash flows and financial position of ASG, together

1. Cash flows before corporate financing and taxation reflects the cash flows after floor plan interest expense prior to deducting interest on corporate debt including capital loans.

with the forecast financial performance and cash flows. The Directors are responsible for the preparation and presentation of the Financial Information.

Subject to Section 4.2.2 which sets out the basis of extraction of the Historical Financial Information, the Financial Information has been prepared and presented in accordance with the recognition and measurement principles of the Australian Accounting Standards, which are consistent with the International Financial Reporting Standards (**IFRS**) and interpretations issued by the International Accounting Standards Board. The Financial Information is presented in an abbreviated form insofar as it does not include all the disclosures, statements or comparative information as required by the Australian Accounting Standards applicable to annual financial reports prepared in accordance with the Corporations Act.

ASG's key accounting policies relevant to the Financial Information are set out in Appendix A.1. In preparing the Historical Financial Information and the Statutory Forecast, the accounting policies of ASG have been applied consistently throughout the periods presented. Certain variable sales incentives, offset against cost of goods sold in the Aggregated Accounts, have been reclassified to 'Other income' throughout the Financial Information presented in this Prospectus. This has occurred to enable alignment and comparability with benchmarks and motor industry data and information.

ASG operates and reports under one reportable segment in accordance with Australian Accounting Standard AASB 8 Operating Segments.

4.2.2 Historical Financial Information based on Aggregated Accounts

The Historical Financial Information has been extracted from the Special Purpose Financial Report (**Aggregated Accounts**) of the Pre-IPO Autosports Group covering FY2014, FY2015 and FY2016, which was audited by Deloitte Touche Tohmatsu in accordance with Australian Auditing Standards. Deloitte Touche Tohmatsu issued an unmodified audit opinion on the Aggregated Accounts. These Aggregated Accounts reflect the income and expenses, cash flows, and the assets and liabilities of all entities comprising the Pre-IPO Autosports Group on an aggregated basis for each of these periods. At 30 June 2016, ASG owned and operated 16 new Motor Vehicle Dealerships, two used Motor Vehicle Dealership and two collision repair businesses via the following entities included in the aggregation:

Table 7 – Dealerships and businesses included in the Historical Financial Information

Statutory entity	Dealerships / Businesses
Autosports Castle Hill Pty Ltd	– Volvo Cars Parramatta – Castle Hill VW – Capalaba VW – Mt Gravatt VW
Autosports Five Dock Pty Ltd	– Audi Five Dock
Autosports Leichhardt Pty Ltd	– Autosports Honda – Five Dock VW – Volvo Cars Sydney – Lamborghini Sydney – Leichhardt Fiat Alfa
Autosports Sutherland Pty Ltd	– Audi Sutherland
Betar Prestige Vehicles Pty Ltd	– Audi Centre Parramatta
Mosman Prestige Vehicles Pty Ltd	– Audi Centre Mosman
New Centenary Mazda Pty Ltd	– Toowong Mazda
New Centenary Mercedes-Benz Pty Ltd	– Mercedes-Benz Toowong – Mercedes-Benz Macgregor
Prestige Group Holdings Pty Ltd Prestige Auto Traders Australia Pty Ltd	 – Prestige Auto Traders (used Motor Vehicle business)
Autosports Prestige Pty Ltd	– Prestige Panel (collision repair business)
Prestige Repair Works Pty Ltd	– Pat Cole's Autobody (collision repair business)
Autosports Brisbane Pty Limited	– Autosports Brisbane (used Motor Vehicle business)
Birchgrove Finance Pty Limited	– Birchgrove Finance (holder of AFSL)*
Modena Trading Pty Limited	– Coffee and merchandise supply to Dealerships*

* Birchgrove Finance Pty Limited and Modena Trading Pty Limited are both immaterial to the results of the operations of the Pre-IPO Autosports Group. Combined revenue excluding intercompany sales in FY2016 was $2.3 million and NPBT $0.1 million.

All intercompany balances between entities comprising the Pre-IPO Autosports Group, including any unrealised profits or losses, have been eliminated on aggregation.

Investors should note that the Aggregated Accounts above do not strictly follow the principles of consolidation in accordance with Australian Accounting Standards, by virtue of these entities not being controlled by common shareholders prior to the completion of the Proposed Transaction. Balances with entities that will be retained by the Existing Owners are not eliminated and continue to be reported as third party balances.

4.2.3 Treatment of acquisitions in the Historical and Forecast Financial Information

4.2.3.1 Acquisitions made and new businesses established prior to 30 June 2016

Where an entity or business has been acquired or established, its operating results have been included from the date control was established. It should be noted that:

- seven Dealerships and one collision repair business listed above have existed within ASG for the entire financial period from FY2014 and are included in the Aggregated Accounts for each of FY2014, FY2015 and FY2016;
- six Dealerships were established as greenfield sites between December 2013 and March 2016. These are included in the Aggregated Accounts from the date of establishment; and
- five Dealerships and one collision repair business were acquired as existing businesses between June 2014 and June 2016. These are included in the Aggregated Accounts from the date of acquisition. The Aggregated Accounts for FY2015 and FY2016 include the financial information for four of these Dealerships for substantially the entire financial years. The remaining Dealership and the collision repair business were acquired in FY2016 and are forecast to contribute less than 5.0% of the forecast EBITDA of ASG for FY2017.

4.2.3.2 Acquisitions made post 30 June 2016

The Willims Motor Group

ASG Brisbane Pty Ltd, a company which will become a wholly owned subsidiary of Autosports Group following completion of the Proposed Transaction, signed a binding sale and purchase agreement on 24 August 2016 to acquire certain assets relating to five Dealerships in metropolitan Brisbane currently owned and operated by the Willims Motor Group (**Acquired Willims Business**) from the Willims Vendor. The acquisition is expected, subject to the satisfaction of the various conditions precedent, to complete immediately following Completion.

Accordingly, the Statutory Forecast Financial Information includes the forecast results of the Acquired Willims Business for the period from Completion (on or around 18 November 2016) to 30 June 2017, and the Pro forma Forecast Financial Information reflects the full year performance of the assets acquired. Pro forma adjustments have been made to the historical financial performance of the Willims Motor Group for FY2014, FY2015 and FY2016 based on special purpose accounts for FY2014, FY2015 and FY2016.

The auditor issued an unmodified audit opinion on the special purpose accounts of the Willims Vendor. The Acquired Willims Business excludes the Fiat, Alfa Romeo and Lotus Brisbane Dealerships (which have been owned and operated by the Willims Motor Group) and these Dealerships do not form part of the FY2017 financial forecasts. In FY2016, these excluded Dealerships generated revenue of less than $5 million and gross profit of less than $1 million.

The special purpose accounts for the Willims Motor Group for FY2014, FY2015 and FY2016 were audited by a Big 4 accounting firm in accordance with the Australian Auditing Standards.

Volvo Cars Brighton

Autosports Castle Hill Pty Ltd completed the acquisition of the assets of Altitude Brighton Pty Ltd in October 2016 (**Volvo Cars Brighton**). The Statutory Forecast Financial Information includes the forecast results of Volvo Cars Brighton for the period from Completion to 30 June 2017, and the Pro forma Forecast Financial Information includes the full year performance of this business.

Pro forma adjustments have been made to the historical financial performance of Volvo Cars Brighton for FY2014, FY2015 and FY2016 based on special purpose accounts for FY2014, FY2015 and FY2016. The FY2016 accounts were audited by a Big 4 accounting firm in accordance with the Australian Auditing Standards. The auditor issued an audit opinion on the FY2016 accounts which included a qualification in respect of the auditor's inability to observe the counting of physical inventory at the beginning of the financial year. Except for the possible effects of this matter, the audit opinion notes that the financial report presents fairly, in all material respects, the financial position as at the 30 June 2016 and the financial performance for FY2016 in accordance with the accounting policies of Altitude Brighton Pty Ltd. The FY2015 and FY2014 balances remain unaudited but have been reviewed by the Investigating Accountant. Volvo Cars Brighton accounts for less than 2.0% of ASG's pro forma FY2017 EBITDA.

Table 8 – Dealerships acquired post 30 June 2016

Statutory entity	Dealerships
Autosports Castle Hill Pty Ltd	– Volvo Cars Brighton
ASG Brisbane Pty Ltd	– Audi Brisbane – Audi Indooroopilly – Bentley Brisbane – Lamborghini Queensland – Maserati Brisbane (collectively, the Acquired Willims Business)

The Pro forma Historical Balance Sheet derived from the audited Aggregated Accounts of the Pre-IPO Autosports Group at 30 June 2016 reflects the consolidation of the Acquired Willims Business and Volvo Cars Brighton.

Figure 23 below provides a summary of the Dealerships and collision repair facilities that comprise ASG and their inclusion in the Pro forma Historical and Forecast Financial Information.

Figure 23 – Dealerships and collision repair facilities included in the Pro forma Historical and Forecast Financial Information

			Dealership	Establishment date	Acquisition date	Financial Inclusion date	FY14 (Jul-13)	FY15 (Jul-14)	FY16 (Jul-15)	FY17 (Jul-16 – Jul-17)
Autosports Group	Pre-IPO Autosports	*Existing operations as at Jul-13*	Audi Centre Mosman		2011	July-13				
			Audi Centre Parramatta		2007	July-13				
			Audi Five Dock	May-06		July-13				
			Audi Sutherland		2007	July-13				
			Prestige Auto Traders		2009	July-13				
			Autohaus Prestige	2010		July-13				
			Leichhardt Fiat Alfa	2013		July-13				
			Autosports Honda	2013		July-13				
		Greenfields since Jul-13	Lamborghini Sydney	Feb-14		Feb-14				
			Castle Hill VW	Sep-14		Sep-14				
			Mt Gravatt VW	Jan-15		Jan-15				
			Volvo Cars Sydney	Mar-15		Mar-15				
			Capalaba VW	Mar-16		Mar-16				
			Autosports Brisbane	Mar-16		Mar-16				
			Volvo Cars Mt Gravatt	Sep-16		Sep-16				
		Acquisitions since Jul-13	Toowong Mazda		Jun-14	Jun-14				
			Mercedes Macgregor		Jun-14	Jun-14				
			Mercedes Toowong		Jun-14	Jun-14				
			Five Dock VW		Aug-14	Aug-14				
			Volvo Cars Parramatta		Feb-16	Feb-16				
			Pat Coles		Jun-16	Jun-16				
	Willims Motor Group	*Willims at Jul-13*	Audi Brisbane		Completion	Jul-13				
			Bentley Brisbane		Completion	Jul-13				
			Maserati Brisbane		Completion	Jul-13				
			Other[1]		Not being acquired	Jul-13				
		Greenfields since Jul-13	Audi Indooroopilly		Completion	Jan-15				
			Lamborghini Brisbane		Completion	Oct-15				
			Volvo Cars Brighton		Oct-16	Jul-13				

Note 1: Alfa Romeo Brisbane, Fiat Brisbane and Lotus Brisbane historically formed part of Barbizon Pty Ltd, Trustee for the Willims Motor Group, however these do not form part of the Acquired Willims Business. In pro forma FY2016, the excluded Dealerships generated revenue of less than \$5 million and gross profit of less than \$1 million.

4.2.4 Preparation of the Pro forma Historical Financial Information

The Pro forma Historical Financial Information has been prepared for the purpose of this Prospectus and has been derived from the Historical Financial Information to illustrate the net income, assets, liabilities and cash flows of ASG adjusted for certain significant transactions and pro forma adjustments.

The pro forma adjustments are described in Section 4.3.3 (reconciliation between the Statutory Historical Income Statements and the Pro forma Historical Income Statements) and Section 4.4.2 (reconciliation between the Statutory Historical Cash Flows and the Pro forma Historical Cash Flows). In particular, pro forma adjustments have been made to reflect the inclusion of the Acquired Willims Business and Volvo Cars Brighton with effect from 1 July 2013, and to reflect the new listed entity structure.

The Pro forma Historical Balance Sheet is based on the Statutory Historical Balance Sheet, and similarly adjusted to include the acquisitions. In addition, the Pro forma Historical Balance Sheet includes certain other pro forma adjustments to reflect:

- the impact of the Offer, including Offer costs offset against equity; and
- the operating and capital structures that will be in place following Completion as if they had occurred or were in place as at 30 June 2016.

The Pro forma Historical Balance Sheet is provided for illustrative purposes only and is not represented as being necessarily indicative of ASG's view on its future financial position. Investors should note that past results are not a guarantee of future performance.

4.2.5 Preparation of the Forecast Financial Information

The Forecast Financial Information has been prepared by ASG based on an assessment of present economic and operating conditions and on a number of assumptions, including the general assumptions and the Directors' best estimate specific assumptions set out in Section 4.7.

The Directors have prepared the Forecast Financial Information with due care and attention, and consider all 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 to not place undue reliance on the Forecast Financial Information.

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. 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 material positive or negative effect on ASG's actual financial performance or financial position. Investors are advised to review the assumptions set out in Sections 4.7.1 and 4.7.2 in conjunction with the sensitivity analysis set out in Section 4.8, the risk factors set out in Section 5 and other information set out in this Prospectus.

The Forecast Income Statement and the Forecast Cash Flows of ASG for FY2017 have been presented on both a Pro forma and a Statutory consolidated basis. The Pro forma Forecast Income Statement and the Pro forma Forecast Cash Flows of ASG for FY2017 are based on the Statutory Forecast Income Statement and the Statutory Forecast Cash Flows, adjusted for the consolidation of the Acquired Willims Business and Volvo Cars Brighton in the results for the period from 1 July 2016 to their acquisition dates, and the full year effect of the operating and capital structure that will be in place upon Completion, but exclude the costs of the Offer and other items which are not expected to occur in the future. Section 4.3.3 provides a reconciliation between the Statutory Forecast Income Statement and the Pro forma Forecast Income Statement of ASG for FY2017, and Section 4.4.2 provides a reconciliation between the Statutory Forecast Cash Flows and the Pro forma Forecast Cash Flows for FY2017.

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

The Directors have no current intention to update or revise the Forecast Financial Information or other forward looking statements, 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.

4.2.6 Acquisition accounting

Acquisition of the entities forming the Pre-IPO Autosports Group, including the holding entity for the Acquired Willims Business and Volvo Cars Brighton, by Autosports Group will be accounted for using the acquisition method under AASB 3 *Business Combinations*.

AASB 3 requires that the identifiable assets and liabilities acquired (including intangible assets) are measured at their respective fair values at acquisition date. The Company has performed an assessment of the fair values of the identifiable assets and liabilities acquired. For the purposes of the Pro forma Historical Balance Sheet, the assets and liabilities have been recorded at their provisional fair values based on the 30 June 2016 Balance Sheet. Under the Australian Accounting Standards, ASG has up to 12 months from the date of acquisition to complete its initial acquisition accounting.

The increase in intangible asset values has been allocated between identifiable finite life intangible assets ($17.5 million) consisting of non-contractual customer relationships and databases and the remainder to goodwill. This allocation is based on advice from a qualified external valuer, and adopted by the Directors. A deferred tax liability is recognised in respect of the finite life intangibles on the balance sheet. These adjustments are reflected on the Pro forma Historical Balance Sheet set out in Section 4.5.1.

The Financial Information presented in this Section 4 on a pro forma basis assumes that the businesses and entities that form part of ASG at completion of the Proposed Transaction had always operated as a consolidated group. Accordingly, the amortisation of the finite life intangibles (acquisition amortisation defined below) has been reflected in the Pro forma Historical Financial Information for the periods FY2014 to FY2016.

4.2.7 Explanation of non-IFRS and other financial measures

ASG uses certain measures to manage and report on its business that are neither recognised under AAS, nor under IFRS. These measures are collectively referred to as **non-IFRS financial measures**. These non-IFRS financial measures do not have a prescribed definition under AAS or IFRS and therefore may not be directly comparable to similarly titled measures presented by other entities. These should not be construed as an indication of, or an alternative to, corresponding financial measures determined in accordance with AAS or IFRS. Although ASG believes these non-IFRS financial measures provide useful information to users in measuring the financial performance and condition of the business, investors are cautioned not to place undue reliance on any non-IFRS financial measures included in the Prospectus.

In the disclosures in this Prospectus, ASG uses the following non-IFRS financial measures:

- acquisition amortisation: non-cash amortisation relating to finite life intangible assets (including customer relationships and databases) recognised as part of acquisitions undertaken by ASG, but excluding any information technology assets or software assets recognised;
- capital expenditure: includes investment in property and equipment including leasehold improvements, as well as software and licence assets;
- EBITDA: earnings before interest, tax, depreciation and amortisation;
- EBIT: earnings before interest and tax;
- NPBT: net profit before tax;
- NPAT: net profit after tax attributable to shareholders;
- NPATA: net profit after tax excluding amortisation pertaining to acquired intangibles; and
- working capital: third party receivables, inventory, payables and floor plan finance facilities.

4.3 Pro forma Historical, Pro forma Forecast and Statutory Forecast Financial Information

4.3.1 Pro forma Historical Income Statements, Pro forma Forecast and Statutory Forecast Income Statements

Table 9 sets out the Pro forma Historical, Pro forma Forecast and Statutory Forecast Income Statements for FY2014 to FY2017.

Table 9 – Pro forma Historical Income Statements, Pro forma Forecast Income Statement and the Statutory Forecast Income Statement

			Historical		Forecast	
			Pro forma		Pro forma	Statutory
$m	**Notes**	**FY2014**	**FY2015**	**FY2016**	**FY2017**	**FY2017[2]**
New Motor Vehicle sales	1	341.4	599.9	732.3	879.6	557.1
Used Motor Vehicle sales	2	213.7	288.4	348.2	353.4	223.2
Aftermarket	3	1.9	5.6	10.0	13.5	8.5
Finance and insurance	4	7.7	13.8	16.4	21.4	13.5
Parts	5	28.2	51.0	62.9	67.5	38.6
Service	6	31.7	45.0	51.6	65.1	32.1
Other	7	26.3	35.5	45.1	44.6	28.4
Total revenue		**650.9**	**1,039.2**	**1,266.4**	**1,445.1**	**901.5**
Cost of goods sold		(557.9)	(890.7)	(1,089.4)	(1,236.8)	(773.0)
Gross profit		**93.0**	**148.5**	**177.0**	**208.3**	**128.4**
Employee benefits		(34.4)	(61.3)	(75.1)	(81.1)	(50.5)
Occupancy		(10.2)	(16.1)	(18.4)	(20.1)	(12.2)
Other	8	(26.9)	(36.1)	(42.5)	(54.8)	(42.6)
EBITDA		**21.5**	**35.0**	**40.9**	**52.4**	**23.1**
Depreciation and amortisation	9	(5.5)	(6.6)	(7.1)	(7.3)	(4.7)
EBIT		**16.0**	**28.4**	**33.8**	**45.1**	**18.5**
Floor plan interest	10	(4.2)	(5.8)	(6.9)	(7.0)	(4.7)
Corporate interest	11	(0.0)	(0.7)	(0.2)	(1.0)	(0.6)
NPBT		**11.8**	**21.9**	**26.7**	**37.1**	**13.1**
Income tax expense	12	(3.5)	(6.6)	(8.0)	(11.1)	(7.0)
NPAT		**8.2**	**15.3**	**18.7**	**26.0**	**6.1**
Share of profits attributable to non-controlling interests	13	(0.0)	(0.1)	(0.2)	(0.3)	(0.2)
NPAT attributable to shareholders of ASG		**8.2**	**15.3**	**18.5**	**25.6**	**5.9**
Acquisition amortisation	14	2.5	2.5	2.5	2.5	n/a
NPATA attributable to shareholders of ASG		**10.7**	**17.7**	**20.9**	**28.1**	**n/a**

Notes:

1. **New Motor Vehicle sales** – New Motor Vehicle sales revenue represents the retail value of Motor Vehicles sold excluding the impact of any associated OEM rebates or bonuses reported within Other revenue (See Note 7).
2. **Used Motor Vehicle sales** – Sale of used Motor Vehicles to retail and wholesale customers. Supplier rebates (if any) are also recorded within Other revenue.
   - Retail sales represent the value of used Motor Vehicles sold to individuals (all Dealerships).
   - Wholesale sales represent the retail value of used Motor Vehicles sold to other dealerships.
3. **Aftermarket** – Revenue derived from the sale of third party accessories/services when selling Motor Vehicles (largely pertaining to new Motor Vehicles).
4. **Finance and insurance** – Commission revenue derived from the distribution of Motor Vehicle financing and insurance products for consumer finance providers and insurance companies.
5. **Parts** – Sale of OEM-branded parts for the OEMs that ASG represents, to external retail and wholesale customers. ASG also supplies its own service operations; however, this revenue is accounted for within the service division.
6. **Service** – Revenue derived from retail and warranty servicing. Service revenue includes the two collision repair businesses.

2. Statutory FY2017 results reflect the period from Completion to 30 June 2017.

7. **Other revenue** – Primarily includes various OEM and other supplier receipts as well as the results of Modena Trading Pty Ltd. OEM and other supplier receipts include:
   - payment received from OEMs for sale of new Motor Vehicles;
   - payments received for achievement of OEM targets including factory volume targets, model mix, consumer satisfaction index bonus;
   - net amount financed bonuses which relate to bonuses paid by finance companies for achieving or exceeding targets for loan amounts on new and used Motor Vehicles; and
   - other incentive payments from suppliers.
8. **Other expenses** – Include marketing, Motor Vehicle fleet and distribution costs and outside service costs (contractors and professional costs).
9. **Depreciation and amortisation** – Includes depreciation of property, plant and equipment, and the amortisation of finite life intangibles relating to customer relationships recognised on the application of acquisition accounting as set out in Section 4.2.6.
10. **Floor plan interest** – Reflects the interest expense on the floor plan facilities from vehicle financiers which are used to finance the new and used Motor Vehicle inventory held by the Dealerships. Forecast interest expense assumes that cash on the balance sheet at Completion is used to repay a portion of the floor plan facilities.
11. **Interest on corporate debt** – The pro forma forecast corporate debt interest expense reflects the forecast expense on capital loans at Completion. The statutory interest expense reflects the expense from Completion to 30 June 2017. No adjustment has been made in respect of the net interest on the historical corporate debt from FY2014 to FY2016.
12. **Income tax expense** – The forecast income tax rate applicable to ASG is approximately 30%, which is equivalent to the Australian corporate tax rate.
13. **Non-controlling interests** – Identified in the table above reflect the 20% interest in New Centenary Mazda Pty Ltd held by the Dealer Principal.
14. **Acquisition amortisation** – The amortisation of finite life intangibles relating to customer relationships recognised on the application of acquisition accounting as set out in Section 4.2.6. The amortisation expense is based on an average useful life of 5 years ($3.5 million per annum). The add-back to NPAT is presented on a tax-effected basis. The adjustment has also been reflected in the Pro forma Historical Financial Information for the periods from FY2014 to FY2016.

4.3.2 Key operating metrics

Table 10 sets out the key operating metrics of ASG for FY2014 to FY2016 on a pro forma basis, and for FY2017 on a pro forma and statutory basis.

Table 10 – Key operating metrics of ASG

		Historical		Forecast	
		Pro forma		Pro forma	Statutory
$m	FY2014	FY2015	FY2016	FY2017F	FY2017F[3]
Operating metrics (year-end)					
Number of Dealerships and collision repair workshops[4]	16	21	26	27	27
Sales metrics					
New Motor Vehicle units sold	6,647	12,633	15,483	18,320	
New Motor Vehicles sales growth	n/a	*90.1%*	*22.6%*	*18.3%*	
Used Motor Vehicle units sold	8,099	10,711	15,293	15,338	
Used Motor Vehicles sales growth	n/a	*32.3%*	*42.8%*	*0.3%*	
Profitability metrics					
Total revenue growth	*n/a*	*59.7%*	*21.9%*	*14.1%*	
Revenue growth from operations owned for >12 months	*n/a*	*17.1%*	*18.8%*	*8.7%*	
Gross profit growth	*n/a*	*59.6%*	*19.2%*	*17.7%*	
Gross profit margin	*14.3%*	*14.3%*	*14.0%*	*14.4%*	
Operating costs as percentage of total revenue	*11.0%*	*10.9%*	*10.7%*	*10.8%*	*11.7%*
Floor plan interest expense as percentage of total new and used Motor Vehicle revenue	*0.8%*	*0.7%*	*0.6%*	*0.6%*	*0.6%*
EBITDA margin	*3.3%*	*3.4%*	*3.2%*	*3.6%*	*2.6%*
EBIT margin	*2.5%*	*2.7%*	*2.7%*	*3.1%*	*2.0%*

3. Statutory FY2017 results reflect the period from Completion to 30 June 2017.
4. The number of Dealerships and collision repair workshops does not include Dealerships that were excluded from the Acquired Willims Business (namely Alfa, Fiat and Lotus).

4.3.3 Pro forma adjustments to the Statutory Historical Income Statements and the Statutory Forecast Income Statement

Table 11 and Table 12 set out the pro forma adjustments made to Statutory Historical and Forecast Revenue and NPAT respectively for FY2014 to FY2017.

Table 11 – Pro forma adjustments to Statutory Historical and Forecast Revenue

			Historical		Forecast
$m	**Notes**	**FY2014**	**FY2015**	**FY2016**	**FY2017**
Statutory revenue		461.6	824.3	1,032.6	901.5
Pre-Completion ASG trading from 1 July 2016 to Completion	1	-	-	-	439.0
Acquisitions	2	190.1	217.4	242.2	-
Pre-Completion trading for acquisitions (Acquired Willims Business and Volvo Cars Brighton)	3	-	-	-	104.6
Discontinued operations	4	-	(1.9)	(7.3)	-
Group restructure	5	(0.8)	(0.6)	(1.2)	-
Pro forma revenue		650.9	1,039.2	1,266.4	1,445.1

Table 12 – Pro forma adjustments to the Statutory Historical and Forecast NPAT

			Historical		Forecast
$m	**Notes**	**FY2014**	**FY2015**	**FY2016**	**FY2017**
Statutory NPAT		8.7	11.7	15.4	6.1
Pre-Completion ASG trading from 1 July 2016 to Completion	1	-	-	-	10.8
Acquisitions	2	5.1	7.3	8.2	-
Pre-Completion trading for Acquisitions (the Acquired Willims Business and Volvo Cars Brighton)	3	-	-	-	3.4
Discontinued operations	4	-	0.9	1.2	-
Group restructure	5	(0.3)	(0.3)	(1.6)	-
Legal settlement	6	-	0.9	-	-
Acquisition costs	7	-	1.4	-	4.1
Offer costs	8	-	-	0.7	7.4
Public company costs	9	(1.6)	(1.6)	(1.6)	(0.6)
Key management remuneration	10	(0.7)	(0.7)	(0.7)	(0.3)
Acquisition amortisation	11	(3.5)	(3.5)	(3.5)	(1.4)
Employee Gift Offer	12	-	-	-	0.6
Effective tax rate	13	0.5	(0.8)	0.6	(4.1)
Pro forma NPAT		8.2	15.3	18.7	26.0

Notes:

1. **Pre-Completion ASG trading** – Reflects the trading of the Pre-IPO Autosports Group from 1 July 2016 to Completion, which will not be included in the FY2017 statutory financials for ASG.
2. **Acquisitions** – Two acquisitions have been made by ASG in FY2017, Volvo Cars Brighton which completed in October 2016 and completion of the acquisition of the Acquired Willims Business which is conditional on Completion and is expected to occur following Completion. The earnings of both these businesses have been included on a pro forma basis from 1 July 2013. The statutory result for FY2017 includes the earnings of these acquisitions from Completion.
3. **Pre-Completion trading for acquisitions** – Reflects the trading of the Willims Motor Group and Volvo Cars Brighton from 1 July 2016 to Completion, which will not be included in the FY2017 statutory financials for ASG.
4. **Discontinued operations** – In March 2016, a Brisbane-based Dealership within the Pre-IPO Autosports Group ceased to be a Chevrolet Jeep Dodge Dealership and became a used Motor Vehicle site, representing a change in the operations of the business. This adjustment removes the results of this discontinued business. No significant one-off costs were incurred as a result of the restructure.
5. **Group restructure** – Revenue includes interest received on loans from ASG to non-ASG entities. The intercompany loans to which this interest income relates were settled at 30 June 2016. Group restructure costs reflect head office costs that have been previously allocated to non-ASG entities.

6. **Legal settlement costs** – Relate to a legal dispute between Modena Trading Pty Ltd and a coffee importer over product naming rights. The dispute was settled in April 2015.
7. **Acquisition costs** – Relate largely to the stamp duty payable on the acquisitions of New Centenary Mazda Pty Ltd and New Centenary Mercedes Benz Pty Ltd in Brisbane in June 2014. Forecast stamp duty in FY2017 relate to the acquisition of the Acquired Willims Business which is expected to occur on Completion.
8. **Offer costs** – Reflects the amounts forecast to be expensed in FY2016 and FY2017 in relation to Offer (fees payable to advisors, Joint Lead Managers and tax, accounting and legal fees) and the listing on the ASX. Note that $5.6 million of the Offer costs (relating to the primary issue) are netted off against issued capital.
9. **Public company costs** – Reflects the increase in corporate costs expected to arise as a consequence of the Company becoming ASX listed. The costs principally relate to Board and governance (non-executive Directors, Audit and Remuneration Committee), additional legal and company secretarial costs as well as an increase in administrative resources and investor relations. The FY2017 adjustment reflects the incremental costs that have not been incurred prior to Completion but are included in the Pro forma Forecast.
10. **Key management remuneration** – Reflects the increase in executive remuneration that is forecast to arise in FY2017 as a consequence of becoming ASX listed. This FY2017 increase has been applied in the prior years. The total executive remuneration forecast in FY2017 is $2.8 million, of which $1.9 million relates to salary costs and the remainder is in relation to the LTI Plan and short term incentives.
11. **Acquisition amortisation** – Included within depreciation and amortisation is the amortisation of finite life intangibles relating to customer relationships recognised on the application of acquisition accounting as set out in Section 4.2.6. The statutory expense for FY2017 ($2.1 million) reflects the pro rata amortisation for the period from Completion to 30 June 2017.
12. **Employee gift offer** – Statutory share-based expense relating to the Employee Gift Offer discussed in Section 7.1.1.
13. **Effective tax rate** – Reflects the adjustment to the tax expense to align with the pro forma effective corporate tax rate of 30.0%.

4.3.4 Statutory Historical Income Statements

Table 13 sets out the Statutory Historical Income Statements for FY2014 to FY2016 extracted from the Aggregated Accounts for the Pre-IPO Autosports Group. These have been reconciled with the Pro forma Historical Income Statements in Section 4.3.3 above.

Table 13 – Statutory Historical Income Statements for the Pre-IPO Autosports Group

		Statutory		
$m	**Notes**	**FY2014**	**FY2015**	**FY2016**
New Motor Vehicle sales	1	233.9	473.6	596.2
Used Motor Vehicle sales	2	159.5	232.2	287.6
Aftermarket	3	1.0	4.3	8.6
Finance and insurance	4	7.0	12.2	14.7
Parts	5	18.0	40.2	49.7
Service	6	21.9	33.5	39.3
Other	7	20.3	28.4	36.5
Total revenue	8	**461.6**	**824.3**	**1,032.6**
Cost of goods sold	9	(395.2)	(708.9)	(894.0)
Gross profit		**66.4**	**115.4**	**138.5**
Employee benefits		(25.7)	(51.3)	(63.5)
Occupancy		(6.2)	(11.4)	(12.0)
Other	10	(17.2)	(27.3)	(31.0)
EBITDA		**17.3**	**25.4**	**32.1**
Depreciation and amortisation	11	(1.6)	(2.3)	(2.5)
EBIT		**15.7**	**23.1**	**29.6**
Floor plan interest	12	(2.7)	(4.5)	(5.2)
Corporate interest		(0.3)	(1.1)	(0.4)
NPBT		**12.7**	**17.5**	**24.0**
Income tax expense		(4.0)	(5.8)	(8.6)
NPAT		**8.7**	**11.7**	**15.4**

Notes:

1. **New Motor Vehicle sales** – New Motor Vehicle sales revenue represents the retail value of Motor Vehicles sold excluding the impact of any associated OEM rebates or bonuses reported within Other revenue (See Note 7).
2. **Used Motor Vehicle sales** – Sale of used Motor Vehicles to retail and wholesale customers. Supplier rebates (if any) are also recorded within other revenue.
   - Retail sales represent the value of used Motor Vehicles sold to individuals (all Dealerships).
   - Wholesale sales represent the retail value of used Motor Vehicles sold to other dealerships.
3. **Aftermarket** – Revenue derived from the sale of third party accessories/services when selling Motor Vehicles (largely pertaining to new Motor Vehicles).
4. **Finance and insurance** – Commission revenue derived from the distribution of Motor Vehicle financing and insurance products for consumer finance providers and insurance companies.
5. **Parts** – Sale of OEM-branded parts for the OEMs that ASG represents, to external retail and wholesale customers. ASG also supplies its own service operations; however, this revenue is accounted for within the service division.
6. **Service** – Revenue derived from retail and warranty servicing. Service revenue includes the two collision repair businesses.
7. **Other revenue** – Primarily includes various OEM and other supplier receipts as well as the results of Modena Trading Pty Ltd. OEM and other supplier receipts include:
   - payment received from OEMs for sale of new Motor Vehicles;
   - payments received for achievement of OEM targets including factory volume targets, model mix and consumer satisfaction index bonus;
   - net amount financed bonuses which relate to bonuses paid by finance companies for achieving or exceeding targets for loan amounts on new and used Motor Vehicles; and
   - other incentive payments from suppliers.
8. **Total revenue** – Revenue presented above has been extracted from the Aggregated Accounts for the Pre-IPO Autosports Group. The presentation is adjusted to align with motor industry benchmarking practices as discussed above. In addition, total revenue and the expense line items include the impact of the discontinued operations which are disclosed separately as a net loss within the Aggregated Account. The revenue and NPAT impact of the latter is set out in Section 4.3.3.
9. **Cost of Goods Sold** – Standard motor industry benchmarking practices include only fixed (non-contingent) incentives i.e. holdback income, in the determination of cost of goods sold. To ensure consistency and comparability with the published benchmark data used by the motor industry, the statutory cost of goods sold reflected in this table has been adjusted to reclassify the variable sales incentive component of cost of goods sold into Other to align with industry classification practices and benchmark data.
10. **Other expenses** – Include marketing, Motor Vehicle fleet and distribution costs and outside service costs (contractors, professional costs).
11. **Depreciation and amortisation** – The pro forma depreciation and amortisation expense in Table 9 includes the depreciation of fixed assets and the amortisation of leasehold assets and amortisation of finite life intangibles relating to customer relationships recognised on the application of acquisition accounting as set out in Section 4.2.6. However, no such expense is recorded in the Statutory Historical Income Statements.
12. **Floor plan interest** – Reflects the interest expense on the floor plan facilities from vehicle financiers which are used to finance the new and used Motor Vehicle inventory held by the Dealerships.

4.4 Pro forma Historical, Pro forma Forecast and Statutory Forecast Cash Flows

4.4.1 Overview

Table 14 sets out the Pro forma Historical, Pro forma Forecast and Statutory Forecast Cash Flows for FY2014 to FY2017.

Table 14 – Pro forma Historical, Pro forma Forecast and Statutory Forecast Cash Flows

		Historical			Forecast	
			Pro forma		Pro forma	Statutory
$m	Notes	FY2014	FY2015	FY2016	FY2017	FY2017
EBITDA		21.5	35.0	40.9	52.4	23.1
Movement in working capital	1	(10.3)	(1.1)	(4.7)	(3.9)	(16.9)
Other non-cash items	2	-	-	-	0.7	1.3
Operating cash flow		11.2	33.9	36.2	49.2	7.5
Floor plan interest	3	(4.2)	(5.8)	(6.9)	(7.0)	(4.7)
Operating cash flow after floor plan interest		7.0	28.1	29.2	42.2	2.8
Growth capital expenditure	4	(2.4)	(3.2)	(2.7)	(7.7)	(6.9)
Maintenance capital expenditure	4	(1.3)	(2.5)	(2.5)	(1.7)	(0.8)
Proceeds on disposal of assets		0.8	0.1	0.2	-	-
Acquisitions	5	(14.4)	(4.6)	(4.1)	-	-
Total capital expenditure		(17.4)	(10.1)	(9.1)	(9.4)	(7.7)
Net cash flow before corporate financing and taxation		(10.4)	17.9	20.1	32.8	(4.9)
Income taxes paid	6				(11.1)	(7.0)
Corporate interest paid	7				(1.0)	(0.6)
Capital loan repayments	8				(2.8)	(1.6)
Capital loan drawdowns	9				4.8	4.3
Proceeds from the Offer	10				-	159.3
Cash consideration for the Acquired Willims Business	11				-	(50.0)
Offer costs	12				-	(5.6)
Pre-Completion dividend	10				-	(25.8)
Proceeds to Existing Owners	10				-	(49.7)
Net cash flow available for distribution					22.6	18.4
Cash flow conversion %	13	48.1%	112.9%	99.4%	106.3%	n/a

Notes:

1. **Movement in working capital** – Comprises changes in inventories (including new and used Motor Vehicles, and parts and net of provisions against inventory), receivables, payables and employee entitlements. The movement in working capital also includes the corresponding movement in floor plan finance liabilities which are used to fund the inventory. Movement in working capital on a statutory basis reflects the period from Completion to June 2017 based on the November 2016 forecast balance sheet.
2. **Other non-cash items** – Reflects the share-based payment in relation to the Employee Gift Offer ($0.6 million) and the share-based (performance rights) component of the LTI Plan and short term incentives. The former does not impact the Pro forma forecast expense.
3. **Floor plan interest** – Reflects the pro forma interest expense and the statutory forecast interest expense in relation to the floor plan finance arrangements. Forecast interest expense is calculated based on the assumption that the cash on the balance sheet at Completion is used to repay a portion of the floor plan facilities.
4. **Capital expenditure** – Reflects fixed asset additions and leasehold improvements at Dealership sites, and includes growth and maintenance capital expenditure as set out above. Capital expenditure between FY2014 and FY2016 has been derived based on the Aggregated Accounts and has been grossed up for the capital loans drawn to finance part of the related capital expenditure in each of the years.

5. **Acquisitions** – Represents the cash outflow to acquire new Dealerships (Mercedes-Benz Toowong, Mercedes-Benz Macgregor and Mazda Toowong in FY2014, VW Five Dock in FY2015 and Volvo Cars Parramatta in FY2016) and a collision repair business (Pat Cole's Autobody in FY2016). Note that acquisition related capital expenditure over the historical period FY2014 to FY2016 has been included within 'Net cash flow before corporate financing and taxation' consistent with the presentation in the statutory Aggregated Accounts, whereas acquisitions made during FY2017 are excluded from the pro forma cash flows.
6. **Income taxes paid** – Represents ASG's forecast of taxes that will be paid by the Company between Completion and 30 June 2017 on a Statutory basis. Pro forma taxes paid are assumed to be consistent with the pro forma tax expense per the Pro forma Forecast Income Statement.
7. **Corporate interest** – Reflects the interest expense on the capital loan facilities.
8. **Capital loan repayments** – Forecast repayment of capital loans during FY2017 in accordance with the terms of the facilities.
9. **Capital loan drawdowns** – Reflects forecast financing of planned growth capital expenditure via additional capital loan facilities. This will be used to fund capital works at the Mercedes-Benz Toowong showroom, Five Dock service department, VW Leichhardt, Audi Sutherland and Volvo Cars Mt Gravatt.
10. **Proceeds from the Offer** – The expected proceeds from the issue of new Shares, which is used to pay the Offer costs ($12.9 million), payment of the Pre-Completion dividend ($25.8 million), the cash component of the Acquisition ($54.1 million including stamp duty) and the cash component of the Restructure ($49.7 million).
11. **Cash consideration for the Acquired Willims Business** – Represents the cash outflow in respect of the Acquisition which is conditional on Completion. Stamp duty payable on acquisition is expensed in the Statutory Forecast Income Statement.
12. **Offer costs** – Reflect the costs incurred in respect of the Offer that are offset against equity on the balance sheet.
13. **Cash flow conversion %** – Calculated as the ratio of operating cash flow after floor plan interest and adjusted for maintenance capital expenditure to EBIT after taking into account floor plan interest.

4.4.2 Pro forma adjustments to the Statutory Historical Cash Flows and the Statutory Forecast Cash Flows

Table 15 sets out the pro forma adjustments made to the Statutory Historical and Statutory Forecast Cash Flows for FY2014 to FY2017.

Table 15 – Pro forma adjustments to the Statutory Historical Cash Flows and the Statutory Forecast Cash Flows

			Historical		Forecast
$m	Notes	FY2014	FY2015	FY2016	FY2017
Statutory cash flow before corporate financing and taxation		(10.0)	13.8	14.7	(4.9)
Acquisitions	1	2.1	3.5	7.4	-
Pre-Completion cash flows	2	-	-	-	27.2
Discontinued operations	3	-	0.9	1.2	-
Group restructure costs	4	(0.3)	(0.3)	(1.6)	-
Legal settlement costs	5	-	0.9	-	-
Acquisition costs	6	-	1.4	-	4.1
Offer costs	7	-	-	0.7	7.4
Public company costs	8	(1.6)	(1.6)	(1.6)	(0.6)
Key management remuneration	9	(0.7)	(0.7)	(0.7)	(0.3)
Pro forma net cash flow before corporate financing and taxation		(10.4)	17.9	20.1	32.8

Notes:

1. **Acquisitions** – Cash flows for the Willims Motor Group and Volvo Cars Brighton have been included on a pro forma basis from 1 July 2013. The statutory result for FY2017 includes the earnings of these acquisitions from Completion to 30 June 2017. A pro forma adjustment (see below) has been included to include trading results from 1 July 2016 to Completion.
2. **Pre-Completion trading cash flows** – Reflects the operating cash flows of the Pre-IPO Autosports Group as well as the Willims Motor Group and Volvo Cars Brighton from 1 July 2016 to Completion, which would not be included in the FY2017 statutory financials for ASG.
3. **Discontinued operations** – In March 2016, a Brisbane-based Dealership within the Pre-IPO Autosports Group ceased to be a Chevrolet Jeep Dodge Dealership and became a used Motor Vehicle site representing a change in the operations of the business. This adjustment removes the results of this discontinued business. No significant one-off costs were incurred as a result of the restructure.
4. **Group restructure costs** – Reflect head office costs that were previously allocated to non-ASG entities, as well as interest received on loans between ASG and non-ASG entities. The intercompany loans to which this interest income relates were settled at 30 June 2016.
5. **Legal settlement costs** – Relate to a legal dispute between Modena Trading Pty Ltd and another coffee importer over product naming rights. The dispute was settled in April 2015.

6. **Acquisition costs** – Relate largely to the stamp duty paid on the acquisitions of New Centenary Mazda Pty Ltd and New Centenary Mercedes Benz Pty Ltd in Brisbane in June 2014. Forecast stamp duty in FY2017 relates to the acquisition of the Acquired Willims Business, which is expected to complete following Completion.
7. **Offer costs** – Reflect the add back of amounts forecast to be expensed and paid in FY2016 and FY2017 in relation to Offer (fees payable to advisors, Joint Lead Managers and tax, accounting and legal fees) and the listing on the ASX. Note that $5.6 million of the Offer costs (relating to the primary issue) are netted off against issued capital.
8. **Public company costs** – Reflect the increase in corporate costs expected to arise as a consequence of the Company becoming ASX listed. The costs principally relate to Board and governance (non-executive Directors, Audit and Remuneration Committee), additional legal and company secretarial costs as well as an increase in administrative resource and investor relations.
9. **Key management remuneration** – Reflects the increase in executive remuneration that is forecast to arise as a consequence of the Company becoming ASX listed. This FY2017 increase has been applied to prior years. The total executive remuneration forecast in FY2017 is $2.8 million, of which approximately $2.0 million relates to salary costs and the remainder is in respect of the LTI Plan and short term incentives.

4.5 Financial position

4.5.1 Statutory Historical Balance Sheet and Pro forma Historical Balance Sheet

Table 16 sets out the adjustments that have been made to the audited statutory balance sheet of the Pre-IPO Autosports Group as at 30 June 2016 to present a pro forma consolidated balance sheet for ASG as if Completion occurred on 30 June 2016. This table reflects a number of adjustments, including:

- the impact of the Restructure, including settlement of related party balances
- the acquisitions of the Acquired Willims Business and Volvo Cars Brighton; and
- the impact of the Offer, including the Employee Gift Offer.

Table 16 – Pro forma Historical Balance Sheet as at 30 June 2016

$m	ASG Statutory Aggregated Balance Sheet	Pre-Completion Transactions	Acquired Willims Business	Volvo Cars Brighton	Purchase Price Allocation	Offer Proceeds	Offer Costs	Pro forma Balance Sheet
Notes		1	2	3	4	5	6	
Current assets								
Cash	10.2	(25.8)	(54.1)	(2.0)	-	109.6	(12.9)	25.0
Inventory	152.4	-	57.2	4.4	-	-	-	214.0
Other current assets	-	-	3.2	-	-	-	-	3.2
Receivables	44.4	(3.8)	-	-	-	-	-	40.6
Total current assets	**207.0**	**(29.6)**	**6.3**	**2.4**	**-**	**109.6**	**(12.9)**	**282.8**
Non-current assets								
Fixed assets	17.6	-	-	0.5	-	-	-	18.2
Goodwill	25.7	-	63.8	3.6	345.2	-	-	438.3
Other intangibles	-	-	3.6	0.5	13.5	-	-	17.5
Other non-current assets	1.8	-	-	-	-	-	3.9	5.7
Total non-current assets	**45.2**	**-**	**67.3**	**4.6**	**358.7**	**-**	**3.9**	**479.7**
Total assets	**252.2**	**(29.6)**	**73.6**	**7.0**	**358.7**	**109.6**	**(9.1)**	**762.5**
Current liabilities								
Trade and other payables	(45.2)	4.3	-	-	-	-	-	(40.9)
Floor plan finance facilities	(157.5)	-	(53.3)	(4.7)	-	-	-	(215.5)
Capital loans	(13.6)	-	-	-	-	-	-	(13.6)
Other borrowings	(1.1)	-	-	-	-	-	-	(1.1)
Short term provisions	(7.8)	-	(0.8)	(0.1)	-	-	-	(8.7)
Total current liabilities	**(225.1)**	**4.3**	**(54.1)**	**(4.8)**	**-**	**-**	**-**	**(279.7)**

$m	ASG Statutory Aggregated Balance Sheet	Pre-Completion Transactions	Acquired Willims Business	Volvo Cars Brighton	Purchase Price Allocation	Offer Proceeds	Offer Costs	Pro forma Balance Sheet
Non-current liabilities								
Capital loans	(4.7)	-	-	(2.0)	-	-	-	(6.7)
Employee benefits	(2.1)	-	(0.1)	(0.1)	-	-	-	(2.2)
Deferred tax and other	(0.2)	-	(1.1)	(0.1)	(4.0)	-	-	(5.4)
Total non-current liabilities	(6.9)	-	(1.1)	(2.2)	(4.0)	-	-	(14.3)
Total liabilities	(232.0)	4.3	(55.2)	(7.0)	(4.0)	-	-	(294.1)
Net assets	20.1	(25.3)	18.4	-	354.6	109.6	(9.1)	468.4
Equity								
Issued capital (7)	0.5	-	22.5	-	349.8	109.6	(3.9)	478.5
Retained earnings (8)	19.7	(25.3)	(4.1)	-	4.9	-	(5.2)	(10.1)
Outside equity interests (9)	-	-	-	-	-	-	-	-
Total equity	20.1	(25.3)	18.4	-	354.6	109.6	(9.1)	468.4

Notes:

1. **Pre-Completion transactions**: Include settlement of related party receivables and payables, as well as the payment of the Pre Completion dividend to Existing Owners.
   - **Settlement of related party balances**: The statutory financial position of the Pre-IPO Autosports Group at 30 June 2016 includes certain related party loan balances within both receivables and payables. As part of the Restructure, all non-trading related party receivables and payables will be settled prior to or at Completion through cash extinguishment, reassignment or dividends.
   - **Pre-Completion dividend**: Pre-Completion dividend totalling $25.8 million represents amounts declared by entities within the Pre-IPO Autosports Group to the Existing Owners out of retained earnings prior to Completion. These amounts will be settled out of the proceeds of the Offer.
2. **Acquired Willims Business**: As set out in Section 4.2.3.2, ASG Brisbane Pty Ltd, a company which will become a wholly owned subsidiary of Autosports Group following completion of the Proposed Transaction, signed a binding sale and purchase agreement on 24 August 2016 to acquire the assets of the Acquired Willims Business. Based on the Willims Motor Group balance sheet at 30 June 2016, ASG Brisbane Pty Ltd will acquire assets consisting of inventory ($57.2 million) and prepayments and other assets of ($3.2 million) and assumed liabilities associated with floor plan facilities ($53.3 million) and other liabilities ($0.9 million). The Acquisition will be funded through the issue of 9.4 million shares in the Company ($22.5 million) and cash proceeds of $50.0 million. Based on provisional accounting estimates, upon consolidation within Autosports Group, finite life intangibles (databases and non-contractual customer relationships) will be recognised ($3.6 million) with a corresponding deferred tax liability ($1.1 million). The residual purchase price will be allocated to goodwill (estimated at $63.8 million). Under the Australian Accounting Standards, the Company has up to 12 months from the Offer to complete its initial acquisition accounting.

   Transaction costs in relation to the Acquisition are estimated at approximately $4.1 million (primarily Queensland state transfer duties). These are calculated at approximately 5.75% of the value of assets acquired including goodwill. The transaction costs will be expensed in accordance with Accounting Standards.
3. **Volvo Cars Brighton**: Autosports Castle Hill Pty Ltd completed the acquisition of Volvo Cars Brighton in October 2016. Based on the financial report for Volvo Cars Brighton for FY2016, Autosports Group acquired inventory ($4.4 million) and fixed assets ($0.5 million) and assumed associated floor plan liabilities ($4.7 million) and other liabilities ($0.2 million). The acquisition was funded by cash of $2.0 million and a drawdown of capital loans of $2.0 million. Based on provisional accounting estimates, upon consolidation within Autosports Group, finite life intangibles (databases and non-contractual customer relationships) will be recognised ($0.5 million) with a corresponding deferred tax liability ($0.1 million). The residual purchase price will be allocated to goodwill (estimated at $3.6 million).
4. **Purchase Price Allocation**: Autosports Group has been deemed to be the acquirer of each Dealership entity for accounting purposes in accordance with AASB 3 '*Business Combinations*'. Consequently, Autosports Group will account for the acquisition of each entity within the Pre-IPO Autosports Group at fair value at Completion. The identifiable assets and liabilities acquired (including intangible assets) are measured at their respective fair values. The Company has performed an assessment of the fair values of the identifiable assets and liabilities acquired. For the purposes of the Pro forma Historical Consolidated Balance Sheet, the assets and liabilities have been recorded at their provisional fair values based on the 30 June 2016 Aggregated Audited accounts of the Pre-IPO Autosports Group. Under Australian Accounting Standards, the Company has up to 12 months from the Offer to complete its initial acquisition accounting.

   The increase in intangible values has been allocated between identifiable finite life intangible assets ($13.5 million) consisting of non-contractual customer relationships and databases and the remainder to goodwill. This allocation is based on advice from a qualified external valuer, and adopted by the Directors. A deferred tax liability ($4.0 million) is recognised in respect of the finite life intangibles on the balance sheet. Settlement of the purchase of the Pre-IPO Autosports Group will be through the issue of 124.9 million shares in the Company and cash of $49.7 million.

   The adjustment presented in the table above also reflects the impact of the Employee Gift Offer ($0.6 million).

5. **Offer Proceeds**: Proceeds of $159.3 million are expected to be generated by the Offer through a new issue of 66.7 million shares in the Company. Of these funds, $49.7 million will be paid to the Existing Owners reflecting the cash component of the Restructure.
6. **Offer costs**: Total offer costs of approximately $12.9 million. These costs are apportioned between profit or loss and equity in accordance with Accounting Standards. To the extent the costs are necessarily incurred in raising new capital, these will be capitalised and offset against equity on the balance sheet. For the purpose of the Pro forma Consolidated Balance Sheet, it is assumed that direct costs associated with the issue of new share capital of $5.6 million ($3.9m net of tax) are offset against equity. The remainder is expensed. A deferred tax asset of $3.9 million (30% of $12.9 million) has been recognised in respect of transaction costs as they should be deductible for tax purposes over a five year period.
7. **Issued capital**: At Completion, ASG's issued capital will reflect the Market capitalisation of the listed group less any Offer costs that are apportioned against Equity.
8. **Retained earnings**: The existing Retained Earnings balance will reset to nil on Completion. Retained Earnings in the Pro forma Balance Sheet above reflects the stamp duty payable by ASG in relation to the Acquired Willims Business ($4.1 million), the portion of Offer costs expensed ($7.4 million, net of tax) and the impact of the Employee Gift Offer ($0.6 million).
9. **Outside equity interest**: Reflects the value of the 20% interest in New Centenary Mazda Pty Ltd held by the Dealer Principal.

4.5.2 Indebtedness

Table 17 sets out the composition of ASG's indebtedness and pro forma indebtedness as at 30 June 2016. The table also sets out ASG's target net cash position at Completion.

Table 17 – Summary of pro forma net debt

Facility ($m)	30 June 2016 (prior to Completion)	Pro forma following Completion
Capital loans	18.3	20.3
Other borrowings	1.1	1.1
Floor plan finance facilities	157.5	215.5
Total debt	**176.9**	**236.9**
Cash	10.2	25.0
Net debt	**166.7**	**211.9**
Net debt/(cash) excluding floor plan finance facilities	9.1	(3.6)
Adjusted/target net (cash) at Completion[1]		(3.6)
Pro forma net debt cash/FY2016 Pro forma EBITDA[2]		(0.1)x (Net cash)
Pro forma net debt cash/FY2017 Pro forma EBITDA[2]		(0.1)x (Net cash)

Notes:
(1) Adjusted/target net cash at Completion reflects the expected cash position at Listing date and the forecast capital loans drawn at that date. This differs from the Pro forma Net debt/(cash) position as the latter does not reflect any cash flows from operations subsequent to the date of the Pro forma Balance Sheet (30 June 2016) other than for the impacts of the Offer and the pro forma adjustments set out in Table 16.
(2) Calculated as the Pro forma net cash position excluding floor plan finance facilities divided by the FY2016/FY2017 pro forma EBITDA excluding floor plan interest.

Capital loans

The capital loan facilities are provided by OEMs or other financiers for specific Pre-IPO Autosports Group Dealership acquisitions or for undertaking improvements and works at Pre-IPO Autosports Group Dealership sites. The capital loan facilities do not have any specific financial covenants, but the majority are at-call facilities and therefore classified as current liabilities. These facilities are secured by general security agreements and fixed and floating charges over the assets of the specific Pre-IPO Autosports Group Dealership.

The weighted average effective interest rate paid by ASG on these facilities is 5.0% as at 30 June 2016 and as set out in the Aggregated Accounts.

Table 18 – Summary of capital loans

Financier ($m)	Notes	Term	Pro forma following Completion
Volkswagen Financial Services Australia	1	4 to 9 years	10.7
Macquarie Bank Limited	2	7 years	3.5
Mercedes-Benz Financial Services Australia	3	5 to 10 years	2.3
ANZ Banking Group	4	Reviewed annually	1.7
Macquarie Leasing Pty Ltd	5	1 year	2.0
Total facilities			20.3

Notes:

1. Loans provided by Volkswagen Financial Services Australia for the purpose of acquisition of the business and showroom fit-out of Autosports Castle Hill, Autosports Leichhardt, Autosports Sutherland and Mosman Prestige. The loans are not subject to hedging or financial covenants, is interest only for an initial period and then repaid monthly with a final balloon repayment. These facilities are secured by general security agreements or fixed and floating charge over all assets of Autosports Castle Hill, Autosports Leichhardt, Autosports Sutherland and Mosman Prestige including Motor Vehicles (inventory), furniture and fittings and any cash and receivables. Certain other Pre-IPO Autosports Group entities have also granted all-asset security as security for these facilities.
2. Loan provided by Macquarie Bank Limited for the acquisition of the business and showroom fit-out for New Centenary Mazda. The loan is not subject to hedging or covenants and is repayable in monthly instalments over the life of the loan. The facility is secured by fixed and floating charge over all assets of New Centenary Mazda including Motor Vehicles (inventory), furniture and fittings and any cash and receivables.
3. Loan provided by Mercedes-Benz Financial Services for the acquisition of the New Centenary Mercedes-Benz and Prestige Repair Works businesses and for showroom renovation. The loan is not subject to hedging or covenants and is repayable in monthly instalments over the life of the loan. There is a general security agreement over all assets of Prestige Repair Works including Motor Vehicles (inventory), furniture and fittings and any cash and receivables, as well as a guarantee and indemnity granted by New Centenary Mercedes-Benz and Prestige Repair Works (which secures the obligations and indebtedness of Prestige Repair Works).
4. Facility provided by ANZ Banking Group for working capital requirements of Prestige Auto Traders. There are no financial covenants or hedging requirements and no fixed repayment terms. There is a general security agreement over all assets of the entity including Motor Vehicles (inventory), furniture and fittings and undertakings of the company to which the facility relates and the facility may be terminated at each annual review.
5. Facility provided by Macquarie Leasing Pty Ltd to fund a portion of the acquisition price of Volvo Cars Brighton in October 2016 ($2.0 million). There are no financial covenants or specific hedging requirements and no fixed repayment terms in relation to this facility. There is a general security agreement over the assets of Autosports Castle Hill Pty Ltd.

Floor plan finance

Dealerships utilise bailment or floor plan finance to fund floor plan inventory for both new and used Motor Vehicles. A number of OEMs have their own finance operations. ASG uses facilities provided by OEM owned financiers including Volkswagen Financial Services Australia Pty Limited and Mercedes-Benz Financial Services Australia Pty Ltd, as well as other providers such as Macquarie Leasing Pty Ltd and Macquarie Bank Limited. The floor plan finance provider retains legal ownership of the Motor Vehicle, although the Dealership takes possession of the Motor Vehicle and recognises the inventory and the associated floor plan liability on the balance sheet.

The facilities are available for drawdown by specified Dealerships on a Motor Vehicle by Motor Vehicle basis, with repayment as it relates to an individual Motor Vehicle required immediately after the Motor Vehicle is sold. The financed amount can sometimes be higher than the inventory levels due to a time lag on settlement following a sale. The facilities are secured by general security agreements or fixed and floating charges, which are granted over all of the assets of various Pre-IPO Autosports Group entities. Interest is charged under the facilities at a margin above the base swap rate used by each floor plan finance provider.

Table 19 – Summary of floor plan finance facilities

Financier	Term	Facility limit ($m)[1]	Amount drawn ($m)[2]
Volkswagen Financial Services Australia[3]	Either party may terminate the loan with 30 days' notice	119.3	112.9
Mercedes-Benz Financial Services Australia[3]	Either party may terminate the loan with 30 days' notice	36.0	16.9
Macquarie Bank Limited & Macquarie Leasing Pty Ltd[4]	Financier can terminate at any time	41.3	32.4
Volkswagen Financial Services Australia[5]	Either party may terminate the loan with 30 days' notice	53.5	53.2
Total		**250.1**	**215.5**

Notes:
1. Facility limits represent the limits on or around the date of this Prospectus, set out in detail in Section 9.13.
2. Amounts drawn down represent the amounts that were drawn against the floor plan facilities that existed as at 30 June 2016.
3. Floor plan finance facilities with Volkswagen Financial Services Australia and Mercedes-Benz Financial Services Australia relating to the Pre-IPO Autosports Group.
4. Floor plan finance facilities with Macquarie Leasing Pty Ltd and Macquarie Bank Limited relating to both the Pre-IPO Autosports Group and Volvo Cars Brighton. The amount drawn down at 30 June 2016 included $4.7m in relation to Volvo Cars Brighton (prior to its acquisition by Autosports Castle Hill Pty Ltd).
5. Floor plan finance facility relating to the Acquired Willims Business.

4.5.3 Liquidity and capital sources

Following Completion, ASG's principal sources of funds will be cash flow from operations, cash held at Completion and the floor plan finance facilities and capital loans as described in Section 4.5.2.

ASG expects that it will have sufficient cash flow from operations and floor plan finance facilities to meet its business needs during the forecast period and will have sufficient working capital to carry out its stated objectives.

ASG expects that its operating cash flow and cash held on balance sheet will position it to fund expansion of its existing Dealerships as well as to establish or acquire new Dealerships.

4.5.4 Contractual obligations, commitments and contingent liabilities

Table 20 below sets out the Company's contractual obligations, commitments and contingent liabilities.

Table 20 – Contractual obligations, commitments and contingent liabilities of ASG as at 30 June 2016

Obligation	Notes	Less than 1 year	1 – 5 years ($m)	More than 5 years ($m)	Total ($m)
Capital loans	1	14.6	4.3	0.7	19.6
Capital expenditure commitments	2	9.4	-	-	9.4
Non-cancellable operating lease commitments	3	16.5	69.4	137.2	223.1
Contingent liability	4	2.5	-	-	2.5

Notes:
1. Reflects the loan repayment and interest payment profile on the existing capital loans for ASG based on the contractual terms. A significant proportion of the facilities can be called by the finance providers and are therefore classified as current liabilities on the balance sheet. ASG estimates the actual repayments in respect of the capital loan facilities for FY2017 at $2.8 million. In addition to the above capital loans at 30 June 2016, ASG has drawn $2.0 million to fund a portion of the acquisition price of Volvo Cars Brighton in October 2016.
2. Includes the capital expenditure forecast for ASG (including the acquired Willims Business and Volvo Cars Brighton) for FY2017. Refer to discussion and analysis in Section 4.7 setting out the key areas of planned expenditure.
3. Non-cancellable operating leases represent the amounts payable on property leases (extracted from the Aggregated Accounts) and has been adjusted to include the leases in relation to the Acquired Willims Business and Volvo Cars Brighton. Refer to Section 9.13.3 for a description of the related party lease agreements.
4. Contingent liability disclosed in the FY2016 Aggregated Accounts in relation to the acquisition of New Centenary Mercedes-Benz. ASG has a potential earn-out payment due to the vendor if part of the business achieves an agreed operating result. The earn-out is tested against earnings benchmarks at 30 June 2015, 30 June 2016 and 30 June 2017 and expires after 30 June 2017. No provision has been booked in respect of this amount as ASG does not anticipate that the earn-out would be triggered based on its FY2017 forecast.

4.6 Management discussion and analysis of the Pro forma Historical Financial Information

4.6.1 Key factors affecting ASG's financial performance

This Section 4.6 discusses the general factors which affected ASG's operating and relative financial performance in FY2014, FY2015 and FY2016 and which the Company expects may continue to affect it in future.

The discussion of these general factors is intended to provide a brief summary only and does not detail all factors that have affected ASG's historical operating and financial performance, or everything that could have an impact on its operating and financial performance in the future.

Unless otherwise stated, all metrics and financial information presented in this Section 4.6, and the related commentary is on a pro forma basis only.

Revenue

ASG derives revenue from a number of related sources including:

- sale of new and used Motor Vehicles through its network of Dealerships;
- sale of aftermarket products and services;
- distribution of Motor Vehicle financing and insurance products;
- incentive payments from OEMs for achieving targets such as factory volume bonuses and client satisfaction bonuses, and rebates and incentives from other suppliers;
- sale of Motor Vehicle parts for the OEM brands that ASG represents; and
- provision of Motor Vehicle servicing and collision repairs.

These revenue sources are categorised as either front-end or back-end, with front-end revenues being generated from, or in conjunction with, the sale of a Motor Vehicle. Back-end revenue is generated from the sale of products and services subsequent to the sale of the Motor Vehicle and includes revenue from parts sales, Motor Vehicle servicing and the provision of collision repair services.

Sale of new Motor Vehicles

ASG derived 57.8% of its FY2016 pro forma revenue from the sale of new Motor Vehicles. The primary determinants of revenue from the sale of Motor Vehicles are volume and sales price.

ASG's volume of Motor Vehicle sales reflects a range of factors including the number, location and quality of Dealerships it operates, the number and mix (e.g. Luxury or Prestige) of OEMs it represents and the range and attractiveness of the OEM's products. Historically ASG has delivered growth in the volume of Motor Vehicles sold from an increase in the number of Dealerships via acquisitions and greenfield developments, as well as organic growth in sales volumes within existing Dealerships.

ASG retains the right to set the price at which it sells new Motor Vehicles within certain parameters and brand guidelines, with the OEMs establishing a recommended retail price. The average price per new Motor Vehicle sold varies from period to period, reflecting the mix of brands and types of Motor Vehicles that ASG sells.

Sale of used Motor Vehicles

ASG derived 27.5% of its FY2016 pro forma revenue from the sale of used Motor Vehicles, both at its new Dealerships (which sell new and used Motor Vehicles) and its dedicated used Motor Vehicle Dealerships, Prestige Auto Traders and Autosports Brisbane. Approximately 70% of ASG's used Motor Vehicle volumes in FY2016 were sold via these dedicated used Motor Vehicle Dealerships

The volume of used Motor Vehicles sold by ASG reflects a range of factors including the number of Dealerships it operates, its level of used Motor Vehicle inventory held and the number of trade-ins it receives on the sale of new Motor Vehicles.

ASG is free to set the price at which it sells used Motor Vehicles, with the price achieved reflecting the mix of brands and types of Motor Vehicle sold, the age of the Motor Vehicle and whether it is sold to a retail or wholesale customer, such as another dealership.

Other products and services sold in conjunction with the sale of new and used Motor Vehicles

At the time of sale of a new or used Motor Vehicle, ASG typically also generates revenue from the sale of aftermarket products and services, and commissions earned on the distribution of finance and insurance products.

Examples of aftermarket products and services include window tinting, fabric protection, sale of extended warranty products and accessories. Examples of finance and insurance products distributed include loans to acquire a Motor Vehicle, extended warranty insurance and credit insurance.

The primary drivers of revenue from these products and services are the number of Motor Vehicles sold, the penetration rate (average number of customers buying these products and services) and the price or commission structure for these products and services.

In FY2016, ASG derived 0.8% of its pro forma revenue from the sale of aftermarket products and services and 1.3% from the distribution of finance and insurance products and services.

Bonuses and other revenues

ASG receives bonuses and other incentives from OEMs and, to a lesser extent from other parties such as suppliers.

OEM revenue is typically linked to achieving factory targets on a monthly, quarterly or annual basis. These targets differ across OEMs and are typically based on factors such as new Motor Vehicle sale volumes, customer satisfaction scores and Motor Vehicle sale mix.

Service and repairs

ASG provides Motor Vehicle servicing and repair services and generated 4.1% of its FY2016 revenue from these services.

Similar to most new Motor Vehicle Dealerships, the majority of ASG's service customers are those that have purchased Motor Vehicles from an ASG Dealership. As such, ASG's service revenue is indirectly linked to the volume of new Motor Vehicles sold, with customers returning to a Dealership to service Motor Vehicles at regular intervals subsequent to the initial purchase. As most Prestige and Luxury Motor Vehicles are sold with a warranty, service revenue is typically recurring in nature for the first few years subsequent to the sale.

Initially greenfield Dealerships typically generate a lower proportion of their revenue from service relative to the more mature Dealerships, until they have established a base of customers who have acquired a Motor Vehicle from the Dealership. In ASG's experience, a new Dealership typically reaches a steady state proportion of service revenue after approximately five years. As a material portion of the growth in ASG's new Motor Vehicle sales has been driven by the establishment of new greenfield Dealerships that are less than five years old, ASG expects that its service revenue will continue to grow.

ASG is currently expanding its service capacity in order to meet this growth in demand.

Parts

ASG Dealerships generate revenue from the sale of OEM-branded parts to retail customers, typically in conjunction with Motor Vehicle service work, as well as to wholesale customers (e.g. third party service and repair providers). ASG Dealerships also provide parts to ASG's owned collision repair operations on an arm's length basis. These intercompany sales are eliminated in the Aggregated Accounts.

The primary drivers of parts revenue are:

- the volume of service and collision repair work undertaken by ASG's Dealerships and collision repair facilities;
- the number of OEM brands that ASG represents; and
- the number of Dealerships and their relationships with external customers.

Expenses

ASG's operating cost base predominantly consists of:

- cost of goods sold;
- employee costs;
- occupancy costs;
- floor plan interest; and
- marketing and advertising costs.

Cost of goods sold and gross margin

ASG's main cost of goods sold is the cost of purchasing the new and used Motor Vehicles. ASG also incurs costs of goods sold associated with other inventory such as parts, and in relation to direct labour cost associated with generation of service revenue.

The cost of new Motor Vehicles and parts is determined by the OEM whilst the cost of all other goods sold is agreed between ASG and the relevant supplier. The cost of goods sold is offset by holdback income and other volume-based bonuses.

ASG's front-end gross profit margin (which includes the sale of the Motor Vehicle and related bonuses and incentives, aftermarket revenues and finance and insurance income) is impacted by factors including its mix of Vehicle sales between wholesale used Motor Vehicles, retail used Motor Vehicles, Prestige and Luxury new Motor Vehicles. ASG's back-end gross profit margin (parts and service) reflects both lower margin parts sales and to higher margin service and collision repair revenue. The gross profit margin on back-end revenue is materially higher than the gross profit margin on front-end revenue and ASG's overall gross profit margin is impacted by the relative mix of front-end and back-end revenue.

ASG's growth via establishment of new greenfield Dealerships means its earnings are currently weighted towards front-end revenues. As greenfield Dealerships mature, the mix of earnings within these Dealerships typically shifts towards back-end revenues.

Other operating costs

Employee costs include salaries, wages, commissions, superannuation and other employment related costs of all staff, other than where these are included in the cost of goods sold. ASG's cost base also includes head office and corporate costs including the expense of the senior management team. ASG leases the premises at which each of its Dealerships and other facilities operates and incurs a rental expense.

Floor plan interest

In line with general industry practice, ASG funds the purchase of each new Motor Vehicle and typically 75% to 80% of the value of each used Motor Vehicle through floor plan finance facilities, on which ASG pays interest. Accordingly, ASG regards interest on floor plan facilities as an expense associated with its operations, rather than its capital structure. The main drivers of floor plan interest expense are the overall value of inventory financed and the interest rate.

The value of inventory held is closely linked to the volume and value of Motor Vehicle sales and the increase in floor plan finance interest. ASG closely monitors the value of both its new and used Motor Vehicle inventory in order to manage this expense.

The interest rate charged is typically a floating rate based on a margin above a benchmark rate. ASG may receive a rebate on the interest rate charged if it achieves certain targets, including in relation to the amount of retail finance distributed by ASG. The rebate is included within bonuses and other income.

Depreciation and amortisation

Leasehold improvements are amortised over the term of the lease, including any options. Other assets are depreciated over their useful life, typically three to 15 years depending on the nature of the asset.

As discussed in Section 4.2.6, acquisition of the entities forming the Pre-IPO Autosports Group, including the holding entity for the Acquired Willims Business and Volvo Cars Brighton, by Autosports Group will be accounted for using the acquisition method under AASB 3 *Business Combinations*. The Company has performed a provisional assessment of the fair values of the identifiable assets and liabilities acquired including finite life intangible assets. These customer intangibles will be amortised over a period of five years from Completion. The amortisation expense has been reflected in the Pro forma Historical and Forecast Financial Information.

Working capital

The Company includes working capital as third party receivables, third party payables, inventory and floor plan finance facilities.

Capital expenditure

ASG's capital expenditure has historically included:

- refurbishment or improvement of existing Dealerships and other facilities including extension of service facilities;
- establishment of new greenfield Dealerships; and
- replacement and upgrade of operating assets such as IT systems.

In addition, historical capital expenditure reported in the accounts includes the acquisition of Dealerships and other operations, such as collision repair facilities.

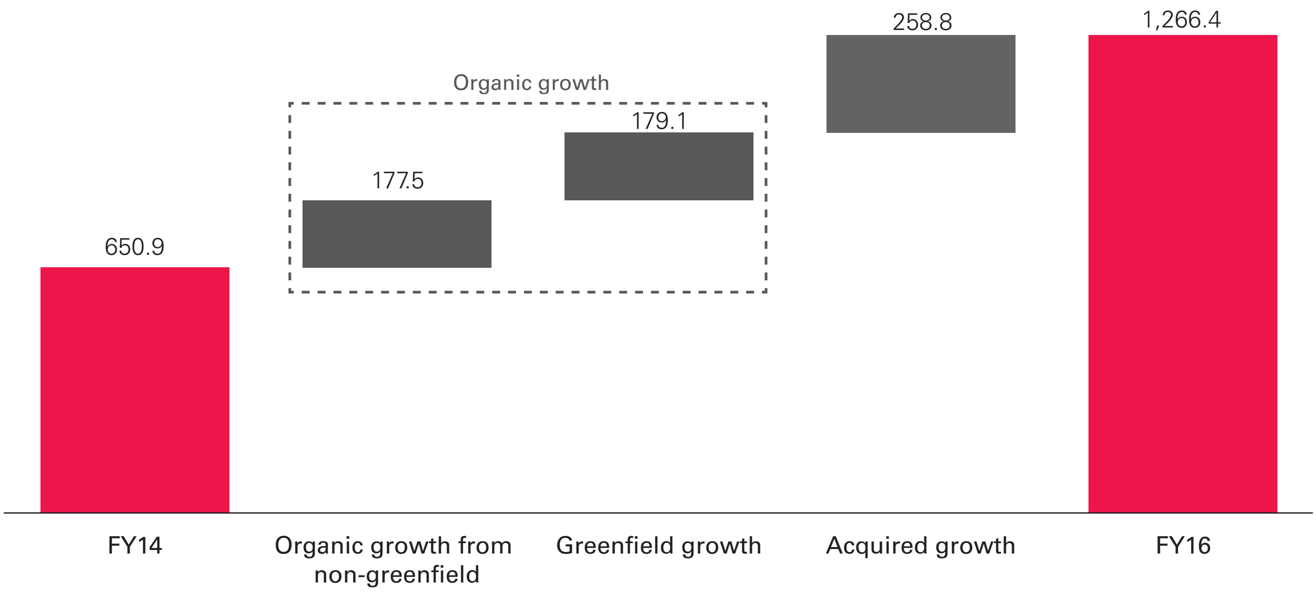
4.6.2 Growth in pro forma revenue from FY2014 to FY2016

Figure 24 sets out the key sources of historical and forecast growth in revenue over the period from FY2014 to FY2016.

In relation to Figure 24:

- organic growth from non-greenfield represents growth generated by Dealerships and collision repair facilities owned by ASG on a pro forma basis prior to FY2014 and, for those operations acquired during or after FY2014, growth generated after the first 12 months of ownership;
- greenfield growth represents growth from the establishment of new sites; and
- acquired growth represents the revenue from acquired Dealerships or other businesses in the first 12 months of ownership.

Figure 24 – Sources of growth in pro forma revenue from FY2014 to FY2016



Note: Growth in pro forma revenues shown above has been derived from ASG's Dealership management accounts and differs marginally from the Aggregated Accounts due to internal sales eliminations and intercompany adjustments, with the difference allocated in the chart above on a pro rata basis.

4.6.3 ASG management discussion and analysis: Pro forma Historical Income Statement for FY2015 compared to FY2014

Table 21 compares the Pro forma Historical Income Statements for FY2014 and FY2015.

Table 21 – Pro forma Historical Income Statements for FY2015 compared to FY2014

$m	FY2014	FY2015	Change	Change (%)
Total revenue	**650.9**	**1,039.2**	**388.3**	**59.7%**
Cost of goods sold	(557.9)	(890.7)	(332.8)	59.7%
Gross profit	**93.0**	**148.5**	**55.5**	**59.6%**
Operating costs	(71.5)	(113.5)	(42.0)	58.7%
EBITDA	**21.5**	**35.0**	**13.5**	**62.6%**
Depreciation and amortisation	(5.5)	(6.6)	(1.0)	18.5%
EBIT	**16.0**	**28.4**	**12.4**	**77.8%**
Floor plan interest	(4.2)	(5.8)	(1.6)	38.3%
Corporate interest	(0.0)	(0.7)	(0.7)	n.m.
NPBT	**11.8**	**21.9**	**10.1**	**86.1%**

Table 22 – KPIs for FY2015 compared to FY2014

$m	FY2014	FY2015	Change	Change (%)
Operating metrics (year-end)				
Number of Dealerships and collision repair workshops	16	21	5	*31.3%*
Sales metrics				
New Motor Vehicle units sold	6,647	12,633	5,986	*90.1%*
Used Motor Vehicle units sold	8,099	10,711	2,612	*32.3%*
Profitability metrics				
Revenue growth from operations owned for >12 months	*n/a*	*17.1%*		
Gross profit margin	*14.3%*	*14.3%*	*0.0%*	
Operating costs as percentage of total revenue	*11.0%*	*10.9%*	*(0.1%)*	
Floor plan finance as percentage of total new and used Motor Vehicle revenue	*0.8%*	*0.7%*	*(0.1%)*	
EBITDA margin	*3.3%*	*3.4%*	*0.1%*	
EBIT margin	*2.5%*	*2.7%*	*0.3%*	

Revenue

Revenue increased 59.7% from $650.9 million in FY2014 to $1,039.2 million in FY2015, driven by a 75.7% increase in revenue from new Motor Vehicle sales. Of the $388.3 million increase in revenue, approximately 43.1% was a result of the full year impact of the Mazda Toowong Dealership, Mercedes Macgregor Dealership and Mercedes Toowong Dealership (collectively, **New Centenary Dealerships**) acquired in June 2014.

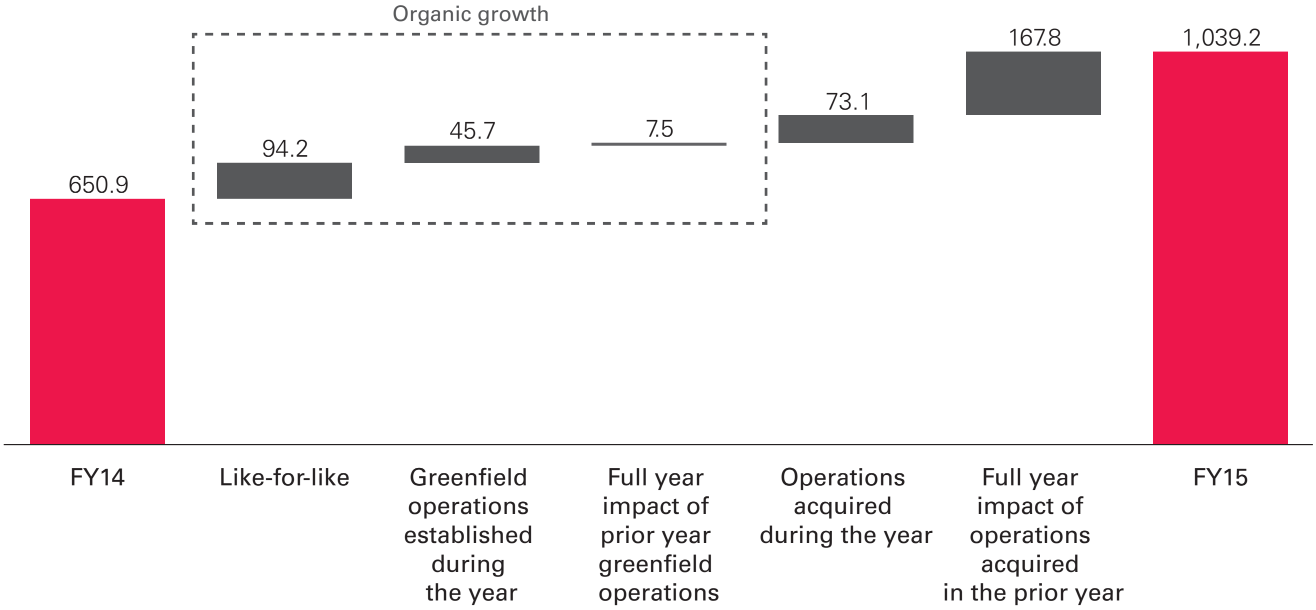
Several greenfield Dealerships commenced between February 2014 and March 2015, including:

- Lamborghini Sydney set up in February 2014;
- Castle Hill VW and Mt Gravatt VW set up during FY2015;
- Audi Indooroopilly set up in January 2015; and
- Volvo Cars Sydney set up in March 2015.

ASG experienced like-for-like revenue growth of 17.1% during FY2015. Growth was experienced across the new Motor Vehicle Dealerships as well as in Prestige Auto Traders. The increase in Motor Vehicles sold also resulted in significant growth in aftermarket revenues from $1.9 million in FY2014 to $5.6 million in FY2015, and finance and insurance income which increased 79.1% from $7.7 million in FY2014 to $13.8 million in FY2015.

Back-end revenue streams also increased, with parts revenue growing 80.8% and service revenue growing 42.2% as the Dealerships acquired in the prior year increased both the servicing capacity and volume of service work of ASG.

Figure 25 – Sources of growth in revenue from FY2014 to FY2015[5]



Note: Growth in pro forma revenues shown above has been derived from ASG's Dealership management accounts and differs marginally from the Aggregated Accounts due to internal sales eliminations and intercompany adjustments, with the difference allocated in the chart above on a pro rata basis.

Gross profit

Gross profit increased 59.6% from $93.0 million to $148.5 million, with the average gross margin remaining consistent at 14.3%. Dealerships acquired in the prior year and the current year accounted for 63.6% of overall gross profit growth.

The improvement in gross profit margin was as a result of the acquisition of the New Centenary Dealerships, being more mature Dealerships and expanding ASG's servicing capacity. This was offset slightly by a number of factors including:

- a number of greenfield Dealerships were established during the year with some set up costs and ramp-up periods; and
- ongoing model mix shift was observed in the Prestige Motor Vehicle market towards lower margin, smaller models and a brand mix shift.

Operating costs and EBITDA

Operating costs increased by $42.0 million, from $71.5 million to $113.5 million, an increase of 58.7% as five Dealerships were added in addition to the full year impact of the New Centenary Dealerships acquisition. Operating costs as a proportion of revenue reduced marginally to 10.9%.

Depreciation and amortisation

Excluding the amortisation of customer intangibles, depreciation and amortisation expense increased from $2.0 million to $3.1 million as overall depreciable assets in ASG increased due to the additional Dealerships.

5. Like-for-like growth represents incremental revenue generated by Dealerships and collision repair workshops owned by ASG for all of the prior period;
   Full year impact of prior year greenfield Dealerships represents the current financial year's incremental revenue generated from Dealerships that were established in the prior financial year, up to the date that marks 12 months of operations;
   Full year impact of Dealerships acquired during the year represents the incremental revenue generated in the current financial year from acquisitions of Dealerships and sites acquired in the prior financial year, up to the point of 12 months of ownership.

4.6.4 ASG management discussion and analysis: Pro forma Historical Cash Flows for FY2015 compared to FY2014

Table 23 compares the Pro forma Historical Cash Flows for FY2014 and FY2015.

Table 23 – Pro forma Historical Cash Flows for FY2015 compared to FY2014

$m	FY2014	FY2015	*Change*
EBITDA	21.5	35.0	13.5
Movement in working capital	(10.3)	(1.1)	9.2
Operating cash flow	11.2	33.9	22.7
Floor plan interest	(4.2)	(5.8)	(1.6)
Operating cash flow after floor plan interest	7.0	28.1	21.1
Growth capital expenditure	(2.4)	(3.2)	(0.7)
Maintenance capital expenditure	(1.3)	(2.5)	(1.2)
Proceeds on disposal of assets	0.8	0.1	(0.7)
Acquisitions	(14.4)	(4.6)	9.8
Total capital expenditure	(17.4)	(10.1)	7.3
Net cash flow before corporate financing and taxation	(10.4)	17.9	28.3

Movement in working capital

The movement in FY2015 working capital is predominantly due to the addition of new Dealerships to the Pre-IPO Autosports Group. Floor plan facilities net of inventory balances increased $5.0 million during the year, offset by a net decrease of $5.9 million in other trade working capital balances.

Capital expenditure

Total capital expenditure for FY2015 was $10.3 million of which $4.6 million was for the acquisition of the VW Five Dock Dealership. The remainder related to:

- the establishment of greenfield Dealerships, namely VW Mt Gravatt, VW Castle Hill, Volvo Cars Sydney and Audi Indooroopilly;
- capital improvements at existing Dealerships; and
- maintenance capital expenditure.

4.6.5 ASG management discussion and analysis: Pro forma Historical Income Statement for FY2016 compared to FY2015

Table 24 compares the Pro forma Historical Income Statement for FY2015 and FY2016.

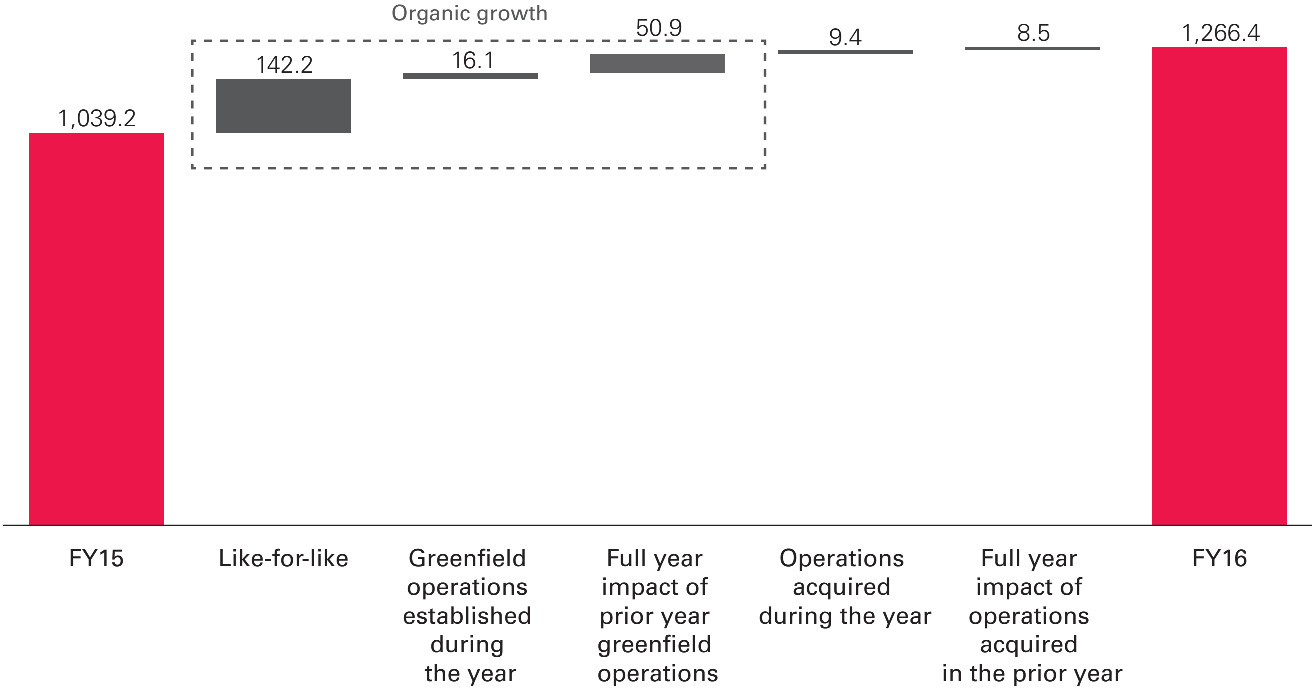
Table 24 – Pro forma Historical Income Statement for FY2016 compared to FY2015

$m	FY2015	FY2016	*Change*	*Change (%)*
Total revenue	1,039.2	1,266.4	227.2	21.9%
Cost of goods sold	(890.7)	(1,089.4)	(198.7)	22.3%
Gross profit	**148.5**	**177.0**	**28.5**	**19.2%**
Operating costs	(113.5)	(136.1)	(22.6)	19.9%
EBITDA	**35.0**	**40.9**	**5.9**	**16.8%**
Depreciation and amortisation	(6.6)	(7.1)	(0.5)	7.7%
EBIT	**28.4**	**33.8**	**5.4**	**18.9%**
Floor plan interest	(5.8)	(6.9)	(1.1)	19.1%
Corporate interest	(0.7)	(0.2)	0.5	(76.7%)
NPBT	**21.9**	**26.7**	**4.8**	**21.9%**

Table 25 – KPIs for FY2016 compared to FY2015

$m	FY2015	FY2016	*Change*	*Change (%)*
Operating metrics (year-end)				
Number of Dealerships and collision repair workshops	21	26	5	*23.8%*
Sales metrics				
New Motor Vehicle units sold	12,633	15,483	2,850	*22.6%*
Used Motor Vehicle units sold	10,711	15,293	4,582	*42.8%*
Profitability metrics				
Revenue growth from operations owned for >12 months	*17.1%*	*18.8%*	*1.7%*	
Gross profit margin	*14.3%*	*14.0%*	*(0.3%)*	
Operating costs as percentage of total revenue	*10.9%*	*10.7%*	*(0.2%)*	
Floor plan finance as percentage of total new and used Motor Vehicle revenue	*0.7%*	*0.6%*	*(0.1%)*	
EBITDA margin	*3.4%*	*3.2%*	*(0.2%)*	
EBIT margin	*2.7%*	*2.7%*	*(0.0%)*	

Figure 26 – Sources of growth in revenue from FY2015 to FY2016



Note: Growth in pro forma revenues shown above has been derived from ASG's Dealership management accounts and differs marginally from the Aggregated Accounts due to internal sales eliminations and intercompany adjustments, with the difference allocated in the chart above on a pro rata basis.

Revenue

Pro forma revenue in FY2016 increased 21.9% from $1,039.2 million to $1,266.4 million. Total number of new Motor Vehicles sold grew 22.6% and total used Motor Vehicles sold grew 42.7% over this period resulting in an increase in new Motor Vehicle revenues of $130.1 million or 21.7% and used Motor Vehicle revenues of 17.2%.

Revenue growth was largely driven by contribution from like-for-like Dealerships (representing 18.8% growth) and the full year impact of the greenfield Dealerships established in the prior year (Volvo Cars Sydney and Volkswagen Mt Gravatt). In addition, Prestige Auto Traders, the used Motor Vehicle wholesaler in Sydney continued to demonstrate significant growth over the period.

Greenfield Dealerships established over FY2015 and FY2016 also contributed significantly to the increase in revenue and earnings during FY2016. The notable impacts included:

- Lamborghini Brisbane established by the Willims Motor Group (October 2015) and VW Capalaba (March 2016); and
- full year impact of the Dealerships set up in FY2015 including Audi Indooroopilly, VW Castle Hill, VW Mt Gravatt and Volvo Cars Sydney.

The acquisitions of the Volvo Cars Parramatta Dealership in February 2016 and Pat Cole's Autobody in June 2016 also contributed marginally to sales revenue growth in FY2016 and are forecast to contribute significantly to earnings in FY2017 as set out in Section 4.7.

The strong growth in aftermarket revenues also reflected the growth in New and Used Vehicle sales and back-end revenues also continue to increase as a result of previously established greenfield Dealerships continuing to mature.

Gross profit

Gross profit increased 19.2% from $148.5 million to $177.0 million in line with revenue growth. As a percentage of total revenue, gross profit margin reduced in FY2016 to 14.0%, due to the relative contribution of the newly established greenfield sites which typically have a ramp-up period to profitability and strong growth in used Motor Vehicles sold through Prestige Auto Traders which are lower margin wholesale volumes.

Operating costs and EBITDA

Operating costs as a proportion of revenue reduced from 10.9% to 10.7% which partially offset the impact of the lower gross profit margin and EBITDA margin decreased from 3.4% to 3.2% during FY2016.

Depreciation and amortisation

Excluding the pro forma amortisation expense pertaining to customer intangibles, depreciation and amortisation expense increased by $0.5 million to $3.6 million.

4.6.6 ASG management discussion and analysis: Pro forma Historical Cash Flows for FY2016 compared to FY2015

Table 26 compares the Pro forma Historical Cash Flows for FY2015 and FY2016.

Table 26 – Pro forma Historical Cash Flows for FY2016 compared to FY2015

$m	FY2015	FY2016	*Change*
EBITDA	35.0	40.9	5.9
Movement in working capital	(1.1)	(4.7)	(3.6)
Operating cash flow	33.9	36.2	2.2
Floor plan interest	(5.8)	(6.9)	(1.1)
Operating cash flow after floor plan interest	28.1	29.2	1.1
Growth capital expenditure	(3.2)	(2.7)	0.4
Maintenance capital expenditure	(2.5)	(2.5)	-
Proceeds on disposal of assets	0.1	0.2	0.1
Acquisitions	(4.6)	(4.1)	0.5
Total capital expenditure	(10.1)	(9.1)	1.0
Net cash flow before corporate financing and taxation	17.9	20.1	2.2

Movement in working capital

The increase in working capital between June 2015 and June 2016 was largely due to a reduction in floor plan facilities relative to inventory, to 98.8% at June 2016.

Capital expenditure

Capital expenditure for FY2016 was $9.1 million and was predominantly made up of acquisitions ($4.1 million) and greenfield Dealership establishment related expenditure with maintenance expenditure remaining in line with that for FY2015. The key acquisitions during FY2016 included Pat Cole's Autobody and the Volvo Cars Parramatta Dealership.

4.7 Forecast Financial Information

The basis of preparation for the FY2017 Forecast Financial Information is detailed in Section 4.2. This Section 4.7 includes the Directors' best estimate assumptions specific to the Forecast Period. In addition to these specific assumptions, the general assumptions adopted in preparing the Forecast Financial Information are detailed in Section 4.7.1.

4.7.1 General assumptions

The following general assumptions are relevant to the Forecast Financial Information:

- there are no material changes in the competitive and operating environment in which ASG operates;
- there are no significant deviations from current market expectations of economic and market conditions under which ASG operates;
- there are no material changes in government legislation, tax legislation, regulatory requirements or government policy that will have a material impact on the financial performance, cash flows, financial position, accounting policies, financial reporting or disclosures of ASG;
- there are no changes in applicable AAS, IFRS, other mandatory professional reporting requirements or the Corporations Act which could have a material impact on ASG's reported financial performance or cash flows, financial position, accounting policies, financial reporting or disclosures;
- there are no material employee relations disputes or other disturbances, contingent liabilities or legal claims that arise or that are settled to the detriment of ASG;
- there are no material changes in key personnel, including key management personnel. It is also assumed that ASG will maintain its ability to recruit and retain the personnel required to support future growth;
- there are no material acquisitions, disposals, restructurings or investments other than as contemplated by this Prospectus;
- there are no material changes to ASG's corporate and funding structure;
- there are no significant disruptions to the continuity of operations of ASG or other material changes in the business;
- there are no material amendments to any material contract, agreement or arrangement relating to ASG's business or intellectual property;
- none of the risks listed in Section 5 has a material adverse impact on the operations of ASG; and
- the Offer proceeds are received in accordance with the timetable set out in the Key dates section of this Prospectus.

4.7.2 Specific assumptions

The Forecast Financial Information is based on various specific assumptions, of which the key assumptions are set out below. The assumptions below are a summary only and do not represent all factors that will affect ASG's forecast financial performance. 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 FY2017 forecasts have been built up at an individual Dealership level based on the following key assumptions:

- Growth rates in new Motor Vehicle sales are based on agreed OEM factory targets for calendar year 2016, with the balance of FY2017 forecast based on historical trends. ASG may achieve a different mix of new and used Motor Vehicle sales volumes as a result of factors described in Section 5, including the delayed release of, or failure to release, new Prestige and Luxury models by OEMs or a change in the forecast mix of brands sold, among other factors;
- Gross profit per new Motor Vehicle is based on historical gross margins achieved or estimated margins based on retail prices for new models;
- Gross profit margins for used Motor Vehicles are forecast to increase, reflecting the mix between retail and wholesale sales and the full year impact of Autosports Brisbane Dealership;
- Aftermarket revenue forecast is based on forecast Motor Vehicle sales and historical trends in sales per Motor Vehicle. Gross profit margin is consistent with historical levels;
- Other revenue is based on new Motor Vehicle sales, with Other revenue as a percentage of new Motor Vehicle sales forecast to decline from 5.5% and 5.9% achieved in FY2015 and FY2016, to 4.7% in FY2017 as the forecast does not reflect an element of contingent bonuses;
- Service and parts income is forecast based on the number of working days each month and a level of revenue per day per revenue item. Forecast revenue per day and gross profit margin are based on historical levels. Volume is forecast to increase from the full year integration of the Pat Cole's Autobody business and planned service capacity increases at a number of Dealerships;
- Finance and insurance income is forecast based on a penetration rate and fixed revenue per Motor Vehicle retailed, based on historical levels.

With regard to the cost base, ASG's average operating ratio (ratio of operating costs to total revenue) across the business has been forecast in line with historical experience, and no operating or cost synergies from the Acquired Willims Business or Volvo Cars Brighton have been included in the Forecast Financial Information. Operating costs also include incremental costs that ASG will expect to incur as a public listed entity as well as additional executive remuneration (as set out in the pro forma adjustments in Table 6).

4.7.3 ASG management discussion and analysis: Pro forma Forecast Income Statement for FY2017 compared to Pro forma Historical Income Statement for FY2016

Table 27 compares the Pro forma Historical Income Statement for FY2016 and the Pro forma Forecast Income Statement for FY2017.

Table 27 – Pro forma Forecast Income Statement for FY2017 compared to Pro forma Historical Income Statement for FY2016

$m	FY2016	FY2017	*Change*	*Change (%)*
Total revenue	**1,266.4**	**1,445.1**	**178.7**	**14.1%**
Cost of goods sold	(1,089.4)	(1,236.8)	(147.4)	13.5%
Gross profit	**177.0**	**208.3**	**31.3**	**17.7%**
Operating costs	(136.1)	(155.9)	(19.8)	14.6%
EBITDA	**40.9**	**52.4**	**11.5**	**28.1%**
Depreciation and amortisation	(7.1)	(7.3)	(0.2)	3.0%
EBIT	**33.8**	**45.1**	**11.3**	**33.4%**
Floor plan interest	(6.9)	(7.0)	(0.0)	0.7%
Corporate interest	(0.2)	(1.0)	(0.8)	n.m.
NPBT	**26.7**	**37.1**	**10.4**	**38.9%**

Table 28 – Pro forma forecast KPIs for FY2017 compared to KPIs for FY2016

$m	FY2016	FY2017	*Change*	*Change (%)*
Operating metrics (year-end)				
Number of Dealerships and collision repair workshops	26	27	1	3.8%
Sales metrics				
New Motor Vehicle unit sales	15,483	18,320	2,837	18.3%
Used Motor Vehicle unit sales	15,293	15,338	45	0.3%
Profitability metrics				
Revenue growth from operations owned for >12 months	*18.8%*	*8.7%*	*(10.1%)*	
Gross profit margin	*14.0%*	*14.4%*	*0.4%*	
Operating costs as percentage of total revenue	*10.7%*	*10.8%*	*0.1%*	
Floor plan finance as percentage of total new and used Motor Vehicle revenue	*0.6%*	*0.6%*	*0.0%*	
EBITDA margin	*3.2%*	*3.6%*	*0.4%*	
EBIT margin	*2.7%*	*3.1%*	*0.5%*	

The FY2017 pro forma forecast revenue and gross profit are based on the assumptions outlined in Sections 4.7.1 and 4.7.2.

Revenue

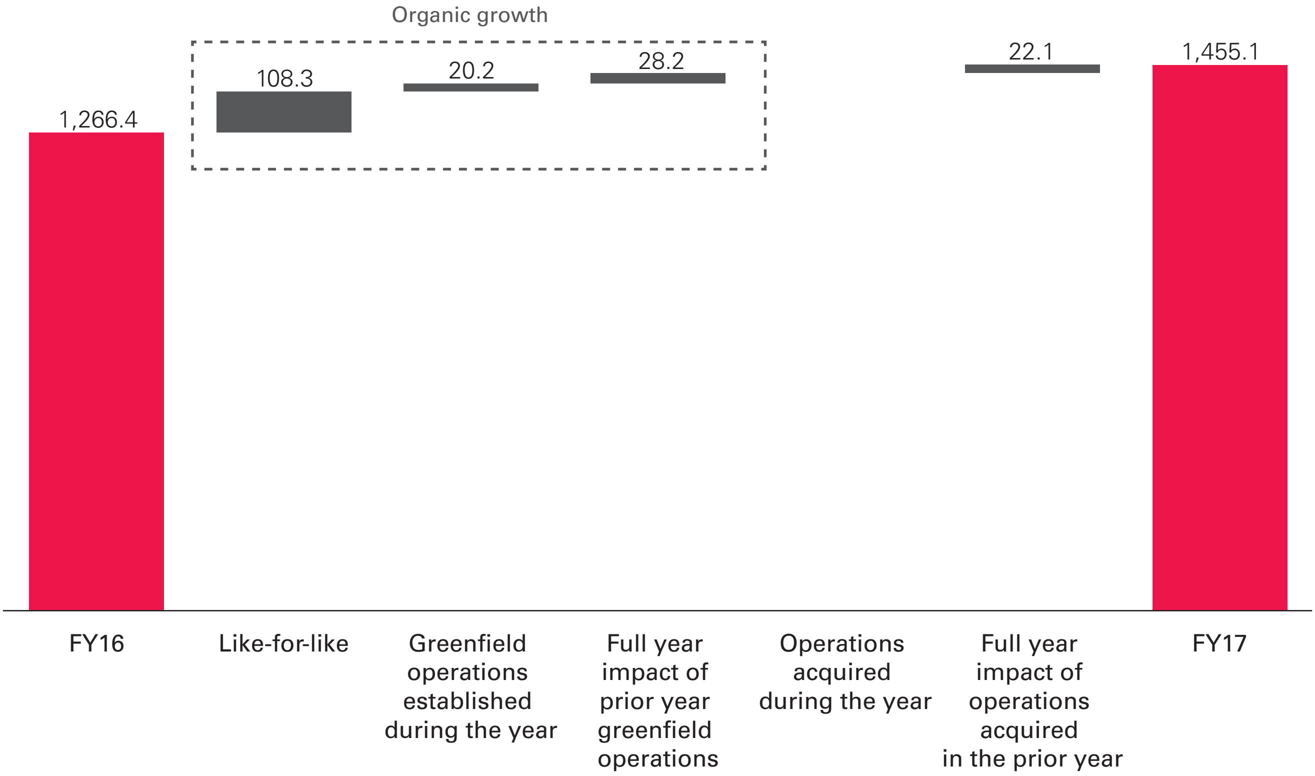
FY2017 revenue is forecast to grow by 14.1% to $1,445.1 million, including an increase in revenue from new Motor Vehicle sales of 20.1% and used Motor Vehicle sales of 1.5%. The increase in new Motor Vehicle revenues reflects a number of new model releases expected across the brands that ASG represents (in particular, Audi and super luxury SUVs). The relatively modest forecast growth in use Motor Vehicle sales reflects the expectation that Prestige Auto Traders will return to more normal volumes following a particularly strong performance in FY2016.

Back-end revenue streams are also forecast to grow strongly as a result of:

- historical growth in Motor Vehicle sales generating growth in servicing and parts at ASG's Dealerships;
- investment in service capacity expansion at Audi Five Dock and Audi Centre Mosman; and
- full year impact of the Pat Cole's Autobody collision repair business, which was acquired in June 2016.

Like-for-like growth, which accounts for approximately 60% of FY2017 revenue growth, is forecast to be 8.7%, compared to 18.8% in FY2016. FY2017 forecast like-for-like growth is negatively impacted by Prestige Auto Traders. As shown in Figure 27, like-for-like growth is supplemented by the full year contributions from Dealerships opened in FY2016 (Capalaba VW, Volvo Cars Parramatta, Lamborghini Brisbane and Autosports Brisbane) and the opening of Volvo Cars Mt Gravatt Dealership in September 2016.

Figure 27 – Sources of growth in revenue from FY2016 to FY2017



Note: Growth in pro forma revenues shown above has been derived from ASG's Dealership management accounts and differs marginally from the Aggregated Accounts due to internal sales eliminations and intercompany adjustments, with the difference allocated in the chart above on a pro rata basis.

Gross profit

In line with growth in revenue, the majority of growth in gross profit is forecast to come from ASG's operations that have been owned for over 12 months.

Gross profit margin is forecast to increase from 14.0% to 14.4% in FY2017 due to a number of factors including:

- change in revenue mix, in particular a lower proportion of used Motor Vehicle sales;
- improvements at VW Castle Hill, Five Dock and Mt Gravatt Dealerships as a result of management changes and operational improvements;
- growth in ASG's Audi Dealerships driven by new model launches by Audi and investment in showroom capacity at Audi Sutherland; and
- a full year contribution of Pat Cole's Autobody, which is a high margin business relative to ASG's front-end revenues.

Operating costs and EBITDA

Operating costs are forecast to increase by $19.8 million or 14.6%. Operating costs as a proportion of revenue are expected to increase marginally to 10.8%. Forecast EBITDA growth of approximately 28.1% in FY2017 is driven by the sales growth and gross margin improvement as described above.

The forecast does not include any specific cost synergies from the Acquired Willims Business and ASG does not anticipate any significant costs in relation to its integration.

Depreciation and amortisation

Depreciation and amortisation expense is forecast to increase marginally to $7.3 million, reflecting the expanded asset base.

Floor plan interest

Interest on floor plan financing facilities is forecast to remain broadly in line with FY2016 levels. The pro forma forecast interest expense is offset by the assumed interest income on the cash balance at Completion ($25.0 million) on a full year basis.

Seasonality

As is common in the Automotive Dealership industry, ASG experiences a degree of seasonality in earnings between the first half and second half of the financial year. Across FY2014 to FY2016, first half revenue contributed between approximately 43% and 46% of full financial year revenue. This reflects both the continuing growth of ASG, as well as monthly trading patterns. ASG experiences strong Motor Vehicle sales in January of each year with the release of new models and in June of each year, coinciding with the end of the financial year. Similarly, ASG experiences lower levels of Motor Vehicle sales in July, following June activity, and in December due to the Christmas holiday period.

Seasonality of cost of goods sold is typically broadly in line with revenue; however, operating costs are incurred more evenly across the financial year. As a result, across FY2014 to FY2016, first half EBITDA contribution ranged from approximately 40% to 48% of full year EBITDA.

ASG expects FY2017 to reflect a broadly similar trend for revenue and EBITDA as achieved over the previous three years.

4.7.4 ASG management discussion and analysis: Pro forma Forecast Cash Flows for FY2017 compared to Pro forma Historical Cash Flows for FY2016

Table 29 compares the Pro forma Historical Cash Flows for FY2016 and the Pro forma Forecast Cash Flows for FY2017.

Table 29 – Pro forma Forecast Cash Flows for FY2017 compared to Pro forma Historical Cash Flows for FY2016

$m	FY2016	FY2017	*Change*
EBITDA	**40.9**	**52.4**	**11.5**
Movement in working capital	(4.7)	(3.9)	0.8
Other non-cash items	-	0.7	0.7
Operating cash flow	**36.2**	**49.2**	**13.0**
Floor plan interest	(6.9)	(7.0)	(0.0)
Operating cash flow after floor plan interest	**29.2**	**42.2**	**13.0**
Growth capital expenditure	(2.7)	(7.7)	(5.0)
Maintenance capital expenditure	(2.5)	(1.7)	0.8
Proceeds on disposal of assets	0.2	-	(0.2)
Acquisitions	(4.1)	-	4.1
Total capital expenditure	**(9.1)**	**(9.4)**	**(0.3)**
Net cash flow before corporate financing and taxation	**20.1**	**32.8**	**12.7**
Income taxes paid		(11.1)	
Corporate interest paid		(1.0)	
Capital loan repayments		(2.8)	
Capital loan drawdowns		4.8	
Net cash flow		**22.6**	

Movement in working capital

Year-end net working capital is forecast to increase by $3.9 million. The key driver is the ratio of floor plan finance to inventory which is forecast to decline by the end of FY2017.

Capital expenditure

Capital expenditure has been forecast at $9.4 million and includes expenditure on construction of additional service bays at Audi Five Dock, leasehold improvements at VW Leichhardt, VW Mt Gravatt and Volvo Cars Parramatta Dealerships, expansion of the Audi Sutherland Dealership, improvements at the Mercedes-Benz Toowong Dealership showroom, and expenditure across the Dealerships as part of the Acquired Willims Business as well as maintenance capital expenditure.

4.8 Sensitivity analysis

The Forecast Financial Information included in this Section 4 is based on a number of estimates and assumptions as described in Sections 4.7.1 and 4.7.2. These estimates and assumptions are subject to business, economic and competitive uncertainties and contingencies, many of which are beyond the control of ASG, the Directors and management of ASG. These estimates are also based on assumptions with respect to future business decisions, 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 on the forecasts, set out below is a summary of the sensitivity of the pro forma NPAT 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. Sensitivity analysis is conducted independently of potentially interrelated effects resultant from a variance in the assumption. Variations in actual performance could exceed the ranges shown.

For the purposes of this analysis, each sensitivity factor is presented in terms of its impact on the forecast FY2017 pro forma NPAT and is set out below in Table 30. The sensitivity of these factors has been considered in isolation; however, there may be a degree of correlation between the movement in one or more of these sensitivities which will have an impact that is greater than what is shown below.

Table 30 – Pro forma FY2017 Sensitivities (NPAT impact)

Sensitivity	Notes	FY2017 Assumption	Movement	NPAT Impact ($m)
Revenue growth rate	1	14.1%	+/- 1 ppt	+/-1.1
Like-for-like growth rate	2	8.7%	+/- 1 ppt	+/-1.1
New Motor Vehicle unit sales growth (margin impact including bonuses)	3	18.3%	+/- 1 ppt	+/-0.5
Gross profit margin	4	14.4%	+/- 10 bps	+/-1.0
Operating cost ratio	5	10.8%	+/- 10 bps	+/-1.0

Notes:

1. **Revenue growth** – The revenue growth rate sensitivity demonstrates the impact of a change in the assumed growth rate of revenue by +/- 1.0 percentage point on ASG's NPAT for FY2017. The calculation is based on the margin incorporating the key variable expenses (predominantly cost of goods sold and employee commission expenses), and has been tax effected. A change in the forecast revenue growth rate of +/- 1.0% (i.e. to 15.1% or 13.1%) is likely to result in an NPAT impact of +/- $1.1 million.
2. **Like-for-like growth** – Revenues on a like-for-like basis are forecast to increase by 8.7% in FY2017. The sensitivity demonstrates the impact of a change in the like-for-like growth rate by +/- 1.0 percentage point on ASG's NPAT for FY2017. As above, the calculation is based on the margin incorporating the key variable expenses (predominantly cost of goods sold and employee commission expenses), and has been tax effected.
3. **New Motor Vehicle unit sales** – New Motor Vehicle unit sales are forecast to increase 18.3% in FY2017. The sensitivity demonstrates the impact of an increase or decrease in this growth rate of 1.0 percentage point. The NPAT impact reflects the average margin per New Motor Vehicle including aftermarket revenues, bonuses and Other.
4. **Gross profit margin** – As discussed in Section 4.7, gross profit margin is forecast to increase to 14.4% in FY2017. The sensitivity demonstrates the impact of a 10 basis points movement in the margin, calculated based on FY2017 revenues and on a tax-effected basis.
5. **Operating cost ratio** – The ratio of operating costs to revenue is forecast at 10.8% in FY2017 and is consistent with the prior year. A movement of +/- 10 basis points would have an impact of $1.0 million on the NPAT of ASG based on the forecast revenue and on a tax-effected basis.

4.9 Financial risk management framework

ASG's activities expose it to a number of financial risks including interest rate risk, liquidity risk and credit risk.

The Company manages financial risk through Board approved policies and procedures. These detail the responsibility of the Directors and senior management with regard to the management of financial risk. Financial risk is managed centrally by ASG's finance team via a risk management framework.

ASG does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

4.9.1 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial asset or financial liability will change as a result of changes in market interest rates. ASG is exposed to interest rate risk through its floor plan finance and capital loan facilities, which are floating rate facilities.

4.9.2 Liquidity risk

Liquidity risk is the risk that ASG will not have sufficient funds to meet its financial commitments as and when they fall due. Liquidity risk management involves maintaining available funding and ensuring ASG has access to an adequate amount of cash and credit facilities.

Under the terms of its floor plan finance facilities, ASG may be required to repay these facilities at short notice, it is relevant to note that this style of financing is industry standard and the majority of ASG's facilities are provided by finance companies owned by the OEMs whose brands ASG represents. These OEMs rely on Dealerships to acquire their Motor Vehicles (which requires access to finance) and their captive finance companies rely on Dealerships as a point of distribution for their retail finance products.

4.9.3 Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to ASG.

ASG is exposed to counterparty credit risk arising from its operating activities, primarily relating to the sale of parts to trade customers and the wholesale of used Motor Vehicles to other Dealers. ASG typically performs a credit check on counterparties prior to extending credit and monitors its receivables balances regularly on a detailed basis, with the result that ASG's exposure to bad debts has historically been negligible.

ASG is also exposed to counterparty credit risk arising from its financing activities where it deposits money with banks and financial institutions.

4.10 Summary of significant accounting policies

Set out in Appendix A.1 is a summary of the significant accounting policies adopted in preparing the Financial Information contained in this Section 4.

4.8.1 Critical accounting estimates and judgements

Preparing financial statements in accordance with Australian Accounting Standards requires management to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both the current and future periods.

Judgements made by management in the application of AAS that have significant effects on the financial statements and estimates with a significant risk of material adjustments in the next year are disclosed, where applicable, in the relevant notes to the financial statements. Refer to the significant accounting policies outlined in Appendix A.1 of this Prospectus.

4.11 Dividend policy

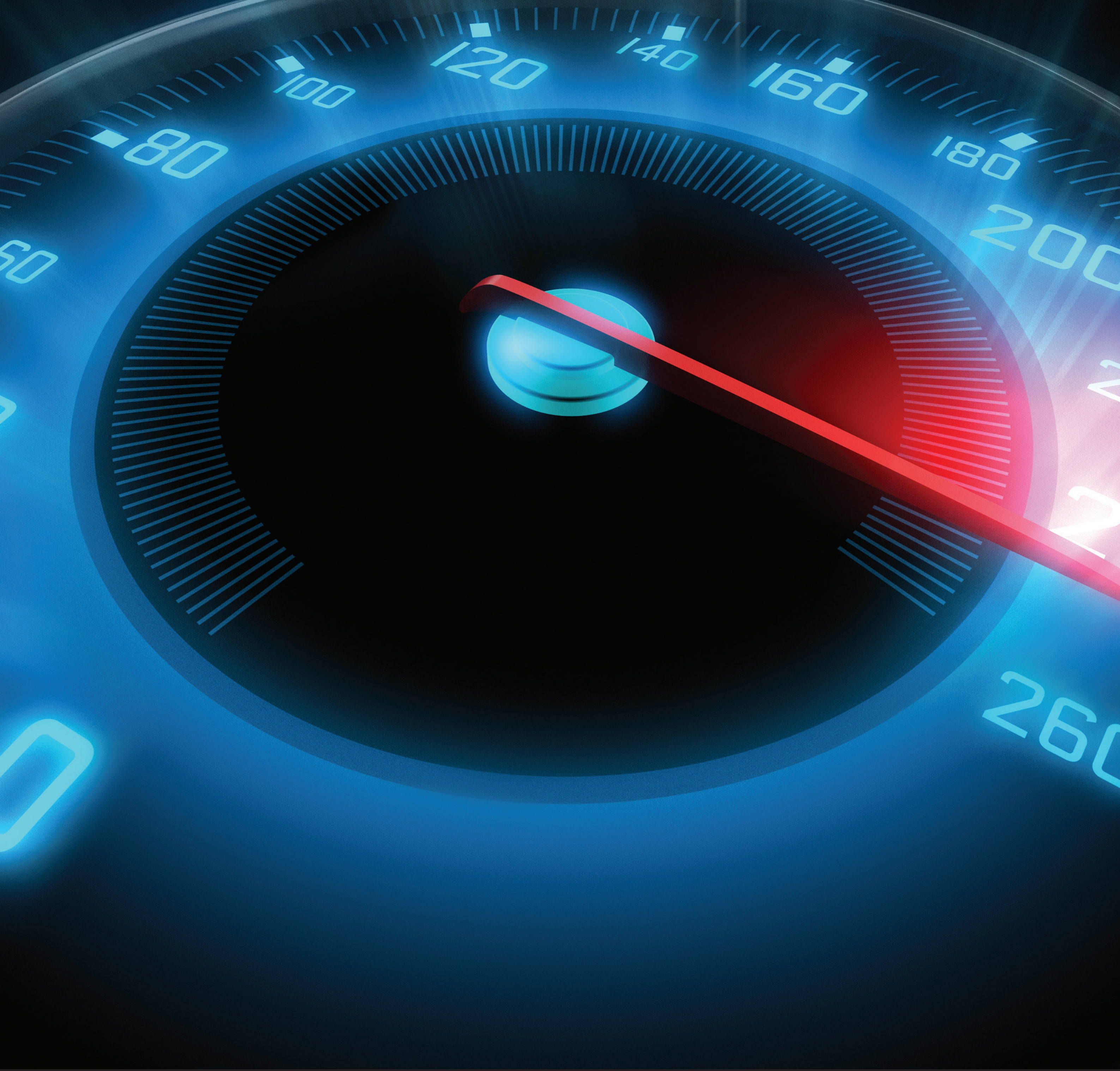
Depending on available profits and the financial position of ASG, it is the current intention of the Company to pay dividends.

The Directors intend to pay out 60% to 70% of the Company's NPATA attributable to shareholders of ASG as a dividend, with the initial dividend relating to the six months ending 30 June 2017.

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

The payment of a dividend by the Company 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, the financial condition of the Company, 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 the Company, and any other factors the Board may consider relevant.

No assurances can be given by any person, including the Directors, about the payment of any dividend and the level of franking on any such dividend.



SECTION 5

Risks

5. Risks

The future performance of ASG and the future investment performance of Shares may be influenced by a range of factors, many of which are outside the control of the Company. Any, or a combination of, these factors may have a material adverse impact on ASG's business, operating and financial performance.

This Section 5 describes what ASG believes to be the key risks associated with its business, the industry in which it operates and the risks associated with an investment in the Company. It does not purport to list every risk that may be associated with ASG's business, the industry in which it operates and the risks associated with an investment in the Company now or in the future. The occurrence or consequence of some of the risks described in this Section 5 are partially or completely outside of the control of ASG, ASG Directors and ASG management.

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

Any of these risks, or any other risks or other matters, may emerge and may have a material adverse effect on the business and its financial position and performance. There can be no guarantee that ASG will achieve its stated objectives or that any forward looking statements or forecasts will eventuate.

Before applying for Shares, you should satisfy yourself that you have a sufficient understanding of the risks described in this Section 5 and all of the other information set out in this Prospectus, and consider whether the Shares are a suitable investment for you, having regard to your investment objectives, financial situation, taxation position or particular needs.

Consult your accountant, financial advisor, stockbroker, lawyer or other professional advisor before deciding whether to invest in Shares

5.1 Risks specific to an investment in ASG

5.1.1 Retail environment and general economic conditions in Australia may deteriorate

As the products sold by ASG are discretionary for many customers, ASG's financial performance is sensitive to the current state of, and future changes to, economic conditions, The operating and financial performance of ASG is influenced by a variety of general economic and business conditions, including levels of consumer spending, inflation, interest rates and exchange rates, access to consumer credit, government fiscal, monetary and regulatory policies and oil prices. A deterioration in general economic and business conditions could impact consumer purchasing decisions and cause consumers to reduce their level of spending on discretionary items, which may have an adverse effect on the financial performance of ASG. For example, a prolonged period of high oil prices could lead customers to defer Motor Vehicle purchases, reduce use of private Motor Vehicles or a contraction of the automotive retail market, any of which generally could have an adverse impact on the financial performance of ASG.

5.1.2 Contractual relationships with OEMs, floor plan financing and insurance distribution arrangements

The success of ASG's business and its ability to grow relies on its ability to retain existing relationships with OEMs and develop new ones. There is no guarantee that these relationships will continue or if they do continue, that these relationships will be successful. Key OEM relationships may be lost or impaired due to a variety of factors, including commercial disputes, competitor actions or under-performance against OEM targets over a period of time. If ASG is unable to maintain its existing relationships or attract new OEM partners, its business, operating and financial performance could be adversely affected.

ASG has the right to sell new Motor Vehicles and service and repair certain OEM-branded Motor Vehicles pursuant to the Dealership Agreements. Therefore, the Company's ability to conduct its new Motor Vehicle sales and service and repair business derives from the rights under those agreements. Additionally, ASG is party to a separate floor plan financing arrangement in relation to each OEM of new Motor Vehicles as well as a party to various insurance distribution arrangements with third party insurers.

As ASG has staggered the term of the Dealership Agreements, a number of the Dealership Agreements are generally up for renewal each year and generally each of the Dealership Agreements with a particular OEM are up for renewal at the same time. A failure to renew Dealership Agreements, or renew them on favourable terms, would adversely affect ASG's financial performance.

The failure by ASG to comply with the terms of a Dealership Agreement or the breakdown of a relationship with an OEM, may result in the termination or non-renewal of one or more Dealership Agreements by the OEM.

Floor plan financing arrangements are generally up for renewal each year, and are often up for renewal at a different time to the Dealership Agreement. Any change in the terms of the floor plan financing arrangements may impact ASG's business model. The terms upon which floor plan finance can be obtained is a key driver of dealer profitability as floor plan financing costs make up a significant operational cost for Dealers. The termination of these floor plan financier contracts or a decision by a financier to stop providing floor plan finance or to provide it on less favourable terms to ASG may adversely affect ASG's financial performance.

The Dealership Agreements, floor plan financing and insurance distribution arrangements may be terminated by the OEM, financier or insurer without cause or on short notice periods (depending on the termination event or circumstances), generally between 30 and 90 days. Any termination or non-renewal of the Dealership Agreements or floor plan financing arrangements will reduce the Company's access to an inventory of new Motor Vehicles and consequently adversely affect ASG's financial performance.

A number of Dealership Agreements, floor plan financing arrangements and insurance distribution arrangements contain change of control provisions or other consent requirements which may be triggered by future transactions post Listing. In the event that the relevant consents are not obtained from the relevant OEM, financier or insurer, there is a risk that the Dealership Agreement, floor plan financing arrangements or insurance distribution arrangements could be terminated and this could adversely affect ASG's financial performance.

Under the Dealership Agreements and floor plan financing arrangements, ASG is subject to various ongoing obligations and is subject to various levels of liability (including under indemnity provisions), some of which may contain unusual or otherwise onerous provisions. Such obligations include meeting capital expenditure requests in connection with Dealership facilities as and when required by the OEMs and contributing to OEM marketing and sponsorship funds. There is a risk that ASG will be unable to meet its obligations under the Dealership Agreements or floor plan financing arrangements, which could adversely affect ASG's financial performance.

A majority of Dealership Agreements, floor plan financing arrangements and insurance distribution arrangements contain change of control provisions which, following Listing, may be triggered by the acquisition of a substantial interest in ASG. If the change of control provisions are triggered, consent of the relevant OEM, financier or insurer is required and the OEM, financier or insurer may seek to renegotiate the Dealership Agreement, floor plan financing arrangements or insurance distribution arrangements on terms less favourable to ASG. The termination of any Dealership Agreement, floor plan financing arrangements or insurance distribution arrangements may have an adverse effect on ASG's financial performance.

The ability of ASG to expand its Dealerships by adding additional OEMs to those Dealerships may be restricted because certain Dealership Agreements contain restrictions on ASG's right, without prior written consent, to be involved, either directly or indirectly, in a Dealership that sells or services products similar to that OEM's products.

The breakdown of an OEM, financier or insurance relationship or the loss or termination of a Dealership Agreement, floor plan financing arrangement or insurance distribution arrangement could have an adverse effect on ASG's financial performance, particularly any relationship or relationships from which ASG derives a material proportion of its revenue.

5.1.3 Interruption of the supply of Motor Vehicles

ASG is reliant on OEMs to supply new Motor Vehicles for sale. In certain circumstances, the quantity of inventory of new Motor Vehicles available to ASG for sale is restricted under the Dealership Agreements or may be limited at the OEM's discretion. For example, the quantity of inventory available to ASG could be restricted if an OEM decided not to supply Motor Vehicles into Australia or decided to change the manner in which their Motor Vehicles are sold in Australia (e.g. by adopting a direct retail sale model rather than a franchise model). The supply of new Motor Vehicles may also be limited as a result of issues affecting OEMs, such as product defect or safety recalls.

Additionally, given that the OEMs are located in foreign jurisdictions, ASG is exposed to a number of other risks including increased security requirements for foreign goods, delays in international shipping arrangements, imposition of taxes and other charges as well as restrictions on imports. ASG is also exposed to risks related to disruption to production and ability to supply and other issues in foreign jurisdictions where the OEMs operate.

If ASG is not able to meet demand for its products due to any of these factors, ASG's financial performance may be adversely affected.

5.1.4 Interest rates

ASG's performance may be impacted by fluctuations in interest rates. An increase in interest rates may lead to an increase in the cost of servicing ASG's floor plan financing arrangements which is a significant operational cost for ASG. Therefore, an increase in interest rates may adversely affect ASG's financial performance.

More generally, an increase in interest rates will also lead to reduced affordability for Prestige and Luxury Motor Vehicles and potentially reduce sales of both new and used Vehicles, which could adversely impact ASG's financial performance.

5.1.5 Financing

Separate to the floor plan financier arrangements referred to in Section 5.1.3, ASG has entered into various financing arrangements with Volkswagen Financial Services Australia, Macquarie Leasing Pty Ltd, Mercedes-Benz Financial Services Australia Pty Ltd, Australia and New Zealand Banking Group Limited and Westpac Banking Corporation referred to in Section 9.13.2.

Some of these financing arrangements are on demand facilities, which means that the financier may, in its absolute discretion, demand from ASG full immediate repayment of amounts at any time, giving ASG 60 days' notice in writing. The acceleration of any repayment under the financing arrangements may have an adverse impact upon ASG's financial performance.

A number of these financing arrangements permit the financier to terminate the financing arrangement without cause or to suspend the provision of finance. If a financier stopped providing finance to ASG for any reason, ASG's ability to maintain a relatively low cost operating structure would be adversely affected. If ASG is unable to repay or refinance these financing arrangements, ASG may have to seek further equity, dispose of assets or enter into new debt facilities on less favourable terms. These factors could adversely affect ASG's ability to acquire new assets and fund capital expenditure and could adversely affect the financial performance of ASG, and ASG may suffer reputational damage which could result in financiers being unwilling to extend additional finance or potentially raise future borrowing costs.

In the future, ASG may also need to access additional debt financing to grow its operations. If ASG is unable to refinance, repay or renew its debt facilities or otherwise obtain debt finance on favourable terms, ASG may not meet its growth strategy, which may adversely impact ASG's financial performance.

ASG's ability to make scheduled payments on its indebtedness and its ability to extend existing debt facilities or to borrow money for refinancing, capital expenditure or acquisitions will depend on a range of factors including general economic conditions, debt and equity market conditions, as well as ASG's financial position, financial performance and reputation. Changes in the above factors may impact the cost or availability of funding, and accordingly, ASG's financial performance and financial position. There can be no assurances that future financing will be available on terms acceptable to ASG, or at all.

5.1.6 Exchange rates

ASG purchases a large portion of its floor stock from European or Japanese OEMs. Adverse movements in the exchange rate between the Australian dollar and the Euro or between the Australian dollar and the Japanese yen may increase the price at which ASG retails its floor stock and accordingly, decrease the affordability of its Motor Vehicles to customers unless absorbed by the OEMs. Thus to the extent that adverse exchange rate movements are not absorbed by the OEMs, this may have an adverse impact on the overall financial performance of ASG.

5.1.7 Reliance on key personnel and employee recruitment and retention

ASG's success is dependent to a significant degree upon the efforts of key members of management and in particular Nick Pagent and Ian Pagent. ASG relies on its high quality management team with significant experience in, and knowledge of, the Automotive Dealership industry. The loss of the services of key members of management, and any delay in their replacement, or the failure to attract additional key individuals to key management roles, could have a material adverse effect on ASG's financial performance and ability to implement its business and growth strategies.

The successful operation of ASG also relies on its ability to attract and retain experienced and high performing employees in all areas of its business, especially Dealer Principals and sales staff. If ASG is unable to attract or retain Dealer Principals or staff, it may impact the Company's sales which are highly dependent on the ability of dealer principals and sales staff to sell inventory through the application of their product knowledge, understanding of the industry and ability to take advantage of established customer relationships.

The successful relationships that ASG has with OEMs may also be adversely affected by the loss of key members of management. The majority of Dealership Agreements contain restrictions on a change of Dealer Principal, key personnel or on a change in the active management of a dealership. The key personnel and Dealer Principal generally comprise of one or more of the members of the senior management team. If certain personnel are removed or replaced, or cease to be involved in the management of the relevant Dealership, without relevant consent from the OEM, then this may entitle the OEM to terminate the relevant Dealership Agreement, which, could adversely affect the financial performance of ASG.

5.1.8 Occupational health and safety

ASG employees are at risk of workplace accidents and incidents (particularly in relation to staff in repair centres and staff involved in the movement of Motor Vehicles). In the event that an employee is injured in the course of their employment, ASG may be liable for penalties and fines imposed by regulatory authorities or damages arising from claims for compensation from injured parties that may not be fully covered by insurance policies. Such workplace accidents and incidents have the potential to harm the reputation and financial performance of ASG.

5.1.9 Operations subject to regulation

ASG is subject to a number of Australian laws and regulations. These include, but are not limited to, consumer protection laws, consumer finance laws, laws relating to the sale of insurance products, importation laws, privacy laws in relation to the handling of personal information, data collection laws and laws relating to workplace health and safety.

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

In the markets in which ASG operates, it is a requirement that each Dealership and panel and collision repair workshop is licensed. If ASG operates without the required licences or its sales staff or Dealer Principals fail to comply with the terms of those licences, those licences may be suspended or revoked and ASG may be liable to pay fines, penalties or compensation or ASG or its staff or Dealer Principals may be prohibited from carrying on certain business activities, which could adversely affect ASG's financial performance.

Further, future laws or regulations may be introduced, or existing laws and regulations may be changed (such as the Federal Government's proposed amendments to the regulation of private importation of motor vehicles), which could adversely impact ASG's business. For example, there are currently discussions regarding legislative and regulatory changes, in relation to the sale of consumer finance and consumer insurance, which could have an adverse impact on ASG. The financial services industry has been, and is likely to continue to be, the subject of significant changes to the regulatory environment in which it operates. For more information on the current reviews into dealer commissions, sales of insurance products and the motor vehicle retailing industry by ASIC and the Australian Competition and Consumer Commission (**ACCC**), see Section 2.6 – Industry regulation. Any changes required to be made to the business model of ASG as a result of any legislative or regulatory changes, may result in a material loss of revenue for ASG and to the extent that fixed costs cannot be reduced and/or costs cannot be passed on to customers, could adversely impact the financial performance of ASG.

5.1.10 Maintenance of reputation

The success of ASG is dependent on its reputation. Reputational damage could arise due to a number of circumstances, including inadequate service, poor quality products or failure to comply with legislation or regulation applicable to the business. ASG's reputation may also be adversely impacted by the actions of the OEMs, or issues relating to the Motor Vehicles manufactured by the OEMs, with whom they have a relationship (including product defects, safety recalls or where an OEM has failed to comply with applicable legal or regulatory requirements in relation to the manufacture of Motor Vehicles). Since, in part, some of the ASG's sales are derived from repeat orders from long term customers, reputational damage may impact its ability to maintain relationships with existing customers and result in a fall in sales. Any adverse perception of ASG's reputation or image on the part of customers, counterparties or regulators could adversely affect ASG's financial performance.

5.1.11 Acquisitions and expansion of Dealerships

The growth strategy of ASG relies in part on increasing the size of its Dealership network, which it intends to do partly through acquisitions and partly by developing greenfield Dealership opportunities. If suitable acquisition targets or greenfield opportunities are not able to be identified, or acquisitions are not able to be made on acceptable terms, then this may limit ASG's ability to realise its growth strategy.

Also, under the Dealer Agreements, the consent of the OEM is generally required to provide a similar product or service for another OEM. There is a risk that the OEMs may not provide this consent in circumstances where ASG seeks to acquire a business that sells other OEM brands, which may limit ASG's ability to realise its growth strategy.

Further, acquisitions that are made may prove not to be as successful as ASG anticipates, including failure of due diligence to identify issues associated with the acquisition or due to issues arising from integrating the new businesses into existing operations. If acquisitions made by ASG are unsuccessful, the financial performance of ASG, its growth strategy and its capacity to pursue further acquisitions may be adversely affected.

Similarly, greenfield opportunities which are pursued may not be as successful as ASG anticipates, for example if the relevant PMA of the greenfield opportunity does not prove as profitable as anticipated. If the greenfield development opportunities pursued by ASG are unsuccessful, the financial performance of ASG, its growth strategy and its capacity to pursue further acquisitions may be adversely affected.

ASG will endeavour to conduct all reasonable and appropriate due diligence on potential acquisition opportunities and greenfield development opportunities. In relation to Dealership acquisitions, there is a risk that warranties or indemnities cannot be obtained or that acquisitions do not perform as expected due to a variety of factors. ASG will seek to obtain customary warranties and indemnities from vendors of the acquired assets; however, there is a risk that potential issues are uncovered subsequent to due diligence and that these risks cannot be fully mitigated by the warranties and indemnities in the sale and purchase agreements for those acquisitions. If an unforeseen liability arises in respect of which ASG is not able to be indemnified, this may adversely affect the financial performance of ASG. There can be no assurance that any future acquisitions will enhance the investment returns of Shareholders. In relation to greenfield development opportunities, there remains a risk that the opportunities which are pursued may not be as successful as ASG anticipates.

Some of the information regarding the acquisitions have been derived from information made available by or on behalf of the vendors of each acquisition. Although ASG (and its advisers) have conducted reasonable levels of due diligence, they have not verified the accuracy and completeness of all information provided to it. To the extent that any of this information is incomplete, inaccurate or misleading, there is a risk that the financial performance of ASG may differ from its expectations, potentially adversely. Further, if the acquisitions have not been managed consistently with expectations, there is a risk that the financial performance of ASG may differ from expectations, potentially adversely, including writing down the carrying value of assets.

5.1.12 Customer preferences may change

A significant proportion of ASG's revenues are generated from the sale of new Motor Vehicles in the Prestige and Luxury segment of the Automotive Dealership market. Any unforeseen changes in customer preferences for Prestige and Luxury brands, including consumers substituting the Prestige and Luxury brands that ASG offers with competitors' brands or if ASG misjudges or fails to respond to customer preferences, this may lead to lower revenue and margins and could adversely impact ASG's financial performance. An increased demand for fuel efficient Motor Vehicles or electronic Motor Vehicles or the adoption of car or ride sharing schemes may reduce demand for Motor Vehicles sold by ASG.

5.1.13 Impact of competition via the internet and new technologies

ASG's business model may be adversely affected by increased competition via the internet and the emergence of new technologies that provide services which may affect the demand for new and used Motor Vehicles, including car or ride sharing services. ASG may not have the resources to develop appropriate new techniques in response to these emerging new technologies. In addition, maintaining or developing appropriate responses to these new emerging technologies may require significant capital investment by ASG.

Additionally, ASG's ability to sell used Motor Vehicles may be disrupted by the increased occurrence of direct private-to-private sales of used Motor Vehicles, facilitated by the internet. If Motor Vehicle owners sell their vehicles direct to private purchasers through online platforms instead of trading in their Motor Vehicles to ASG, the inventory of used Motor Vehicles available for sale by ASG would decline. As a result, ASG's financial performance may be adversely affected directly by the reduction in the number of used Motor Vehicles sold and indirectly through the loss of potential sales of accessories and parts or finance, insurance and warranty products to the purchasers of used Motor Vehicles.

In addition, ASG's ability to sell parts may be adversely affected by competition from online retailers. If consumers purchase accessories and parts from online retailers instead of from ASG, the financial performance of ASG may be adversely affected.

5.1.14 Relationships with landlords may deteriorate

ASG currently has 20 new and used Dealerships and two panel and collision repair workshops, and following Completion and completion of the Proposed Transaction will have 25 new and used Motor Vehicle Dealerships and two panel and collision repair workshops, all of which are located on leased premises. The leases typically contain a range of restrictions on ASG's activities at the relevant premises which may restrict ASG's operating flexibility.

The leases have a range of terms and option periods, although they are generally long term leases which cannot be readily terminated by the parties.

Any default under a lease by ASG, a failure to renew existing leases on acceptable terms, ceasing to occupy leased premises or an inability to negotiate alternative leasing arrangements could adversely affect ASG's ability to operate Dealerships in preferred locations, which may result in a reduction in revenue and have an adverse effect on ASG's financial performance.

In addition, there is a risk that ASG may become subject to lease terms which are relatively unfavourable due to unanticipated changes in the property market.

A small number of leases contain change of control provisions which may be triggered by transactions post Listing. If the change of control provisions are triggered, consent of the relevant lessor is required and the lessor may seek to renegotiate the lease on terms less favourable to ASG. The termination of any lease may have an adverse effect on ASG's financial performance.

5.1.15 Dealership concentration

Over 90% of ASG's gross profit in FY2016 is derived from Dealerships located in New South Wales or South East Queensland. As a result of this geographic concentration, adverse changes in the economic, business, market, social, demographic or political conditions in New South Wales and South East Queensland may have a disproportionate affect on ASG's business.

As noted in Figure 19, in Section 3.4.1, in FY2016 approximately 65% of ASG's new Motor Vehicle sales were attributable to Audi and Volkswagen. As a result of this OEM concentration, any termination of its Dealer Agreements with Audi or Volkswagen or other adverse change in ASG's relationship with either of them could have a disproportionate impact on ASG's financial performance.

5.1.16 Information technology systems and infrastructure

ASG relies on third party software products and services for its management information systems and the delivery of point of sale services to customers. Any damage or interruptions from system failures, computer viruses, cyber-attacks or other events, to these systems could impair the ability of ASG to sell Motor Vehicles and other products to customers or retain existing business, which could have an adverse effect on ASG's financial performance.

5.1.17 Warranties and extended warranties

ASG sells extended warranties covering new Vehicles as well as warranties covering used Vehicles.

The sale of warranties covering used Vehicles and extended warranties covering new Vehicles exposes ASG to risks which it would not otherwise be exposed as a retailer, including, for example, risks associated with the performance of the new and used Vehicles to which the warranty or extended warranty period relate. Any increase in the number of claims on the extended warranty and warranty products in comparison to the number of claims for which provision is made by ASG, may have an adverse impact on ASG's financial performance.

5.1.18 Exposure to litigation

ASG may be subject to litigation, claims or disputes in the ordinary course of its business, including employment disputes, contractual disputes, indemnity claims, property damage, environmental claims, product liability claims and personal claims. Claims may also be made by government agencies or regulators. Such litigation, claims and disputes, including the costs of settling claims, could be costly and damaging to ASG's reputation and business relationships, and may have an adverse effect on the financial performance or position of ASG and its standing within the industry.

5.1.19 Intellectual property

ASG relies on laws regulating trade secrets, copyright and trademarks, to assist in protecting its intellectual property. There is a risk that the validity, ownership or unauthorised use of intellectual property relevant to ASG's business will be successfully challenged by third parties. There is also a risk that ASG may inadvertently fail to adequately protect its intellectual property or infringe the intellectual property rights of third parties. Additionally, ASG does not currently hold any trademark registrations which may in the future affect the validity and use of ASG's trademarks. These scenarios could involve significant expense and potentially an inability to use the property in question. If an alternate cost-effective solution is not available, or no solution is available, this could damage ASG's brand which could adversely affect ASG's financial performance.

5.1.20 Insurance

ASG has in place a level of insurance considered suitable for its current business undertakings. However, ASG's insurance arrangements may not be available, or may not adequately protect it, against liability for all losses, including, but not limited to environmental losses, property damage, public liability or losses arising from business interruption, product liability risk, war, riots and civil commotion. Any losses incurred due to uninsured risks, or a loss in excess of the insured amounts, could lead to a loss of some of the capital invested by ASG, and could adversely affect the financial performance of ASG. Additionally, should ASG be unable to maintain sufficient insurance cover in the future, ASG's financial performance may be adversely affected.

Increases in insurance premiums as a result of insurance claims or otherwise, may also adversely affect ASG's financial performance.

5.1.21 Sales of used Motor Vehicles

The used Motor Vehicle business requires ASG to purchase used Motor Vehicles from customers and third parties. There is a risk that the amount paid by ASG to acquire a used Motor Vehicle is not recovered in the subsequent sale of the used Motor Vehicle. Used Motor Vehicle prices are subject to fluctuations due to factors that are outside the control of ASG, including general macroeconomic conditions, demand for used Vehicles, OEM behaviour, including the decision by an OEM to cease manufacturing, regulatory changes and other external events impacting the supply of Motor Vehicles. Such fluctuations in used Vehicle values may cause ASG to incur losses on the sale of any used Motor Vehicles.

ASG's historical outcomes on the sale of used Motor Vehicles are no guarantee or indicator of ASG's ability to generate the same outcomes in the future. ASG's inability to sell used Motor Vehicles in the future could have an adverse impact on ASG's financial performance.

5.1.22 Competition

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

ASG's competitive position may deteriorate as a result of actions by OEMs, existing competitors, the entry of new competitors or a failure to respond successfully to changes in the industry. Any deterioration of ASG's competitive position may adversely impact ASG's financial performance.

5.1.23 Environmental compliance costs and liabilities

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

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

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

5.1.24 Inability to meet forecast financial performance

The Forecast Financial Information, including any forecast financial information regarding the mix of sales volumes between new and used Motor Vehicles, is a forward looking statement that is based on an assessment of present economic and operating conditions and on a number of best estimate assumptions regarding future events and actions that, at the Prospectus Date, are expected to take place. ASG may not achieve its forecast financial performance or may achieve a different mix of new and used Motor Vehicle sales volumes as a result of factors, both known and unknown, including one or a combination of the ASG specific risks outlined above, the delayed release of, or failure to release, new Prestige and Luxury models by OEMs, a change in the forecast mix of brands to be sold, and the general risks outlined below.

5.2 General risks of an investment in ASG

5.2.1 Economic uncertainty may affect the price and value of shares

Once the Company becomes a publicly listed company on the ASX, it will become subject to general market risk that is inherent for all entities whose securities are listed on a stock exchange. This may result in fluctuations in the Share price that are not explained by the fundamental operations and activities of ASG.

The price of Shares as quoted on the ASX may fluctuate due to a range of factors. These include, but are not limited to, the following:

- the number of potential buyers or sellers of Shares on the ASX at any given time;
- fluctuations in the domestic and international market for listed stocks (and Motor Vehicle Dealership industry stocks in particular);
- general economic conditions including interest rates, inflation rates, exchange rates, commodity and oil prices, and changes to government fiscal, monetary or regulatory policies, legislation or regulation policies;
- recommendations by brokers or analysts;
- inclusion in or removal from market indices;
- global hostilities, tensions and acts of terrorism;
- the nature of the markets in which ASG operates; and
- general operational and business risks.

These factors may cause the Shares to trade at prices below the price at which the Shares are being offered under this Prospectus. There is no assurance that the price of the Shares will increase following quotation on the ASX, even if ASG's earnings increase.

Deterioration of general economic conditions may also affect ASG's business operations, and the consequent returns from an investment in Shares.

5.2.2 Liquidity of Shares

There is currently no public market through which Shares may be sold. On Completion, 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. This may result in Shareholders receiving a market price for their Shares that is less than the price that Shareholders paid.

The Escrowed Shareholders will hold approximately 66.8% of the Shares following Completion, which may impact on liquidity. The Escrowed Shareholders have entered into voluntary escrow arrangements in relation to all of the Shares they hold immediately following Completion. A summary of the escrow arrangements is set out in Section 9.13.4. The absence of any sale of Shares by the Escrowed Shareholders during the escrow 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 the Escrowed Shareholders, or the perception that such sales have occurred or might occur, could adversely impact the price of the Shares.

The Escrowed Shareholders' shareholding may also allow them to, collectively, exert significant influence over the outcome of matters relating to the Company, including the election of Directors and the approval of transactions. The interests of the Escrowed Shareholders may be different from the interests of investors who acquire Shares under the Offer.

5.2.3 Force majeure events

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

5.2.4 There may be changes to tax rates or laws

Changes in tax law (including transfer pricing, GST (including an increase in the luxury car tax threshold), stamp duties and employment taxes), or changes in the way tax laws are interpreted may impact the tax liabilities of ASG, Shareholder returns, the level of dividend imputation or franking, or the tax treatment of a Shareholder's investment.

In particular, both the level and basis of taxation may change. The tax information provided in this Prospectus is based on current taxation law as at the Prospectus Date. Tax law is frequently being changed, both prospectively and retrospectively. Furthermore, the status of some key tax reforms remains unclear at this stage.

In addition, tax authorities may review the tax treatment of transactions entered into by ASG. Any actual or alleged failure to comply with, or any change in the application or interpretation of, tax rules applied in respect of such transactions, may increase ASG's tax liabilities or expose it to legal, regulatory or other actions.

An interpretation of the taxation laws by ASG which is contrary to that of a revenue authority in Australia may give rise to additional tax payable. In order to minimise this risk, ASG obtains external expert advice on the application of the tax laws to its operations (as applicable).

5.2.5 Australian Accounting Standards may change

Australian Accounting Standards are set by the Australian Accounting Standards Board (**AASB**) and are outside the control of ASG and the Directors. The AASB is due to introduce new or refined AAS during the period from 2016 to 2018, which may affect future measurement and recognition of key income statement and balance sheet items, including revenue and receivables.

There is also a risk that interpretations of existing Australian Accounting Standards, including those relating to the measurement and recognition of key income statement and balance sheet items may differ. Changes to Australian Accounting Standards issued by the AASB or changes to the commonly held views on the application of those standards could adversely affect the financial performance and position reported in ASG's consolidated financial statements.

5.2.6 Shareholder may suffer dilution

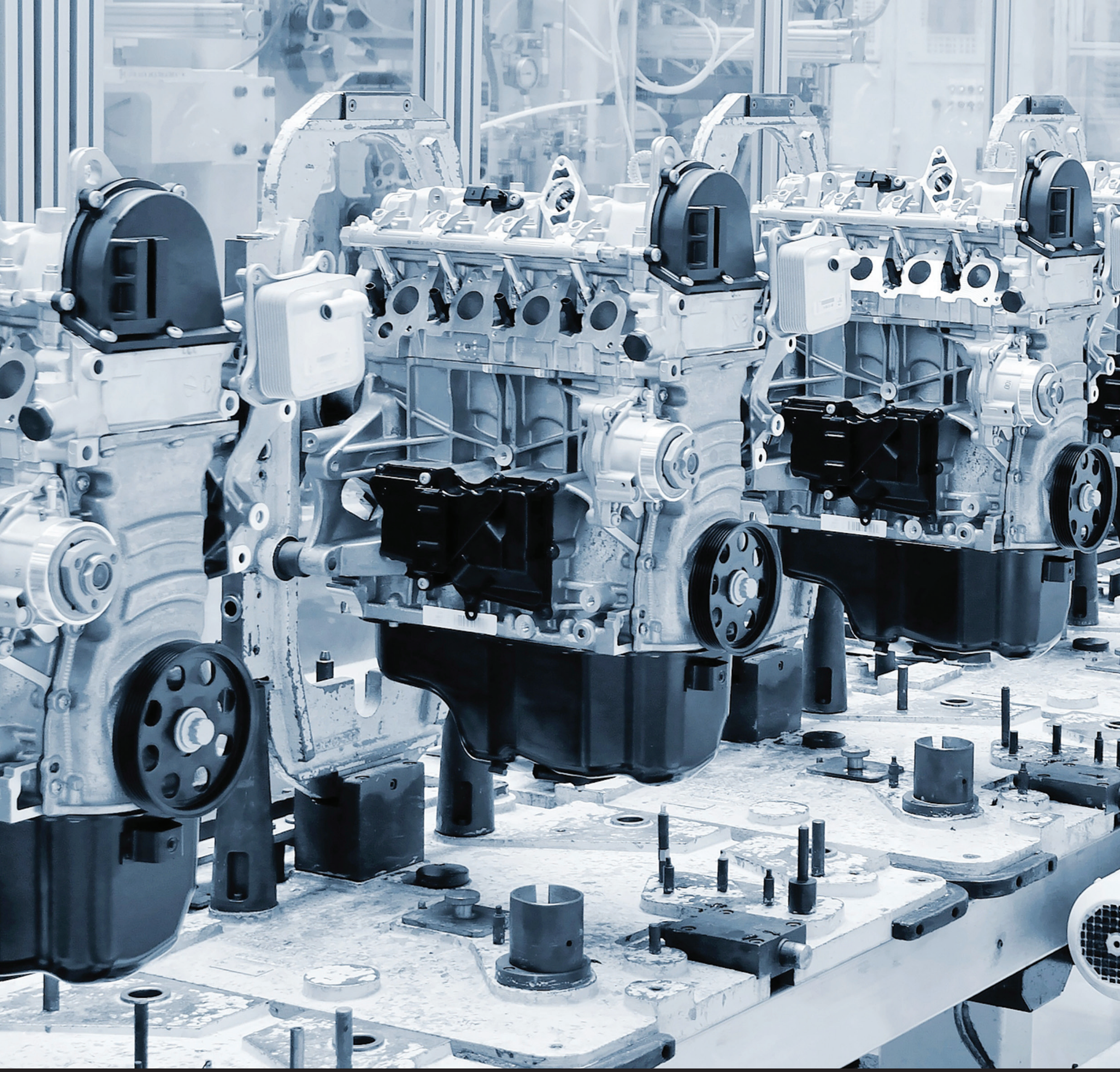
In the future, the Company may elect to issue Shares or engage in fundraisings and also to fund, or raise proceeds, for acquisitions that the Company may decide to make. The successful implementation of acquisitions will depend on a range of factors including funding arrangements, cultural compatibility, and operational integration. To the extent any acquisitions are not successfully integrated with ASG's existing business, the business, operating or financial performance of ASG could be adversely affected.

Shareholder interests may be diluted and Shareholders may experience a loss in value of their equity if the Company issues Shares as consideration for acquisitions, if the Company funds acquisitions through raising equity capital by placing Shares with new investors or if the Company engages in fundraisings for any other reason, including the repayment of debt. While the Company will be subject to the constraints of the ASX Listing Rules regarding the percentage of its capital that it is able to issue within a 12 month period (other than where exceptions apply), Shareholders may be diluted as a result of such issues of Shares and fundraisings.

5.2.7 Inability to pay dividends or make other distributions or to frank dividends

The payment of dividends by the Company is determined by the Board from time to time at its discretion, depending on the profitability and cash flow of the Company's business and its financial position at the time. Circumstances may arise where the Company is required to reduce or cease paying dividends for a period of time.

To the extent that the Company pays dividends, the Company may not have sufficient franking credits in the future to frank dividends, or the franking system may be subject to review or reform. The value and availability of franking credits to a Shareholder will differ depending on the Shareholder's particular tax circumstances. Shareholders should also be aware that the ability to use franking credits, either as a tax offset or to claim a refund after the end of the income year, will depend on the individual tax position of each Shareholder.



SECTION 6

Key People, Interests and Benefits

6. Key People, Interests and Benefits

6.1 Board of Directors

Profiles of each member of the Board are set out below:

Director, Position	Experience
Tom Pockett  Independent Chairman	Tom has over 30 years' experience in accounting and finance, with a focus on the consumer, real estate and financial services sectors. Tom is currently a non-executive director of Insurance Australia Group, Stockland and Sunnyfield Independence Association. Tom is also the chairman elect of Stockland. Tom previously spent over 11 years as CFO and seven years as Finance Director with Woolworths. Tom has also held senior roles at Commonwealth Bank, Lend Lease and Deloitte. Tom is a Fellow of Chartered Accountants Australia and New Zealand and holds a Bachelor of Commerce from The University of New South Wales.
Nick Pagent  Managing Director and Chief Executive Officer	Nick has over 20 years' experience in the Motor Vehicle industry across Australia and the United Kingdom. Nick has been CEO of ASG since its formation. Prior to founding ASG, Nick worked in the United Kingdom in senior roles with Mercedes-Benz London (Director Sales) and Head of Business (Executive Audi, Hertfordshire). Nick also spent five years with the Trivett Classic Group as GM of Honda, Audi, MG Rover and Alfa Romeo.
Ian Pagent  Executive Director	Ian has over 47 years' experience in the Motor Vehicle industry across Australia, Asia and the United States. Ian has been an Executive Director of ASG since its formation. Between 1988 and 2002, Ian was co-owner and director of Trivett Classic Group. During this period, he was Dealer Principal for BMW, Audi, Volvo, Jaguar, Land Rover, Aston Martin, Porsche, Lamborghini, Lotus, Mazda, Honda, Peugeot, Toyota and MG Rover.
Malcolm Tilbrook  Independent Non-Executive Director	Malcolm has over 30 years' experience as a senior banking executive with diverse experience in Australian, New Zealand and international markets. Malcolm recently retired as managing director of the Esanda motor vehicle finance business at ANZ after seven years (following its acquisition by Macquarie Group). Prior to this, Malcolm held various senior roles within ANZ and Esanda. Malcolm holds an MBA, Graduate Diploma of Management and Graduate Certificate of Corporate Management from Deakin University.

Director, Position	Experience
Marina Go  Independent Non-Executive Director	Marina has over 25 years' experience in the media industry, with a focus on global brands for the female consumer and luxury sectors across print, digital and events. Marina is Chair of the Wests Tigers NRL Club and on the advisory boards of the Walkley Foundation and The Australian Republican Movement. She is a former non-executive director of Netball Australia, Odyssey House and The Apparel Group. Marina was head of the Hearst business in Australia for Bauer Media and previously CEO of Private Media. Marina has also held senior roles at Fairfax and Pacific Publications. Marina has an MBA from The AGSM and a BA (Mass Communications) from Macquarie University. She is a mentor with the Women In Media and NRL Women programs and a UNSW Alumni Leader and Ambassador.
Robert Quant  Independent Non-Executive Director	Robert has over 30 years' experience in the accounting industry, primarily advising private and public companies in the areas of professional services, property and automotive retail. Robert is a member of the Global Leadership Team of Grant Thornton International having previously been the CEO of Grant Thornton Australia between 2008 and 2015 where he led the firm from being a federation of individually owned practices to being a national firm of scale. Robert is a Fellow of Chartered Accountants Australia and New Zealand and holds a Bachelor of Accounting from the University of Technology, Sydney.

The composition of the Board Committees is set out in Section 6.4.3 and a summary of the Board's key corporate governance policies is set out in Section 6.5.

Each Director has confirmed to ASG that he or she anticipates being available to perform their duties as a non-executive or executive Director, as the case may be, without constraint from other commitments.

6.2 Management

Profiles of the key members of ASG's management team are set out below. Further information on the terms of employment of key management personnel are set out in Section 6.3.3. This includes their compensation arrangements, entitlements and notice and termination provisions.

Executive, Position	Experience
Nick Pagent  Managing Director and Chief Executive Officer	See Section 6.1
Ian Pagent  Executive Director	See Section 6.1
Aaron Murray  Chief Financial Officer	Aaron has over 20 years' experience in accounting and the motor vehicle industry. Aaron has held the role of ASG CFO since 2009, after joining the business in 2007. Prior to joining ASG, Aaron held accounting and finance roles with Trivett Classic, McMillan Volkswagen and Audi Centre Parramatta.

6.3 Interests and benefits

This Section 6.3 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 the Company;
- 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 ASG; or
- underwriter to the Offer or financial services licensee named in this Prospectus as a financial services licensee involved in the Offer,

holds as 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 ASG;
- property acquired or proposed to be acquired by ASG in connection with its formation or promotion; or
- 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 person for services in connection with the formation or promotion of ASG or the Offer or to any Director or proposed Director to induce them to become, or qualify as, a Director.

6.3.1 Interests of advisers

ASG has engaged the following professional advisers in relation to the Offer:

- Macquarie Capital (Australia) Limited has acted as Joint Lead Manager to the Offer. ASG has agreed to pay Macquarie Capital (Australia) Limited the fees described in Section 9.5 for these services;
- UBS AG, Australia Branch has acted as Joint Lead Manager to the Offer. ASG has agreed to pay UBS AG, Australia Branch the fees described in Section 9.5 for these services;
- Luminis Partners Pty Limited has acted as financial adviser to ASG in relation to the Offer. ASG has paid, or agreed to pay, fees of approximately $2.2 million (excluding disbursements and GST) in connection with general advisory work, including in relation to the Offer (being equal to 0.45% of ASG's market capitalisation based on the Offer Price);
- Crestone Wealth Management Limited, JBWere Limited and Macquarie Equities Limited are acting as Co-Managers to the Offer and will receive from the Joint Lead Managers a fee of 1.5% of the amount allocated to them under the Broker Firm Offer;
- Herbert Smith Freehills has acted as Australian legal advisor to ASG in relation to the Offer. ASG has paid, or agreed to pay, approximately $1.2 million (excluding GST) for these services up until the Prospectus Date. Further amounts may be paid to Herbert Smith Freehills for other work in accordance with its normal time-based charges;
- Deloitte Corporate Finance Pty Limited has acted as the Investigating Accountant, and performed work in relation to the Financial Information included in Section 4 and its Investigating Accountant's Report included in Section 8. ASG has paid, or agreed to pay, approximately $1.7 million (excluding disbursements and GST) for these services up until the Prospectus Date. Further amounts may be paid to Deloitte Corporate Finance Pty Limited for other work in accordance with its normal time-based charges; and
- Deloitte Tax Services Pty Ltd has acted as tax advisor to ASG in relation to the Offer. ASG has paid, or agreed to pay, fees of approximately $0.7 million (excluding disbursements and GST) for these services up until the Prospectus Date. Further amounts may be paid to Deloitte Tax Services Pty Ltd in accordance with its normal time-based charges.

These amounts, and other expenses of the Offer, will be paid by ASG out of funds raised under the Offer or available cash. Further information on the use of proceeds and payment of expenses of the Offer is set out in Section 7.1.2.

6.3.2 Directors' interests and remuneration

6.3.2.1 Managing Director and Chief Executive Officer

ASG has entered into an employment agreement with Nick Pagent to govern his employment with ASG. Mr Nick Pagent is employed in the position of Chief Executive Officer of ASG. Refer to Section 6.3.3.1 for further details.

6.3.2.2 Executive Director

ASG has entered into an employment agreement with Ian Pagent to govern his employment with ASG. Mr Ian Pagent is employed in the position of Executive Director of ASG. Refer to Section 6.3.3.2 for further details.

6.3.2.3 Non-Executive Director remuneration

Under the Constitution, the Board may decide the total amount paid by ASG to each Director as remuneration for their services as a Director. However, under the Constitution and the ASX Listing Rules, the total amount of fees paid to all Non-Executive Directors in any financial year must not exceed the aggregate amount of Non-Executive Directors fees approved by Shareholders at the Company's general meeting. This amount has been fixed by ASG at $800,000 per annum.

As at the Prospectus Date, the annual Non-Executive Directors' fee agreed to be paid by ASG to:

- the Chairman is $200,000; and
- each of the other Non-Executive Directors is $100,000.

Non-executive Directors will also be paid Committee fees of $20,000 per year for each Board Committee of which they are a Chair. Directors will not receive additional fees for being a member of a Board Committee. All Non-Executive Directors' fees are inclusive of statutory superannuation contributions.

On Completion, Non-Executive Directors will also receive a one-off grant of Shares under the Offer equivalent in value to 50% of their annual base fees (rounded down to the nearest whole Share) for nil consideration. See Section 6.3.2.6 for further details.

6.3.2.4 Deeds of indemnity, insurance and access

The Company has entered into deeds of indemnity, insurance and access with each Director. Each deed contains a right of access to certain books and records of the Company and its related bodies corporate for a period of seven years after the Director ceases to hold office. This seven year period is extended where certain proceedings or investigations commence during the seven year period but are not resolved until later.

Pursuant to the Constitution, the Company must indemnify Directors, alternate directors and executive officers on a full indemnity basis and to the full extent permitted by law against all losses, liabilities, costs, charges and expenses incurred by those individuals as officers of the Company or a related body corporate. Under the deeds of indemnity, insurance and access, the Company indemnifies each Director on a full indemnity basis and 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 the Company or of a related body corporate.

Pursuant to the Constitution, the Company may purchase and maintain insurance for each Director, alternate director and executive officer of the Company to the full extent permitted by law against any liability incurred by those individuals in their capacity as officers of the Company or a related body corporate. Under the deeds of indemnity, insurance and access, the Company must maintain such insurance for each Director until a period of seven years after a Director ceases to hold office. This seven year period is extended where certain proceedings or investigations commence during the seven year period but are not resolved until later.

6.3.2.5 Other information

Directors are entitled to be paid for travel and other expenses incurred in attending to the Company's affairs, including attending and returning from general meetings of the Company or meetings of the Board or Committees of the Board. Any Director who performs extra services, makes any special exertions for the benefit of the Company or who otherwise performs services which, in the opinion of the Board, are outside the scope of the ordinary duties of a Non-Executive Director, may be remunerated for the services (as determined by the Board) out of the funds of the Company . These amounts are in addition to the fees set out in Section 6.3.2.3.

ASG does not pay benefits (other than statutory entitlements) on retirement to Non-Executive Directors.

6.3.2.6 Directors' shareholdings

Other than Shares applied for under the Offer, no Directors other than Ian Pagent and Nick Pagent, will hold Shares on Completion. Ian Pagent will hold 64.2 million Shares on Completion and Nick Pagent will hold 38.3 million Shares on Completion. The Shares held by Ian Pagent and Nick Pagent on Completion will be subject to voluntary escrow arrangements (see Section 7.10).

As noted in Section 6.3.2.3, Non-Executive Directors will also receive a one-off grant of Shares under the Offer equivalent in value to 50% of their annual base fees (rounded down to the nearest whole Share) on Completion for no consideration. This Share grant will not be subject to any vesting conditions and is designed to align the interests of Non-Executive Directors with Shareholders. Tom Pockett will receive 41,667 Shares and Malcolm Tilbrook, Marina Go and Robert Quant will each receive 20,833 Shares. Shares will not be subject to restrictions on dealing, other than those specified in ASG's Securities Dealing Policy.

Final Directors' shareholdings will be notified to ASX following Listing.

Directors may hold their interests directly, or through entities associated with the Director (e.g. through companies or trusts).

6.3.3 Executive remuneration

6.3.3.1 Nick Pagent, Managing Director and Chief Executive Officer

Term	Description
Employer	Autosports Group Limited
Total employment cost (TEC)	Nick is entitled to receive a base salary of $600,000 per annum. In addition to this base salary, Nick is entitled to receive other benefits valued at $79,950.
Short term incentive (STI)	Nick is eligible to participate in ASG's new STI arrangements from Listing on the following basis: – the amount of the STI award that Nick becomes entitled to each year (if any) will be determined by the Board based on the achievement of set performance targets; – performance will be measured against a 12 month financial year (except for the initial grant which will be measured from Listing to 30 June 2017); – for FY2017, Nick will be eligible to receive an STI award of up to 33% of his base salary at target performance, and a maximum STI award of up to 75% of his base salary if stretch targets are met. Performance conditions will include a financial target of achieving pro forma FY2017 NPAT contained in this Prospectus and individual targets relating to the strategic objectives of the Company. In addition, the STI will be subject to a gateway hurdle, meaning that if ASG does not achieve the pro forma FY2017 NPAT contained in this Prospectus, no STI award will be payable; and – if Nick becomes entitled to receive an STI award, 100% will be delivered in Rights. The maximum face value of the Rights that will be granted to Nick as part of his STI is $450,000. The Rights will vest following a 12 month deferral period subject to continuous service. Further information on the deferred STI arrangements is contained in Section 6.3.3.5.
Long term incentive (LTI)	Nick is eligible to participate in ASG's new LTI arrangements from Listing. Further information on the LTI arrangements is contained in Section 6.3.3.6.
Other benefits	The TEC will be inclusive of the following benefits: – motor vehicle; – motor vehicle insurance; – fringe benefit tax on motor vehicle; – fuel allowance; and – super contribution.
Termination	12 months' notice of termination by either party. All payments on termination will be subject to the termination benefits cap under the Corporations Act. Shareholder approval was obtained prior to Listing for the provision of benefits on cessation of employment to Nick as summarised in this Section 6.3.
Restraints	12 month non-compete and non-solicit restraints. – Area: Australia as a maximum – Period: 12 months as a maximum

6.3.3.2 Ian Pagent, Executive Director

Term	Description
Employer	Autosports Group Limited
TEC	Ian is entitled to receive a base salary of $400,000 per annum. In addition to this base salary, Ian is entitled to receive other benefits valued at $80,980.
STI	Ian is eligible to participate in ASG's new STI arrangements from Listing on the following basis: – the amount of the STI award that Ian becomes entitled to each year (if any) will be determined by the Board based on the achievement of set performance targets; – performance will be measured against a 12 month financial year (except for the initial grant which will be measured from Listing to 30 June 2017); – for FY2017, Ian will eligible to receive an STI award of up to 20% of his base salary at target performance, and a maximum STI award of up to 45% of his base salary if stretch targets are met. Performance conditions will include a financial target of achieving the pro forma FY2017 NPAT contained in this Prospectus and individual targets relating to the strategic objectives of the Company. In addition, the STI will be subject to a gateway hurdle, meaning that if ASG does not achieve the pro forma FY2017 NPAT contained in this Prospectus, no STI award will be payable; and – if Ian becomes entitled to receive an STI award, 100% will be delivered in Rights. The maximum face value of the Rights that will be granted to Ian as part of his STI is $180,000. The Rights will vest following a 12 month deferral period subject to continuous service. Further information on the deferred STI arrangements is contained in Section 6.3.3.5.
LTI	Ian is eligible to participate in ASG's new LTI arrangements from Listing. Further information on the LTI arrangements is contained in Section 6.3.3.6.
Other benefits	The TEC will be inclusive of the following benefits: – motor vehicle; – motor vehicle insurance; – fringe benefit tax on motor vehicle; – fuel allowance; and – super contribution.
Termination	12 months' notice of termination by either party. All payments on termination will be subject to the termination benefits cap under the Corporations Act. Shareholder approval was obtained prior to Listing for the provision of benefits on cessation of employment to Ian as summarised in this Section 6.3.
Restraints	12 month non-compete and non-solicit restraints. – Area: Australia as a maximum – Period: 12 months as a maximum

6.3.3.3 Aaron Murray, Chief Financial Officer

Term	Description
Employer	Autosports Group Limited
TEC	Aaron is entitled to receive a base salary of $375,000 per annum. In addition to this base salary, Aaron is entitled to receive other benefits valued at $80,760.
STI	Aaron is eligible to participate in ASG's new STI arrangements from Listing on the following basis: – the amount of the STI award that Aaron becomes entitled to each year (if any) will be determined by the Board based on the achievement of set performance targets; – performance will be measured against a 12 month financial year (except for the initial grant which will be measured from Listing to 30 June 2017); – for FY2017, Aaron will eligible to receive an STI award of up to 20% of his base salary at target performance, and a maximum STI award of up to 45% of his salary if stretch targets are met. Performance conditions will include a financial target of achieving the pro forma FY2017 NPAT contained in this Prospectus and individual targets relating to the strategic objectives of the Company. In addition, the STI will be subject to a gateway hurdle, meaning that if ASG does not achieve the pro forma FY2017 NPAT contained in this Prospectus, no STI award will be payable; and – if Aaron becomes entitled to receive an STI award, 100% will be delivered in Rights. The maximum face value of the Rights that will be granted to Aaron as part of his STI is $168,750. The Rights will vest following a 12 month deferral period subject to continuous service. Further information on the deferred STI arrangements is contained in Section 6.3.3.5.
LTI	Aaron is eligible to participate in ASG's new LTI arrangements from Listing. Further information on the LTI arrangements is contained in Section 6.3.3.6.
Other benefits	The TEC will be inclusive of the following benefits: – motor vehicle; – motor vehicle insurance; – fringe benefit tax on motor vehicle; – fuel allowance; and – super contribution.
Termination	3 months' notice of termination by either party. All payments on termination will be subject to the termination benefits cap under the Corporations Act. Shareholder approval was obtained prior to Listing for the provision of benefits on cessation of employment to Aaron as summarised in this Section 6.3.
Restraints	12 month non-solicit restraint. – Area: Australia as a maximum – Period: 12 months as a maximum

6.3.3.4 Equity incentive plan (EIP)

ASG will establish an EIP to assist in the motivation, reward and retention of senior management and other ASG employees from time to time. The EIP is designed to align the interests of senior management (including the executive Directors) and other employees with the interests of shareholders by providing an opportunity for employees to receive an equity interest in the Company. The EIP will be used to deliver deferred STI and LTI awards.

The EIP rules provide flexibility for ASG to grant Rights, options and/or restricted shares subject to the terms of individual offers.

The key features of the EIP are outlined in the table below:

Term	Description
Eligibility	Offers may be made at the Board's discretion to employees of ASG (including the executive Directors) or any other person that the Board determines to be eligible to receive a grant under the EIP.
Types of securities	ASG may grant Rights, options and/or restricted shares as incentives, subject to the terms of individual offers. – Options are an entitlement to receive Shares upon satisfaction of applicable conditions and payment of an applicable exercise price. – Rights are an entitlement to receive Shares subject to the satisfaction of applicable conditions. – Restricted shares are Shares that are subject to dealing restrictions, vesting conditions or other restrictions or conditions. Unless otherwise specified in an offer document, the Board has the discretion to settle Rights or options with a cash equivalent payment.
Offers under the EIP	Under the EIP, the Board may make offers at its discretion, subject to any requirements for Shareholder approval. The Board has the discretion to set the terms and conditions on which it will offer incentives in individual offer documents. An offer must be accepted by the participant and can be made on an opt-in or opt-out basis.
Issue price	Unless the Board determines otherwise, no payment is required for a grant of a Right, option or restricted share under the EIP.
Vesting	Vesting of the incentives is subject to any vesting or performance conditions determined by the Board and specified in the offer document. Subject to the EIP rules and the terms of the specific offer document, incentives will either lapse or be forfeited if the relevant vesting and performance conditions are not satisfied. Options must be exercised by the employee and the employee is required to pay any exercise price applicable to the allocated Shares.
Cessation of employment	Under the EIP 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 EIP rules provide the Board with broad clawback powers if, for example, the participant has acted fraudulently or dishonestly or there is a material financial misstatement.
Change of control	The Board may determine that all or a specified number of a participant's incentives will vest or cease to be subject to restrictions where there is a change of control event in accordance with the EIP rules.
Reconstructions, corporate action, rights issues, bonus issues etc	The EIP rules include specific provisions dealing with rights issues, bonus issues, and corporate actions and other capital reconstructions. These provisions are intended to ensure that there is no material advantage or disadvantage to the participant in respect of their incentives as a result of such corporate actions.
Restrictions on dealing	Prior to vesting, the EIP rules provide that participants must not sell, transfer, encumber, hedge or otherwise deal with their incentives. After vesting, participants will be free to deal with their incentives, subject to ASG's Securities Dealing Policy.
Other terms	The EIP contains customary and usual terms for dealing with administration, variation, suspension and termination of the EIP.

6.3.3.5 Deferred STI arrangements

The EIP described above will be used to deliver deferred STI awards to the Company's senior management team, including the executive Directors.

If the applicable performance conditions for annual STI awards are met, 100% of the STI awards for each member of the senior management team will be delivered in the form of Rights under the Incentive Plan.

The following table summarises the proposed terms that will apply to the FY2017 STI awards:

Term	Description
Participants	Awards will be made to the executive Directors and other members of the senior management team. STI awards are not being made to Non-Executive Directors.
Grant date	The awards will be made shortly after the Group's FY2017 full year results have been released to the market.
Grant of Rights	The number of Rights to be granted to each participant will be determined by dividing any STI award that they become entitled to receive by the volume weighted average price of Shares traded on the ASX during the 10 trading days following the release of the Group's FY2017 full year results.
Issue price	The Rights will be issued for nil consideration.
Deferral period and vesting conditions	Vesting of Rights will be deferred for one year commencing on 1 July 2017 subject to a continuous service condition. Shares will be granted to the participant after the end of the deferral period. If this occurs during a blackout period under the Securities Dealing Policy, Shares will not be allocated until the blackout period has ceased.
Dividend and voting rights	Rights do not carry dividend or voting rights prior to vesting. Shares allocated on vesting carry the same dividend and voting rights as other Shares.
Cessation of employment	If a participant ceases to be employed during the 12 month deferral period, the following treatment will apply, unless the Board determines otherwise: – if they resign or are summarily terminated, all of their Rights will lapse; or – if they cease employment in any other circumstances, a pro rata portion (for the portion of the Performance Period elapsed) of unvested Rights will remain on foot and will vest in the ordinary course.

Additional employees who work in ASG Dealerships will also receive a portion of their STI award in the form of Rights. This component of their STI awards will be granted on terms equivalent to those described above.

6.3.3.6 LTI arrangements

The EIP described above will be used to deliver LTI awards.

It is intended that for FY2017 LTI awards in the form of Rights will be granted to the Company's senior management team.

The key terms of the FY2017 awards that will be granted under the EIP are summarised in the table below:

Term	Description
Participants	Awards will be made to the Executive Directors and other members of the senior management team. LTI awards are not being made to Non-Executive Directors. The value of FY2017 grants made to the senior management team as part of their LTI are set out below: – Nick Pagent will receive 187,500 Rights; – Ian Pagent will receive 75,000 Rights; – Aaron Murray will receive 70,312 Rights; – Dwyer Ogle will receive 70,312 Rights; and – Kylie Pagent will receive 28,125 Rights.
Grant date and timing of future offers	The FY2017 awards will be made shortly after Listing.
Grant of Rights	The number of Rights to be granted to each participant for their FY2017 award will be determined by dividing the award amount by the Offer Price.

Term	Description
Issue price	The Rights will be issued for nil consideration.
Performance conditions, performance period and vesting	The performance period for LTI awards will generally be three years. As Listing will occur after the commencement of FY2017, the performance conditions for the FY2017 award will be measured over a period from Listing to 30 June 2019. Rights will be tested against the compound annual growth rate of ASG's underlying EPS. The Board currently expects that costs associated with the Offer will be removed from EPS calculations to arrive at an appropriate underlying EPS figure. The percentage of Rights that vest, if any, will be determined by reference to the following vesting schedule, subject to any adjustments for abnormal or unusual profit items that the Board, in its absolute discretion, considers appropriate: **CAGR of the Company's underlying EPS over the performance period** — **Percentage of Rights that vest** Less than 7% — Nil 7% (threshold performance) — 50% Between 7% and 15% — Straight-line pro rata vesting between 50% and 100% 15% or above (stretch performance) — 100% The Board will arrange for the performance condition to be tested following the release of ASG's full year results. Any Rights that remain unvested at the end of the performance period will lapse immediately. A continuous service condition also applies to the Rights, subject to the cessation of employment provisions described below.
Dividend and voting rights	The Rights do not carry dividend or voting rights prior to vesting. Shares allocated on vesting carry the same dividend and voting rights as other Shares.
Cessation of employment	If a participant ceases to be employed before their Rights vest, the following treatment will apply, unless the Board determines otherwise: – if they resign or are summarily terminated, all their Rights will lapse; or – if they cease employment in any other circumstances, a pro rata portion (for the portion of the performance period elapsed) of their Rights will remain on foot and will be tested after the end of the performance period against the performance condition.
Rights issues and bonus issues	Participants are not entitled to participate in new issues of securities by ASG prior to the vesting of their Rights. In the event of a bonus issue, Rights will be adjusted in the manner allowed or required by the ASX Listing Rules.

6.3.4 Existing Owners

The Existing Owners are the current owners of the Pre-IPO Autosports Group. The interests of the Existing Owners on Completion (excluding any Shares applied for under the Offer) will be as follows:

- Ian Pagent, together with his nominated holding vehicles, will hold approximately 64.2 million Shares which equates to approximately 31.9% of total issued Share capital;
- Nick Pagent, together with his nominated holding vehicles, will hold approximately 38.3 million Shares which equates to approximately 19.1% of total issued Share capital; and
- Other management shareholders will hold approximately 22.4 million Shares which equates to approximately 11.1% of total issued Share capital.

Details of the Shares that will be subject to escrow arrangements are set out in Section 9.13.4.

6.4 Corporate governance

This Section 6.4 explains how the Board will oversee the management of ASG. The Board is responsible for the overall corporate governance of the Company. In conducting ASG's business, the Board's role is to:

- represent and serve the interests of Shareholders by overseeing and appraising ASG's strategies, policies and performance;
- protect and optimise the performance of ASG and build sustainable value for Shareholders in accordance with any duties and obligations imposed on the Board by law and the Constitution;
- set and monitor compliance with ASG's governance framework; and
- ensure Shareholders and other stakeholders are kept informed of ASG's performance and major developments.

Accordingly, the Board has created a framework for managing ASG, including adopting relevant internal controls, risk management processes and corporate governance policies and practices which it believes are appropriate for ASG's business and which are designed to promote the responsible management and conduct of ASG.

Details of ASG's corporate governance policies, which take effect from Listing, are set out in Section 6.5. Copies of ASG's key policies and practices and the charters for the Board and each of its Committees will be available at http://investors.autosportsgroup.com.au.

6.4.1 ASX Corporate Governance Council's Corporate Governance Principles and Recommendations

The Company is seeking a listing on ASX. The ASX Corporate Governance Council has developed Corporate Governance Principles and Recommendations (3rd edition) (ASX Principles), which set out recommended corporate governance practices for entities listed on the ASX in order to promote investor confidence and to assist companies meet stakeholder expectations.

The ASX Principles are not prescriptive, but guidelines against which entities have to report on an "if not, why not" basis. Under the ASX Listing Rules, the Company must prepare a corporate governance statement that discloses the extent to which the Company has followed the ASX Principles during each reporting period. Where the Company does not follow a recommendation in the ASX Principles for any part of the reporting period, it must identify that recommendation and the period during which it was not followed and give reasons for not following it. The Company must also explain what (if any) alternative governance practices it adopted in lieu of the recommendation during that period.

The Company intends to follow all of the recommendations contained in the ASX Principles from the date of its admission to the Official List of the ASX.

6.4.2 Board of Directors

6.4.2.1 Board appointment and composition

The Board is currently made up of six Directors, comprising:

- an Independent Non-Executive Chairman;
- a Managing Director and Chief Executive Officer;
- one Executive Director; and
- three Independent Non-Executive Directors.

Detailed biographies of the Board members are provided in Section 6.1.

6.4.2.2 Responsibilities and delegation

The Board Charter provides an overview of the Board's structure, composition and responsibilities, and the relationship and interaction between the Board, Board Committees and management.

Under the Board Charter, the Board's responsibilities include:

- selecting, appointing and evaluating the performance of, determining the remuneration of, and planning succession of, the CEO;
- approving the appointment, and approving remuneration of, key management personnel, including Non-Executive Directors;
- approving the delegation of authority framework;
- contributing to and approving management development of corporate strategy;
- reviewing, ratifying and monitoring systems of risk management and reviewing ASG's risk management framework;
- monitoring corporate performance and implementation of strategy and policy;
- approving ASG's remuneration policies;
- developing and reviewing ASG's values and corporate governance policies and monitoring corporate culture;
- approving major capital expenditure, acquisitions and divestitures, and overseeing capital management; and
- ensuring Shareholders are kept informed of ASG's performance and major developments.

The Board collectively, and each Director individually, has the right to seek independent professional advice, subject to the approval of the Chairman.

While the Board retains ultimate responsibility for the strategy and performance of ASG, the day-to-day operation of ASG is conducted by, or under the supervision of, the CEO as directed by the Board. The Board approves corporate objectives for the CEO to work towards and the management team is then responsible for implementing strategic objectives, plans and budgets approved by the Board.

6.4.2.3 Independence

The Board Charter sets out guidelines for the purpose of determining the independence of Directors in accordance with the ASX Principles, and has adopted a definition of independence that is based on that set out in the ASX Principles. In general, Directors will be considered to be independent if they meet those guidelines.

The Board will regularly review the independence of each Non-Executive Director in light of information relevant to this assessment as disclosed by each Director to the Board.

The Board considers that each of Tom Pockett, Malcolm Tilbrook, Marina Go and Robert Quant are free from any interest, position, association or relationship that might influence, or might reasonably be perceived to influence, in a material respect each Director's ability to bring independent judgement to bear on issues before the Board and to act in the best interests of the Company and its Shareholders generally.

Nick Pagent and Ian Pagent are not considered to be independent on the basis of their shareholding in the Company and the fact that they are employed by the Company in an executive capacity.

6.4.3 Board Committees

The Board has also delegated some of its functions to Board Committees to streamline the discharge of its responsibilities. The permanent standing committees of the Board are the Audit and Risk Committee and the People and Remuneration Committee. Other Committees may be established by the Board as and when required.

Each of the Audit and Risk Committee and the People and Remuneration Committee has a formal charter setting out the matters relevant to the composition, responsibilities and administration of the Committee.

6.4.3.1 Audit and Risk Committee

The key responsibilities of the Audit and Risk Committee include overseeing ASG's:

- financial reporting process;
- relationship with the external auditor and the external audit function generally;
- financial controls and systems;
- processes for monitoring compliance with laws and regulations; and
- processes for identifying and managing risk.

Under its charter, the Audit and Risk Committee must consist of only Non-Executive Directors, a majority of independent Directors, an independent Chair (who is not Chairman of the Board) and a minimum of three members of the Board. The Audit and Risk Committee will comprise:

- Robert Quant (Chair);
- Marina Go;
- Tom Pockett; and
- Malcolm Tilbrook.

Non-Committee members, including members of management and the external auditor, may attend all or part of a meeting of the Committee at the invitation of the Committee Chair.

6.4.3.2 People and Remuneration Committee

The role of the People and Remuneration Committee in relation to remuneration include:

- recommending to the Board arrangements for the CEO and other executive members of key management personnel, including annual remuneration and participation in ASG's short and long term incentives;
- recommending to the Board whether offers should be made under ASG's EIP in respect of a financial year and the terms of any offers;
- recommending to the Board the remuneration arrangements for the Chairman and the Non-Executive Directors;
- approving the appointment of remuneration consultants for the purposes of the Corporations Act;
- overseeing management's preparation of the remuneration report and recommending it to the Board; and
- reviewing and facilitating Shareholder and other stakeholder engagement in relation to ASG's remuneration policies and practices.

The Committee's roles in relation to nomination include:

- assisting the Board to develop a Board skills matrix;
- reviewing and recommending to the Board the size and composition of the Board including reviewing Board succession plans;
- overseeing succession planning for the members of executive key management personnel;
- reviewing and recommending to the Board the criteria for nomination as a Director and the membership of the Board more generally;
- assisting the Board with performance evaluations of the Board, its Committees and individual Directors; and
- ensuring that processes are in place to support Director induction and ongoing education.

The Committee's roles in relation to people and culture include:

- reviewing and making recommendations to the Board in relation to the development and implementation of people and culture strategies;
- reviewing the Company's Code of Conduct and ensuring arrangements are in place for its dissemination to all employees;
- developing and recommending to the Board measurable objectives for achieving gender diversity, and annually assessing the measurable objectives and ASG's progress towards achieving them; and
- on an annual basis, reviewing the relative proportion of women and men on the Board, in senior executive positions and in the workforce at all levels of ASG.

Under its charter, the People and Remuneration Committee must consist of only Non-Executive Directors, a minimum of three members, a majority of independent Directors and an independent Director as Chair. The People and Remuneration Committee will comprise:

- Malcolm Tilbrook (Chair);
- Marina Go;
- Tom Pockett; and
- Robert Quant.

Non-Committee members, including members of management, may attend all or part of a meeting of the Committee at the invitation of the Committee Chair.

6.5 Corporate governance policies

The Board has adopted the following corporate governance policies, each of which has been prepared having regard to the ASX Principles.

6.5.1 Disclosure Policy

Upon Listing, the Company 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, The Company will be required to immediately advise ASX of any information concerning the Company that a reasonable person would expect to have a material effect on the price or value of the Shares.

The Company has adopted a Disclosure Policy, which reinforces the Company's commitment to its continuous disclosure obligations, and describes the processes in place that enable the Company to provide Shareholders with timely disclosure in accordance with those obligations. Information will be communicated to Shareholders through the lodgement of all relevant financial and other information with ASX and copies of the Company's announcements to ASX will be available on ASG's website.

6.5.2 Communications standards

The Company aims to keep Shareholders informed of major developments affecting the state of affairs of ASG. The Company recognises that potential investors and other interested stakeholders may wish to obtain information about ASG from time to time.

To achieve this, the Company will communicate information regularly to Shareholders and other stakeholders through a range of forums and publications, including via ASG's website, at the Company's annual general meeting, through the annual report and ASX announcements.

6.5.3 Securities Dealing Policy

The Company has adopted a Securities Dealing Policy that explains the types of conduct in relation to dealings in securities that are prohibited and establishes procedures for the buying and selling of securities that protects the Company, the Directors and employees against the misuse of unpublished information, which could materially affect the price or value of the Company's securities.

The Policy provides that Directors and employees must not:

- deal in the Company's securities when they are aware of 'inside' information;
- deal in the Company's securities on a short term trading basis; and
- hedge unvested equity remuneration or vested equity subject to holding locks.

In addition, Directors and certain restricted employees must not deal in the Company's securities during any of the following blackout periods (except in exceptional circumstances with approval):

- the period from the close of trading on the ASX on 30 June each year until the day following the announcement to the ASX of the full year results;
- the period from the close of trading on the ASX on 31 December each year until the day following the announcement to the ASX of the half year results; and
- any other period that the Board specifies from time to time.

Outside these periods, Directors and certain restricted employees must receive prior approval for any proposed dealing in the Company's securities, and in all instances, buying or selling securities is not permitted at any time by any person who possesses 'inside' information.

6.5.4 Code of Conduct

ASG 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 provides a benchmark for professional behaviour throughout ASG and supports its business reputation and corporate image within the community. ASG representatives are expected to behave and conduct business in the workplace on a range of issues, including conflicts of interest, use of ASG property, privacy, public communications, employment practices and engagement in the community.

6.5.5 Diversity Policy

The Board has approved a Diversity Policy which sets out the Company's commitment to gender diversity. The Company will include in its corporate governance statement each year details of the measurable objectives set under the Diversity Policy for the year to which the corporate governance statement relates, and a summary of the Company's progress towards achieving those measurable objectives.

SECTION 7

Details of the Offer

7. Details of the Offer

7.1 The Offer

This Prospectus relates to the offer of Shares. The Company will issue 66.7 million Shares raising proceeds of up to $159.3 million at the Offer Price of $2.40 per Share. 124.9 million Shares will also be issued to Existing Owners on Completion. The Shares issued to the Existing Owners will be issued under this Prospectus at the Offer Price.

On Completion, 134.3 million Shares (representing approximately 66.8% of the issued Shares) will be subject to certain voluntary escrow arrangements described in Section 9.13.4.

The total number of Shares on issue at Completion will be 201.0 million and all Shares on issue will rank equally with each other. A summary of the rights attaching to the Shares is set out in Section 7.15.

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

7.1.1 Structure of the Offer

The Offer comprises:

- the Retail Offer, consisting of the:
  - Broker Firm Offer;
  - Employee Gift Offer;
  - Employee Offer; and
  - Priority Offer; and
- the Institutional Offer.

No general public offer of Shares will be made under the Offer.

The allocation of Shares between the Retail Offer and the Institutional Offer was determined by agreement between the Joint Lead Managers and ASG, having regard to the allocation policies outlined in Sections 7.3.4, 7.4.4, 7.6.4 and 7.9.2.

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

7.1.2 Purpose of the Offer and use of proceeds

At the Offer Price, the Offer will raise approximately $159.3 million.

The Offer is being conducted to:

- enable ASG to part fund the Acquisition;
- enable the Company to part fund the Restructure;
- provide existing investors with an opportunity to realise part of their investment;
- enhance ASG's financial flexibility to pursue its business strategies and identified growth opportunities;
- provide ASG with access to capital markets;
- provide a liquid market for Shares; and
- assist ASG in attracting and retaining quality employees.

Sources and uses of Offer proceeds

Sources	$m	Uses	$m
Cash proceeds received from the issue of new Shares by the Company	159.3	Part fund the Acquisition	54.1
		Payment to Existing Owners to part fund the Restructure	49.7
		Fund the pre-Completion dividend	25.8
		Payment of costs of the Offer	12.9
		Cash to balance sheet	**16.8**
Total sources	**159.3**	Total uses	**159.3**

7.1.3 Shareholding structure

The details of the ownership of Existing Shares in operating entities immediately prior to Completion and Shares on Completion are set out below:

	Existing Shares held in existing ASG entities[1]		Shares held on Completion and completion of the Proposed Transaction	
	m	%	m	%
Pagent Entities	119.5	82.1	102.5	51.0
Other Management Shareholders	26.1	17.9	22.4	11.1
Willims Vendors	-	-	9.4	4.7
Directors and Employees	-	-	0.4	0.2
New Shareholders	-	-	66.4	33.0
Total	**145.6**	**100.0**	**201.0**	**100.0**

Note 1: Number of Existing Shares held by Existing Owners is based on a value allocation methodology agreed amongst the Existing Owners.

At Completion, 66.8% of the Shares will be subject to voluntary escrow arrangements. See Section 9.13.4 for further information.

7.1.4 Control implications of the Offer

Following Completion and completion of the Proposed Transaction, it is expected that the Pagent Entities will hold in aggregate 51.0% of the Shares.

7.1.5 Potential effect of the fundraising on the future of ASG

The Directors believe that on Completion, the Company will have sufficient funds available from the proceeds of the Offer and its operations to fulfil the purposes of the Offer and meet its stated business objectives.

7.2 Terms and conditions of the Offer

Topic	Summary
What is the type of security being offered?	Shares (being fully paid ordinary shares in the Company).
What are the rights and liabilities attached to the securities?	A description of the Shares, including the rights and liabilities attaching to them, is set out in Section 7.15
What is the consideration payable for each security being offered?	The Offer Price is $2.40 per Share.
What is the Offer Period?	The Key dates, including details of the Offer Period are set out on page 6. No Shares will be issued on the basis of this Prospectus later than the Expiry Date of 13 Months after the Prospectus Date. The Key dates are indicative only and may change. Unless otherwise indicated, all times are stated in Sydney time. The Company, in consultation with the Joint Lead Managers, reserves the right to vary any and all of the times and dates without notice (including, subject to the ASX Listing Rules and the Corporations Act, to close the Offer early, to extend the Offer Period relating to any component of the Offer, or to accept late Applications, either generally or in particular cases, or to cancel or withdraw the Offer before Settlement, in each case without notifying any recipient of this Prospectus or any Applicants). If the Offer is cancelled or withdrawn before the allocation 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.
What are the cash proceeds to be raised?	Approximately $159.3 million is expected to be raised under the Offer based on the Offer Price if the Offer proceeds.
Is the Offer underwritten?	Yes. The Offer is fully underwritten by the Joint Lead Managers. More detail on the underwriting arrangements is set out in Section 9.5.
Who are the Joint Lead Managers of the Offer?	The Joint Lead Managers are Macquarie Capital (Australia) Limited and UBS AG, Australia Branch.
What is the minimum and maximum Application size under the Offer?	The minimum Application under the Broker Firm Offer is $2,000 of Shares in aggregate. There is no maximum Application under the Broker Firm Offer. Under the Employee Gift Offer, Eligible Employees will be offered the opportunity to apply for up to $1,000 of Shares at no cost. The minimum Application size under the Employee Offer is $2,000 of Shares. The minimum Application under the Priority Offer is $2,000 of Shares. Priority Offer Applicants may apply for the value of Shares indicated in their Priority Offer invitation. The Company and the Joint Lead Managers reserve the right to reject any Application or to allocate to an Applicant a lesser number of Shares than that applied for. In addition, the Company and the Joint Lead Managers reserve the right to aggregate any Applications that they believe may be multiple Applications from the same person or reject or scale back any Applications (or aggregation of Applications) in the Broker Firm Offer which are for more than $250,000 of Shares.

Topic	Summary
What is the allocation policy?	The allocation of Shares between the Broker Firm Offer, Employee Gift Offer, Employee Offer, Priority Offer and Institutional Offer was determined by agreement between the Joint Lead Managers and the Company having regard to the allocation policies outlined in Sections 7.3.4, 7.4.4, 7.6.4 and 7.9.2. With respect to the Broker Firm Offer, it is a matter for the Brokers how they allocate Shares among their retail clients and they (and not the Company or the Joint Lead Managers) will be responsible for ensuring that eligible retail clients who have received an allocation from them receive the relevant shares. As noted above, Eligible Employees will be offered the opportunity to apply under the Employee Gift Offer for up to $1,000 of Shares each for no consideration. With respect to the Employee Offer, allocations are at the absolute discretion of ASG. The allocation of Shares among Applicants in the Priority Offer will be determined by the Company in its absolute discretion. The allocation of Shares among Applicants in the Institutional Offer was determined by the Joint Lead Manager and the Company.
When will I receive confirmation that my Application has been successful?	It is expected that initial holding statements will be dispatched to Successful Applicants by standard post on or about Monday 21 November 2016. Refunds (without interest) to Applicants who make an Application and receive an allocation of Shares, the value of which is smaller than the amount of the Application Monies, will be made as soon as practicable after Completion of the Offer.
Will the Shares be quoted on ASX?	The Company will apply to ASX within seven days of the Prospectus Date, for its admission to the Official List, and quotation of Shares by, ASX (under the code "ASG"). It is anticipated that quotation will initially be on a conditional and deferred settlement basis. Completion is conditional on the issue and allotment of Shares to Successful Applicants and on completion of the Proposed Transaction. 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. The Company will be required to comply with the ASX Listing Rules, subject to any waivers obtained by the Company from time to time. ASX takes no responsibility for this Prospectus or the investment to which it relates. The fact that ASX may admit the Company to the Official List is not to be taken as an indication of the merits of the Company or the Shares offered for subscription.
When are the Shares expected to commence trading?	It is expected that trading of the Shares on ASX will commence on or about Wednesday 16 November 2016 on a conditional and deferred settlement basis. Trades occurring on ASX before Settlement will be conditional on the issue of Shares, and Settlement occurring. Conditional trading will continue until the Company has advised ASX that: (i) the Proposed Transaction has completed; and (ii) the Company has issued Shares to Successful Applicants under the Offer, which is expected to be on or about Friday 18 November 2016. From the date conditional trading ends, trading will be on an unconditional and deferred settlement basis until the Company has advised ASX that holding statements have been dispatched to Shareholders. Normal settlement basis trading is expected to commence on or about Tuesday 22 November 2016. 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 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 ASX participating organisations during the conditional trading period will be cancelled and of no effect. 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. The Company, the Share Registry and the Joint Lead Managers disclaim all liability, whether in negligence or otherwise, to persons who sell Shares before receiving a holding statement, even if such person received confirmation of allocation from the ASG IPO Offer Information Line or confirmed their firm allocation through a Broker.

Topic	Summary
Are there any escrow arrangements?	Yes. Details are provided in Section 9.13.4.
Has an ASIC relief or ASX waiver or confirmation been sought, obtained or been relied on?	Yes. Details are provided in Section 9.17.
Are there any tax considerations?	Yes. Details are provided in Section 9.18.
Is there any brokerage, commission or stamp duty considerations?	No brokerage, commission or stamp duty is payable by Applicants on acquisition of Shares under the Offer. See Section 6.3.1 for details of various fees payable by the Company to the Joint Lead Managers and by the Joint Lead Managers to the Co-Managers.
What should you do with any enquiries?	All enquiries in relation to this Prospectus should be directed to the ASG IPO Offer Information Line on 1800 425 578 (within Australia) or +61 1800 425 578 (outside Australia) from 8.30am to 5.30pm (Sydney time), Monday to Friday. All enquiries in relation to the Broker Firm Offer should be directed to your Broker. If you have any questions about whether to invest in the Company, you should seek professional advice from your accountant, financial advisor, stockbroker, lawyer or other professional advisor before deciding whether to invest.

7.3 Broker Firm Offer

7.3.1 Who can apply?

The Broker Firm Offer is open to Australian resident retail clients and New Zealand sophisticated retail clients of participating Brokers who have a registered address in Australia or New Zealand respectively and who received an invitation from a Broker to acquire Shares under this Prospectus and are not in the United States or are not a US Person. You should contact your Broker to determine whether you can receive an allocation of Shares under the Broker Firm Offer.

7.3.2 How to apply?

If you have received an invitation to apply for Shares from your Broker and wish to apply for those Shares under the Broker Firm Offer, you should contact your Broker for information about how to submit your Broker Firm Offer Application Form and for payment instructions. Applicants under the Broker Firm Offer must not send their Application Forms or payment to the Share Registry.

Applicants under the Broker Firm Offer should contact their Broker to request a Prospectus and Application Form, or download a copy at http://investors.autosportsgroup.com.au. Your Broker will act as your agent and it is your Broker's responsibility to ensure that your Application Form and Application Monies are received before 5.00pm (Sydney time) on the Closing Date or any earlier closing date as determined by your Broker.

Broker clients should complete and lodge their Broker Firm Offer Application Form with the Broker from whom they received their invitation to participate in the Broker Firm Offer. Broker Firm Offer Application Forms must be completed in accordance with the instructions given to you by your Broker and the instructions set out on the back of the Application Form.

By making an Application, you declare that you were given access to the 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 size under the Broker Firm Offer is $2,000 of Shares in aggregate. There is no maximum Application size under the Broker Firm Offer. The Company, in consultation with the Joint Lead Manager, reserves the right not to accept Applications in the Broker Firm Offer that are from persons they believe may be Institutional Investors or reject or scale back any Applications (or aggregation of Applications) in the Broker Firm Offer which are for more than $250,000 of Shares. The Company 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 Company, the Joint Lead Managers and the Share Registry take no responsibility for any acts or omissions committed by your Broker in connection with your Application.

The Broker Firm Offer opens at 9.00am (Sydney time) on Monday 7 November 2016 and is expected to close at 5.00pm (Sydney time) on Monday 14 November 2016. The Company and the Joint Lead Managers may elect to close the Broker Firm Offer or any part of it early, extend the Broker Firm Offer or any part of it, or accept late Applications either generally or in particular cases. The Broker Firm Offer or any part of it may be closed at any earlier time and date, without further notice. Your Broker may also impose an earlier closing date. Applicants are therefore encouraged to submit their Applications as early as possible. Contact your Broker for instructions.

7.3.3 How to pay?

Applicants under the Broker Firm Offer must pay their Application Monies to their Broker in accordance with instructions provided by that Broker.

7.3.4 Broker Firm Offer allocation policy

The allocation of Shares to Brokers will be determined by the Joint Lead Managers and the Company. Shares which are allocated to Brokers for allocation to their retail clients will be issued to the Applicants nominated by those Brokers (subject to the right of the Joint Lead Managers and the Company to reject, aggregate or scale back Applications). It will be a matter for each Broker as to how they allocate Shares among their retail clients, and they (and not the Joint Lead Managers or the Company) will be responsible for ensuring that retail clients who have received an allocation from them receive the relevant Shares.

Applicants in the Broker Firm Offer will be able to call the ASG IPO Offer Information Line on 1800 425 578 (within Australia) or +61 1800 425 578 (outside Australia) from 8.30am to 5.30pm (Sydney time), Monday to Friday to confirm their allocation. 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 ASG IPO Offer Information Line or confirmed your allocation through the Broker from whom you received your allocation.

7.4 Employee Gift Offer

7.4.1 Who can apply?

All Eligible Employees are entitled to participate in the Employee Gift Offer. Eligible Employees are all permanent full-time and permanent part-time employees of ASG resident in Australia who are employed by ASG as at 5.00pm (Sydney time) on 25 October 2016 and have not given or received notice at this date that their employment will cease. Part-time Eligible Employees are eligible to receive a gift allocation of Shares on the basis of a pro-rata of their working hours against a 38 hour work week. Directors of the Company, casual employees, employees under a probation period, executives participating in the Equity Incentive Plan on or before 25 October 2016 and employees resident overseas are not eligible to participate in the Employee Gift Offer.

A separate offer letter, together with access to this Prospectus, will be provided to Eligible Employees, detailing the terms of the Employee Gift Offer. Eligible Employees should read the separate offer letter and this Prospectus carefully and in their entirety before deciding whether to apply under the Employee Gift Offer. If you are unclear in relation to any matter or are uncertain as to whether Shares are a suitable investment for you, you should seek professional guidance from your accountant, financial advisor, stockbroker, lawyer or other professional advisor before deciding whether to invest.

7.4.2 How to apply?

If you are an Eligible Employee, you should have received a letter of offer detailing the terms of the Employee Gift Offer, together with this Prospectus. To apply under the Employee Gift Offer, you must complete the Employee Gift Offer Application Form in accordance with the instructions provided to you by the Company.

When applying to participate in the Employee Gift Offer, you must do so by no later than 5.00pm (Sydney time) on Monday 14 November 2016 and it is your responsibility to ensure that this occurs.

7.4.3 How to pay?

No payment for Shares is required for the Employee Gift Offer.

7.4.4 Employee Gift Offer allocation policy

Employee Gift Offer Applicants who are successful will receive a guaranteed allocation of up to $1,000 of Shares (rounded down to the nearest whole Share based on the Offer Price).

7.5 Employee Offer

7.5.1 Who can apply?

All permanent full-time, permanent part-time and casual employees of ASG resident in Australia who are employed by ASG as at 5.00pm (Sydney time) on 25 October 2016 and have not given or received notice at this date that their employment will cease will be eligible to apply for an allocation of Shares under the Employee Offer. Employees under a probation period are eligible to apply for an allocation of Shares under the Employee Offer.

7.5.2 How to apply?

If you are eligible to participate in the Employee Offer, you should have received a letter of offer detailing the terms of the Employee Offer, together with this Prospectus.

The minimum Application size under the Employee Offer is $2,000 of Shares.

By making an Application, you declare that you were given access to the 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.

7.5.3 How to pay?

Applicants under the Employee Offer must pay their Application Monies by BPAY® in accordance with the instructions on the online Employee Offer Application Form.

When completing your BPAY® payment, please make sure to use the specific biller code and unique Customer Reference Number (CRN) provided to you or generated by the online Application Form. Application Monies paid via BPAY must be received by the Share Registry by no later than 5.00pm (Sydney time) on Monday 14 November 2016 and it is your responsibility to ensure that this occurs. You should be aware that your financial institution may implement earlier cut-off times with regard to electronic payment and you should therefore take this into consideration when making payment. Neither the Company nor the Joint Lead Managers take any responsibility for any failure to receive Application Monies or payment by BPAY® before the Employee Offer closes arising as a result of, among other things, delays in processing of payments by financial institutions.

For more details, prospective Applicants should refer to http://investors.autosportsgroup.com.au or contact the ASG IPO Offer Information Line on 1800 425 578 (within Australia) or +61 1800 425 578 (from outside Australia) from 8.30am to 5.30pm (Sydney time), Monday to Friday.

7.6 Priority Offer

7.6.1 Who can apply?

The Priority Offer is open to selected investors nominated by the Company who have received a Priority Offer invitation. If you are a Priority Offer Applicant, you will receive a personalised invitation to apply for Shares in the Priority Offer.

Your personalised invitation will indicate an amount of Shares that you may apply for.

7.6.2 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 must apply in accordance with the instructions provided in your personalised invitation to apply.

By making an Application, you declare that you were given access to the 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.

Applications under the Priority Offer must be for a minimum of $2,000 worth of Shares.

7.6.3 How to pay?

Applicants under the Priority Offer must pay their Application Monies by BPAY in accordance with the instructions on the personalised Priority Offer Application Form.

When completing your BPAY® payment, please make sure to use the specific biller code and unique Customer Reference Number (CRN) provided to you or generated by the online Application Form. Application Monies paid via BPAY® must be received by the Share Registry by no later than 5.00pm (Sydney time) on Monday 14 November 2016 and it is your responsibility to ensure that this occurs. You should be aware that your financial institution may implement earlier cut-off times with regard to electronic payment and you should therefore take this into consideration when making payment. Neither the Company nor the Joint Lead Managers take any responsibility for any failure to receive Application Monies or payment by BPAY® before the Priority Offer closes arising as a result of, among other things, delays in processing of payments by financial institutions.

For more details, prospective Applicants should refer to http://investors.autosportsgroup.com.au or contact the ASG IPO Offer Information Line on 1800 425 578 (within Australia) or +61 1800 425 578 (from outside Australia) from 8.30am to 5.30pm (Sydney time), Monday to Friday.

7.6.4 Priority Offer allocation policy

The allocation of Shares among Applicants in the Priority Offer will be determined by the Company in its absolute discretion, provided these allocations (in aggregate) do not exceed $7.0 million. There is no assurance that any Applicant will be allocated any Shares, or the number of Shares for which the Applicant applied.

7.7 Acceptance of Applications under the Retail Offer

An Application in the Retail Offer is an offer by you to the Company to apply for Shares in the dollar amount specified in 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 may not be varied and is irrevocable.

An Application may be accepted by the Company in respect of the full number of Shares specified in the Application Form (or the dollar value equivalent) without further notice to the Applicant. The Company reserves the right to decline any Application if it believes any provisions or procedures in this Prospectus, the Application Form or laws or regulations may not be complied with in relation to the Application.

The Company and the Joint Lead Managers reserve the right to reject any Application which is not correctly completed or which is submitted by a person whom they believe is ineligible to participate in the Retail Offer, or to waive or correct any errors made by an Applicant in completing their Application.

Successful Applicants in the Retail Offer will be issued Shares at the Offer Price. Acceptance of an Application will give rise to a binding contract, conditional on settlement and quotation of Shares on ASX on an unconditional basis.

7.8 Application Monies

The Company reserves the right to decline any Application in whole or in part, without giving any reason. Application Monies received under the Broker Firm Offer, Employee Offer or the Priority Offer will be held in a special purpose account until Shares are issued to Successful Applicants. Applicants under the Broker Firm Offer, Employee 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 Monies by the Offer Price. Where the Offer Price does not divide evenly into the Application Monies, the number of Shares to be allocated will be rounded down. No refunds pursuant solely to rounding will be provided.

Interest will not be paid on any monies refunded and any interest earned on Application Monies pending the allocation or refund will be retained by the Company.

You should ensure that sufficient funds are held in the relevant account(s) to cover the amount of your cheque(s), bank draft(s) or BPAY® payment. If the amount of your cheque(s), bank draft(s) or BPAY® payment 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 the Application Form, you may be taken to have applied for such lower dollar amount of Shares or your Application may be rejected.

7.9 Institutional Offer

7.9.1 Invitations to bid

Under the Institutional Offer, Institutional Investors in Australia and certain other eligible jurisdictions outside the United States were invited to bid for an allocation of Shares under this Prospectus. The Joint Lead Managers separately advised the Institutional Investors of the Application procedures for the Institutional Offer.

7.9.2 Allocation policy under the Institutional Offer

The allocation of Shares among Applicants in the Institutional Offer was determined by agreement between the Joint Lead Managers and the Company. The Joint Lead Managers and the Company had absolute discretion regarding the basis of allocation of Shares among Institutional Investors.

Participants in the Institutional Offer have been advised of their allocation of Shares, if any, by the Joint Lead Managers. The allocation policy was influenced, but not constrained, by the following factors:

- number of Shares bid for by particular Applicants;
- the timeliness of the bid by particular Applicants;
- the Company's desire for an informed and active trading market following Completion;
- the Company's desire to establish a wide spread of institutional Shareholders;
- overall anticipated level of demand under the Broker Firm Offer, Priority Offer and Institutional Offer;
- the size and type of funds under management of particular Applicants;
- the likelihood that particular Applicants will be long term Shareholders; and
- any other factors that the Company and the Joint Lead Managers considered appropriate.

7.10 Acknowledgements

Each Applicant under the Offer will be deemed to have:

- agreed to become a member of the Company and to be bound by the terms of the Constitution and the terms and conditions of the Offer;
- acknowledged having personally received a printed or electronic copy of the Prospectus (and any supplementary or replacement prospectus) including or accompanied by the Application Form and having read them all in full;
- declared that all details and statements in their Application Form are complete and accurate;
- declared that the Applicant(s), if a natural person, is/are over 18 years of age;
- acknowledged that, once the Company or a Broker receives an Application Form, it may not be withdrawn;

- applied for the number of Shares at the Australian dollar amount shown on the front of the Application Form;
- agreed to being allocated and issued the number of Shares applied for (or a lower number allocated in a way described in this Prospectus), or no Shares at all;
- authorised the Company, the Joint Lead Managers, the Co-Managers and their respective officers or agents, to do anything on behalf of the Applicant(s) necessary for Shares to be allocated to the Applicant(s), including to act on instructions received by the Share Registry upon using the contact details in the Application Form;
- acknowledged that, in some circumstances, the Company may not pay dividends, or that any dividends paid may not be franked;
- acknowledged that the information contained in this Prospectus (or any supplementary or replacement prospectus) is not financial product advice or a recommendation that Shares are suitable for the Applicant(s), given the investment objectives, financial situation and particular needs (including financial and taxation issues) of the Applicant(s);
- declared that the Applicant(s) is/are a resident of Australia (except as applicable to the Institutional Offer and Broker Firm Offer);
- acknowledged and agreed that the Offer may be withdrawn by the Company or may otherwise not proceed in the circumstances described in this Prospectus; and
- acknowledged and agreed that if Listing does not occur for any reason, the Offer will not proceed.

Each Applicant in the Broker Firm Offer and Priority Offer, and each person to whom the Institutional Offer has been made under this Prospectus, 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 laws of any state of the United States and may not be offered, sold or resold, pledged, transferred in the United States, except in accordance with US Securities Act regulation requirements or in a transaction exempt from, or not subject to, registration under the US Securities Act and any other applicable state securities laws;
- it is not in the United States or a US Person;
- it has not sent and will not send the Prospectus or any other material relating to the Offer to any person in the United States;
- it is purchasing the Shares in an offshore transaction meeting the requirements of Regulation S; and
- it will not offer or sell the Shares in the United States or in any other jurisdiction outside Australia except in transactions exempt from, or not subject to, registration requirements of the US Securities Act and in compliance with all applicable laws in the jurisdiction in which Shares are offered and sold.

7.11 Underwriting arrangements

The Offer is fully underwritten. The Joint Lead Managers and the Company have entered into an Underwriting Agreement under which the Joint Lead Managers have been appointed as managers and underwriters of the Offer. The Joint Lead Managers agree, subject to certain conditions and termination events, to underwrite applications for all Shares under the Offer. The Underwriting Agreement is subject to a number of conditions precedent and sets out a number of circumstances under which the Joint Lead Managers may terminate the Underwriting Agreement and their underwriting obligations.

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

7.12 ASX listing, registries and holding statements, and conditional and deferred settlement trading

7.12.1 Application to ASX for listing of Autosports Group and quotation of Shares

The Company will apply to ASX within seven days of the Prospectus Date, for its admission to the Official List and quotation of Shares (under the code "ASG").

ASX takes no responsibility for this Prospectus or the investment to which it relates. The fact that the ASX may admit Autosports Group to the Official List is not to be taken as an indication of the merits of the Company or the Shares offered for subscription.

If permission is not granted for the official quotation of the Shares on the ASX within three months after the Prospectus Date (or any later date permitted by law), all Application Monies received by the Company will be refunded (without interest) as soon as practicable in accordance with the requirements of the Corporations Act.

The Company will be required to comply with the ASX Listing Rules, subject to any waivers obtained by the Company from time to time.

7.12.2 CHESS and issuer sponsored holdings

The Company has applied to participate in the ASX's Clearing House Electronic Subregister System (**CHESS**) and will comply with the ASX Listing Rules and the ASX Settlement Operating Rules. CHESS is an electronic transfer and settlement system for transactions in securities quoted on the ASX under which transfers are effected 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 CHESS subregister or an issuer sponsored subregister. 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, 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 Shareholder Reference Number (SRN) of issuer sponsored holders.

Shareholders will subsequently receive statements showing any changes to their shareholding. Share 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. The Company and the Share Registry may charge a fee for these additional issuer sponsored statements.

7.12.3 Conditional and deferred settlement trading and selling Shares on market

It is expected that trading of the Shares on the ASX on a conditional and deferred settlement basis will commence on or about Wednesday 16 November 2016.

The contracts formed on acceptance of Applications will be conditional on Settlement and the issue of Shares occurring. Trades occurring on ASX before Settlement and the issue and allotment of Shares will be conditional on Settlement and the issue and transfer of Shares occurring.

Conditional and deferred settlement trading will continue until the Company has advised the ASX that the Proposed Transaction has completed and Shares have been issued to Successful Applicants under the Offer, which is expected to be on or about Friday 18 November 2016.

If completion of the Proposed Transaction has not occurred by the end of the conditional and deferred settlement trading period or the Offer is withdrawn, the Offer will not complete and all trades conducted during the conditional and deferred settlement trading period will be invalid and will not settle. All Application Monies received will be refunded to Applicants. No interest will be paid on any Application Monies refunded as a result of the Offer not completing.

Following completion of the Proposed Transaction, trading on the ASX will be on an unconditional but deferred settlement basis until the Company has advised the ASX that initial holding statements have been dispatched to Shareholders. Trading on the ASX is expected to commence on a normal settlement basis on or about Tuesday 22 November 2016.

Following the issue and allotment of Shares, Successful Applicants will receive a holding statement setting out the number of Shares issued to them under the Offer. It is expected that holding statements will be dispatched by standard post on or about Monday 21 November 2016.

It is the responsibility of each person who trades in Shares to confirm their holding before trading in Shares. If Shares are sold before receiving a holding statement, Applicants do so at their own risk. The Company, the Share Registry and the Joint Lead Managers disclaim all liability, whether in negligence or otherwise, to persons who sell Shares before receiving a holding statement, even if such person received confirmation of allocation from the ASG IPO Offer Information Line or confirmed their firm allocation through a Broker.

7.13 Restrictions 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 apply 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 Prospectus may not be released or distributed in the United States, and may only be distributed to persons outside the United States to whom the Offer may lawfully be made in accordance with the laws of any applicable jurisdiction.

In particular, 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 of the United States and may not be offered or sold, directly or indirectly, in the United States, except in transactions exempt from, or not subject to, the registration requirements of the US Securities Act and applicable US state securities laws.

Each Applicant under the Institutional Offer has been required to make certain representations, warranties and covenants set out in the confirmation of allocation letter distributed to it.

7.14 Discretion regarding the Offer

The Company may withdraw the Offer at any time before the issue and allotment of Shares to Successful Applicants under the Offer. If the Offer, or any part of it, does not proceed, all relevant Application Monies will be refunded (without interest). The Joint Lead Managers and the Company 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 Shares than those applied for.

7.15 Summary of rights and liabilities attached to Shares and other material provisions of the Constitution

7.15.1 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 the Company is admitted to the Official List.

7.15.2 Voting at a general meeting

At a general meeting of the Company, every Shareholder present in person or by proxy, attorney or representative 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).

If the votes are equal on a proposed resolution, the chairperson of the meeting has a casting vote, in addition to any deliberative vote. The chairperson may determine that any question to be submitted to a general meeting will be determined by a poll without first submitting the question to a show of hands.

7.15.3 Meetings of Shareholders

Each Shareholder is entitled to receive notice of, attend and vote at general meetings of the Company and to receive all notices, accounts and other documents required to be sent to Shareholders under the Constitution, Corporations Act and ASX Listing Rules. The Company must give Shareholders at least 28 days' written notice of a general meeting.

7.15.4 Dividends

The Board may pay interim and final dividends that, in its judgement, the financial position of ASG justifies. The Board may also pay any dividend required to be paid under the terms of issue of a share, and fix a record date for a dividend and method of payment.

For further information in respect of the Company's proposed dividend policy, see Section 4.11.

7.15.5 Transfer of Shares

Subject to the Constitution and to any restrictions attached to a Shareholder's Shares, Shares may be transferred by:

- a proper transfer executed in accordance with the ASX Settlement Operating Rules, Corporations Act and ASX Listing Rules; or
- a written transfer in any usual form or in any other form approved by the Board and permitted by the relevant laws and ASX requirements.

The Board may decline to register, or prevent registration of, a transfer of Shares or apply a holding lock to prevent a transfer in accordance with the Corporations Act or the ASX Listing Rules.

7.15.6 Issue of further shares

The Board may, subject to the Constitution, Corporations Act and ASX Listing Rules, issue, allot or grant options for, or otherwise dispose of, Shares on such terms as the Board decides.

7.15.7 Winding up

If the Company is wound up, then subject to the Constitution, the Corporations Act and any rights or restrictions attached to any shares or classes of shares, shareholders will be entitled to share in any surplus property of ASG in proportion to the number of shares held by them.

If the Company is wound up, the liquidator may, with the sanction of a special resolution of shareholders divide the property of the Company amongst the shareholders and decide how the property will be divided between the shareholders.

7.15.8 Unmarketable parcels

In accordance with the ASX Listing Rules, the Board may sell Shares that constitute less than a marketable parcel by following the procedure described in the Constitution.

7.15.9 Variation of class rights

At present, the Company's only class of shares on issue is Shares.

The procedure set out in the Constitution must be followed for any variation of rights attached to the Shares. Under the Constitution, and subject to the Corporations Act and the terms of issue of a class of shares, the rights attached to any class of shares may, be varied:

- with the written consent of the holders of 75% of the shares of the class; or
- by a special resolution passed at a separate meeting of the holders of shares of the class.

7.15.10 Preference shares

The Company may issue preference shares, including preference shares which are, or at the option of the Company or holder are, liable to be redeemed or convertible into ordinary shares. The rights attaching to preference shares are those set out in the Constitution unless other rights have been approved by special resolution of the Company.

7.15.11 Proportional takeover provision

The Constitution requires Shareholder approval in relation to any proportional takeover bid. These provisions will cease to have effect at the end of three years from adoption or the date that they were last renewed in accordance with the Corporations Act.

7.15.12 Directors – appointment and removal

Under the Constitution, ASG must have at least three Directors and no more than eight Directors, unless the Shareholders resolve otherwise at a general meeting.

No Director may not hold office without re-election beyond the third annual general meeting following the meeting at which the Director was last elected or re-elected (except for the Managing Director). The Board may also appoint any eligible person to be a Director, either to fill a casual vacancy on the Board or as an addition to the existing Directors, who will then hold office until the conclusion of the next annual general meeting of the Company following their appointment.

7.15.13 Directors – voting

Questions arising at a meeting of the Board must be decided by a majority of votes cast by 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, in addition to his or her deliberative vote, unless there are only two Directors present or entitled to vote in which case the chairperson of the meeting does not have a second or casting vote and the proposed resolution is taken as lost.

7.15.14 Directors – remuneration

The Board may decide the remuneration from the Company to which each Director is entitled for his or her services as a Director. The total aggregate amount provided to all Non-Executive Directors for their services as Directors must not exceed in any financial year the amount fixed by the Company in general meeting. The remuneration of a Director (who is not the CEO or an executive Director) must not include a commission on, or a percentage of, profits or operating revenue. The current maximum aggregate sum of Non-Executive Director remuneration is set out in Section 6.3.2.3. Any change to that maximum aggregate amount needs to be approved by Shareholders.

Directors are entitled to be paid for all travelling and other expenses incurred in attending to the Company's affairs, including attending and returning from general meetings of the Company or meetings of the Board or of Committees of the Board. Any Director who performs extra services, makes any special exertions for the benefit of the Company or otherwise performs services, which, in the opinion of the Board, are outside the scope of ordinary duties of a Non-Executive Director, may be remunerated for the services (as determined by the Board) out of the funds of the Company.

Directors' remuneration is discussed further in Section 6.3.2.

7.15.15 Indemnities

The Company must indemnify Directors, alternate directors and executive officers on a full indemnity basis and to the full extent permitted by law against all losses, liabilities, costs, charges and expenses incurred by those individuals as officers of the Company or a related body corporate.

The Company may, to the extent permitted by law, purchase and maintain insurance or pay, or agree to pay, a premium for insurance for each Director, alternate director and executive officer of the Company against any liability incurred by that person as an officer of the Company or a related body corporate, including but not limited to a liability for negligence or for reasonable costs and expenses incurred in defending or responding to proceedings (whether civil or criminal and whatever the outcome).

7.15.16 Powers and duties of Directors

The business and affairs of the Company are to be managed by or under the direction of the Board, which (in addition to the powers and authorities conferred on it by the Constitution) may exercise all powers and do all things that are within the power of the Company that are not directed to be done by the Company in general meeting by the Constitution or by law.

7.15.17 Amendments

The Constitution can only be amended by special resolution passed by at least three quarters of Shareholders present (in person or by proxy) and entitled to vote on the resolution at a general meeting of the Company.

SECTION 8

Investigating Accountant's Report

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The Directors
Autosports Group Limited
565 Parramatta Rd
Leichhardt NSW 2040

28 October 2016

Dear Directors

INVESTIGATING ACCOUNTANT'S REPORT AND FINANCIAL SERVICES GUIDE

Introduction

This report has been prepared at the request of the directors of Autosports Group Limited (ACN 614 505 261) (the Company) (the Directors) for inclusion in the prospectus to be issued by the Company (the Prospectus) in respect of the initial public offering of fully paid ordinary shares in the Company (the Offer) and listing of the Company on the Australian Securities Exchange.

Deloitte Corporate Finance Pty Limited is wholly owned by Deloitte Touche Tohmatsu and holds the appropriate Australian Financial Services licence under the Corporations Act 2001 for the issue of this report.

References to the Company mean prior to the allotment of the Offer, those primary operating entities within the Autosports Group whose shares will be acquired by Autosports Group Limited, and after allotment of the Offer, Autosports Group Limited and its subsidiaries or where the context requires, the business described in the Prospectus.

Capitalised terms used in this report have the same meaning as defined in the glossary of the Prospectus.

Scope

Historical Financial Information

Deloitte Corporate Finance Pty Limited has been engaged by the Directors to review the:

- Historical statements of profit or loss and other comprehensive income for the financial years ended 30 June 2014, 30 June 2015 and 30 June 2016;
- Historical statement of financial position as at 30 June 2016; and
- Historical cash flows before corporate financing and tax for the financial years ended 30 June 2014, 30 June 2015 and 30 June 2016,

as set out in Tables 13, 16 and 15 respectively of the Prospectus (together, the Historical Financial Information).

The Historical Financial Information has been prepared in accordance with the stated basis of preparation, being the recognition and measurement principles contained in Australian Accounting Standards and the Company's adopted accounting policies.

The Historical Financial Information has been extracted from the special purpose financial report (Aggregated Accounts) of the Pre-IPO Autosports Group (as explained in the 'Important Notices' section of the Prospectus) covering the financial years ended 30 June 2014, 30 June 2015 and 30 June 2016, which was audited by Deloitte

Touche Tohmatsu in accordance with the Australian Auditing Standards. Deloitte Touche Tohmatsu issued an unmodified audit opinion on the Aggregated Accounts. The opinion includes a 'Basis of Accounting' paragraph which draws attention to the notes to the Aggregated Accounts that set out the basis of accounting used including the principles of aggregation of the accounts.

The Historical 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.

Pro forma Historical Financial Information

Deloitte Corporate Finance Pty Limited has been engaged by the Directors to review the:

- Pro forma historical consolidated statements of profit or loss and other comprehensive income for the financial years ended 30 June 2014, 30 June 2015 and 30 June 2016;
- Pro forma historical consolidated statement of financial position as at 30 June 2016; and
- Pro forma historical consolidated cash flows before corporate financing and tax for the financial years ended 30 June 2014, 30 June 2015 and 30 June 2016,

as set out in Tables 9, 16 and 14 respectively of the Prospectus (together, the Pro forma Historical Financial Information).

The Pro forma Historical Financial Information has been derived from the Historical Financial Information, after adjusting for the effects of pro forma adjustments described in Tables 11 and 12, Table 16 and Table 15 of the Prospectus respectively (the Pro forma Adjustments).

The stated basis of preparation is the recognition and measurement principles contained in Australian Accounting Standards applied to the Historical Financial Information and the events or transactions to which the Pro forma Adjustments relate, as if those events or transactions had occurred as at the date of the Historical Financial Information. Due to its nature, the Pro forma Historical Financial Information does not represent the Company's actual or prospective financial position, financial performance, or cash flows.

Forecast Financial Information

Deloitte Corporate Finance Pty Limited has been engaged by the Directors to review the:

- Statutory forecast consolidated statement of profit or loss and other comprehensive income and the Statutory forecast consolidated net cash flow available for distribution of the Company for the financial period from Completion (as defined in the Prospectus) and ending 30 June 2017 as set out in Table 9 and Table 14 of the Prospectus (the Statutory Forecast Financial Information). The Directors' best estimate assumptions underlying the Statutory Forecast Financial Information are described in Section 4.7 of the Prospectus. The stated basis of preparation used in the preparation of the Statutory Forecast Financial Information is the recognition and measurement principles contained in Australian Accounting Standards and the Company's adopted accounting policies; and
- Pro forma forecast consolidated statement of profit or loss and other comprehensive income and the Pro forma forecast consolidated net cash flow of the Company for the financial year ending 30 June 2017 as set out in Table 9 and Table 14 of the Prospectus (the Pro forma Forecast Financial Information). The Pro forma Forecast Financial Information has been derived from the Statutory Forecast Financial Information, after adjusting for the effects of the Pro forma Adjustments described in Tables 11 and 12, and Table 15 of the Prospectus. An audit/review has not been conducted on the source from which the unadjusted financial information was prepared. The stated basis of preparation used in the preparation of the Pro forma Forecast Financial Information is the recognition and measurement principles contained in Australian Accounting Standards applied to the Statutory Forecast Financial Information and the events or transactions to which the Pro forma Adjustments

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relate, as if those events or transactions had occurred prior to 1 July 2016. Due to its nature the Pro forma Forecast Financial Information does not represent the Company's actual prospective financial performance and/or cash flows for the financial year ending 30 June 2017,

(together, the Forecast Financial Information).

The Forecast Financial Information has been prepared by management and adopted by the Directors in order to provide prospective investors with a guide to the potential financial performance of the Company for the financial year / financial period ending 30 June 2017. 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 variations 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 the Company. Evidence may be available to support the assumptions on which the Forecast Financial Information is based, however such evidence is generally future orientated 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. We do not express any opinion on the achievability of the results. 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 relating to an investment in the Company, which are detailed in Section 5 of the Prospectus, and the inherent uncertainty relating to the prospective financial information. Accordingly prospective investors should have regard to the investment risks and sensitivities set out in Section 5 and Section 4.8 of the Prospectus.

The sensitivity analysis set out in Section 4.8 of the Prospectus demonstrates the impacts on the Forecast Financial Information of changes in key assumptions. The Forecast Financial Information is therefore only indicative of the financial performance which may be achievable. 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 the Company, that all material information concerning the prospects and proposed operations of the Company 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.

Directors' Responsibility

The Directors are responsible for:

- the preparation and presentation of the Historical Financial Information and the Pro forma Historical Financial Information, including the selection and determination of the Pro forma Adjustments made to the Historical Financial Information and included in the Pro forma Historical Financial Information;
- the preparation of the Forecast Financial Information, including the best estimate assumptions underlying the Forecast Financial Information and the selection and determination of the Pro forma Adjustments made to the Statutory Forecast Financial Information and included in the Pro forma Forecast Financial Information; and
- the information contained within the Prospectus.

This responsibility includes for the operation of such internal controls as the Directors determine are necessary to enable the preparation of the Historical Financial Information, the Pro forma Historical Financial Information and the Forecast Financial Information that are free from material misstatement, whether due to fraud or error.

Our Responsibility

Our responsibility is to express a limited assurance conclusion on the Historical Financial Information, the Pro forma Historical Information, the Statutory Forecast Financial Information and the Pro Forma Forecast Financial Information based on the procedures performed and the evidence we have obtained. We have conducted our engagement in accordance with the Australian Standard on Assurance Engagements (ASAE) 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information.*

A review consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain reasonable assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly we will not express an audit opinion.

Our engagement did not involve updating or re-issuing any previously issued audit or review report on any financial information used as a source of the financial information.

We have performed the following procedures as we, in our professional judgement, considered reasonable in the circumstances:

Historical Financial Information

- consideration of work papers, accounting records and other documents, including those dealing with the extraction and compilation of Historical Financial Information from:
  - the Aggregated Accounts of the Pre-IPO Autosports Group covering the financial years ended 30 June 2014, 30 June 2015 and 30 June 2016; and
  - the audited financial statements and management accounts of the identified entities that form part of the Company for each of the years mentioned above;
- analytical procedures on the Historical Financial Information;
- a consistency check of the application of the stated basis of preparation, as described in the Prospectus, to the Historical Financial Information;
- a review of the work papers, accounting records and other documents of the Company and its auditors;
- a review of the application of Australian Accounting Standards to be adopted at 30 June 2016; and
- enquiry of the Directors, management and others in relation to the Historical Financial Information.

Pro forma Historical Financial Information

- consideration of work papers, accounting records and other documents, including those dealing with the extraction and compilation of Historical Financial Information from:
  - the Aggregated Accounts of the Pre-IPO Autosports Group covering the financial years ended 30 June 2014, 30 June 2015 and 30 June 2016; and
  - the audited financial statements and management accounts of the identified entities that form part of the Company for each of the years mentioned above;
- consideration of the appropriateness of the Pro forma Adjustments described in Section 4.3.3, Section 4.4.2, and Section 4.5.1 of the Prospectus;
- enquiry of the Directors, management, personnel and advisors of the Company;
- the performance of analytical procedures applied to the Pro forma Historical Financial Information;
- a review of work papers, accounting records and other documents of the Company and its auditors; and
- a review of the accounting policies for consistency of application.

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Page 5
28 October 2016

Forecast Financial Information

- enquiries, including discussions with management and Directors of the factors considered in determining the assumptions;
- analytical and other review procedures we considered necessary including examination, on a test basis, of evidence supporting the assumptions, amounts and other disclosures in the Forecast Financial Information;
- review of the accounting policies adopted and used in the preparation of the Forecast Financial Information; and
- consideration of the Pro forma Adjustments applied to the Statutory Forecast Financial Information in preparing the Pro forma Forecast Financial Information.

Conclusions

Historical Financial Information

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the Historical Financial Information is not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in Section 4.2 of the Prospectus.

Pro forma Historical Financial Information

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the Pro forma Historical Financial Information is not presented fairly in all material respects, in accordance with the stated basis of preparation as described in Section 4.2 of the Prospectus.

Statutory Forecast Financial Information

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that:

(i) the Directors' best estimate assumptions used in the preparation of the Statutory Forecast Financial Information do not provide reasonable grounds for the Statutory Forecast Financial Information;

(ii) in all material respects, the Statutory Forecast Financial Information:

   a. is not prepared on the basis of the Directors' best estimate assumptions as described in Section 4.7 of the Prospectus;

   b. is not presented fairly in accordance with the stated basis of preparation, being the accounting policies adopted and used by the Company and the recognition and measurement principles contained in Australian Accounting Standards; and

(iii) the Statutory Forecast Financial Information itself is unreasonable.

Pro forma Forecast Financial Information

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that:

(i) the Directors' best estimate assumptions used in the preparation of the Pro forma Forecast Financial Information do not provide reasonable grounds for the Pro forma Forecast Financial Information;

(ii) in all material respects, the Pro forma Forecast Financial Information:

   a. is not prepared on the basis of the Directors' best estimate assumptions as described in Section 4.7 of the Prospectus;

   b. is not presented fairly in accordance with the stated basis of preparation, being the accounting policies adopted and used by the Company and the recognition and measurement principles contained in

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Australian Accounting Standards, applied to the Statutory Forecast Financial Information and the Pro forma Adjustments as if those adjustments had occurred prior to 1 July 2016; and

(iii) the Pro forma Forecast Financial Information itself is unreasonable.

Restrictions on Use

Without modifying our conclusions, we draw attention to Section 4.2 of the Prospectus, which describes the purpose of the Financial Information, being for inclusion in the Prospectus. As a result, the Investigating Accountant's Report may not be suitable for use for another purpose.

Consent

Deloitte Corporate Finance Pty Limited has consented to the inclusion of this limited assurance report in the Prospectus in the form and context in which it is included.

Disclosure of Interest

Deloitte Corporate Finance Pty Limited does not have any interest in the outcome of this Offer other than the preparation of this report and participation in the due diligence procedures for which normal professional fees will be received.

Deloitte Touche Tohmatsu is the auditor of the Company.

Yours sincerely

DELOITTE CORPORATE FINANCE PTY LIMITED

Ian Turner
Authorised Representative of
Deloitte Corporate Finance Pty Limited
(AFSL Number 241457)
AR Number 461016

Tapan Verma
Authorised Representative of
Deloitte Corporate Finance Pty Limited
(AFSL Number 241457)
AR Number 1009181

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August 2016

Financial Services Guide

What is a Financial Services Guide?

This Financial Services Guide (FSG) provides important information to assist you in deciding whether to use our services. This FSG includes details of how we are remunerated and deal with complaints.

Where you have engaged us, we act on your behalf when providing financial services. Where you have not engaged us, we act on behalf of our client when providing these financial services, and are required to give you an FSG because you have received a report or other financial services from us. The person who provides the advice is an Authorised Representative (AR) of Deloitte Corporate Finance Pty Limited (DCF), which authorises the AR to distribute this FSG. Their AR number is included in the report which accompanies this FSG.

What financial services are we licensed to provide?

We are authorised to provide financial product advice and to arrange for another person to deal in financial products in relation to securities, interests in managed investment schemes, government debentures, stocks or bonds to retail and wholesale clients. We are also authorised to provide personal and general financial product advice and deal by arranging in derivatives and regulated emissions units to wholesale clients, and general financial product advice relating to derivatives to retail clients.

Our general financial product advice

Where we have issued a report, our report contains only general advice. This advice does not take into account your personal objectives, financial situation or needs. You should consider whether our advice is appropriate for you, having regard to your own personal objectives, financial situation or needs.

If our advice is provided to you in connection with the acquisition of a financial product you should read the relevant offer document carefully before making any decision about whether to acquire that product.

How are we and all employees remunerated?

Our fees are usually determined on a fixed fee or time cost basis and may include reimbursement of any expenses incurred in providing the services. Our fees are agreed with, and paid by, those who engage us. Clients may request particulars of our remuneration within a reasonable time after being given this FSG.

Other than our fees, we, our directors and officers, any related bodies corporate, affiliates or associates and their directors and officers, do not receive any commissions or other benefits.

All employees receive a salary and while eligible for annual salary increases and bonuses based on overall performance they do not receive any commissions or other benefits as a result of the services provided to you. The remuneration paid to our directors reflects their individual contribution to the organisation and covers all aspects of performance.

We do not pay commissions or provide other benefits to anyone who refers prospective clients to us.

Associations and relationships

We are ultimately controlled by the Deloitte member firm in Australia (Deloitte Touche Tohmatsu). Please see www.deloitte.com/au/about for a detailed description of the legal structure of Deloitte Touche Tohmatsu. We and other entities related to Deloitte Touche Tohmatsu:

- do not have any formal associations or relationships with any entities that are issuers of financial products
- may provide professional services to issuers of financial products in the ordinary course of business.

What should you do if you have a complaint?

If you have any concerns regarding our report or service, please contact us. Our complaint handling process is designed to respond to your concerns promptly and equitably. All complaints must be in writing to the address below.

If you are not satisfied with how we respond to your complaint, you may contact the Financial Ombudsman Service (FOS). FOS provides free advice and assistance to consumers to help them resolve complaints relating to the financial services industry. FOS' contact details are also set out below.

The Complaints Officer	Financial Ombudsman Service
PO Box N250	GPO Box 3
Grosvenor Place	Melbourne VIC 3001
Sydney NSW 1220	info@fos.org.au
complaints@deloitte.com.au	www.fos.org.au
Fax: +61 2 9255 8434	Tel: 1800 367 287
	Fax: +61 3 9613 6399

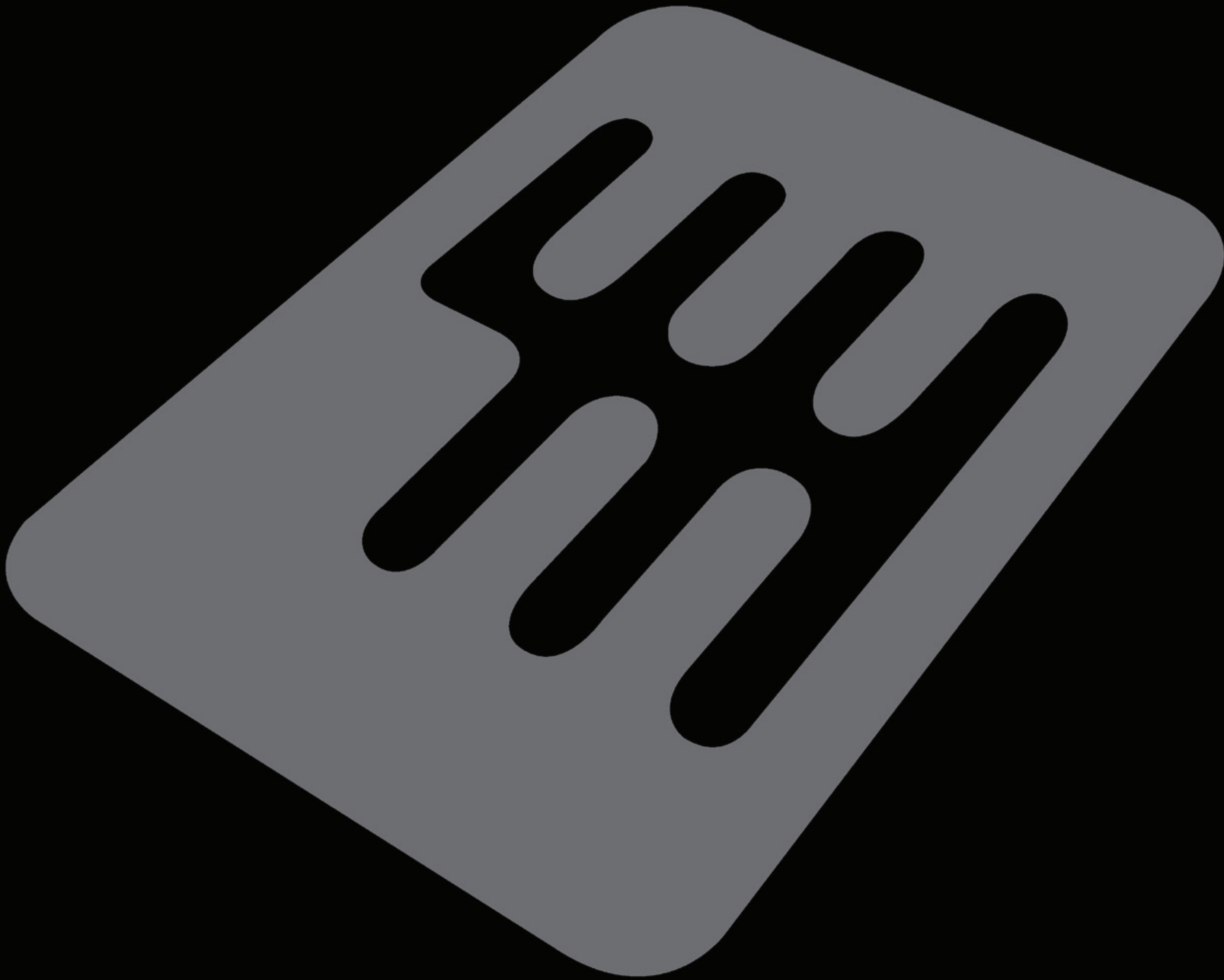
What compensation arrangements do we have?

Deloitte Australia holds professional indemnity insurance that covers the financial services provided by us. This insurance satisfies the compensation requirements of the Corporations Act 2001 (Cth).

Deloitte Corporate Finance Pty Limited, ABN 19 003 883 127, AFSL 241457 of Level 1 Grosvenor Place, 225 George Street, Sydney NSW 2000

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee, and its network of member firms, each of which is a legally separate and independent entity. Please see www.deloitte.com/au/about for a detailed description of the legal structure of Deloitte Touche Tohmatsu Limited and its member firms.

Member of Deloitte Touche Tohmatsu Limited



SECTION 9

Additional Information

9. Additional Information

9.1 Registration

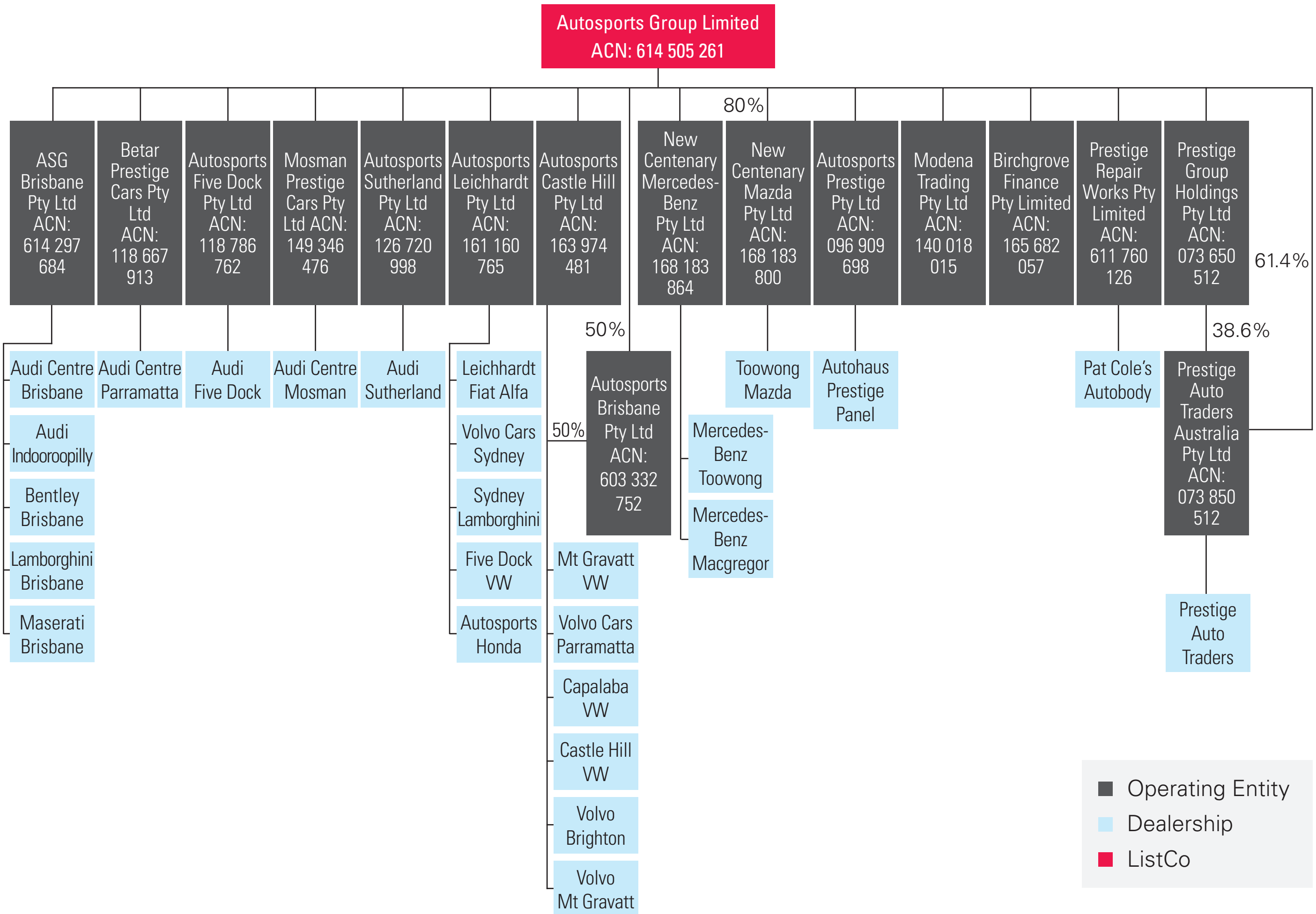
The Company was registered in Victoria, Australia on 29 August 2016.

9.2 Company tax status and financial year

The Company is and will be subject to tax at the Australian corporate tax rate on its taxable income. ASG's financial year ends on 30 June annually.

9.3 Corporate structure

Figure 28 – ASG's corporate structure Completion



Each of the ASG entities listed above undertakes the business of ASG as set out in this Prospectus.

9.4 Restructure

The steps for the restructure and payment of pre-IPO dividend are as follows:

- prior to the Prospectus Date, the Company, a non-operating holding company, was incorporated;
- on or around the Prospectus Date, the Company and each Pre-IPO Autosports Group member entered into an implementation deed poll. A summary of the implementation deed poll is set out in Section 9.6;
- on or around the Prospectus Date, the Existing Owners accept the Company's offer to acquire the Existing Shares[1];
- prior to Settlement, certain Pre-IPO Autosports Group members will determine and pay a pre-IPO dividend to their respective Existing Owners. The amount of the pre-IPO dividend is expected to be approximately $25.8 million and will be paid out of the proceeds of the Offer (see Section 7.1.2 for further details);
- following Completion, the Company will acquire the Existing Shares in Pre-IPO Autosports Group in accordance with the implementation deed poll.

9.5 Underwriting arrangements

The Offer is underwritten and managed by the Joint Lead Managers pursuant to an underwriting agreement dated 28 October 2016 2016 between the Company, each Pre-IPO Autosports Group member and the Joint Lead Managers (**Underwriting Agreement**).

Pursuant to the Underwriting Agreement, the Company has appointed Macquarie Capital (Australia) Limited and UBS AG, Australia Branch to act on an exclusive basis as bookrunners and joint lead managers to the Offer, to arrange and manage the Offer and to act as underwriters for the Offer.

For the purpose of this Section 9.5:

Group means the Company, each member of Pre-IPO Autosports Group and their respective subsidiaries; and

Offer Documents means the following documents issued or published by or on behalf of the Company in respect of, or relating to, the Offer (and in a form approved by the Joint Lead Managers):

- the pathfinder and any document that supplements or replaces the pathfinder (including any addendum to the pathfinder);
- this Prospectus, any Application Form and any other Supplementary Prospectus;
- any cover email sent by or on behalf of the Company, including an appropriate cautionary legend, sent to eligible Institutional Investors in Australia and New Zealand in connection with the Offering Jurisdictions with a link to or attaching the Pathfinder in connection with the Institutional Offer or the bookbuild conducted in connection with it; and
- any investor presentation, roadshow presentation or marketing presentation and/or ASX announcement used in connection with 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 Lodgment Date.

9.5.1 Commission, fees and expenses

The Company has agreed to pay the Joint Lead Managers a fee equal to 3.25% of the Offer Proceeds comprising an underwriting fee of 2.60% and a management fee of 0.65%. The underwriting and management fees will become payable by the Company on the date of Settlement of the Offer and will be paid to the Joint Lead Managers in equal proportions. In addition, an incentive fee of up to 0.5% of the Offer Proceeds may also be payable to the Joint Lead Managers at the absolute discretion of the Company and may be split between the Joint Lead Managers in the absolute discretion of the Company, including by allocating the full incentive fee to either of the Joint Lead Managers.

Any fees payable to Co-Managers and Brokers appointed in relation to the Offer are payable by the Joint Lead Managers on behalf of the Company out of the underwriting and management fees payable to them under the Underwriting Agreement. In addition to the fees described above, the Company has agreed to reimburse the Joint Lead Managers for certain other agreed costs and expenses, including legal costs, incurred by the Joint Lead Managers in relation to the Offer.

9.5.2 Termination events

A Joint Lead Manager may, by notice given to the Company and the other Joint Lead Manager, and without cost or liability, terminate the Underwriting Agreement if any of the following events occur at any time from the date of the Underwriting Agreement until 10.00am (Sydney time) on the date of Settlement (or such other time as specified):

- a statement in any of the Offer Documents or the information released to the public 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;
- the Company issues or, in the reasonable opinion of the Joint Lead Manager, is required to issue a Supplementary Prospectus to comply with section 719 of the Corporations Act, or lodges a Supplementary Prospectus with ASIC in a form and substance that has not been approved by the Joint Lead Managers;
- at any time the S&P/ASX 200 Index falls to a level that is 90% or less of the level as at the close of trading on the day that is the Business Day before the date of the bookbuild conducted in connection with the Institutional Offer and is at or below that level at the close of trading:
  - for two consecutive Business Days during any time after the date of the Underwriting Agreement; or
  - on the Business Day immediately prior to the date of Settlement or the allotment date;
- any of the voluntary escrow deeds entered into by the Escrowed Shareholders are withdrawn, varied, terminated, rescinded, altered, amended or breached or failed to be complied with (other than with the prior written consent of the Joint Lead Managers);
- the Company, any Pre-IPO Autosports Group member or any of their respective directors or officers (as those terms are defined in the Corporations Act) engages, or has engaged

1. Certain Existing Shares are the subject of registered security interests which are expected to be released before the Offer.

since the date of the Underwriting Agreement, in any fraudulent conduct or activity, whether or not in connection with the Offer;

- approval is refused or not granted, or approval is granted subject to conditions other than customary conditions, to:
  - the Company's admission to the Official List on or before the listing approval date; or
  - the quotation of all of the Company's ordinary shares, including the Offer Shares, to be traded through CHESS 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;

- 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 order becomes public and is not withdrawn within two Business Days of when it is made, or if it is made within two Business Days of the date of Settlement, it has not been withdrawn by the date of Settlement or if applicable the allotment 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 an Offer Document and any such application, inquiry or hearing becomes public and is not withdrawn within two Business Days of when it is made, or if it is made within two Business Days of the date of settlement, it has not been withdrawn by the date of settlement or if applicable the allotment date;
  - any person (other than the Joint Lead Manager) who has previously consented to the inclusion of its name in any Offer Document withdraws that consent; or
  - any person (other than the Joint Lead Manager) gives a notice under section 730 of the Corporations Act in relation to the Prospectus;
- the Company does not provide a closing certificate as and when required by the Underwriting Agreement;
- any of the obligations of the relevant parties under any of the contracts that are material to the business of the Group or any of the material contracts summarised in Section 9 are not capable of being performed in accordance with their terms (in the reasonable opinion of the terminating Joint Lead Manager) or all or any part of any such contracts:
  - is terminated;
  - ceases to have effect, otherwise than in accordance with its terms; or
  - 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 effect, or its performance is or becomes illegal;
- the Company withdraws an Offer Document or the Offer or indicates that it does not intend to proceed with the Offer or any part of the Offer;
- any member of the Group becomes insolvent, or there is an act or omission which is likely to result in a member of the Group becoming insolvent;
- an event specified in the timetable up to and including the date of Settlement is delayed by more than 2 Business Days (other than a delay agreed to between the parties in writing or a delay as a result of an extension of the exposure period by ASIC);
- the Company is prevented from allotting and issuing the Offer Shares or completing the Restructure within the time required by the timetable for the Offer, the Offer Documents, the ASX Listing Rules, applicable laws, an order of a court of competent jurisdiction or a governmental authority;
- except as disclosed in the Offer Documents, the Company or any Pre-IPO Autosports Group member:
  - alters the issued capital of the Company or another member of the Group; or
  - disposes or attempts to dispose of a substantial part of the business or property of the Company or another member of the Group,

  without the prior written consent of the Joint Lead Managers (which is not to be unreasonably withheld or delayed);
- a regulatory body withdraws, revokes or amends any regulatory approvals required for the Company or any Pre-IPO Autosports Group member to perform their obligations under the Underwriting Agreement or to carry out the transactions contemplated by the Offer Documents (including the Restructure);
- 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 Joint Lead Managers to satisfy an obligation under the Underwriting Agreement, or to market, promote or settle the Offer;
- any of Nick Pagent, Ian Pagent, Aaron Murray or Tom Pockett vacate their office;
- any of the following occur:
  - a Director or proposed director named in the Offer Documents of the Company or any Pre-IPO Autosports Group member is charged with an indictable offence;
  - any governmental agency commences any public action against:
    - the Company or any of its Directors in their capacity as a Director of the Company; or
    - any Pre-IPO Autosports Group member or any of their respective directors in their capacity as a director of that Pre-IPO Autosports Group member, where that public action relates to the conduct of the business of the Group or the Offer.
  - or announces that it intends to take action; or
  - any Director or proposed director named in the Offer Documents of the Company is disqualified

from managing a corporation under Part 2D.6 of the Corporations Act.

9.5.2.1 Termination events subject to materiality

A Joint Lead Manager may, by notice given to the Company and the other Joint Lead Manager, and without cost or liability, terminate the Underwriting Agreement, if any of the following events occur at any time from the date of the Underwriting Agreement until 10.00am (Sydney time) on the date of Settlement (or such other time as specified) only if, the Joint Lead Manager has reasonable grounds to believe that the event:

- has or is likely to have a material adverse effect on:
  - the success, settlement or marketing of the Offer or on the ability of the Joint Lead Manager to market, promote or settle the Offer or on the likely price at which the Shares will trade on ASX; or
  - the willingness of investors to subscribe for the Shares; or
- will, or is likely to, give rise to a liability of the Joint Lead Manager under, or give rise to, or result in, a contravention by the Joint Lead Manager or its affiliates or the Joint Lead Manager or its affiliates being involved in a contravention of, any applicable law.

A Joint Lead Manager can terminate as above, if any of the following events occur:

- there occurs a new circumstance that arises after lodgement of this Prospectus that would have been required to be included in this Prospectus if it had arisen before lodgement;
- any of the obligations of the relevant parties under any of the contracts that are material to the business of the Group or any of the material contracts summarised in this Section 9 are not capable of being performed in accordance with their terms (in the reasonable opinion of the terminating Joint Lead Manager) or all or any part of any such contracts:
  - is amended or varied without the consent of the Joint Lead Managers (acting reasonably); or
  - is breached
- a change in the senior management or Board or any Pre-IPO Autosports Group member (other than Nick Pagent, Ian Pagent, Aaron Murray or Tom Pockett) occurs;
- the due diligence report or verification materials provided and any other information supplied by or on behalf of the Company or any of the Pre-IPO Autosports Group members to the Joint Lead Managers in relation to the Group or the Offer is (or is likely to), or becomes (or becomes likely to be), misleading or deceptive, including by way of omission;
- an adverse change occurs in the assets, liabilities, financial position or performance, profits, losses or prospects of the Company and the Group (insofar as the position in relation to an entity in the Group affects the overall position of the Company), including any adverse change in the assets, liabilities, financial position or performance, profits, losses or prospects of the Company or the Group from those respectively disclosed in any Offer Document or other public information;
- there is introduced or there is a public announcement of a proposal to introduce, into the Parliament of Australia, New Zealand, Hong Kong, Singapore, the People's Republic of China or the United States or any State or Territory of Australia a new law, or the Reserve Bank of Australia, or any Commonwealth or State authority, including 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 the Underwriting Agreement);
- a contravention by the Company or any Group member of the Corporations Act, the Competition and Consumer Act 2010 (Cth), ASIC Act (or any regulations under those acts) or any other applicable law or regulation;
- any of the Offer Documents or any aspect of the Offer does not comply with the Corporations Act or other applicable law or regulation;
- a representation, warranty, undertaking or obligation contained in the Underwriting Agreement on the part of the Company or any Pre-IPO Autosports Group member (whether severally or jointly) is breached, becomes not true or correct or is not performed;
- the Company or any Pre-IPO Autosports Group member defaults on one or more of their obligations under the Underwriting Agreement;
- the Company varies any term of its constitution without the prior written consent of the Joint Lead Managers;
- any of the following occur:
  - the commencement of legal proceedings against the Company, any of Pre-IPO Autosports Group members or any other member of the Group or against any director of the Company, any of the Pre-IPO Autosports Group or any other member of the Group in that capacity; or
  - any regulatory body commences any enquiry or public action against a member of the Group;
- any information supplied (including any information supplied prior to the date of the Underwriting Agreement) by or on behalf of a Group member to the Joint Lead Managers in respect of the Offer or the Group is, or is found to be, misleading or deceptive, or likely to mislead or deceive (including by omission);
- hostilities not presently existing commence (whether war has been declared or not) or an escalation in existing hostilities occurs (whether war has been declared or not) involving any one or more of Australia, New Zealand, Singapore, the United Kingdom, the People's Republic of China (including the SAR of Hong Kong), Japan, any member states of the European Union or the United States or a major terrorist act is perpetrated on any of those countries or any diplomatic, military, commercial or political establishment of any of those countries;
- a statement in a closing certificate provided under the Underwriting Agreement is false, misleading, inaccurate, untrue or incorrect; or
- any of the following occurs:
  - a general moratorium on commercial banking activities in Australia, the People's Republic of China (including the SAR of Hong Kong), Japan, Singapore, the United Kingdom, the United States, the United Arab Emirates, Switzerland, Norway 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, the People's Republic of China, Japan, Singapore, Hong Kong, the United Kingdom, the United States or a member state of the European Union, or in foreign exchange rates or any development involving a prospective change or break up in political, financial or economic conditions in any of those countries; or
- trading in securities quoted or listed on ASX, New York Stock Exchange, London Stock Exchange, Hong Kong Stock Exchange, Singapore Stock Exchange or the Tokyo 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; and
- the Acquisition Agreement is terminated or purported to be terminated, is amended in a material respect, becomes void or voidable or any of the conditions precedent specified in the Acquisition Agreement are not satisfied or become incapable of satisfaction, whether or not they are waived (excluding the condition precedent requiring completion of the initial public offering of the Company).

9.5.3 Conditions, representations, warranties and undertakings

The Underwriting Agreement contains certain standard representations, warranties and undertakings by the Company and each Pre-IPO Autosports Group member to the Joint Lead Managers (as well as common conditions precedent, including conducting due diligence, lodgement of this Prospectus, the entry into voluntary escrow deeds by the Escrowed Shareholders, and ASIC and ASX granting the waivers and modifications necessary to enable the Offer to proceed in accordance with the timetable).

The representations and warranties given by the Company and each Pre-IPO Autosports Group member include, but are not limited to, matters such as power and authorisation, validity of obligations and status.

The representations and warranties given solely by the Company include, but are not limited to, matters such as compliance of the Offer and the Offer Documents with the Corporations Act, the Listing Rules, legislative instruments and other applicable rules, financial information, and accuracy of accounts, representations in relation to the Shares, dividends and distributions, agreements, authorisations and licences, litigation, ownership of assets, capitalisation of the Company, internal controls, internal accounting controls, intellectual property, data privacy, IT systems and platforms, anti-money laundering and taxation, as well as customary US representations and warranties.

The undertakings given by the Company relate to matters including, but not limited to, provision of and consultation with the Joint Lead Managers in respect of ASIC or ASX correspondence, notification of breach to the Joint Lead Managers, variation of its constitution and undertakings that during the period following the date of the Underwriting Agreement:

- until 120 days after the date of Completion (in the case of the Company) it, and until Completion, (in the case of each Pre-IPO Autosports Group member only) will carry on the business of the Group in the ordinary course and not dispose of any material part of its business or property;
- until 120 days after the date of Completion, it will not issue, transfer or allot, or agree to issue, transfer or allot, or indicate in any way that it may or will issue, transfer or allot or agree to issue, transfer or allot, any shares or other securities convertible into shares (subject to certain exceptions); and
- until 120 days after the date of Completion, it will not vary in any material respect (in a way that is not in the ordinary course of business) any term of a material agreement described in Section 9 of this Prospectus or any contract that is material to its business,

without the prior written consent of the Joint Lead Managers.

9.5.4 Indemnity

Subject to certain exclusions relating to, among other things, the gross negligence, recklessness, fraud or wilful misconduct of a Joint Lead Manager or certain representatives, the Company agrees to keep the Joint Lead Managers and certain representatives of the Joint Lead Managers indemnified from losses suffered in connection with the Offer.

9.5.5 Guarantee

Each Pre-IPO Autosports Group member has agreed to jointly and severally guarantee to the Joint Lead Managers (and in respect of the indemnity described above, certain representatives of the Joint Lead Managers) the performance and observance by the Company of its obligations under the Underwriting Agreement. In addition, each Pre-IPO Autosports Group member has also agreed to jointly and severally keep the Joint Lead Managers (and in respect of the indemnity described above, certain representatives of the Joint Lead Managers) indemnified from losses suffered as a result of a breach of the Underwriting Agreement by a Pre-IPO Autosports Group member or the Company. This guarantee and indemnity ceases on Completion (unless the Underwriting Agreement is terminated earlier).

9.6 Implementation Deed

On 28 October 2016, the Company and each Pre-IPO Autosports Group entity entered into an implementation deed poll (**Implementation Deed**) in connection with the transfer of shares in each Pre-IPO Autosports Group member to the Company and certain other matters described below. The Existing Owners have signed corresponding deed polls pursuant to which they irrevocably undertake to comply with the terms of the Implementation Deed.

In summary, the Implementation Deed provides for:

- amendment to the terms of Existing Owner shareholder deeds relating to certain Pre-IPO Autosports Group members, such that the relevant shareholder deeds will terminate immediately before Settlement;

- certain restructure steps to give rise to the capital structure presented in this Prospectus, including the payment by certain Pre-IPO Autosports Group member of a pre-IPO dividend to their respective Existing Owners, payable out of the proceeds of the Offer;
- certain shareholder resolutions to be passed by the Existing Owners to facilitate the above transactions and the Offer;
- certain warranties and acknowledgements by the Company, each Pre-IPO Autosports Group member and each Existing Owner to facilitate the above transactions; and
- a requirement to seek to unwind certain of the above steps (but not the payment of the pre-IPO dividend) in the event the Offer does not take place and any of the above steps are completed.

Completion under the Implementation Deed is subject to the following conditions being satisfied:

- Settlement occurring under the Underwriting Agreement; and
- Completion having occurred.

Completion will occur following satisfaction of the above conditions and the Existing Owners' accepting the Company's offer to acquire their securities in the Pre-IPO Autosports Group members.

From the date of entry into the Implementation Deed until Completion, each Pre-IPO Autosports Group member has agreed to indemnify the Company and its Directors against all loss, damage, cost or expense which the Company suffers or incurs by reason of any claim by any third party against the Company in respect of the Offer and the Restructure.

9.7 Tax Indemnity Deed

Nick Pagent and Ian Pagent have agreed to jointly and severally indemnify the Company and the Pre-IPO Autosports Group in respect of certain pre-Completion Australian GST and payroll tax-related liabilities (and associated tax costs) that may be payable by or shared with the Company or a Pre-IPO Autosports Group member (**Indemnified Tax Liability**), to the extent that such Indemnified Tax Liability:

- is owed by an entity associated with Nick Pagent and Ian Pagent that is not a Pre-IPO Autosports Group member; and
- is notified to Nick Pagent and Ian Pagent no later than 5 years following Completion.

In addition, Ian Pagent has agreed to indemnify the Company and the Pre-IPO Autosports Group in respect of certain other pre-Completion Australian tax-related liabilities (and associated tax costs) that may be payable by the Company or a Pre-IPO Autosports Group member following the Prospectus Date. Such tax related liability must be notified to Ian Pagent no later than 5 years following Completion.

The indemnities given by Nick Pagent and Ian Pagent are subject to a minimum claim threshold of $50,000 and do not cover, among other things, an Indemnified Tax Liability to the extent that such liability arises out of or is increased by a voluntary act of the Company or a Pre-IPO Autosports Group member (including a voluntary choice or election for tax purposes) or a change in legislation or regulation.

9.8 Back-to-back guarantee

Nick Pagent, Ian Pagent, Dwyer Ogle, Finola Ogle and certain entities related to Existing Owners (**Indemnified Parties**) have historically provided guarantees and indemnities in support of the obligations and liabilities of Pre-IPO Autosports Group entities arising under certain contracts (including but not limited to Dealership Agreements, third party lease arrangements and certain supplier arrangements) entered into prior to the Prospectus Date (**Existing Owner Guarantees**).

The Indemnified Parties are in the process of releasing and replacing the Existing Owner Guarantees with guarantees and indemnities to be provided by the Company. In the interim, the Company has agreed to provide a back-to-back guarantee in favour of the Indemnified Parties agreeing to indemnify the Indemnified Parties in full for any losses so incurred in relation to their provision of the Existing Owner Guarantees. Subject to certain exceptions, the back-to-back guarantee is intended to remain in force and effect for a period of one year following Completion.

9.9 Acquisition Agreement

Under the business purchase agreement dated 24 August 2016 between Barbizon Pty Ltd in its own right and as trustee for the Willims Motor Trust (**Willims Vendor**), ASG Brisbane Pty Ltd and Gregory Ian Willims (**Acquisition Agreement**), ASG Brisbane Pty Ltd has agreed to purchase the business and certain assets relating to five Dealerships in metropolitan Brisbane, currently owned and operated by the Willims Vendor (**Acquisition**), being:

- Audi Centre Brisbane;
- Audi Indooroopilly;
- Bentley Brisbane;
- Euromarque Maserati; and
- Lamborghini Brisbane.

The purchase price under the Acquisition Agreement is $72,500,000, subject to certain price adjustments, including, but not limited to, a net tangible asset adjustment, an adjustment for pre-paid customer deposits and cash proceeds of sold trade-in vehicles on partly completed customer contracts and an adjustment for apportionable outgoings. The net tangible asset adjustment is downwards only targeting a net tangible asset position of $6,250,000 and it accounts for adjustments regarding new vehicles, near new vehicles, demonstration vehicles and used vehicles (including for manufacturer bonuses and any third party finance being assumed by ASG Brisbane Pty Ltd on those vehicles), parts stock, merchandise, accessories and consumables on hand at completion, as well the value of work in progress on customer contracts. The purchase price is comprised of $50,000,000 in cash (**Cash Consideration**) and $22,500,000 of Shares at the Offer Price to be issued to the Willims Vendor under this Prospectus on completion of the Acquisition (**Consideration Shares**). The Cash Consideration component of the purchase price is subject to the completion adjustments referred to above. The Consideration Shares component of the purchase price is fixed.

ASG Brisbane Pty Ltd has paid a deposit of $500,000 under the Acquisition Agreement, to be held in ASG Brisbane Pty Ltd's legal advisor's controlled money account and to be released to the Willims Vendor on completion of the Acquisition (in part payment towards the Cash Consideration) or otherwise returned to ASG Brisbane Pty Ltd if the Acquisition Agreement is terminated. The Consideration Shares to be issued on completion will be subject to escrow arrangements on the same terms as the Existing Owners (see Section 9.13.4 for further details).

Completion of the Acquisition is subject to a number of conditions, including:

- completion of the Offer;
- OEM consent to the Acquisition;
- Gregory Ian Williams entering into an employment agreement with ASG Brisbane Pty Ltd;
- release of certain encumbrances over the assets;
- the assignment of certain real property leases or the grant of a licence in respect of the Dealership premises;
- the transfer of rights and interests under certain financing arrangements;
- entry into a new rental agreement in respect of certain offsite storage premises; and
- confirmation of no material adverse effect.

Following completion of the Acquisition, ASG Brisbane Pty Ltd will be responsible for the obligations of the businesses, including certain obligations arising prior to completion of the Acquisition, such as free service claims, distributor and dealer warranty claims and rights, and entitlements and interests arising under relevant customer and IT contracts. In addition, ASG Brisbane Pty Ltd is required to make an offer of employment to certain employees of the businesses and will be responsible for all wages and salaries in respect of those employees from completion and all accrued employee entitlements prior to completion of the Acquisition.

The Acquisition Agreement contains certain standard representations and warranties by the Willims Vendor to ASG Brisbane Pty Ltd given at the date of the Acquisition Agreement and at completion of the Acquisition including, but not limited to, ownership over assets, encumbrances over assets, condition of the assets, compliance with laws, litigation, default under certain material contracts, no material adverse effect and accuracy of information.

The parties may terminate the Acquisition Agreement on the occurrence of certain events of default including, but not limited to, an insolvency event in respect of a party, or the failure of a party to comply with certain obligations under the Acquisition Agreement relating to the conduct of the business prior to completion, vacation of certain non-transferring businesses and assets from the business premises, breach of a Willims Vendor warranty or breach of confidentiality obligations

The Willims Vendor and Gregory Ian Williams have agreed to keep ASG Brisbane Pty Ltd indemnified against all claims which arise, result from or relate to an act, omission or negligence of the Willims Vendor in relation to the use of the assets or the operation of any of the businesses prior to completion. ASG Brisbane Pty Ltd has agreed to provide a reciprocal indemnity in favour of the Willims Vendor in respect of any claims which arise, result from or relate to an act, omission or negligence of ASG Brisbane Pty Ltd in relation to the assets or the operation of any of the businesses on or after completion.

9.10 Volvo Cars Brighton

Under the Business Sale Agreement between Altitude Brighton Pty Ltd and Autosports Castle Hill Pty Ltd dated September 2016, Autosports Castle Hill Pty Ltd agreed to purchase the business and certain assets (including motor vehicle stock) relating to the Volvo Cars Brighton Dealership in Melbourne (also known as Altitude Brighton) previously owned by Altitude Brighton Pty Ltd.

The purchase price under the Sale Agreement was approximately $4 million (and is subject to certain adjustments for, among other things, the value of new, used and demonstrator Vehicles on hand, parts and stock on hand and accrued employee entitlements and liabilities). The acquisition completed in October 2016. Any adjustment to the purchase price (to be either paid or received by Autosports Castle Hill Pty Ltd) will not be determined until after the Prospectus Date.

Following completion of the acquisition, Autosports Castle Hill Pty Ltd is responsible for the obligations of the business including free service claims, distributor and dealer warranty claims and rights, entitlements and interests arising under relevant customer contracts. The expected cost of these free service claim obligations was provisioned for in the purchase price paid under the Sale Agreement and is also subject to adjustment. In addition, Autosports Castle Hill Pty Ltd has made offers of employment to certain employees of the business and has assumed responsibility for all employee entitlements, accumulated wages and salaries in respect of those employees from completion of the acquisition.

Under the Sale Agreement, Altitude Brighton Pty Ltd has agreed to indemnify and hold harmless Autosports Castle Hill Pty Ltd in respect of all claims that Autosports Castle Hill Pty Ltd may incur or suffer which arise, result from or relate to the use of the assets or the operation of the business prior to completion. Autosports Castle Hill has provided a reciprocal indemnity in favour of Altitude Brighton Pty Ltd in respect of all claims that Altitude Brighton Pty Ltd may incur or suffer which arise, result from or relate to the use of the assets of the operation of the business after completion. In addition, Autosports Castle Hill Pty has agreed to indemnify Altitude Brighton Pty Ltd in respect of claims, costs and expenses associated or made in respect of employee entitlements assumed by Autosports Castle Hill Pty Ltd and any claims by a transferring employee for employee entitlements accruing in the period after completion of the acquisition.

9.11 New Centenary Classic Mercedes-Benz, Mercedes-Benz Macgregor, Centenary Mazda and Centenary Pre-Delivery Centre Sale Deed

Under the Sale Deed between New Centenary Mercedes-Benz Pty Ltd and New Centenary Mazda Pty Ltd (**ASG Buyers**), Shannon Nominees No 219 Pty Limited, Denbusy Pty Ltd and Newstar Classic Pty Ltd (**Sellers**) and certain other parties, dated 28 February 2014, the ASG Buyers agreed to purchase the business and certain assets relating to four Dealerships in south Brisbane, previously owned by the Sellers, being:

- Toowong Mazda;
- Mercedes-Benz Toowong;
- Mercedes-Benz Macgregor; and
- Service and Parts Department at Macgregor Mercedes-Benz.

The purchase price under the agreement was $14,390,559.06 and the acquisition completed on 4 June 2014. In addition to the purchase price stated above, an earn-out amount equal to $2,500,000 is payable by the ASG Buyers to the Sellers in the event that Macgregor Mercedes-Benz and the Pre-Delivery Centre together achieve net profit before tax of $1,500,000 in any of FY2015, FY2016 or FY2017. The ASG Buyer's obligations under the Sale Deed are guaranteed by personal guarantees and indemnities provided by Ian Pagent and Nick Pagent, and remain ongoing until the purchase price (including the earn-out amount, if applicable) is paid to the Sellers.

Under the Sale Deed, the Sellers (and certain covenantors) have agreed to keep the ASG Buyers indemnified against any cost, claim, expense, damage, loss or liability incurred by the ASG Buyers arising from or connected to the Sellers' conduct of any of the businesses or use of any of the assets prior to completion. The ASG Buyers have provided a reciprocal indemnity in favour of the Sellers in respect of any cost, claim, expense, damage, loss or liability incurred by the Sellers arising from or connected to the ASG Buyers' conduct of any of the businesses or use of any of the assets on or after completion.

9.12 New Centenary Mazda Pty Ltd Shareholders' Agreement and Loan Agreement summary

9.12.1 New Centenary Mazda Shareholders' Agreement

Under the terms of the Mazda Dealer Agreement operated by New Centenary Mazda Pty Ltd, the Dealer Principal for New Centenary Mazda (the **Mazda Dealership**) is required to retain 20% of the issued shares in the Mazda Dealership. Accordingly, New Centenary Mazda Pty Limited has entered into a Shareholder's Agreement with Chris Connelly, Liverpool Street Investments Pty Ltd, MACDEC Pty Ltd and certain other parties (**New Centenary Mazda Shareholders**), dated 26 October 2016, to record the terms on which the New Centenary Mazda Shareholders have agreed to regulate each of their participation in the management of the Mazda Dealership (**New Centenary Mazda Shareholders' Agreement**). Following Completion, Autosports Group Limited will accede to the New Centenary Mazda Shareholders' Agreement and New Centenary Mazda Shareholders other than MACDEC Pty Ltd, an entity associated with Chris Connelly, will cease to be a party to the New Centenary Mazda Shareholders' Agreement.

The New Centenary Mazda Shareholders' Agreement provides that a New Centenary Mazda Shareholder who intends to sell its securities in the Mazda Dealership must serve notice on each of the other New Centenary Mazda Shareholders, specifying certain details, including material terms of the proposed transfer. Upon receipt of a notice of a proposed transfer, each of the non-selling New Centenary Mazda Shareholders has an option to purchase some or all of the New Centenary Mazda Shareholders' securities at the specified sale price.

If a New Centenary Mazda Shareholder has 70% or more of the securities in the Mazda Dealership (**Major Shareholder**) and receives an offer from a genuine third party, at arm's length, to purchase its securities in the Mazda Dealership, the Major Shareholder has the option to require all other New Centenary Mazda Shareholders to sell their securities to the third party purchaser. The Major Shareholder may exercise its option to require the other New Centenary Mazda Shareholders to sell their securities by giving written notice to that effect no less than 10 Business Days prior to the transfer of its securities to the third party purchaser.

The New Centenary Shareholders' Agreement includes provisions covering events of default, including the termination or cessation of the employment arrangements of Chris Connelly as Dealer Principal of the Mazda Dealership. If an event of default occurs, the defaulting New Centenary Shareholder will be deemed to have irrevocably offered to New Centenary Mazda Pty Ltd the right to acquire (by way of transfer, buy back or otherwise), or to nominate another person to acquire, all of the securities held by the defaulting New Centenary Shareholder.

9.12.2 New Centenary Mazda Loan Agreement

Autohaus Prestige Five Dock Pty Ltd (**Autohaus Prestige**) and MACDEC Pty Ltd have entered into a limited recourse loan agreement dated 26 October 2016 (**Loan Agreement**). Under the Loan Agreement, MACDEC Pty Ltd has borrowed an initial amount of $1,968,000 that is, pursuant to the terms of the Loan Agreement, to be drawn down and applied immediately by MACDEC Pty Ltd for the subscription of securities in New Centenary Mazda Pty Ltd. Interest, under the Loan Agreement, on the drawn down amount is payable by MACDEC Pty Ltd at an interest rate that equals the prevailing FBT benchmark interest rate (currently 5.65% p.a.).

Pursuant to the Loan Agreement, MACDEC Pty Ltd has granted security over its securities in New Centenary Mazda Pty Ltd and has agreed to provide Autohaus Prestige with a specific security deed over the securities in a form required by Autohaus Prestige. If MACDEC Pty Ltd receives any distribution in respect of the securities in New Centenary Mazda Pty Ltd, whether of an income or capital nature (including any dividend, interest, distribution on a winding-up, capital reduction, redemption or share buy-back, proceeds from sale or otherwise) (**Distribution**) after the date of the Loan Agreement, MACDEC Pty Ltd must immediately apply the net amount of the Distribution after allowing for the income tax or capital gains tax payable by MACDEC Pty Ltd in respect of the Distribution (calculated by MACDEC Pty Ltd as a reasonable estimate of the likely tax payable by MACDEC Pty Ltd at that time) as directed by Autohaus Prestige towards repayment of the outstanding amount, until the outstanding amount is repaid in full.

If MACDEC Pty Ltd commits an event of default, which includes but not limited to not being able to pay its debts as and when they become due, becomes insolvent, is deregistered under the Corporations Act or breaches any obligation under this Loan Agreement, then Autohaus Prestige may give MACDEC Pty Ltd a notice that all outstanding amounts is due and payable no later than 5 Business Days after receipt of the notice. This Loan Agreement will cease on the earlier of 7 years from the date that MACDEC Pty Ltd draws down on the initial amount, the date that MACDEC Pty Ltd ceases to be the registered holder of the securities or the date MACDEC Pty Ltd receives a notice from Autohaus Prestige to pay all outstanding amounts. Upon receiving a written notice by Autohaus Prestige, MACDEC Pty Ltd must pay the drawn down amount in full within 5 Business Days of the written notice or on such other date agreed to in writing between Autohaus Prestige and MACDEC Pty Ltd. MACDEC Pty Ltd may prepay any (or all) of the outstanding amount drawn down under the Loan Agreement by giving Autohaus Prestige no less than 5 Business Days written notice of its' intention to repay the outstanding amount.

9.13 Other material contracts

9.13.1 Dealership Agreements

Various ASG entities have entered into Dealership Agreements with each OEM (**Distributor**) for each Dealership that each ASG entity operates (**Dealer**). Dealership Agreements relate to ASG's rights to acquire, distribute, service and repair Vehicles for each Distributor. Although the Dealership Agreement is with an individual Distributor, each Dealership Agreement is broadly on substantially similar terms. Unless otherwise stated, below is a summary of the key material terms that are common to all the Dealership Agreements that ASG has entered into.

Franchising Code of Conduct

All the Dealership Agreements are franchise agreements governed by the FCC (a mandatory code under the Competition and Consumer Act 2010 (Cth)). The FCC requires the franchisor to provide extensive disclosure to the franchisee in relation to the franchisor and the franchise system and regulates significant rights relating to the franchise relationships, including how the franchisor may terminate, how the franchisor must behave in relation to requests by the franchisee to transfer its franchise rights, and how disputes between franchisors and franchisees must be handled. Contracts between franchisors and franchisees cannot override the application of the FCC.

Even if a franchisor has a right on the face of an agreement, the franchisor may not be able to exercise that right if it breaches the FCC, including if that right is not exercised in good faith.

Dealership territory

The majority of the Dealership Agreements are non-exclusive in that the Distributors may appoint other Dealers to, or may itself sell, distribute, service or repair Vehicles within each of Dealers' PMA. A Dealer's PMA is the geographic territory usually defined within the Dealership Agreement by reference to a list of postcodes of those suburbs surrounding the Dealership location.

Term and termination

The term of the Dealership Agreements is usually between three and five years and is subject to renewal at the option of the Distributor. The majority of the Dealership Agreements may be terminated for convenience at any time during the term upon the Distributor giving reasonable notice (30 – 90 days) in writing to the dealer as well as reasons for the termination.

Change of control and right of first refusal

A number of the Dealership Agreements require a change of control in the Dealership to be notified to the Distributor and not be implemented unless and until the Distributor has provided its consent not to be unreasonably withheld. Any future change, including a disposal, in the legal or beneficial interest in a Dealer would trigger this provision. A failure to obtain consent to a change of control may lead to termination of the Dealership Agreement, which may either be immediate or with notice of up to 30 days. Certain Dealership Agreements contain a right of first refusal that will be triggered on the occurrence of a change of control. This right of first refusal grants the Distributor a right to acquire the relevant Dealership's interest in the event that the Dealer seeks to sell, assign, transfer or real with its Dealership interest.

Exclusivity

Many of the Dealership Agreements contain restrictions on the Dealer's right (and in some cases, its related body corporates' rights) to be involved, either directly or indirectly, in a franchise to sell or service products similar to the Distributor's products without first obtaining prior written consent from the relevant Distributor.

Change of Dealer Principal

A majority of the Dealership Agreements contain restrictions on a change of Dealer Principal, key personnel or on a change in the active management of a Dealership. A change in a Dealership's Dealer Principal, key personnel or active management must be notified to the Distributor and not implemented unless and until the Distributor approves the change.

9.13.2 Financing and floor plan financing arrangements

Certain members of the Pre-IPO Autosports Group have financing arrangements with various financiers.

There are a number of change of control restrictions in certain financing arrangements with various financiers. Consent to the change of control which will result from the Proposed Transaction has been granted by the relevant financiers.

Obligations and liabilities under the financing arrangements are secured and guaranteed, in some cases, by guarantees and securities granted by certain members of the Pre-IPO Autosports Group in respect of the indebtedness of companies which are not members of the Pre-IPO Autosports Group (and vice versa). Securities have also been granted over shares in certain members of the Pre-IPO Autosports Group. In such cases, releases from the relevant financiers have been obtained. Some of these releases are conditional on completion of the Offer and the provision of other deliverables within the control of ASG.

Set out below is a general summary of the financing arrangements.

Volkswagen Financial Services Australia Pty Limited (VWFS)

VWFS has provided financial accommodation to certain members of the Pre-IPO Autosports Group. The financing arrangements are subject to annual review and may be terminated by VWFS in its absolute discretion by giving the borrower 60 days' written notice.

(a) Key commercial terms

The key terms of the VWFS financing arrangements are summarised below.

BORROWER	FACILITY	PURPOSE	FACILITY LIMIT	FACILITY END DATE	REPAYMENTS
Autosports Castle Hill Pty Ltd	Construction Loan	Showroom renovation	$1,000,000	January 2021	First 12 months interest only, then 48 monthly repayments of $20,833.33.
Autosports Leichhardt Pty Ltd	Capital Loan	Showroom renovation	Original: $550,000 Current: $314,000	December 2017	First 12 months interest only, then 36 monthly repayments of $13,888.88.
Autosports Leichhardt Pty Ltd	Capital Loan	Acquisition financing	Original: $4,300,000 Current: $3,950,000	May 2020	As from 1 June 2015, 60 monthly repayments of $70,000 with a final repayment amount of $100,000 (or such other amount that is outstanding on May 2020).
Autosports Sutherland Pty Ltd	Real Estate Construction Loan	Showroom renovation	Original: $550,000 Current: $310,000	September 2019	From 1 September 2014, 60 monthly repayments of $4,312 and a final repayment of $110,880 (or such other amount that is outstanding on 1 September 2019).
Mosman Prestige Cars Pty Ltd	Renovation Loan	Showroom renovation	Original: $1,332,000 Varied: $4,000,000 Current: $3,955,000	October 2020	First 48 months interest only, then 60 monthly repayments of $26,666.67 with a final repayment amount of $2,382,240.
Mosman Prestige Cars Pty Ltd	Capital Loan	Acquisition funding	Original: $2,334,000 Current: $2,225,000	April 2020	First 48 months interest only, then 60 monthly instalments of $15,566.67 with a final repayment amount of $1,400,000.

In addition to the financing arrangements set out in the table above, it is proposed that Betar Prestige Cars Pty Ltd will enter into financing arrangements with VWFS under which VWFS will provide a capital loan to Betar Prestige Cars Pty Ltd with a facility limit of $291,550 and a facility end date of June 2017 to refinance an existing capital loan between Audi Parramatta Holdings Pty Ltd and VWFS. Consents from VWFS are required in respect of the existing financing and security arrangements between Betar Prestige Cars Pty Ltd and Westpac Banking Corporation. As at the date of this Prospectus, the loan documentation in respect of this capital loan has not been entered into.

VWFS has also made available certain lines of credit for equipment leases or chattel mortgages to Autosports Five Dock Pty Limited (with a limit of $200,000 and no drawings thereunder), Autosports Leichhardt Pty Ltd (with a limit of $100,000 and a drawn amount of $90,022), Betar Prestige Cars Pty Ltd (with a limit of $150,000 and a drawn amount of $141,514.50) and Modena Trading Pty Ltd (which is unlimited and has a drawn amount of $105,621.69).

Finally, on or about completion of the Offer, certain financing arrangements with VWFS will be novated from the Willims Motor Group to ASG Brisbane Pty Ltd or refinanced directly with ASG Brisbane Pty Ltd on substantially the same terms as the existing financing arrangements as part of the acquisition by ASG Brisbane Pty Ltd of the Willims business (see Section 9.9 above).

(b) Securities and guarantees

The VWFS financing arrangements (including the floor plan financing arrangements described below) are secured by various security arrangements, including general security agreements, fixed and floating charges, and guarantees and indemnities granted by members of the Pre-IPO Autosports Group, as well as a guarantee to be granted by ListCo in respect of the obligations and liabilities of the relevant members of the Pre-IPO Autosports Group.

One such guarantee is a guarantee granted by ASG Brisbane Pty Ltd to VWFS in relation to the VWFS financing arrangements described in paragraph (a) above. Certain financing arrangements with the Bank of Queensland (**BOQ**) will also be refinanced with ASG Brisbane Pty Ltd on substantially the same terms as the existing BOQ financing arrangements; however, the terms of these BOQ financing arrangements, among other things, restrict the grant of the guarantee by ASG Brisbane Pty Ltd to VWFS. Consent from BOQ has been sought in relation to the financing and security arrangements which ASG Brisbane Pty Ltd intends to enter into with VWFS. Similarly, VWFS' consent is being sought in relation to the financing and security arrangements which ASG Brisbane Pty Ltd intends to enter into with BOQ.

(c) Facility fees

Capital loan facilities

Fees payable in connection with the VWFS capital loan facilities (being all the facilities provided by VWFS excluding the equipment finance facilities) include an early termination fee if any of the financing arrangements are terminated or cancelled within 24 months of first drawdown for a reason other than VWFS' default.

Equipment finance facilities

Fees payable in connection with the equipment finance facilities include an establishment fee and delivery fees.

(d) Interest

Capital loan facilities

Interest in respect of the capital loan facilities is charged at a variable rate of interest, comprising the applicable base rate for borrowings in Australian dollars (being the Bank Bill Swap Benchmark Rate (BBSW)) plus a margin.

Default interest is payable on overdue amounts.

Equipment finance facilities

Interest is payable in relation to the equipment finance facilities. Repayment instalments under the equipment finance facilities include a fixed interest component.

Default interest is payable on overdue amounts.

(e) Undertakings

Capital loan facilities

The terms of the capital loan facilities include affirmative and negative covenants which are usual for facilities of their nature, including:

- information undertakings relating to the provision of financial statements, shareholder documents, and any other information relating to the borrower's financial condition to VWFS, and notice of actual or potential events of default;
- undertakings relating to the conduct of the business;
- undertakings relating to compliance with laws and environmental procedures; and
- restrictions on making disposals, granting security interests, incurring indebtedness, providing financial support or paying dividends.

Equipment finance facilities

The terms of the equipment finance facilities include affirmative and negative covenants in relation to the goods which are usual for facilities of their nature, including:

- information undertakings relating to the use or location of goods;
- restrictions on the grant of a security interest over the goods; and
- undertakings relating to the repair and maintenance of the goods.

(f) Representations and warranties

Capital loan facilities

The terms of the capital loan facilities include representations and warranties usual for facilities similar to the capital loan facilities.

Equipment finance facilities

The terms of the equipment finance facilities include warranties usual for facilities similar to the equipment finance facilities.

(g) Events of default and review events

Capital loan facilities

The terms of the capital loan facilities contain events of default which are usual for facilities of a similar nature.

There are no review events specified under the terms of the capital loan facilities. However, the continuation of each capital loan facility is subject to an annual review by VWFS. If, following the annual review, VWFS determines that circumstances have resulted in a material adverse effect on a borrower's ability to observe its obligations under the capital loan facilities or the financial condition or business of the borrower or any secured property, then VWFS may cancel that capital loan facility on 60 days' notice and demand immediate repayment of all monies owing to VWFS.

Equipment finance facilities

The terms of the equipment finance facilities contain events of default which are usual for facilities of a similar nature.

There are no review events specified under the equipment finance facilities.

Mercedes-Benz Financial Services Australia Pty Ltd (MBFS)

MBFS has provided financial accommodation to New Centenary Mercedes Benz Pty Ltd and Prestige Repair Works Pty Ltd. Some of the MBFS financing arrangements are subject to annual review.

(a) Key commercial terms

The key terms of the MBFS financing arrangements are summarised below.

BORROWER	FACILITY	PURPOSE	CURRENT PRINCIPAL OUTSTANDING	FACILITY END DATE	REPAYMENTS
New Centenary Mercedes-Benz Pty Ltd	Working Capital Loan	Working capital to purchase fixed business assets	$701,800 (as at 30 September 2016)	July 2019	Monthly repayments of $20,833.
New Centenary Mercedes-Benz Pty Ltd	Working Capital Loan	Showroom renovation	$1,500,000 (as at 30 September 2016)	June 2026	Monthly repayments of $25,000.
Prestige Repair Works Pty Ltd	Dealer Commercial Advance	Acquisition funding	$1,462,500 (as at 30 September 2016)	June 2026	Monthly repayments of $12,500.

(b) Securities and guarantees

The MBFS financing arrangements (including the floor plan financing arrangements described below) are secured by various security arrangements including, general security deeds, specific security deeds and guarantees and indemnities granted by the borrowers listed in paragraph (a) above.

(c) Facility fees

There are no facility fees payable in respect of the MBFS financing arrangements.

(d) Interest

Loans under the MBFS financing arrangements attract a variable rate of interest, comprising the applicable base rate for borrowings in Australian dollars (being MBFS' 30-day bill rate established at the start of each month) plus a margin.

Default interest is payable on overdue amounts.

(e) Undertakings

The MBFS financing arrangements include affirmative and negative covenants which are usual for facilities of their nature, including:

- information undertakings relating to financial or other information requested by MBFS, and notice of actual or potential events of default;
- undertakings relating to compliance with laws and maintenance of the requisite authorisations; and
- restrictions on making disposals.

(f) Representations and warranties

The MBFS financing arrangements include representations and warranties usual for facilities similar to the MBFS financing arrangements.

(g) Events of default and review events

The MBFS financing arrangements contain events of default which are usual for facilities of a similar nature.

There are no review events specified under the MBFS financing arrangements.

Macquarie Bank Limited (MBL)

Financing arrangements between Australia and New Zealand Banking Group Limited (trading as Esanda) (**Esanda**) and each of Autosports Leichhardt Pty Ltd, New Centenary Mazda Pty Ltd, New Centenary Mercedes-Benz Pty Ltd, and Autosports Brisbane Pty Ltd were novated from Esanda to MBL, effective 25 May 2016.

The terms and conditions of the financing arrangements are set out in the Letters of Offer, General and Specific Conditions (attached to the Letters of Offer) and Annual Review and General Variation Letters from Esanda. These facilities are subject to annual review.

(a) Key commercial terms

The key terms of the MBL financing arrangements are set out below.

BORROWER	FACILITY	PURPOSE	FACILITY LIMIT	FACILITY END DATE	INTEREST AND REPAYMENTS
Autosports Brisbane Pty Ltd	Interchangeable Facility (finance lease facility or chattel mortgage / commercial hire purchase facility)	Plant and equipment financing	$250,000	Not before next review date	Depends on individual contract.
Autosports Leichhardt Pty Ltd	Interchangeable Facility (finance lease facility or chattel mortgage / commercial hire purchase facility)	Plant and equipment financing	$250,000	Not before next review date	Depends on individual contract.
New Centenary Mazda Pty Ltd	Dealer Loan Facility	Acquisition funding	Original: $5,000,000 Current: $4,360,000	May 2021	Interest (calculated based on the Macquarie Leasing Base Lending Rate plus a margin) on the balance outstanding plus 80 monthly repayments of $60,000 followed by 4 monthly repayments of $50,000.
New Centenary Mazda Pty Ltd	Indemnity / Guarantee Facility	To assist with the supply of parts	$180,000	Not before next review date	Minimum fee of 1.50% per half year, payable on the date of drawdown of each Indemnity Guarantee and afterwards at half-yearly intervals.
New Centenary Mercedes-Benz Pty Ltd	Indemnity / Guarantee Facility	To assist with rental payments	Original: $858,000 Current: $870,000	Not before next review date	Minimum fee of 1.50% per half year, payable on the date of drawdown of each Indemnity Guarantee and afterwards at half-yearly intervals.

(b) Securities and guarantees

The MBL financing arrangements (including the floor plan financing arrangements described below) are secured by security arrangements which were novated from Esanda to MBL. These include general security agreements and guarantees and indemnities granted by members of the Pre-IPO Autosports Group, as well as a guarantee to be granted by Listco in respect of the obligations and liabilities of the relevant members of the Pre-IPO Autosports Group.

(c) Facility fees

Fees payable in relation to the MBL financing arrangements include (in respect of the Indemnity/Guarantee Facilities) fees calculated as a percentage of the amount guaranteed and (in respect of the Interchangeable Facilities) fees as set out in each individual contract.

(d) Interest

The Dealer Loan Facility to New Centenary Mazda Pty Ltd attracts a variable rate of interest, comprising the Macquarie Leasing Base Lending Rate plus a margin, which is payable on the outstanding balance of the facility.

(e) Undertakings

The MBL financing arrangements include covenants which are usual for facilities of this nature, including:

- the provision of financial or other information requested by MBL;
- a restriction on the grant of any security without MBL's consent; and
- compliance with environmental laws.

(f) Representations and warranties

The MBL financing arrangements include representations and warranties usual for facilities similar to the MBL financing arrangements.

(g) Events of default and review events

The MBL financing arrangements contain events of default which are usual for facilities of a similar nature.

MBL has the right to review the facilities if, among other things, MBFS determines that there has been a change in credit following a credit reassessment.

Macquarie Leasing Pty Ltd (Macquarie)

Macquarie has provided financial accommodation to Autosports Leichhardt Pty Ltd and Autosports Castle Hill Pty Ltd.

(a) Key commercial terms

The key terms of the Macquarie financing arrangements are summarised below.

BORROWER	FACILITY	PURPOSE	CURRENT PRINCIPAL OUTSTANDING	FACILITY END DATE	REPAYMENTS
Autosports Castle Hill Pty Ltd	Fully drawn advance facility	To purchase the goodwill of the Altitude Volvo business from Altitude Brighton Pty Ltd	$2,000,000	October 2017	Interest is calculated based on Macquarie Leasing's Base Lending Rate plus a margin. There are also monthly principal repayments of $166,666.67 and any remaining Balance Outstanding must be repaid at the end of the term.
Autosports Castle Hill Pty Ltd	Equipment finance facility	Per individual contract	Nil	Per individual contract	Per individual contract. Note: The facility limit is $800,000. As at the date of this Prospectus, no drawings have been made under this facility and no documents have been entered into.
Autosports Leichhardt Pty Ltd	Equipment finance facility (commercial hire purchase)	For the purchase of the new kitchen fitout at 563 Parramatta Road, Leichhardt	$219,725.76	September 2019	48 instalments of $4,583.12 (including $0.50 GST) paid monthly.

BORROWER	FACILITY	PURPOSE	CURRENT PRINCIPAL OUTSTANDING	FACILITY END DATE	REPAYMENTS
Autosports Leichhardt Pty Ltd	Equipment finance facility (chattel mortgage)	For the purchase of a new air conditioning unit.	$308,087.10	April 2020	48 instalments of $7,204.94 paid monthly.

(b) Securities and guarantees

The Macquarie financing arrangements (including the floor plan financing arrangements described below) are secured by securities and guarantees granted by certain members of the pre-IPO Autosports Group, as well as a guarantee to be granted by Listco in respect of the obligations and liabilities of the relevant members of the Pre-IPO Autosports Group.

(c) Facility fees

No facility fees are payable in respect of the Macquarie financing arrangements.

(d) Interest

Fully drawn advance facility

Interest in respect of the fully drawn advance facility is charged at a variable rate of interest, comprising the applicable base rate for borrowings in Australian dollars (being Macquarie's Base Lending Rate) plus a margin. The borrower may also request Macquarie to quote a fixed interest rate, which Macquarie may offer to do in its absolute discretion.

Default interest is payable on overdue amounts.

Equipment finance facilities

Repayment instalments under the equipment finance facilities include a fixed interest component.

Default interest is payable on overdue amounts.

(e) Undertakings

Fully drawn advance facility

The terms of the fully drawn advance facility include affirmative and negative covenants which are usual for facilities of their nature, including:

- information undertakings relating to financial or other information requested by Macquarie; and
- restrictions on granting security.

Equipment finance facilities

The terms of the equipment finance facilities include affirmative and negative covenants in relation to the goods which are usual for facilities of their nature, including:

- information undertakings relating to the location of goods (when requested by Macquarie);
- restrictions on the grant of a security interest in the goods; and
- undertakings in relation to the repair and maintenance of the goods.

(f) Representations and warranties

Fully drawn advance facility

The terms of the fully drawn advance facility include representations and warranties usual for facilities similar to the fully drawn advance facility.

Equipment finance facilities

Some of the equipment finance facilities include representations and warranties usual for facilities similar to these equipment finance facilities.

(g) Events of default and review events

Fully drawn advance facility

The terms of the fully drawn advance facility contain events of default which are usual for facilities of a similar nature.

There are no review events specified under the fully drawn advance facility. However, the fully drawn advance facility is subject to an annual review by Macquarie. If, following the annual review, Macquarie determines that circumstances have resulted in a material adverse effect on, among other things, the borrower's assets, revenue or financial condition or the borrower's ability to observe its obligations under the fully drawn advance facility, then Macquarie may terminate or vary those financing arrangements by written notice to the borrower.

Equipment finance facilities

The terms of the equipment finance facilities contain events of default which are usual for facilities of a similar nature.

There are no review events specified under the equipment finance facilities.

Australia and New Zealand Banking Group Limited (ANZ)

ANZ has entered into financing arrangements with Autosports Castle Hill Pty Ltd, Autosports Leichhardt Pty Ltd and Prestige Auto Traders Australia Pty Ltd. The ANZ financing arrangements are subject to annual review.

(a) Key commercial terms

The key terms of the ANZ financing arrangements are set out below.

BORROWER	FACILITY	PURPOSE	FACILITY LIMIT	FACILITY END DATE	FEES/INTEREST
Autosports Castle Hill Pty Ltd	Standby Letter of Credit or Guarantee Facility	To facilitate the issuing of financing instruments	$101,000 (of which a total of $100,210 has been drawn)	Not before next review date	Fees are payable for each letter of credit or guarantee issued.
Autosports Leichhardt Pty Ltd	Standby Letter of Credit or Guarantee Facility	To facilitate the issuing of financing instruments to support rental bonds	$638,000 (of which a total of $637,553.89 has been drawn)	Not before next review date	Fees are payable for each letter of credit or guarantee issued.
Prestige Auto Traders Australia Pty Ltd	Overdraft facility	To assist with working capital requirements	$1,800,000	Not before next review date.	Interest is payable monthly in arrears and is calculated on the basis of the Bank Bill Rate (for a period of 1 month) plus a margin. A line fee is payable on the facility limit.

(b) Securities and guarantees

The ANZ financing arrangements are secured by, in respect of the Standby Letters of Credit or Guarantee Facilities, set-off arrangements granted by the relevant borrowers listed in paragraph (a) above, and, in relation to the Overdraft Facility, a general security agreement granted by Prestige Auto Traders Australia Pty Ltd.

Westpac Banking Corporation (Westpac)

Betar Prestige Cars Pty Ltd, Mosman Prestige Cars Pty Ltd, Autosports Castle Hill Pty Ltd, Autosports Five Dock Pty Ltd and Prestige Auto Traders Australia Pty Ltd have entered into financing arrangements with Westpac for the provision of bank guarantees. The bank guarantee facilities are secured by flawed asset arrangements granted by each borrower in respect of its respective bank guarantee facility.

Westpac has also provided each of Prestige Auto Traders Australia Pty Ltd and Prestige Group Holdings Pty Ltd with a tape negotiation authority facility with facility limits of $1,700,000 and $500,000 respectively. Both of these facilities are unsecured.

Floor plan financing arrangements

Certain members of Pre-IPO Autosports Group have floor plan financing arrangements with various financiers. Set out below is a general summary of the floor plan financing arrangements.

(a) VWFS

VWFS has granted floor plan facilities to Autosports Castle Hill Pty Ltd, Autosports Leichhardt Pty Ltd, Autosports Sutherland Pty Ltd, Autosports Five Dock Pty Ltd, Mosman Prestige Cars Pty Ltd and Betar Prestige Cars Pty Ltd. The total limit under these floor plan financing arrangements is $119,300,000.

(b) MBFS

New Centenary Mercedes-Benz Pty Ltd has entered into floor plan financing arrangements with MBFS totalling $36,000,000.

(c) MBL

Floor plan financing arrangements with Autosports Brisbane Pty Ltd, Autosports Leichhardt Pty Ltd, New Centenary Mazda Pty Ltd and Prestige Auto Traders Australia Pty Ltd were novated from Esanda to MBL, effective 25 May 2016. The total limit available under these floor plan financing arrangement is $25,250,000.

(d) Macquarie

Autosports Leichhardt Pty Ltd and Autosports Castle Hill Pty Ltd have floor plan financing arrangements in place with Macquarie. The total limit available under these floor plan financing arrangement is $16,000,000.

9.13.3 Lease arrangements

Third party lessors

ASG operates its businesses from leased premises pursuant to leases or licences entered into by members of ASG with a number of different third parties; generally, these third parties are individuals or proprietary limited companies. Each lease is subject to periodic rent reviews during the term of the lease, which are based, on changes to the consumer price index, fixed percentage increase or market value. The term and expiry date of the leases vary and do not coincide with the term and expiry of each Dealership Agreement and floor plan financing arrangement for each Dealership.

Location	Lessee	Term (including any options to extend)	Expiry	Does lease contain a change of control provision?
42-26 Rosehill St, Parramatta, NSW	Betar Prestige Cars Pty Limited ACN 118 667 913	Initial term – 3 years Lessee has one option to renew for 3 years.	On 30 days' notice	No
5 Marion St, Parramatta, NSW	Audi Parramatta Holdings Pty Limited ACN 963 037 913	Initial term – 1 month No option to renew.	On 30 days' notice	No
Part First Floor, 181-199 Parramatta Rd, Five Dock, NSW	Auto Sports Five Dock Pty Limited ACN 118 786 762	Initial term – 5 years No option to renew.	13 August 2017	Yes
19-21 Spencer St, Five Dock, NSW	Auto Sports Five Dock Pty Limited ACN 118 786 762	Initial term – 5 years No option to renew.	13 August 2017	Yes
2-8 Spencer St / 77-79 Queens Rd, Five Dock, NSW	Auto Sports Five Dock Pty Limited ACN 118 786 762	Initial term – 2 years No option to renew.	On 30 days' notice	Yes
309 Military Rd, Mosman, NSW	Mosman Prestige Cars Pty Ltd ACN 149 346 476	Initial term – 5 years Lessee has two options to renew for 5 years.	31 March 2021	Yes

Location	Lessee	Term (including any options to extend)	Expiry	Does lease contain a change of control provision?
9 Dale St, Brookvale, NSW	Mosman Prestige Cars Pty Ltd ACN 149 346 476	Initial term – 2 years No option to renew.	15 August 2018	No
5 Dale St, Brookvale, NSW	Mosman Prestige Cars Pty Ltd ACN 149 346 476	Initial term – 7 years Lessee has three options to renew for 3 years.	31 July 2018	No
Unit 1/7 Marshall Rd, Kirrawee, NSW	Autosports Sutherland Pty Limited ACN 125 720 998 (previously GFB 2 Pty Limited ACN 121 539 580)	Initial term – 5 years Lessee has two options to renew for 5 years.	31 May 2017	No
Unit 2/7 Marshall Rd, Kirrawee, NSW	Autosports Sutherland Pty Limited ACN 125 720 998 (previously GFB 2 Pty Limited ACN 121 539 580)	Initial term – 5 years Lessee has two options to renew for 5 years.	31 May 2017	No
668 Princes Hwy, Sutherland, NSW	Autosports Sutherland Pty Limited ACN 125 720 998	Initial term – 5 years Lessee has one option to renew for 5 years.	31 August 2018	No
125-127 Kings Rd, Five Dock, NSW	Autosports Prestige Pty Limited ACN 096 909 698	Initial term – 4 years Lessee has one option to renew for 4 years.	30 June 2017	Yes
129 Kings Rd, Five Dock, NSW	Autosports Prestige Pty Limited ACN 096 909 698	Initial term – 3 years Lessee has one option to renew for 3 years.	30 September 2017	No
50-52 Redland Bay Rd, Capalaba, QLD	Autosports Castle Hill Pty Limited ACN 163 974 481	Initial term – 5 years Lessee has one option to renew for 5 years.	31 August 2020	Yes
Unit D, 53-75 Queens Rd, Five Dock, NSW	Barloworld Motor (Aust) Pty Limited ABN 79 004 074 819	Initial term – 2 years Lessee has one option to renew for 2 years.	31 May 2018	Yes
Unit F, 53-75 Queens Rd, Five Dock, NSW	Autosports Leichhardt Pty Limited ACN 161 160 765	Initial term – 3 years No option to renew.	31 March 2018	Yes
155 & 157 Parramatta Rd, Five Dock, NSW	Autosport Leichhardt Pty Ltd (previous tenant, Barloworld Motor (Aust) Pty Limited ACN 004 074 819)	Initial Term - 5 years 3 months and 9 days[2] Lessee has one option to renew for 5 years.	17 March 2017	Yes
Lease 1A & Lease 1B, 134 Wecker Rd. Mansfield, QLD	Autosports Castle Hill Pty Ltd ACN 163 974 841	Initial term – 5 years Lessee has two options to renew for 5 years.	31 January 2020	Yes
Lease 4A & Lease 5A, 134 Wecker Rd, Mansfield, QLD	Autosports Castle Hill Pty Ltd ACN 163 974 841	Initial term – 5 years Lessee has two options to renew for 5 years.	31 January 2020	Yes

2. In addition to the usual lessor termination rights arising on damage or destruction of the premises or default by the lessee, the lessor has a termination right under a redevelopment provision

Location	Lessee	Term (including any options to extend)	Expiry	Does lease contain a change of control provision?
135 Moggill Rd, Taringa, QLD[3]	New Centenary Mercedes Benz Pty Ltd ACN 168 183 864	Initial term - 10 years Lessee has two options to renew for 5 years.	1 June 2024	Yes
601 Mains Rd, Macgregor, QLD	New Centenary Mercedes Benz Pty Ltd ACN 168 183 864	Initial term – 5 years Lessee has three options to renew for 5 years.	1 June 2019	Yes
520 Kessels Rd, Macgregor, QLD	New Centenary Mercedes-Benz Pty Limited ACN 168 183 864	Initial term – 5 years Lessee has one option to renew for 2 years.	14 July 2018	Yes
Unit 2, 48 Redland Bay Rd, Capalaba, QLD	Autosports Castle Hill Pty Ltd ACN 163 974 481	Initial term – 4 years 5 months Lessee has one option to renew for 5 years.	31 August 2020	Yes
58 Church St, Parramatta, NSW	Autosports Castle Hill Pty Ltd ACN 163 974 481	Initial term – 14 months and 14 days No option to renew.	31 March 2017	Yes
Unit 5, 1 River Rd West, Parramatta, NSW	Autosports Castle Hill Pty Ltd ACN 163 974 481	Initial term – 11 months No option to renew.	30 December 2016	Yes
Unit 5, 207-229 Young St, Waterloo, NSW	Modena Trading Pty Limited ACN 140 018 015	Initial term – 10 years 6 months Lessee has one option to renew for 5 years	28 February 2021	Yes
883 Nepean Hwy, Bentleigh, VIC	Autosports Castle Hill Pty Ltd ACN 163 974 481	Initial term – 5 years. No option to renew.	31 March 2021	Yes
913 Nepean Hwy, Bentleigh, VIC	Autosports Castle Hill Pty Ltd ACN 163 974 481	Initial term – 5 years. Lessee has two options to renew for 5 years.	31 May 2018	Yes
917 Nepean Hwy, Bentleigh, VIC	Autosports Castle Hill Pty Ltd ACN 163 974 481	Initial term – 5 years Lessee has two options to renew for 5 years.	31 May 2018	Yes
Unit 9, 9-13 Winbourne Rd, Brookvale, NSW	Mosman Prestige Cars Pty Ltd ACN 149 346 476	Initial term – 2 years 9 months No option to renew.	31 March 2019	Yes
85 Rosehill St, Parramatta, NSW	Betar Prestige Cars Pty Limited ACN 118 667 913	Initial term – 3 years Lessee has one option to renew for 3 years.	31 December 2019	Yes
23 Church St, Parramatta, NSW	Autosports Castle Hill Pty Limited ACN 163 974 481	Initial term – 3 years Lessee has one option to renew for 3 years.	31 December 2019	Yes

3. A Pagent Entity has a pre-emptive right over this site. The site has been publicly advertised as being for sale.

Location	Lessee	Term (including any options to extend)	Expiry	Does lease contain a change of control provision?
180 Mullens St, Rozelle, NSW	Prestige Auto Traders Australia Pty Limited ABN 11 105 105 771	Initial term – 5 years Lessee has one option to renew for 5 years.	31 December 2020[4]	Yes
34 Robert St, Rozelle, NSW	Prestige Auto Traders Australia Pty Limited ACN 105 105 771	Initial term – 5 years No option to renew.	31 May 2017	Yes
38 Robert St, Rozelle, NSW	Prestige Auto Traders Australia Pty Limited ACN 105 105 771	Initial term – 5 years Lessee has one option to renew for 5 years.[5]	On 30 days' notice.	Yes
52-54 Robert St, Rozelle, NSW	Prestige Auto Traders Australia Pty Limited ACN 105 105 771	Initial term – 4 years No option to renew.	14 October 2019	Yes
280 Moggill Road, Indooroopilly, QLD	Barbizon Pty Limited ACN 062 850 819 as trustee for the Willims Motor Trust ABN 85 892 440 922 trading as Audi Centre	Initial term – 1 year and 1 day[6] No option to renew.	On 30 days' notice.	No
34 Coonan Street, Indooroopilly, QLD	Barbizon Pty Limited ACN 062 850 819 as trustee for the Willims Motor Trust	Initial term – 7 years Lessee has one option to renew for 5 years.	30 September 2021	Yes
825 Ann Street, Fortitude Valley, QLD	Barbizon Pty Limited ACN 062 850 819	Initial term – 8 years Lessee has one option to renew for 5 years.	31 May 2023	Yes
570-586 Wickham Street, Fortitude Valley, QLD	Barbizon Pty Limited ACN 062 850 819	Initial term – 10 years and 6 months Lessee has two options to renew for 5 years.	31 December 2026	Yes
1291 Logan Road, Mt Gravatt, 21 Church St, Parramatta, NSW	Autosports Castle Hill Pty Ltd ACN 163 974 481	Initial term – 1 year Lessee has two options for 1 year	31 May 2017	Yes
21 Church St, Parramatta, NSW	Betar Prestige Cars Pty Ltd ACN 118 667 913	Initial term – 3 years and 3 months. Lessee has one option to renew for 3 years.	31 December 2019	Yes
183 Parramatta Road and 23 Spencer St, Five Dock, NSW	Autosports Five Dock Pty Ltd ACN 118 786 762	Initial term – 5 years Lessee has two options to renew for 5 years	30 June 2021	Yes
129-151 Parramatta Rd, Five Dock, NSW	Autosports Castle Hill Pty Ltd ACN 163 974 481	Initial term – 3 years No option to renew.	30 June 2017	No

4. The option lease includes an early termination clause which entitles the lessor to terminate the lease on not less than 6 months' notice to the lessee if the lessor intends to refurbish or demolish the estate of which the leased premises forms part.
5. The lessee did not exercise its option to renew the lease and is currently in renewal negotiations with the lessor.
6. This premises is occupied under a licence which has expired.

Location	Lessee	Term (including any options to extend)	Expiry	Does lease contain a change of control provision?
6-8 Hudson Ave, Castle Hill, NSW[7]	Autohaus Prestige Five Dock Pty Ltd	Initial term – 5 years Lessee has two options to renew for 3 years	30 November 2018	Yes

Related Party Lessors

ASG also operates its businesses from leased premises pursuant to leases entered into with entities related to the Existing Owners (**Related Party Lease**). The term and expiry date of the Related Party Leases vary and does not coincide with the term and expiry of each Dealership Agreement and floor plan financing arrangement for each ASG Dealership. Below is a table setting out specific details of each Related Party Lease.

Location	Lessor	Term (including any options to extend)	Expiry	Does it contain a change of control provision?
49-51 Church St, Parramatta, NSW	Betar Prestige Cars Pty Ltd ACN 118 667 913	Initial term – 5 years Lessee has two options to renew for 5 years.	30 June 2021	Yes
13 Church St, Parramatta, NSW	Audi Parramatta Properties 2 Pty Ltd ACN 159 385 494	Initial term – 5 years Lessee has two options to renew for 5 years.	30 June 2021	Yes
34-36 Spencer St, Five Dock, NSW	Autohaus Prestige Five Dock Pty Limited ACN 123 958 878	Initial term – 5 years Lessee has two options to renew for 5 years.	30 June 2021	Yes
3-7 Parramatta Rd, Five Dock, NSW	GFB Properties Pty Limited ACN 118 556 684	Initial term – 5 years Lessee has two options to renew for 5 years.	30 June 2021	Yes
531 – 571 Parramatta Rd, Five Dock, NSW (first floor showroom)	Autosports Properties Leichhardt Pty Limited ACN 161 513 131	Initial term – 10 years Lessee has two options to renew for 5 years.	30 June 2026	Yes
531 – 571 Parramatta Rd, Five Dock, NSW (excluding first floor showroom)	Autosports Properties Leichhardt Pty Limited ACN 161 513 131	Initial term – 5 years Lessee has two options to renew for 5 years.	30 June 2021	Yes
Unit C, 2 Packard Ave, Castle Hill, NSW	Autohaus Prestige Five Dock Pty Limited ACN 123 958 878	Initial term – 5 years Lessee has two options to renew for 5 years.	30 June 2021	Yes

The aggregate annual rent payable under the above related party leases in FY2017 is approximately $3,700,000 (excluding GST). During the terms of these leases, rent will increase by 3.5% each year, commencing on 1 July of that year.

7. A Pre-IPO Autosports Group entity operates from this location. The Pre-IPO Autosports Group entity has entered into a sub-lease with the lessee.

9.13.4 Escrow arrangements

On Completion, entities associated with Ian Pagent will hold approximately 31.9% of the Shares, entities associated with Nick Pagent will hold approximately 19.1% of the Shares, entities associated with other Management Shareholders will hold (in aggregate) approximately 11.1% of the Shares and the Willims Vendor will hold approximately 4.7% of the Shares (being the **Escrowed Shareholders**), excluding any Shares acquired by them under the Offer (if any).

Each of these Escrowed Shareholders has entered into a voluntary escrow deed in respect of their Escrowed Shares, which prevents them from dealing in their respective Escrowed Shares for the applicable escrow period. The restriction on "dealing" is broadly defined and includes, among other things, to dispose of, or agree or offer to dispose of, the Escrowed Shares or any legal, beneficial or economic interest in the Escrowed Shares or to create or agree or offer to create any securities interest in the Shares.

All of the Escrowed Shareholders may be released early from these escrow obligations to enable:

- the Escrowed Shareholder to accept an offer under a takeover bid in respect of all or a proportion of the Shares, provided that the holders of at least half of the Shares that are not subject to any voluntary escrow deed, and to which the offers under the takeover bid relate, have accepted an offer under the takeover bid; or
- the Escrowed Shares held by the Escrowed Shareholders to be transferred or cancelled as part of a merger by scheme of arrangement relating to the Company under Part 5.1 of the Corporations Act.

During the escrow period, the Escrowed Shareholders may deal in any of their Escrowed Shares to the extent the dealing is required by applicable law (including an order of a court of competent jurisdiction).

Following Completion and completion of the Proposed Transaction, Escrowed Shares held by the Escrowed Shareholders will be subject to the following escrow arrangements:

- 46.9% of Shares will be subject to escrow from Listing until release of the Company's financial results for the year ending 30 June 2018 (being the **Tranche 1 Escrowed Shares**); and
- 19.9% of Shares will be subject to escrow from Listing until release of the Company's financial results for the year ending 30 June 2019.

9.14 Description of the syndicate

Macquarie Capital (Australia) Limited and UBS AG, Australia Branch are Joint Lead Managers to the Offer.

Crestone Wealth Management Limited, JBWere Limited and Macquarie Equities Limited are acting as Co-Managers to the Offer.

9.15 Selling restrictions

9.15.1 International offer restrictions

This document does not constitute an offer of Shares in any jurisdiction in which it would be unlawful. In particular, this document may not be distributed to any person and Shares may not be offered or sold, in any country outside Australia except as provided below.

9.15.2 European Economic Area - Austria, Belgium, Denmark, Germany, Luxembourg and Netherlands

The information in this document has been prepared on the basis that all offers of Shares will be made pursuant to an exemption under the Directive 2003/71/EC (**Prospectus Directive**), as amended and implemented in Member States of the European Economic Area (each, a **Relevant Member State**), from the requirement to publish a prospectus for offers of securities.

An offer to the public of Shares has not been made, and may not be made, in a Relevant Member State except pursuant to one of the following exemptions under the Prospectus Directive as implemented in the Relevant Member State:

- to any legal entity that is authorized or regulated to operate in the financial markets or whose main business is to invest in financial instruments;
- to any legal entity that satisfies two of the following three criteria: (i) balance sheet total of at least €20,000,000; (ii) annual net turnover of at least €40,000,000 and (iii) own funds of at least €2,000,000 (as shown on its last annual unconsolidated or consolidated financial statements);
- to any person or entity who has requested to be treated as a professional client in accordance with the EU Markets in Financial Instruments Directive (Directive 2004/39/EC, **MiFID**); or
- to any person or entity who is recognised as an eligible counterparty in accordance with Article 24 of the MiFID.

9.15.3 France

This document is not being distributed in the context of a public offering of financial securities (offre au public de titres financiers) in France within the meaning of Article L.411-1 of the French Monetary and Financial Code (Code monétaire et financier) and Articles 211-1 et seq. of the General Regulation of the French Autorité des marchés financiers (**AMF**). The Shares have not been offered or sold and will not be offered or sold, directly or indirectly, to the public in France.

This document and any other offering material relating to the Shares have not been, and will not be, submitted to the AMF for approval in France and, accordingly, may not be distributed (directly or indirectly) to the public in France. Such offers, sales and distributions have been and shall only be made in France to qualified investors (investisseurs qualifiés) acting for their own account, as defined in and in accordance with Articles L.411-2-II-2, D.411-1, L.533-16, L.533-20, D.533-11, D.533-13, D.744-1, D.754-1 and D.764-1 of the French Monetary and Financial Code and any implementing regulation.

Pursuant to Article 211-3 of the General Regulation of the AMF, investors in France are informed that the Shares cannot be distributed (directly or indirectly) to the public by the investors otherwise than in accordance with Articles L.411-1, L.411-2, L.412-1 and L.621-8 to L.621-8-3 of the French Monetary and Financial Code.

9.15.4 Hong Kong

WARNING: This document has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the **SFO**). No action has been taken in Hong Kong to authorise or register this document or to permit the distribution of this document or any documents issued in connection with it. Accordingly, the Shares have not been and will not be offered or sold in Hong Kong other than to "professional investors" (as defined in the SFO).

No advertisement, invitation or document relating to the Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors (as defined in the SFO and any rules made under that ordinance). No person allotted Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

9.15.5 Ireland

The information in this document does not constitute a prospectus under any Irish laws or regulations and this document has not been filed with or approved by any Irish regulatory authority as the information has not been prepared in the context of a public offering of securities in Ireland within the meaning of the Irish Prospectus (Directive 2003/71/EC) Regulations 2005, as amended (the **Prospectus Regulations**). The Shares have not been offered or sold, and will not be offered, sold or delivered directly or indirectly in Ireland by way of a public offering, except to "qualified investors" as defined in Regulation 2(l) of the Prospectus Regulations.

9.15.6 Italy

The offering of the Shares in the Republic of Italy has not been authorized by the Italian Securities and Exchange Commission (Commissione Nazionale per le Società e la Borsa, **CONSOB**) pursuant to the Italian securities legislation and, accordingly, no offering material relating to the Shares may be distributed in Italy and the Shares may not be offered or sold in Italy in a public offer within the meaning of Article 1.1(t) of Legislative Decree No. 58 of 24 February 1998, as amended ("Decree No. 58"), other than:

- to qualified investors (**Qualified Investors**), as defined in Article 100 of Decree No. 58 by reference to Article 34-ter of CONSOB Regulation no. 11971 of 14 May 1999, as amended ("Regulation No. 1197l"); and
- in other circumstances that are exempt from the rules on public offer pursuant to Article 100 of Decree No. 58 and Article 34-ter of Regulation No. 11971.

Any offer, sale or delivery of the Shares or distribution of any offer document relating to the Shares in Italy (excluding placements where a Qualified Investor solicits an offer from the issuer) under the paragraphs above must be:

- made by investment firms, banks or financial intermediaries permitted to conduct such activities in Italy in accordance with Legislative Decree No. 385 of 1 September 1993 (as amended), Decree No. 58, CONSOB Regulation No. 16190 of 29 October 2007 (as amended) and any other applicable laws; and
- in compliance with all relevant Italian securities, tax and exchange controls and any other applicable laws.

Any subsequent distribution of the Shares in Italy must be made in compliance with the public offer and prospectus requirement rules provided under Decree No. 58 and the Regulation No. 11971, unless an exception from those rules applies. Failure to comply with such rules may result in the sale of such Shares being declared null and void and in the liability of the entity transferring the Shares for any damages suffered by the investors.

9.15.7 New Zealand

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (**FMC Act**). The Shares are not being offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) other than to a person who:

- is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;
- meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
- is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
- is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or
- is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.

9.15.8 Norway

This document has not been approved by, or registered with, any Norwegian securities regulator under the Norwegian Securities Trading Act of 29 June 2007. Accordingly, this document shall not be deemed to constitute an offer to the public in Norway within the meaning of the Norwegian Securities Trading Act of 2007.

The Shares may not be offered or sold, directly or indirectly, in Norway except to "professional clients" (as defined in Norwegian Securities Regulation of 29 June 2007 no. 876 and including non-professional clients having met the criteria for being deemed to be professional and for which an investment firm has waived the protection as non-professional in accordance with the procedures in this regulation).

9.15.9 Singapore

This document and any other materials relating to the Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of Shares, may not be issued, circulated or distributed, nor may the Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (**SFA**), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This document has been given to you on the basis that you are (i) an existing holder of the Company's shares, (ii) an "institutional investor" (as defined in the SFA) or (iii) a "relevant person" (as defined in section 275(2) of the SFA). In the event that you are not an investor falling within any of the categories set out above, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the Shares being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

9.15.10 Sweden

This document has not been, and will not be, registered with or approved by Finansinspektionen (the Swedish Financial Supervisory Authority). Accordingly, this document may not be made available, nor may the Shares be offered for sale in Sweden, other than under circumstances that are deemed not to require a prospectus under the Swedish Financial Instruments Trading Act (1991:980) (Sw. lag (1991:980) om handel med finansiella instrument). Any offering of Shares in Sweden is limited to persons who are "qualified investors" (as defined in the Financial Instruments Trading Act). Only such investors may receive this document and they may not distribute it or the information contained in it to any other person.

9.15.11 Switzerland

The Shares may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange (**SIX**) or on any other stock exchange or regulated trading facility in Switzerland. This document has been prepared without regard to the disclosure standards for issuance prospectuses under art. 652a or art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither this document nor any other offering or marketing material relating to the Shares may be publicly distributed or otherwise made publicly available in Switzerland. The Shares will only be offered to regulated financial intermediaries such as banks, securities dealers, insurance institutions and fund management companies as well as institutional investors with professional treasury operations.

Neither this document nor any other offering or marketing material relating to the Shares have been or will be filed with or approved by any Swiss regulatory authority. In particular, this document will not be filed with, and the offer of Shares will not be supervised by, the Swiss Financial Market Supervisory Authority (FINMA).

This document is personal to the recipient only and not for general circulation in Switzerland.

9.15.12 United Kingdom

Neither the information in this document nor any other document relating to the offer has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended (**FSMA**)) has been published or is intended to be published in respect of the Shares.

This document is issued on a confidential basis to "qualified investors" (within the meaning of section 86(7) of the FSMA) in the United Kingdom, and the Shares may not be offered or sold in the United Kingdom by means of this document, any accompanying letter or any other document, except in circumstances which do not require the publication of a prospectus pursuant to section 86(1) of the FSMA. This document should not be distributed, published or reproduced, in whole or in part, nor may its contents be disclosed by recipients to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received in connection with the issue or sale of the Shares has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of the FSMA does not apply to the Company.

In the United Kingdom, this document is being distributed only to, and is directed at, persons (i) who have professional experience in matters relating to investments falling within Article 19(5) (investment professionals) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 ("FPO"), (ii) who fall within the categories of persons referred to in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO or (iii) to whom it may otherwise be lawfully communicated (together "relevant persons"). The investments to which this document relates are available only to, and any invitation, offer or agreement to purchase will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

9.16 Legal proceedings

ASG is from time to time, party to various disputes and legal proceedings incidental to the conduct of its business. As at the Prospectus Date, there are no current, pending or threatened civil litigation, arbitration proceedings or administrative appeals, or criminal or governmental prosecutions of a material nature in which ASG is directly or indirectly concerned which is likely to have a material adverse impact on the business or financial position of ASG.

9.17 ASIC relief and ASX waivers and confirmations

9.17.1 ASIC relief

The Company has applied for certain exemptions from, modifications to, and relief from, the following provisions of the Corporations Act:

- an exemption from the requirements of section 734(2) of the Corporations Act to enable ASG to communicate limited information about the Offer to its employees prior to lodgment of the Prospectus;
- relief so that the takeover provisions of the Corporations Act will not apply to certain relevant interests that the Company would otherwise acquire in the Tranche 1 Escrowed Shares by reason of the voluntary escrow arrangements in relation to those Shares, as described in Section 9.13.4; and
- an exemption from compliance with section 1020B(2) of the Corporations Act relating to the prohibition of certain short sales of securities on behalf of all persons who sell or offer to sell Shares during the period of conditional trading on ASX.

9.17.2 ASX waivers and confirmations

The Company has applied to the ASX for the following ASX Listing Rule waiver and confirmations:

- a waiver from ASX Listing Rule 10.14 in connection with the proposed offer of employee incentives under the LTI Plan to Ian Pagent and Nick Pagent (as Directors of ASG) and Kylie Pagent (as an associate of a Director), as described in Section 6.3.3.6;
- confirmation that the Company will be admitted to the Official List under the "profits test" for the purposes of ASX Listing Rule 1.2;
- confirmation that the audited aggregated historical accounts for the Autosports Group for FY2014, FY2015 and FY2016 and standalone financial information in relation to ASG's proposed acquisitions will satisfy the requirements in ASX Listing Rule 1.2.3(a);
- confirmation that the Company may undertake conditional and deferred settlement trading of the Shares, subject to certain conditions to be approved by ASX; and
- a waiver from ASX Listing Rule 10.1 in connection with the rental payments under the related party leases disclosed in Section 9.13.3.

9.18 Taxation considerations

The following comments provide a general summary of the Australian income tax, capital gains tax (**CGT**), goods and services tax (**GST**) and stamp duty issues for investors who acquire Shares under this Prospectus.

The categories of investors considered in this summary are limited to individuals, complying superannuation entities and certain companies, trusts or partnerships, each of whom holds their shares on capital account.

This summary does not consider the consequences for investors who are insurance companies, banks, investors that hold their shares on revenue account or carry on a business of trading in shares, investors who acquired Shares in connection with an employee share scheme, or investors who are exempt from Australian tax. This summary also does not cover the consequences for investors who are subject to Division 230 of the Income Tax Assessment Act 1997 (the Taxation of Financial Arrangements or TOFA regime).

This summary is based on the tax laws in Australia in force at the time of issue of this Prospectus (together with established interpretations of those laws), which may change. This summary does not take into account the tax law of countries other than Australia. This summary is general in nature and is not intended to be an authoritative or complete statement of the applicable law.

Given that the precise implications of ownership or disposal of Shares will depend upon each investor's specific circumstances, investors should obtain independent advice on the taxation implications of holding or disposing of Shares, taking into account their specific circumstances (including whether they are Australian tax resident).

9.18.1 Dividends on a Share – Australian tax resident investors

9.18.1.1 Individuals and complying superannuation entities

Where dividends on a Share are distributed, those dividends should 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 in the year they derive the dividend. If the investor satisfies the "qualified person" rules (refer to further comments below), the investor should also include any franking credit attached to the dividend in their assessable income. However, such an investor should be entitled to a tax offset equal to the franking credit. The tax offset can be applied to reduce the income tax payable on the investor's taxable income. Where the tax offset exceeds the income tax payable on the investor's taxable income in an income year, the investor should be entitled to a tax refund equal to the amount of the excess.

Where a dividend paid is unfranked, the investor should generally be taxed at their prevailing tax rate on the dividend received with no tax offset.

9.18.1.2 Companies

Corporate investors should be required to include both the dividend and associated franking credit in their assessable income, subject to satisfaction of the qualified person rules. A tax offset should then be allowed up to the amount of the franking credit on the dividend. In addition, the corporate investor should be entitled to a credit in its own franking account to the extent of the franking credit attached to the dividend received. Such a corporate investor can then pass on the benefit of the franking credits to its own investor(s) on the payment of dividends by the corporate investor.

Where franking credits received by a corporate investor exceed the income tax payable by that investor, the excess cannot give rise to a refund, but may be able to be converted into carry forward tax losses.

9.18.1.3 Trusts and partnerships

Investors who are trustees (other than trustees of complying superannuation entities) or partnerships should include the dividend in their assessable income in determining the net income of the trust or partnership. Subject to satisfaction of the qualified person rules, such investors should also include any franking credit attached to the dividend in their net income. As a result, a relevant beneficiary or partner may be entitled to a tax offset equal to the beneficiary's or partner's share of the franking credit received by the investor.

Notably, as the qualified person rules can be complex in the context of distributions received indirectly via a trust or partnership, it is recommended that investors seek independent advice on the tax consequences arising in these circumstances.

9.18.1.4 Qualified person rules

The benefit of franking credits can be denied where an investor does not satisfy the qualified person rules, in which case the investor should not be required to include an amount for the franking credits in their assessable income and should also not be entitled to a tax offset.

Broadly, to satisfy the qualified person rules, an investor must satisfy the holding period rule or, if necessary, the related payment rule.

The holding period rule requires an investor to hold the Shares continuously "at risk" for not less than 45 days in the period beginning the day after the day on which the investor acquires the Shares, and ending on the 45th day after the day on which the Shares become ex-dividend. In the ordinary case, this means that the holding period rule should be satisfied provided that the Shares have been held "at risk" for a continuous period of 45 days (not including the date of acquisition or disposal) at some time during the period of ownership of the Shares. Very broadly, Shares should be held "at risk" to the extent that no material "positions" are adopted in relation to the Shares which have the effect of diminishing the economic exposure associated with holding the Shares (for example, certain option and derivative agreements, or agreements to sell the Shares).

Under the related payment rule, a different testing period applies where the investor or an associate of the investor has made, or is under an obligation to make, a related payment in relation to a dividend. A related payment is one where an investor or their associate effectively passes on the benefit of the dividend to another person.

The related payment rule requires the investor to have held the Shares at risk for a continuous period of 45 days (not including the date of acquisition or disposal) during a window which commences on the 45th day before, and ends on the 45th day after the day on which the Shares become ex-dividend. Practically, the related payment rule should not impact investors who do not pass the benefit of the dividend to another person. Investors should obtain their own tax advice to determine if the related payment rule applies in the context of their particular circumstances.

In the event that no related payments are made with respect to a particular dividend, an individual investor may satisfy the qualified person rules on an alternative basis, provided that the investor satisfies the small holdings exemption. This exemption should generally be satisfied where the investor is entitled to total franking credits (from all sources) of no more than $5,000 in the relevant year of income.

As indicated above, the qualified person rules can be particularly complex for distributions received by an investor indirectly (for example, via an interposed trust). It is recommended that investors in such situations seek independent taxation advice.

9.18.1.5 Dividend washing rules

Dividend washing rules can apply in certain cases, such that no tax offset is available (nor is an amount required to be included in assessable income in relation to an attached franking credit) for a dividend received on Shares. Broadly, the rules can apply where investors seek to obtain additional franking benefits by disposing of Shares ex-dividend and re-purchasing a substantially equivalent parcel of Shares cum-dividend on a special market.

Investors should seek independent taxation advice regarding the dividend washing rules, and consider the impact of these rules, having regard to their own personal circumstances.

9.18.2 Disposal of Shares – Australian tax resident investors

The disposal of a Share by an investor should constitute a CGT event. A capital gain should arise to the extent that the capital proceeds on disposal exceed the cost base of the Share (broadly, the amount paid to acquire the Share plus certain non-deductible transaction costs). In the case of an arm's length on-market sale, the capital proceeds should generally equal the cash proceeds from the sale. Where the investor is a partnership, the partners of that partnership (and not the partnership itself) should ordinarily be treated as realising any capital gain arising from the disposal (in their proportionate shares).

A CGT discount may be applied against any capital gain (after reduction of the capital gain by applicable capital losses) where the entity which realises the capital gain is an individual, complying superannuation entity or trustee. The CGT discount may be applied in these circumstances, provided that the Shares have been held for at least 12 months (not including the date of acquisition or disposal for CGT purposes) and certain other requirements have been met. Where the CGT discount applies, any capital gain arising to individuals and entities acting as trustees (other than trustees of a complying superannuation entity) may be reduced by 50%, after offsetting current year or prior year capital losses. For a complying superannuation entity, any capital gain may be reduced by one third, after offsetting current year or prior year capital losses.

If the investor who realises the capital gain and is entitled to the CGT discount is the trustee of a trust (other than the trustee of a complying superannuation entity), the CGT discount may flow through to the beneficiaries of the trust, provided those beneficiaries are not companies. Investors that are trustees should seek specific advice regarding the tax consequences of distributions to beneficiaries who may qualify for discounted capital gains.

A capital loss should be realised to the extent that the reduced cost base of a Share (which should generally be calculated in a similar manner to the cost base) exceeds the capital proceeds from its disposal. Capital losses may only be offset against capital gains realised in the same income year or future income years, subject to certain loss recoupment tests being satisfied. Capital losses cannot be offset against other assessable income. As with capital gains, where the investor realising the capital loss is a partnership, the partners of that partnership (and not the partnership itself) should ordinarily be treated as realising the capital loss (in their proportionate shares).

9.18.3 Dividends on a Share – Non-Australian tax resident investors

Investors who are not tax resident in Australia should generally be subject to Australian dividend withholding tax with respect to any unfranked dividends paid by ASG. Australian dividend withholding tax should be imposed at a flat rate of 30% on the amount of the dividend that is unfranked unless the investor is tax resident in a country that has concluded a double tax treaty with Australia. If that is the case, and the investor is otherwise able to rely on the double tax treaty, the rate of Australian dividend withholding tax may be reduced (usually to 15%), depending on the terms of the double tax treaty.

Dividends paid by ASG which are fully franked should not be subject to Australian dividend withholding tax.

9.18.4 Disposal of Shares – Non-Australian tax resident investors

The disposal of a Share by an investor who is not tax resident in Australia should constitute a CGT event. A capital gain may initially arise to the extent that the capital proceeds on disposal exceed the cost base of the Share (refer Section 9.18.2 for further details).

However, any capital gain initially arising as a result of the CGT event should be disregarded unless the Share constitutes "taxable Australian property". In the ordinary case, a Share should not constitute taxable Australian property unless both of the following requirements are satisfied:

- the investor (together with any associates of the investor) holds an interest of at least 10% in ASG at the time of the disposal, or has held such an interest throughout a 12 month period in the 24 months preceding the disposal; and
- ASG is land rich for Australian income tax purposes (broadly, because more than 50% of the value of ASG's assets, including those of certain downstream subsidiaries, is comprised by Australian real property interests and/or certain interests in respect of Australian minerals).

A Share should also constitute taxable Australian property if it is used by an investor in carrying on a business in Australia through a permanent establishment (for example, a fixed place of business, such as an office, which is located in Australia).

In the event that an investor who is not tax resident in Australia realises a capital gain in connection with the disposal of a Share that constitutes taxable Australian property, the investor should ordinarily be required to lodge an Australian income tax return including the capital gain. In such circumstances, the investor should generally not be entitled to claim the benefit of the CGT discount to reduce the amount of the capital gain included, but may be able to offset the capital gain with available capital losses, subject to certain loss recoupment tests being satisfied. The amount of the capital gain, after application of available capital losses, should be subject to Australian income tax at the investor's marginal tax rate.

A capital loss should initially be realised by an investor who is not tax resident in Australia to the extent that the reduced cost base of a Share exceeds the capital proceeds from its disposal (refer Section 9.18.2 for further details). However, as with capital gains, a capital loss should be disregarded by the investor unless the Share being disposed of constitutes taxable Australian property. Capital losses which are not disregarded may only be offset against capital gains from the disposal of taxable Australian property in the same income year or future income years, subject to certain loss recoupment tests being satisfied.

9.18.5 Non-resident CGT withholding

New rules have recently been introduced which can apply to the disposal of certain taxable Australian property under contracts entered into on or after 1 July 2016. Pursuant to the new rules, a 10% non-final withholding tax may be applied to such transactions at settlement.

However, the new rules should not apply to the disposal of a Share on the ASX (in accordance with a specific exemption).

9.18.6 GST

Investors should not be liable for GST from acquiring or disposing of any Shares. Investors may not be entitled to claim full input tax credits in respect of any GST paid on costs incurred in connection with their acquisition or disposal of Shares. Separate GST advice should be sought by investors in this respect.

9.18.7 Stamp duty

Investors should not be liable for stamp duty in respect of their investment in Shares, unless they acquire, either alone or with an associated/related person, an interest of 90% or more in ASG. Under current stamp duty legislation, no stamp duty should ordinarily be payable by investors on any subsequent transfer of Shares whilst ASG remains listed.

Investors should seek their own advice as to the impact of stamp duty in their own particular circumstances.

9.18.8 Tax file number (TFN)

Australian tax resident investors may, if they choose, notify ASG of their TFN or ABN or a relevant exemption from withholding tax with respect to dividends. In the event ASG is not so notified, pursuant to the TFN withholding rules, tax will automatically be deducted at the highest marginal rate, including where relevant, the Medicare levy and Temporary Budget Repair Levy, from unfranked dividends and/or distributions.

Australian tax resident investors may be able to claim a tax credit/rebate (as applicable) in respect of any tax withheld on dividends in their income tax returns.

Investors who are not tax resident in Australia should generally be entitled to an exemption from the TFN withholding rules. This means that mandatory withholding may not be required by ASG with respect to unfranked dividends or distributions paid to such investors, irrespective of whether those investors have notified ASG of their TFN or ABN.

9.19 Consent to be named and statement of disclaimers of responsibility

Each of the parties listed below in this Section 9.19 (each a **Consenting Party**), to the maximum extent permitted by law, expressly disclaims all liabilities in respect of, makes no representations regarding and takes no responsibility for any statements in or omissions from this Prospectus, other than the reference to its name in the form and context in which it is named and a statement or report included in this Prospectus with its consent as specified below.

Each of the Consenting Parties listed below has given and has not, at the time of lodgement of this Prospectus with ASIC, withdrawn its written consent to the inclusion of statements in this Prospectus that are specified below in the form and context in which the statements appear:

- Macquarie Capital (Australia) Limited has given, and has not withdrawn prior to the Prospectus Date, its written consent to be named in this Prospectus as a Joint Lead Manager to the Offer;
- UBS AG, Australia Branch has given, and has not withdrawn prior to the Prospectus Date, its written consent to be named in this Prospectus as a Joint Lead Manager to the Offer;
- Luminis Partners Pty Limited has given, and has not withdrawn prior to the Prospectus Date, its written consent to be named in this Prospectus as the financial advisor to ASG;
- Crestone Wealth Management Limited has given, and has not withdrawn prior to the Prospectus Date, its written consent to be named in this Prospectus as a Co-Manager to the Offer;
- JBWere Limited has given, and has not withdrawn prior to the Prospectus Date, its written consent to be named in this Prospectus as a Co-Manager to the Offer;
- Macquarie Equities Limited has given, and has not withdrawn prior to the Prospectus Date, its written consent to be named in this Prospectus as a Co-Manager to the Offer;
- Herbert Smith Freehills has given, and has not withdrawn prior to the Prospectus Date, its written consent to be named in this Prospectus as Australian legal advisor (other than in relation to taxation and stamp duty matters) to ASG in relation to the Offer in the form and context in which it is named;
- Deloitte Corporate Finance Pty Limited has given, and has not withdrawn prior to the Prospectus Date, its written consent to be named in this Prospectus as Investigating Accountant to ASG in relation to the Financial Information in the form and context in which it is named and to the inclusion in this Prospectus of its Investigating Accountant's Report in Section 8 in the form and context in which it is included;
- Deloitte Tax Services Pty Ltd has given, and has not withdrawn prior to the Prospectus Date, its written consent to be named in this Prospectus as tax advisor to ASG in relation to the Offer in the form and context in which it is named;
- Deloitte Motor Industry Services Pty Ltd has given, and has not withdrawn prior to the Prospectus Date, its written consent to the inclusion in this Prospectus of parts of its report titled 'Deloitte Motor Industry Services 2016 Dealership Benchmarks' in the form and context in which they are included and to be named in this Prospectus in the form and context in which it is named;
- Deloitte Touche Tohmatsu has given, and has not withdrawn prior to the Prospectus Date, its written consent to be named in this Prospectus as the auditor of ASG in the form and context in which it is named;
- Link Market Services Limited has given, and has not withdrawn prior to the Prospectus Date, its written consent to be named in this Prospectus as the Share Registry to ASG in the form and context in which it is named. Link Market Services Limited has had no involvement in the preparation of any part of this Prospectus other than being named as Share Registry to ASG; and
- Federal Chamber of Automotive Industries has given, and has not withdrawn prior to the Prospectus Date, its written consent to the inclusion in this Prospectus of VFACTS data.

No Consenting Party referred to in this Section 9.19 has made any statement that is included in this Prospectus or any statement on which a statement made in this Prospectus is based, except as stated above. Each Consenting Party referred to in this Section 9.19 has not authorised or caused the issue of this Prospectus, does not make any offer of Shares and expressly disclaims and takes no responsibility for any statements in or omissions from this Prospectus, except as stated above in this Section 9.19.

9.20 Governing law

This Prospectus and the contracts that arise from the acceptance of the Applications under this Prospectus are governed by the laws applicable in New South Wales, Australia and each Applicant under this Prospectus submits to the exclusive jurisdiction of the courts of New South Wales, Australia.

9.21 Statement of Directors

This Prospectus has been authorised by each Director of the Company who has consented to its lodgement with ASIC and its issue and has not withdrawn that consent.

APPENDIX A.1

Significant Accounting Policies

A.1 Significant Accounting Policies

The Historical Financial Information set out in Section 4 covers the Pre-IPO Autosports Group (Group). The entities forming the Group are listed in Table 7 in Section 4.2.2. The Historical Financial Information has been prepared in accordance with the basis of accounting and disclosure requirements specified by all Australian Accounting Standards applicable to Tier 1 entities, except for the requirements of AASB 10 "Consolidated Financial Statements".

Basis of preparation

The Aggregated Accounts on which the Historical Financial Information is based have been prepared under the historical cost convention, as explained in the accounting policies below. Historical cost is generally based on the fair values of the consideration given in exchange for goods and services.

Functional and presentation currency

The functional and presentation currency of the Group is the Australian dollar.

Principles of aggregation

The aggregated historical information is not consolidated financial information. As at 30 June 2016, there is no basis for the preparation of consolidated financial information as there is no common ownership of the entities which make up the Group. The Historical Financial Information incorporates the assets and liabilities of all entities of the Group as at 30 June 2016, 2015 and 2014 and the results of these entities for the years then ended.

In preparing the aggregated financial information, the following transactions and balances have been eliminated:

- all intercompany balances between entities within the aggregated group, including any unrealised profits or losses;
- all intercompany dividends and distributions have been eliminated in the aggregated entity; and
- all intercompany transactions between entities in the aggregated group.

Where an entity has entered or exited the Group during a year, its operating results have been included from the date it was considered to have entered the Group up until the time it was considered to have exited the Group. Details of any entries/exits from the Group are disclosed in Section 4.2.

The Group differs from a consolidated entity in that there is no single parent entity in the aggregated group. As a consequence of the financial information being prepared on an aggregated basis, no eliminations have occurred in relation to equity balances, specifically; issued capital, retained earnings and reserves.

Business combinations

Any business acquired by the Group during the period presented have been accounted for as a business combination. The purchase method of accounting is used for all business combinations regardless of whether equity instruments or other assets are acquired. The consideration is measured as the fair value of the assets given, shares issued or liabilities incurred or assumed at the date of exchange. Acquisition related costs are recognised in profit or loss as incurred. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the consideration transferred over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the consideration transferred is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in profit or loss but only after a reassessment of the identification and measurement of the net assets acquired.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present values as at the date of acquisition. The discount rate used is the incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Revenue recognition

Sales revenue

Revenue from the sales of Motor Vehicles and parts is recognised when the buyer has accepted the risks and rewards of ownership, generally by taking delivery of the goods.

Service revenue

Service work on customers' Motor Vehicles is carried out under instructions from the customer.

Service revenue is recognised based upon the percentage completion of the work requested. The percentage completion is measured by reference to labour hours incurred to date as a percentage of estimated total labour hours for the service to be performed. Revenue arising from the sale of parts fitted to customers' Motor Vehicles during service is recognised upon delivery of the fitted parts to the customer upon completion of the service.

Interest revenue

Interest revenue is recognised on a time proportional basis, taking into account the effective interest rates applicable to the financial assets.

Finance costs

Borrowing costs are recognised as expenses in the period in which they are incurred. Borrowing costs include:

- interest on bank overdrafts, short and long-term borrowings;
- interest on Motor Vehicle floor plan arrangements;
- interest on finance lease liabilities; and
- amortisation of ancillary costs incurred in connection with the arrangement of borrowings.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Finance lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs.

Taxes

Income tax

Each entity in the Group accounts for its income tax on a standalone basis. The income tax expense or revenue for the period is the aggregated tax payable of each entity in the Group on the current period's taxable income based on the notional income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

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 which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

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. Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

Goods and services tax (**GST**)

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or is part of the expense item as applicable;
- receivables and payables are stated with the amount of GST included; and
- the net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position. Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from or payable to the taxation authority, are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

Short term and long term employee entitlements

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave in the period the related service is rendered. Liabilities recognised in respect of short-term employee entitlements, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of long term employee entitlements are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to reporting date.

Cash and cash equivalents

Cash and cash equivalents include 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, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

Receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less allowance for doubtful debts. Trade receivables are due for settlement no more than 60 days from the date of recognition. In respect of trade receivables, collectability is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off.

An allowance for doubtful debts is raised where some doubt as to collectability exists. The amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in profit or loss.

Inventory

New Motor Vehicles

New Motor Vehicles are stated at the lower of cost and net realisable value. Demonstrator Motor Vehicles are stated at the lower of cost and net realisable value. Costs are assigned on the basis of specific identification.

Used Motor Vehicles

Used Motor Vehicles are stated at the lower of cost and net realisable value on a unit-by-unit basis. Net realisable value has been determined by reference to the likely net realisable value given the age of the Motor Vehicles at year end. Costs are assigned on the basis of specific identification.

Spare parts and accessories

Spare parts and accessories are stated at the lower of cost and net realisable value. Costs are assigned to individual items on the basis of weighted average cost.

Work in progress

Work in progress is stated at cost. Cost includes labour incurred to date and consumables utilised during the service. Costs are assigned to individual customers on the basis of specific identification.

Plant and equipment

Plant and equipment

Plant and equipment is measured on the cost basis less depreciation and impairment losses.

Plant and equipment is measured initially at cost. Cost includes all directly attributable expenditure incurred including costs to get the asset ready for its use as intended by management and if applicable, cost includes an estimate of any expenditure expected to be incurred at the end of the asset's useful life.

The following useful lives are used in the calculation of depreciation

- Plant and equipment 3 – 15 years
- Furniture and fittings 3 – 15 years
- Motor Vehicles 4 – 8 years
- Leasehold improvements Lease period

The carrying amount of plant and equipment is reviewed annually by directors for indications of impairment. If any such indications exist, an impairment test is carried out, and any impairment losses on the assets are recognised in profit or loss.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets is depreciated on a straight-line or diminishing value basis over their useful lives (commencing from the time the asset is ready for use). Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciable amount is the carrying value of the asset less estimated residual amounts. The residual amount is based on what a similar asset of the expected condition of the asset at the end of its useful life could be sold for.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in profit or loss. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred back to profit or loss as part of the profit or loss on disposal.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of the acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro rata basis on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. They are recognised initially at the fair value of what is expected to be paid, and subsequently at amortised cost, using the effective interest rate method.

Borrowings

Borrowings are initially recognised at fair value net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest rate method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance date.

New Motor Vehicle stock and related floor plan finance facilities

Floor plan finance facilities are obtained by entities within the Group to acquire Motor Vehicles. The facilities are available for drawdown by specified Dealerships on a Motor Vehicle by Motor Vehicle basis, with repayment as it relates to an individual Motor Vehicle required immediately after the Motor Vehicle is sold. The Group obtains title to the Motor Vehicles immediately prior to sale. Motor Vehicles financed through floor plan finance agreements held by the Group are recognised as trading stock with the corresponding liability shown as owing to the finance provider.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group 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 taking into account the risks and uncertainties surrounding the obligation.

Provision for warranties

Provision is made for the estimated claims in respect of extended warranties provided on the majority of the Group's new and used retail Motor Vehicle sales. These claims are generally expected to settle in the next financial year but some may be extended into the following year if claims are made late in the warranty period.

Dividends

Provision is made for the amount of any dividend declared on or before the end of the year but not distributed at balance date.

Unearned income

Unearned income represents amounts received or receivable from distributors in respect of Motor Vehicles in stock at the year end. This amount is brought to income as the Motor Vehicles are sold.

Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired. Recoverable amount is the higher of fair value less costs of disposal, and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

APPENDIX A.2

Glossary

A.2 Glossary

$	means Australian currency
AASB	means the Australian Accounting Standards Board
ACCC	means Australian Competition and Consumer Commission
Acquisition	means the acquisition of certain assets relating to five Dealerships in metropolitan Brisbane, currently owned and operated by the Willims Motor Group
Acquisition Agreement	means the business sale agreement between ASG Brisbane Pty Ltd and the Willims Vendor and Gregory Willims relating to the Acquisition
Applicant	means a person who submits an Application
Application	means an application made to subscribe for Shares offered under this Prospectus
Application Form	means the application form attached to or accompanying this Prospectus
Application Monies	means the amount of monies accompanying an Application Form submitted by an Applicant
Automotive Insurer	means a provider or manufacturer of Motor Vehicle related insurance products, which may include CTP greenslip and comprehensive car insurance
Autosports Group or the Company	means Autosports Group Limited ACN 614 505 261, the ultimate holding company of ASG following Completion and completion of the Proposed Transaction
ASG	means – prior to Completion, Pre-IPO Autosports Group; and – post Completion, Autosports Group and its subsidiaries, and where the context requires, the business conducted by those entities
ASIC	means the Australian Securities and Investments Commission
ASX	means the Australian Securities Exchange
ASX Listing Rules	means the listing rules of ASX, as amended, modified or waived from time to time
ASX Principles	means the 3rd edition of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations
ASX Settlement	means ASX Settlement Pty Limited ABN 49 008 504 532
ASX Settlement Operating Rules	means the operating rules of ASX Settlement
Australian Accounting Standards or AAS	means the Australian Accounting Standards and other authoritative pronouncements issued by the AASB
Automotive Dealership or Dealership	means a business that sells new or used Motor Vehicles along with other ancillary products and services, which may include the sale of aftermarket products, provision of servicing, parts sales and collision repair services as well as distribution of finance and insurance products
Board	means the board of Directors of the Company
Broker	means any ASX participating organisation selected by the Joint Lead Managers and the Company to act as a broker to the Offer
Broker Firm Offer	means the offer of Shares under this Prospectus to Australian resident retail clients and New Zealand sophisticated retail clients of participating Brokers who have received a firm allocation from their Broker, as described in Section 7.3
CAGR	means compound annual growth rate
Chairman	means the chairman of the Board
CHESS	means the Clearing House Electronic Subregister System operated in accordance with the Corporations Act
Closing Date	means the date on which the Offer is expected to close, being Monday, 14 November 2016 in respect of the Retail Offer
Co-Managers	means Crestone Wealth Management Limited, JBWere Limited and Macquarie Equities Limited
Completion	means the allotment of Shares to the Successful Applicants under this Prospectus
Constitution	means the constitution of the Company
Corporations Act	means the Corporations Act 2001 (Cth)
CTP greenslip	means comprehensive third party personal injury insurance

CY	means calendar year
Dealer	means a person or entity that manages and operates one or more Dealerships
Dealer Group	means a collection of Dealerships that are owned, managed or operated under a common entity or business name
Dealer Principal	means an employee of a Dealer who is responsible for the overall management of the Dealership
Dealership Agreement	means the agreement between a Dealer and an OEM to operate a Dealership for that brand in a specific area
Director	means each of the directors of the Company from time to time
EBIT	means earnings before interest and tax
EBITDA	means earnings before interest, tax, depreciation and amortisation
EIP	means ASG's equity incentive plan
Eligible Employee	means all permanent full-time and permanent part-time employees of ASG resident in Australia who are employed by ASG as at 5.00pm (Sydney time) on 25 October 2016 and have not given or received notice at this date that their employment will cease. Part-time Eligible Employees are eligible to receive a gift allocation of Shares on the basis of a pro-rata of their working hours against a 38 hour work week. Directors of the Company, casual employees, employees under a probation period, executives participating in the Equity Incentive Plan on or before 25 October 2016 and employees resident overseas are not eligible to participate in the Employee Gift Offer.
Employee Gift Offer	has the meaning given in Section 7.4
Employee Offer	has the meaning given in Section 7.5
EPS	means earnings per Share
Escrowed Shareholders	has the meaning given in Section 9.13.4
Escrowed Shares	means Shares retained immediately following Completion and completion of the Proposed Transaction by the Escrowed Shareholders, excluding any Shares acquired by them under the Offer
Existing Shares	means Shares held by the Existing Owners in the Pre-IPO Autosports Group
Existing Owners	means all of the current security holders in the entities that comprise Pre-IPO Autosports Group, which include the Pagent Entities and the Management Shareholders
Exposure Period	means the seven day period after the Prospectus Date, which may be extended by ASIC for up to an additional seven days, during which an Application must not be accepted
FCAI	means Federal Chamber of Automotive Industries
Financial Information	has the meaning given in Section 4.1
Floor Plan Financier	means a provider of floor plan financing (bailment financing) to Automotive Dealers to fund Motor Vehicle inventory at a Dealership
Forecast Financial Information	has the meaning given in Section 4.1
FY2014	means the 12 months ended 30 June 2014
FY2015	means the 12 months ended 30 June 2015
FY2016	means the 12 months ending 30 June 2016
FY2017	means the 12 months ending 30 June 2017
GST	means the goods and services tax
Historical Financial Information	has the meaning given in Section 4.1
IFRS	means the International Financial Reporting Standards and interpretations issued by the International Accounting Standards Board

A.2 Glossary (continued)

Institutional Investor	means an investor: – in Australia who is a "wholesale client" for the purpose of section 761G of the Corporations Act and who is either a "professional investor" or "sophisticated investor" under sections 708(11) and 708(8) of the Corporations Act; or – in certain other jurisdictions, as agreed between the Company and the Joint Lead Managers, to whom offers or invitations in respect of securities can be made without the need for a lodged or registered prospectus or other form of disclosure document or filing with, or approval by, any governmental agency (except one with which the Company is willing, in its absolute discretion, to comply)], and in either case, provided that such person is not in the United States
Institutional Offer	means the offer of Shares under this Prospectus to Institutional Investors, as described in Section 7.9
Investigating Accountant	means Deloitte Corporate Finance Pty Limited
IPO	means initial public offering
Joint Lead Managers	means Macquarie Capital (Australia) Limited and UBS AG, Australia Branch
Listing	means the commencement of trading in Shares on the Official List, initially on a conditional and deferred settlement basis
LTI Plan	has the meaning given in Section 6.3.3.6
Luxury Motor Vehicles	means Motor Vehicles manufactured by luxury branded OEMs
Management Shareholders	means certain members of senior management in Pre-IPO Autosports Group
Motor Vehicle or Vehicle	means a road vehicle powered by a motor or engine
NPAT	means net profit after tax attributable to shareholders
NPATA	means net profit after tax excluding amortisation pertaining to acquired intangibles
NPBT	means net profit before tax
OEM	means original equipment manufacturer
Offer	means the IPO under this Prospectus of 66.7 million Shares to be issued by the Company
Offer Period	means the period from the Opening Date to the Closing Date
Offer Price	means $2.40 per Share
Official List	means the official list of entities that ASX has admitted to and not removed from listing
Opening Date	means the date on which the Retail Offer opens
Pagent Entities	means entities controlled by Ian Pagent and/or Nick Pagent and "Pagent Entity" means any one of them
Pre-IPO Autosports Group	means the group of operating entities within the "Autosports Group" of Automotive Dealerships, being: (a) ASG Brisbane Pty Ltd ACN 614 297 684; (b) Autosports Brisbane Pty Ltd ACN 603 332 752; (c) Autosports Castle Hill Pty Ltd ACN 163 974 481; (d) Autosports Five Dock Pty Ltd ACN 118 786 762; (e) Autosports Leichhardt Pty Ltd ACN 161 160 765; (f) Autosports Prestige Pty Ltd ACN 096 909 698; (g) Autosports Sutherland Pty Ltd ACN 125 720 998; (h) Betar Prestige Cars Pty Ltd ACN 118 667 913; (i) Birchgrove Finance Pty Ltd ACN 165 682 057; (j) Modena Trading Pty Ltd ACN 140 018 015; (k) Mosman Prestige Cars Pty Ltd ACN 149 346 476; (l) New Centenary Mazda Pty Ltd ACN 168 183 800 (m) New Centenary Mercedes Benz Pty Ltd ACN 168 183 864; (n) Prestige Auto Traders Australia Pty Ltd ACN 105 105 771; (o) Prestige Group Holdings Pty Ltd ACN 073 650 512; and (p) Prestige Repair Works Pty Ltd ACN 611 760 126.

Prestige Motor Vehicles	means Motor Vehicles manufactured by prestige branded OEMs
Priority Offer	means the offer of Shares under this Prospectus, which is made to selected investors nominated by ASG who have received a Priority Offer invitation, as described in Section 7.6
PMA	has the meaning given in Section 2.2.1
Pro forma Forecast Financial Information	has the meaning given in Section 4.1
Pro forma Historical Financial Information	has the meaning given in Section 4.1
Proposed Transaction	means the Restructure and the Acquisition
Prospectus	means this document (including the electronic form of this Prospectus) and any supplementary or replacement prospectus in relation to this document
Prospectus Date	means the date on which a copy of this Prospectus was lodged with ASIC, being 28 October 2016
Regulation S	means Regulation S promulgated under the US Securities Act
Restructure	means the restructure whereby the Company will become the ultimate holding company of Pre-IPO Autosports Group, as disclosed in Section 9.4
Retail Financier	means a provider of retail finance products to purchasers of Motor Vehicles
Retail Offer	means the Broker Firm Offer, Employee Gift Offer, Employee Offer and the Priority Offer
Rights	means rights to receive Shares (or an equivalent cash payment)
Settlement	means the settlement in respect of the Shares the subject of the Offer occurring under the Underwriting Agreement and associated settlement support arrangements
Share	means a fully paid ordinary share in the Company
Share Registry	means Link Market Services Limited
Shareholder	means the registered holder of a Share from time to time
Successful Applicant	means an Applicant who is issued Shares under the Offer
Tranche 1 Escrowed Shares	has the meaning given to it in Section 9.13.4
Underwriting Agreement	means the underwriting agreement dated on or about the Prospectus Date between the Company and the Joint Lead Managers
US Person	has the meaning given in Rule 902(k) of Regulation S
US Securities Act	means the US Securities Act of 1933, as amended
Willims Vendor	means Barbizon Pty Ltd as trustee for the Willims Motor Trust

Corporate Directory

Autosports Group registered office
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Leichhardt NSW 2040

Australian legal advisor
Herbert Smith Freehills
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Joint Lead Manager
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Sydney NSW 2000

Investigating Accountant
Deloitte Corporate Finance Pty Limited
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Sydney NSW 2000

Co-Manager
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Sydney NSW 2000

Co-Manager
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Sydney NSW 2000

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Co-Manager
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