

autosports group[®]

AUTOSPORTS GROUP LIMITED

Notice of Meeting
2018 Annual General Meeting

Notice of Annual General Meeting

Notice is given that the 2018 Annual General Meeting of Autosports Group Limited (**Company**) will be held at Autosports Group Head Office (enter via Volvo dealership) at 563 Parramatta Road, Leichhardt NSW 2040 on Friday, 23 November 2018 at 11:00am (AEDT).

Ordinary Business

1 Financial Report, Directors' Report and Auditor's Report

To receive and consider the Financial Report of the Company and its controlled entities and the Reports of the Directors and Auditor for the year ended 30 June 2018.

To consider and, if thought fit, pass the following resolutions (2 to 7) as ordinary resolutions:

2 Re-election of director

That Thomas Pockett, being eligible, be re-elected as a director of the Company.

3 Adoption of Remuneration Report

That the Remuneration Report for the year ended 30 June 2018 be adopted.

Note: The vote on this resolution is advisory only and does not bind the directors or the Company. A voting exclusion statement applies to this resolution (see Item 2 of the notes relating to voting).

Special Business

4 Grant of FY18 deferred short-term incentive performance rights to Nicholas Pagent

That approval be given for all purposes, including ASX Listing Rule 10.14, for the grant of 81,358 performance rights to Nicholas Pagent as his annual deferred short-term incentive grant for the year ended 30 June 2018 on the terms described in the Explanatory Memorandum accompanying this Notice of Meeting.

5 Grant of FY18 deferred short-term incentive performance rights to Ian Pagent

That approval be given for all purposes, including ASX Listing Rule 10.14, for the grant of 47,767 performance rights to Ian Pagent as his annual deferred short-term incentive grant for the year ended 30 June 2018 on the terms described in the Explanatory Memorandum accompanying this Notice of Meeting.

6 Grant of FY19 long-term incentive performance rights to Nicholas Pagent

That approval be given for all purposes, including ASX Listing Rule 10.14, for the grant of 283,554 performance rights to Nicholas Pagent as his annual long-term incentive grant for the FY2019 financial year on the terms described in the Explanatory Memorandum accompanying this Notice of Meeting.

7 Grant of FY19 long-term incentive performance rights to Ian Pagent

That approval be given for all purposes, including ASX Listing Rule 10.14, for the grant of 113,421 performance rights to Ian Pagent as his annual long-term incentive grant for the FY2019 financial year on the terms described in the Explanatory Memorandum accompanying this Notice of Meeting.

Note: A voting exclusion statement applies to resolutions 4, 5, 6 and 7 (see Item 2 of the notes relating to voting).

The notes relating to voting and the Explanatory Memorandum form part of this Notice of Meeting.

By Order of the Board



Caroline Raw
Company Secretary
17 October 2018

Notes relating to voting

1 Entitlement to vote

In accordance with Regulation 7.11.37 of the Corporations Regulations 2001 (Cth), the Board has determined that persons who are registered holders of shares in the Company as at 7:00pm AEDT on Wednesday, 21 November 2018 will be entitled to attend and vote at the Annual General Meeting (**Meeting**) as a shareholder. Share transfers registered after that time will be disregarded in determining entitlements to attend and vote at the Meeting.

If more than one joint holder of shares is present at the Meeting (whether personally, by proxy or by attorney or by representative) and tenders a vote, only the vote of the joint holder whose name appears first on the register will be counted.

Where voting is conducted on a show of hands, every shareholder has one vote. Where voting is conducted on a poll, shareholders have one vote for every fully paid ordinary share held (subject to the restrictions on voting referred to below).

2 Voting exclusions

Resolution 3 - Adoption of Remuneration Report

The Company will disregard any votes cast on resolution 3:

- by or on behalf of a member of the Company's key management personnel (**KMP**) named in the Company's Remuneration Report for the year ended 30 June 2018 or their closely related parties, regardless of the capacity in which the vote is cast; or
- as a proxy by a person who is a member of the Company's KMP at the date of the Meeting or their closely related parties,

unless the vote is cast as proxy for a person entitled to vote on resolution 3:

- in accordance with a direction in the proxy form; or
- by the Chairman of the Meeting pursuant to an express authorisation to exercise the proxy.

Resolutions 4 to 7 - Grant of performance rights to Nicholas Pagent and Ian Pagent

The Company will disregard any votes cast on resolutions 4, 5, 6 and 7:

- by or on behalf of Nicholas Pagent and Ian Pagent, and any of their associates, regardless of the capacity in which the vote is cast; or
- as a proxy by a person who is a member of the Company's KMP at the date of the Meeting or their closely related parties,

unless the vote is cast as proxy for a person entitled to vote on resolution 4 or 5:

- in accordance with a direction in the proxy form; or
- by the Chairman of the meeting pursuant to an express authorisation to exercise the proxy even though the resolution is connected with the remuneration of the KMP.

3 Proxies

- (a) A shareholder entitled to attend and vote has a right to appoint a proxy to attend and vote instead of the shareholder. A proxy need not be a shareholder and can be either an individual or a body corporate. A shareholder can appoint a proxy by completing and returning a signed proxy form (see section 4 of these notes relating to voting and the enclosed proxy form).
- (b) A shareholder that is entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If no proportion or number is specified, each proxy may exercise half of the shareholder's votes. If both proxies attend the Meeting, then neither may vote on a show of hands.
- (c) If a shareholder appoints a body corporate as a proxy, that body corporate will need to ensure that it:
 - appoints an individual as its corporate representative to exercise its powers at the Meeting, in accordance with section 250D of the Corporations Act; and
 - provides satisfactory evidence of the appointment of its corporate representative prior to commencement of the Meeting.

Notes relating to voting (cont)

- (d) If you wish to indicate how your proxy should vote, please mark the appropriate boxes on the proxy form. If you do not direct your proxy how to vote on a particular item of business, you are authorising your proxy to vote as they decide, subject to any applicable voting exclusions.
- (e) Members of the Company's KMP (which includes each of the directors) and their closely related parties (which includes spouses and dependents) will not be able to vote as proxy on resolution 3, unless you direct them how to vote or the Chairman of the Meeting is your proxy.
- (f) Members of the Company's KMP and their closely related parties (which includes spouses and dependents) and their associates will not be able to vote as proxy on resolutions 4 to 7, unless you direct them how to vote or direct the Chairman of the Meeting how to vote.
- (g) If you intend to appoint a member of the KMP (such as one of the directors) as your proxy, you should ensure that you direct that person how to vote on resolutions 3 to 7.
- (h) If you intend to appoint the Chairman of the Meeting as your proxy, you can direct the Chairman how to vote by marking the boxes for the relevant resolution (for example, if you wish to vote "for", "against" or to "abstain" from voting). However, if you do not mark a box next to resolutions 3 to 7 then by completing and returning the proxy form, you will be expressly authorising the Chairman to vote as he sees fit in respect of resolutions 3 to 7 even though it is connected with the remuneration of the Company's KMP.
- (i) If:
- a poll is duly demanded at the Meeting in relation to a proposed resolution;
 - a shareholder has appointed a proxy (other than the Chairman of the Meeting) and the appointment of the proxy specifies the way the proxy is to vote on the resolution; and
 - that shareholder's proxy is either not recorded as attending the Meeting or does not vote on the resolution,
 - the Chairman of the Meeting will, before voting on the resolution closes, be taken to have been appointed as the proxy for the shareholder for the purposes of voting on that resolution and must vote in accordance with the written direction of that shareholder.
- the Chairman of the Meeting will, before voting on the resolution closes, be taken to have been appointed as the proxy for the shareholder for the purposes of voting on that resolution and must vote in accordance with the written direction of that shareholder.
- (j) Please note that for proxies without voting instructions that are exercisable by the Chairman of the Meeting, the Chairman intends to vote all available proxies in favour of each resolution.

4 Proxy form

If you wish to appoint a proxy to act on your behalf, please complete the accompanying proxy form.

To be effective the proxy form must be received no later than 11:00am (AEDT) on Wednesday, 21 November 2018 at:

Online: www.linkmarketservices.com.au

By mail: Autosports Group Limited
c/- Link Market Services Limited Locked Bag A14
Sydney South NSW 1235

By fax: +61 2 9287 0309

By hand: Link Market Services Limited
1A Homebush Bay Drive
Rhodes NSW 2138

or

Link Market Services Limited
Level 12
680 George Street
Sydney NSW 2000
During business hours (Monday to Friday, 9.00am – 5.00pm)

Notes relating to voting (cont)

5 Corporate representatives

A body corporate that is a shareholder, or which has been appointed as a proxy, may appoint an individual to act as its representative at the Meeting. The appointment must comply with the requirements of section 250D of the Corporations Act. The representative should bring to the Meeting evidence of his or her appointment, including any authority under which it has been signed, unless it has previously been given to the Company.

6 Voting by attorney

A shareholder entitled to attend and vote may appoint an attorney to act on his or her behalf at the Meeting. An attorney may but need not be a member of the Company.

An attorney may not vote at the Meeting unless the instrument appointing the attorney, and the authority under which the instrument is signed or a certified copy of the authority, are received by the Company in the same manner, and by the same time, as outlined above for proxy forms.

7 Questions for the Auditor

Shareholders may submit written questions to the Company's Auditor, Deloitte Touche Tohmatsu, if the question is relevant to the content of Deloitte Touche Tohmatsu's Audit Report for the year ended 30 June 2018 or the conduct of its audit of the Company's Financial Report for the year ended 30 June 2018.

Relevant written questions for the Auditor must be received by the Company by no later than 5:00pm (AEDT), Friday 16 November 2018. Please send any written questions to:

Caroline Raw, Company Secretary at craw@autosportsgroup.com.au

A list of written questions will be made available to shareholders attending the Meeting. If written answers are tabled at the Meeting, they will be made available to shareholders as soon as practicable after the Meeting.

This Explanatory Memorandum has been prepared to help shareholders understand the items of business at the forthcoming Annual General Meeting.

Explanatory Memorandum

This Explanatory Memorandum has been prepared to help shareholders understand the items of business at the forthcoming Annual General Meeting.

1 Annual Financial Report, Directors' Report and Auditor's Report

The Corporations Act requires:

- the reports of the Directors and Auditors; and
- the annual Financial Report, including the Financial Statements of the Company for the year ended 30 June 2018,

to be laid before the Meeting. Neither the Corporations Act nor the Company's Constitution requires a vote of shareholders on the reports or statements. However, shareholders will be given an opportunity to raise questions or comments on the management of the Company.

Also, a reasonable opportunity will be given to shareholders as a whole at the Meeting to ask the Company's Auditor questions relevant to the conduct of the audit, the preparation and content of the Auditor's Report, the accounting policies adopted by the Company in relation to the preparation of the financial statements and the independence of the Auditor in relation to the conduct of the audit.

2 Re-election of Thomas Pockett

Name: Thomas ("Tom") Pockett

Title: Independent Non-Executive Director and Chairman

Qualifications: Fellow of the Institute of Chartered Accountants Australia and New Zealand and a Bachelor of Commerce from the University of New South Wales.

Experience and expertise: Tom is the Chairman of Stockland Corporation and a Non-Executive Director of Insurance Australia Group Limited (appointed 1 January 2015), O'Connell Street Associates Limited (appointed 1 November 2014) and Sunnyfield, a not-for-profit disability services provider in New South Wales.

Tom was Chief Financial Officer of Woolworths Limited from August 2002 to February 2014. He was an Executive Director of Woolworths Limited from November 2006 to 1 July 2014.

Tom previously held the position of Deputy Chief Financial Officer at the Commonwealth Bank of Australia and prior to that held several senior finance roles within the Lend Lease Group following a successful career with Deloitte.

Tom was formerly Chairman of The Quantum Group Holdings Pty Limited (September 2014 to February 2016), a Director of ALH Group Pty Ltd (September 2014 to February 2016) and Hydrox Holdings Pty Ltd (September 2014 to December 2015).

Tom was a member of the Financial Reporting Council from March 2003 to March 2006 and National President of G100 from August 2000 to January 2003.

Recommendation

The Board (with Tom Pockett abstaining) recommends that shareholders vote **in favour** of the re-election of Thomas Pockett.

Explanatory Memorandum (cont)

3 Adoption of Remuneration Report

The Remuneration Report on pages 12 to 23 of the Company's 2018 Financial Report sets out the remuneration policies of the Company and reports on the remuneration arrangements in place for the Company's KMP during the year ended 30 June 2018. Shareholders will have a reasonable opportunity at the Meeting to ask questions about or make comments on the Remuneration Report.

As prescribed by the Corporations Act, the vote on the adoption of the Remuneration Report is advisory only and does not bind the directors or the Company. However, the Board will take the outcome of the vote and discussion at the Meeting into account in setting remuneration policy for future years.

Recommendation

The Board recommends that shareholders vote **in favour** of adopting the Remuneration Report.

4 Grant of FY18 deferred short term incentive performance rights to executive directors

Pursuant to ASX Listing Rule 10.14, the Company is seeking shareholder approval for the grant of performance rights to Nicholas Pagent (Chief Executive Officer) and Ian Pagent (Executive Director), in respect of their deferred Short Term Incentive (STI) award for the year ended 30 June 2018 (FY18).

Subject to shareholder approval, the STI performance rights will be granted under the Company's Equity Incentive Plan shortly after, and in any case by no later than 12 months after the Meeting.

Key terms of the FY18 STI award

The STI plan (including its performance conditions) is designed to provide increased focus on, and reward for, performance against those areas that most significantly drive the delivery of the Company's strategic initiatives. The amount of the STI award that each participant becomes entitled to each year (if any) is determined by the Board based on the achievement of set performance targets.

For FY18, Nicholas Pagent was eligible to receive an STI award of 33% of his base salary at target performance, and a maximum STI award of up to 75% of his base salary if stretch performance targets were met.

For FY18, Ian was eligible to receive an STI award of 20% of his base salary at target performance, and a maximum STI award of up to 45% of his base salary if stretch performance targets were met.

Performance conditions include:

- a "gateway hurdle" of upholding the Company's culture and values; and
- financial hurdles primarily focusing on the financial objectives of the Group and include targets measured against revenue, earnings before interest, tax, depreciation and amortisation (EBITDA), net profit before tax (NPBT) and net profit after tax (NPAT);
- non-financial performance hurdles aligned to the executive director's role and include growth, stakeholder relationships, risk and corporate governance to ensure the business continues to be well managed.

As disclosed in the FY18 Remuneration Report:

- Nicholas Pagent was awarded a total STI of \$129,115 for FY18. This award equates to an achievement of 29% of the maximum STI opportunity (or 40% of the target STI opportunity). 100% of this award is to be delivered in the form of STI performance rights.
- Ian was awarded a total STI of \$75,806 for FY18. This award equates to an achievement of 42% of the maximum STI opportunity (or 70% of the target STI opportunity). 100% of this award is to be delivered in the form of STI performance rights

Subject to shareholder approval, the Board proposes to grant Nicholas Pagent 81,358 STI performance rights and Ian 47,767 STI performance rights.

The number of STI performance rights to be granted to each of Nicholas Pagent and Ian Pagent has been determined by dividing the total value of their STI award for FY18 (i.e. \$129,115 and \$75,806 respectively) by the volume weighted average price of the Company's shares traded on the ASX during the 10 trading days following the release of the Group's 2018 full year audited financial results (i.e. \$1.587 per share), rounded up to the nearest whole number of performance rights.

As the STI performance rights will form part of Nicholas and Ian's remuneration for FY18, they will be granted at no cost and there will be no amount payable on vesting. Each performance right entitles the holder to one ordinary share in the

Explanatory Memorandum (cont)

Company on vesting. The Board retains a discretion to make a cash equivalent payment in lieu of an allocation of shares. Prior to vesting, performance rights do not carry any dividend or voting rights.

Vesting condition

STI performance rights will vest after the satisfaction of a one-year service period ending on 30 June 2019.

Cessation of employment

Where employment is terminated for summary dismissal or ceases due to resignation, all unvested STI performance rights will automatically lapse.

In all other circumstances, a pro rata portion (calculated by reference to the portion of the performance period elapsed) of unvested STI performance rights will remain on foot and will vest in the ordinary course, as though the employee had not ceased employment. The remainder of that employee's unvested STI performance rights will lapse.

However, pursuant to the Equity Incentive Plan Rules, the Board retains discretion to vest or lapse some or all performance rights in all circumstances.

Change of control

In the event of a takeover bid or other transaction, event or state of affairs that in the Board's opinion is likely to result in a change in control of the Company, the Board may decide that some or all of the STI performance rights will vest.

Clawback

The Board has broad clawback powers to determine that STI performance rights lapse, any shares allocated on vesting are forfeited, or that amounts are to be repaid in certain circumstances (for example, in the case of serious misconduct).

Restrictions on dealing

Employees must not sell, transfer, encumber, hedge or otherwise deal with STI performance rights.

Employees will be free to deal with the shares allocated on vesting of the STI performance rights, subject to the requirements of the Company's Securities Dealing Policy.

Additional information provided in accordance with ASX Listing Rule 10.15

- Nicholas Pagent and Ian Pagent are the only directors entitled to participate in, and receive performance rights under, the Equity Incentive Plan.
- No loan will be made by the Company in relation to the acquisition of STI performance rights or allocation to Nicholas or Ian of any shares on vesting of those rights.
- If approval is given under ASX Listing Rule 10.14, approval will not be required under ASX Listing Rule 7.1. This means that the STI performance rights granted to Nicholas and Ian, and any shares issued pursuant to this approval, will not use up part of the 15% placement capacity available under ASX Listing Rule 7.1.
- As approved the 2017 AGM, the following rights were granted on 28 November 2018:
 - Nicholas Pagent - 43,035 STI performance rights for nil consideration as part of his FY17 STI achievement; and
 - Ian Pagent - 17,388 STI performance rights for nil consideration as part of his FY17 STI achievement
- A voting exclusion statement applies to this resolution, as set out in the Notice of Meeting.

Recommendation

The Non-Executive Directors recommend that shareholders vote **in favour** of the grant of STI performance rights to Nicholas Pagent and Ian Pagent under resolutions 4 and 5.

Explanatory Memorandum (cont)

5 Approval of FY19 long term incentive grant of performance rights to Executive Directors

Pursuant to ASX Listing Rule 10.14, the Company is seeking shareholder approval for the grant of performance rights to Nick Pagent (Chief Executive Officer) and Ian Pagent (Executive Director), in respect of their Long Term Incentive (LTI) award for the 2019 financial year.

Subject to shareholder approval, the LTI performance rights will be granted under the Company's Equity Incentive Plan within 12 months of the Meeting.

Key terms of the FY18 LTI award

The LTI plan is designed to align the interests of employees with the interests of shareholders by providing the opportunity to receive an equity interest in ASG through the granting of performance rights.

Nick will be granted 283,554 LTI performance rights and Ian will be granted 113,421 LTI performance rights. The number of LTI performance rights has been determined by dividing each of Nick and Ian's LTI opportunities (i.e. 75% of Nick's base salary, being \$600,000 and 45% of Ian's base salary, being \$400,000) by the volume weighted average price of ASG shares traded on the ASX during the 10 trading days following the release of the Group's 2018 full year audited financial results (i.e. \$1.587 per share), rounded up to the nearest whole number of performance rights.

As the LTI performance rights will form part of Nick and Ian's remuneration, they will be granted at no cost and there will be no amount payable on vesting.

Each performance right entitles the holder to one ordinary share in the Company on vesting. The Board retains a discretion to make a cash equivalent payment in lieu of an allocation of shares. Prior to vesting, performance rights do not carry any dividend or voting rights.

Performance conditions

LTI performance rights will be tested against the compound annual growth rate (CAGR) of ASG's underlying earnings per share (EPS). The EPS performance condition has been chosen as it provides evidence of the Company's growth in earnings and is directly linked to shareholder returns.

The percentage of LTI performance 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	Percentage of LTI performance rights that vest over the performance period
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%

A continuous service condition also applies to the LTI performance rights, subject to the cessation of employment provisions described below.

Testing of the performance conditions

The performance period will run from 1 July 2018 to 30 June 2021.

The Board will arrange for the performance conditions to be tested following the release of the Company's full year financial results for the year ended 30 June 2021. Any performance rights that remain unvested at the end of the performance period will lapse immediately.

Explanatory Memorandum (cont)

Summary of other key terms of the LTI performance rights

Cessation of employment

Where employment is terminated for summary dismissal or ceases due to resignation, all unvested LTI performance rights will automatically lapse.

In all other circumstances, a pro rata portion (calculated by reference to the portion of the performance period elapsed) of unvested LTI performance rights will remain on foot and will be tested in the ordinary course, as though the employee had not ceased employment. The remainder of that employee's unvested LTI performance rights will lapse.

However, pursuant to the Equity Incentive Plan Rules, the Board retains discretion to vest or lapse some or all performance rights in all circumstances.

Change of control

In the event of a takeover bid or other transaction, event or state of affairs that in the Board's opinion is likely to result in a change in control of the Company, the Board may decide that some or all of the LTI performance rights will vest.

Clawback

The Board has broad "clawback" powers to determine that LTI performance rights lapse, any shares allocated on vesting are forfeited, or that amounts are to be repaid in certain circumstances (for example, in the case of serious misconduct).

Restrictions on dealing

Employees must not sell, transfer, encumber, hedge or otherwise deal with LTI performance rights.

Employees will be free to deal with the shares allocated on vesting of the LTI performance rights, subject to the requirements of ASG's Securities Dealing Policy.

Additional information provided in accordance with ASX Listing Rule 10.15

- Nick and Ian are the only Directors entitled to participate in, and receive performance rights under, the Equity Incentive Plan.
- No loan will be made by the Company in relation to the acquisition of LTI performance rights or allocation to Nick or Ian of any shares on vesting of those rights.
- If approval is given under ASX Listing Rule 10.14, approval will not be required under ASX Listing Rule 7.1. This means that the LTI performance rights granted to Nick and Ian, and any shares issued pursuant to this approval, will not use up part of the 15% available under ASX Listing Rule 7.1.
- As approved the 2017 AGM, the following rights were granted on 28 November 2018:
 - Nick Pagent - 187,500 LTI performance rights for nil consideration as part of the FY18 long term incentive plan; and; and
 - Ian Pagent - 75,000 LTI performance rights for nil consideration as part of the FY18 long term incentive plan.
- A voting exclusion statement applies to this resolution, as set out in the Notice of Meeting.

Recommendation

The Non-Executive Directors recommend that shareholders vote **in favour** of the grant of LTI performance rights to Nick and Ian under resolutions 6 and 7.

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