

*Letter to Shareholders*

2 November 2020

## **Eagers Automotive Limited – General Meeting**

Dear Shareholders,

On behalf of the Board, I invite you to participate in a general meeting of shareholders to be held online as a virtual meeting at 10.00 am (Brisbane time) on Friday, 4 December 2020. The notice of meeting, explanatory notes and further details are provided on the company's website at [www.eagersautomotive.com.au](http://www.eagersautomotive.com.au) under the *Shareholders* tab. I urge you to read their contents carefully.

### **Purpose of meeting**

Through a wholly-owned subsidiary, we propose to purchase three freehold properties in Western Australia from two entities associated with our director, Ms Michelle Prater.

The two entities associated with Ms Prater are Automotive Properties Pty Ltd (**Automotive Properties**) and APPL Properties Pty Ltd (**APPL**). The purpose of the general meeting is to approve payment of the purchase price for the properties to these two entities, as they are associated with Ms Prater.

### **Acquisition is in the best interests of Eagers Automotive**

We currently lease two of the three properties from Automotive Properties and APPL. Acquiring these properties will allow us to immediately exit the two leases and cease paying rent for them. Ownership of these properties (rather than continuing the leases) will be cash flow positive for us immediately.

Purchasing the third property, which is not leased by us, will enable us to exit a further six leases from landlords who are not associated with Ms Prater.

We estimate that exiting these eight leases and consolidating business operations onto the properties we propose to purchase will allow us to achieve occupation cost savings of \$3.7 million per annum.

An Independent Valuer has also opined that the purchase price for each property is equal to, or less than, its fair market value.

## **Recommendation and voting intentions of your directors**

All directors eligible to vote recommend that shareholders vote in favour of the resolution at the general meeting. These directors intend to vote all their shares in favour of the resolution.

## **Director's interest in acquisition**

Ms Prater is not making any recommendation to shareholders due to her personal interest in the transaction.

The Board would also like to take this opportunity to publicly thank Ms Prater for her role in securing \$1.38 million in rental relief for Eagers Automotive Limited under leases from companies associated with her and her family following the onset of the COVID-19 pandemic earlier this year.

## **General meeting will be held as a virtual meeting**

Given requirements and recommendations for social distancing and restrictions on travel as a result of COVID-19, the general meeting will be held online as a virtual meeting. All shareholders will have a reasonable opportunity to participate in the meeting. Information on this process is set out in the notice of meeting.

On behalf of the Board, I thank you for your consideration of the resolution.

Yours faithfully



**Tim Crommelin**  
Chairman  
Eagers Automotive Limited