

NOTICE OF GENERAL MEETING

A General Meeting of Eagers Automotive Limited (**Company**) will be held on Friday, 4 December 2020 at 10.00 am (Brisbane time). In accordance with the government's guidance and restrictions on travel and public gatherings, the meeting will be held online as a virtual meeting by electronic means.

Shareholders may be present online and vote through the online webcasting platform provided by the Company's share registry at <https://web.lumiagm.com/338516529> on their smartphone, tablet or computer. Further information regarding online attendance at the meeting (including how to vote and ask questions virtually during the meeting) is set out in the Company's Online Meeting Guide, which is attached to this Notice of Meeting and available on the Company's website <https://www.eagersautomotive.com.au/> under the *Shareholders* tab.

Business of general meeting

Approval of Acquisition

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"That approval be given under Chapter 2E, Division 3 of the Corporations Act for the Company to give a financial benefit to each of Automotive Properties Pty Ltd and APPL Properties Pty Ltd (both of which companies are associated with Ms Michelle Prater, who is a director of the Company) as a consequence of the acquisition by Associated Finance Pty Ltd, being a wholly-owned subsidiary of the Company, of the Properties from each of Automotive Properties Pty Ltd and APPL Properties Pty Ltd on the terms and conditions summarised in the Explanatory Notes."

Independent Valuation

Shareholders should carefully consider the summary of the Independent Valuations annexed to the Explanatory Notes.

Voting Exclusion

The Company will disregard any votes cast on this resolution (in any capacity) by or on behalf of:

- (a) Ms Michelle Prater;
- (b) Automotive Properties Pty Ltd;
- (c) APPL Properties Pty Ltd; or
- (d) any associate of any of Ms Michelle Prater, Automotive Properties Pty Ltd or APPL Properties Pty Ltd.

However, this voting exclusion does not apply to a vote cast on the resolution by a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with the direction given to the proxy or attorney to vote on the resolution in that way and it is not cast on behalf of Ms Michelle Prater, Automotive Properties Pty Ltd, APPL Properties Pty Ltd or any associate of any of Ms Michelle Prater, Automotive Properties Pty Ltd or APPL Properties Pty Ltd.

Online voting procedure

Shareholders and proxies may participate in the meeting online from their computers, smartphone or tablet by entering the following URL into their browser: <https://web.lumiagm.com/338516529>. The latest version of Chrome, Safari, Internet Explorer 11, Edge or Firefox is required.

Upon entering the meeting ID into the Lumi platform, Shareholders should then log in to the virtual meeting by entering:

- (a) for Australian residents:
 - (i) their "username" which is their SRN/HIN; and
 - (ii) their "password", which for Australian residents is their postcode; or
- (b) for overseas residents their SRN/HIN and three letter country code as per the attached Online Meeting guide.

Detailed instructions on how to log in to, and vote and ask questions during, the meeting are set out in the attached Online Meeting Guide.

Poll

In accordance with Article 40 of the Company's constitution and in compliance with the [Corporations \(Coronavirus Economic Response\) Determination \(No.3\) 2020](#) made by the Treasurer on 21 September 2020, the Chairman intends to call a poll on the resolution proposed at the meeting.

The online webcasting platform will allow for online voting in real time at the meeting. The results of the voting on the resolution at the meeting will be announced to the ASX promptly after the meeting.

Entitlement to vote

You will be eligible to vote at the meeting if you are a registered holder of ordinary shares in the Company as at 7.00 pm (Brisbane time) on Wednesday, 2 December 2020.

Direct voting

In accordance with Article 37(b) of the Company's constitution, the Board has determined that Shareholders entitled to attend and vote at the meeting may do so without attending the meeting or appointing a proxy (and voting in this manner is referred to as direct voting).

To vote by direct vote, mark Box A on the attached Voting Form. You must complete the voting directions in Step 2 of that form by marking "For" or "Against" and return your completed and signed Voting Form to the Company's share registry at least 48 hours before the meeting commences (i.e. no later than 10.00 am (Brisbane time) on Wednesday, 2 December 2020) for your vote to be counted.

The share registry's online and other contact details are listed below.

Proxies

If you are a Shareholder entitled to participate and vote at the meeting, you may direct your vote or appoint a proxy to participate and vote on your behalf.

Any appointed third-party proxies should contact the Company's share registry, Computershare Investor Services, on +61 3 9415 4025 to receive their login information.

If a proxy is appointed by a Shareholder under power of attorney, the original or a certified copy of the power of attorney must also be received by the share registry at least 48 hours before the meeting commences (i.e. no later than 10.00 am (Brisbane time) on Wednesday, 2 December 2020).

If you are entitled to cast two or more votes, you may appoint either one or two proxies. To appoint a second proxy, follow the instructions on the attached Voting Form.

A proxy may be an individual or a body corporate but need not be a Shareholder of the Company.

A body corporate that is a Shareholder, or that has been appointed as a proxy, is entitled to appoint any person to act as its representative at the meeting. The body corporate or representative must provide a "certificate of appointment of corporate representative" prior to the representative's admission to the meeting confirming its authority to act as the body corporate's representative. The share registry can provide a form of the certificate on request.

Undirected proxies

An undirected proxy for any resolution may be voted as the proxy chooses.

The Chairman intends to vote all available proxies in favour of the resolution.

Share registry's contact details

Lodge your vote by:

Mail: Computershare Investor Services Pty Limited
GPO Box 242 Melbourne
Victoria 3001 Australia

Fax: (within Australia) 1800 783 447
(outside Australia) +61 3 9473 2555

Online: www.investorvote.com.au
Intermediary Online subscribers only: www.intermediaryonline.com

For all enquiries call:

(within Australia) 1300 850 505
(outside Australia) +61 3 9415 4000

By Order of the Board

2 November 2020



Denis Stark
Company Secretary

EXPLANATORY NOTES

These notes form part of the Notice of General Meeting and are intended to provide Shareholders with an explanation of the business of the meeting and the proposed resolution and to assist Shareholders in determining how to vote on the proposed resolution.

General

The Company is seeking Shareholder approval in accordance with chapter 2E of the Corporations Act with respect to the financial benefits which will be given to a related party of the Company arising from the acquisition of the Properties. Under section 208 of the Corporations Act, before a public company can give a financial benefit to a related party of that company, the company must obtain approval of its members, unless another exemption applies.

Related Parties	Nature of relationship	Nature of financial benefit
Automotive Properties Pty Ltd (Automotive Properties) and APPL Properties Pty Ltd (APPL)	Ms Michelle Prater, a director of the Company, is also: <ul style="list-style-type: none"> • a director and secretary of Automotive Properties and has an indirect interest in Automotive Properties; and • a director and secretary of APPL and has an indirect interest in APPL. 	Automotive Properties and APPL are selling the Properties to Associated Finance Pty Ltd in exchange for the payment of the Consideration.

The resolution is an ordinary resolution.

If the resolution is not passed, the Company may not be able to proceed with the Transaction.

The Transaction

The Company has agreed to acquire three properties located in Western Australia (**Properties**) from Automotive Properties and APPL (**Acquisition**). Two of the Properties are currently the subject of a lease from Automotive Properties and APPL (as applicable) which will expire on 20 June 2033.

The total purchase price for the Acquisition is \$30.28 million (**Consideration**).

In addition, transaction costs of approximately \$1.77 million, predominantly comprising stamp duty, will be incurred. These costs will be paid to parties unrelated to Automotive Properties, APPL or Ms Michelle Prater.

A summary of each Property is outlined below:

Location	460 Scarborough Beach Road, Osborne Park WA 6017
Tenant	Giant Autos (1997) Pty Ltd, being a wholly owned subsidiary of the Company
Land area (approximate)	8,271 sqm
Current rent	\$986,000 per annum (with total lease commitments over the term of the lease of \$15.6 million)
Purchase price	\$12.58 million which is less than the Independent Valuation of \$13.50 million. The Company owns leasehold improvements of \$2.25 million on this Property. These leasehold improvements are not related to the Acquisition of the Property.
Anticipated interest costs on purchase price and stamp duty	\$465,000 per annum ^[1]
Estimated completion date	15 January 2021

Location	72 Pollard Street, Glendalough WA 6016
Tenant	Automotive Holdings Group Limited, being a wholly owned subsidiary of the Company
Land area (approximate)	6,521 sqm
Current rent	\$335,000 per annum (with total lease commitments over the term of the lease of \$5.3 million)
Purchase price	\$5 million which is less than the Independent Valuation of \$5.1 million. The Company does not own any leasehold improvements on this Property.
Anticipated interest costs on purchase price and stamp duty	\$185,000 per annum ^[1]
Estimated completion date	15 January 2021

Location	345 Scarborough Beach Road, Osborne Park WA 6017
Tenant	Vacant since 30 June 2020 (North City (1981) Pty Ltd, being a wholly owned subsidiary of the Company, was the Tenant until it vacated the Property on 30 June 2020)
Land area (approximate)	14,931 sqm
Current rent	Zero (previous rent was \$1,064,000 per annum until the Property was vacated by North City (1981) Pty Ltd on 30 June 2020)
Purchase price	\$12.7 million which reflects the Independent Valuation. The Company does not own any leasehold improvements on this Property.
Anticipated interest costs on purchase price and stamp duty	\$469,000 per annum ^[1]
Estimated completion date	15 January 2021

This vacant Property is being purchased with the intention of the Company building 4-5 automotive showrooms and a large workshop which would allow the Company to exit six leases of other properties mostly expiring in 2021 and 2022.

^[1] Annualised interest expense assumes 100% of purchase price and stamp duty is financed at 3.5% per annum.

The Acquisition

A summary of the material terms of the contract for the purchase of the Properties is outlined below:

Material Term	Description
Purchase price	\$30.28 million (plus GST).
Deposit	5% of the purchase price, with \$50,000 paid on signing the purchase contracts and the balance deposit payable on satisfaction of the Condition Precedent
Condition Precedent	Completion of the Acquisition is conditional upon the Shareholders approving the proposed resolution. If this condition is not satisfied by 28 February 2021, the Acquisition automatically terminates and the deposit must be refunded to Associated Finance Pty Ltd, unless the parties agree to extend the date for satisfaction of this condition.
Completion	Completion will take place on the later of: <ul style="list-style-type: none"> • 15 January 2021; or • 21 days after satisfaction of the Condition Precedent.

Funding the Acquisition

As announced on 14 September 2020, the Company has \$50 million credit approval from Volkswagen Financial Services, for real estate loans to pursue its property strategy. This facility will be utilised to pay up to 100% of the Consideration and stamp duty.

Anticipated financial impact of the Acquisition

The Acquisition of the three Properties will allow the Company to immediately exit two leases (one each from Automotive Properties and APPL) and importantly will also enable the Company to exit a further six leases from landlords unrelated to APPL, Automotive Properties and Ms Michelle Prater. It is anticipated that exiting these eight leases will allow the Company to achieve property occupation cost savings of \$3.7 million per annum.

Advantages and disadvantages of the Transaction

Benefits to the Company from the Transaction are anticipated to include:

- the annual rental currently paid to Automotive Properties and APPL (as landlords) in respect of the 460 Scarborough Road and 72 Pollard Street Properties would cease to be payable on completion of the Acquisition. Despite the obligation to pay interest in relation to the financing facilities referred to above, it is anticipated that ownership of the Properties (rather than the continuation of the current leases of two of those Properties) will be cash flow positive for the remainder of the term of each lease;
- the Acquisition would enable the Company to exit a total of eight leases, which would achieve anticipated property occupation cost savings of \$3.7 million per annum, as referred to above;
- the Company will have the opportunity to benefit from any increase in the market value of the Properties over time; and
- the Company will have the ability to further develop and improve each of the sites in a manner to enhance their utility for the Company's business over time.

Disadvantages for the Company from the Transaction could include:

- (a) the Company will borrow up to 100% of the total purchase price and stamp duty from external financier(s) and provide security over the Properties for the Company's obligations with respect to the borrowings. However, interest payable on these borrowings, assuming an interest rate of 3.5% per annum (which is above the average long-term interest rate available to the Company), will be less than the current rent payable under the leases of the 460 Scarborough Road and 72 Pollard Street Properties;
- (b) transaction costs of approximately \$1.77 million, predominantly comprising stamp duty, will be incurred in relation to the Transaction. These costs would, however, be payable irrespective of whether the Properties were purchased from a related party; and
- (c) there are several risks associated with the Transaction (see below) which, if they were to occur, may have an adverse effect on Shareholder returns.

Potential risks associated with the Transaction

While not an exhaustive list, the following potential risk factors may arise from the Transaction:

- (a) **(Valuation)** the value of each Property may be impacted by a number of factors affecting the Australian property market generally. A downturn in the value of the Properties will have a negative impact upon the financial return for the Company;
- (b) **(COVID-19)** the outbreak of COVID-19 will continue to impact the Company's operations. The Board is monitoring the situation noting, however, that the situation is continually evolving and the consequences for the Company are uncertain. The Company will update the market in regard to the impact of COVID-19 on the Company, in compliance with its continuous disclosure obligations.

Indicative Timetable

The Company anticipates completion of the Transaction will be in accordance with the following timetable:

Event	Date*
Notice of Meeting dispatched to Shareholders	2 November 2020
General Meeting to approve the Transaction	4 December 2020
Completion of Acquisition	15 January 2021

Note: These dates are indicative only and subject to change.

Independent Valuation

The Independent Valuations detail the opinions of an Independent Valuer as to the current market value of each Property. The Independent Valuations opine that the current market value for each Property is equal to or greater than the Consideration payable for that Property. Summaries of the Independent Valuations are attached to these Explanatory Notes to assist Shareholders to assess whether to approve the granting of the financial benefits which arise under the Transaction.

Shareholders are urged to carefully read the summaries to understand the methodology of the valuation and the principal assumptions made.

The related parties and financial benefits of the Transaction

Ms Michelle Prater, Automotive Properties and APPL are each related parties for the purposes of section 228 of the Corporations Act because:

- (a) Ms Michelle Prater is a director of the Company; and
- (b) Ms Michelle Prater:
 - (i) is a director and secretary of Automotive Properties and has an indirect interest in Automotive Properties; and
 - (ii) is a director and secretary of APPL and has an indirect interest in APPL.

Automotive Properties and APPL (as related parties) will receive the Consideration of \$30.28 million (as a financial benefit) as a consequence of their selling the Properties.

Directors' interests

Ms Michelle Prater, a director of the Company, is also a director and secretary of both Automotive Properties and APPL and has an indirect interest in both Automotive Properties and APPL. Ms Michelle Prater has disclosed this interest to the Board.

Ms Michelle Prater has advised that she has and will continue to abstain from further participation in discussions or decisions of the Board in relation to the Transaction.

The Board (consisting of all directors other than Ms Michelle Prater) has considered the disclosure by Ms Michelle Prater, having regard to the nature of the interests disclosed and all relevant circumstances, and resolved that Ms Michelle Prater:

- (a) should not participate in Board discussions or decisions relating to the Transaction; and
- (b) should abstain from making or participating in any recommendation to Shareholders in relation to the Transaction.

On this basis, the Board (consisting of all directors other than Ms Michelle Prater) confirms that Ms Michelle Prater did not participate in any Board discussions or decisions relating to the Transaction and has abstained from making or participating in any recommendation to Shareholders in relation to the Transaction.

The Company will disregard any votes cast by Ms Michelle Prater, Automotive Properties, APPL or any associate of any of Ms Michelle Prater, Automotive Properties or APPL on the resolution (except where the vote is cast as a directed proxy for a non-related party or associate).

Otherwise, the directors have no interest in the Transaction except as Shareholders.

Directors' recommendation

Based on the directors' consideration and assessment of the Transaction and taking into account the advantages and disadvantages described in these Explanatory Notes and considering the opinion of the Independent Expert, the directors (other than Ms Michelle Prater) unanimously recommend that Shareholders vote in favour of the resolution. All directors (other than Ms Michelle Prater) intend to vote all their shares (and the shares they control) in favour of the resolution.

Definitions

In the Notice and these Explanatory Notes, unless the context otherwise requires:

\$, A\$ or dollar	means Australian dollars, the lawful currency of the Commonwealth of Australia.
APPL	means APPL Properties Pty Ltd.
Automotive Properties	means Automotive Properties Pty Ltd.
Board	means the Company's board of directors.
Corporations Act	means the <i>Corporations Act 2001</i> (Cth).
Explanatory Notes	means these explanatory notes which form part of the Notice.
General Meeting	means the meeting of Shareholders to be held on Friday, 4 December 2020 at 10.00 am (Brisbane time).
Independent Valuer	means JLL.
Independent Valuation	means the report prepared by the Independent Valuer in respect of a Property, a summary of which is attached to these Explanatory Notes.
Notice	means the notice of meeting for the General Meeting which accompanies these Explanatory Notes.
Share	means a fully paid ordinary share in the Company.
Shareholder	means a holder of Shares.