



Peter Warren
Automotive
Holdings

PROSPECTUS

Peter Warren Automotive Holdings Limited
ACN 615 674 185

Prospectus for the Initial Public Offering of Shares.

JOINT LEAD MANAGERS:

 **JARDEN**

Jefferies

Morgan Stanley

Important Information

OFFER

The Offer contained in this Prospectus is an invitation for you to apply for fully paid ordinary shares (**Shares**) in Peter Warren Automotive Holdings Limited (ACN 615 674 185) (**Peter Warren or Company**). This Prospectus is issued by the Company and Peter Warren Automotive SaleCo Limited (ACN 648 605 341) (**SaleCo**). See Section 7 for further information on the Offer, including details of the securities that will be issued and transferred under this Prospectus.

LODGEMENT AND LISTING

This Prospectus is dated Tuesday, 13 April 2021 and was lodged with ASIC on that date. It is a replacement prospectus which replaces the prospectus dated Tuesday, 6 April 2021 (**Original Prospectus**) and was lodged with ASIC on that date (**Prospectus Date**).

The replacement Prospectus differs from the Original Prospectus. The footnote in relation to the Warren Family interest that appears in Sections 1.7, 7.1.5 and 9.7.1 now references the fact that consideration for the Warwick Farm Acquisition is to be paid 80% in Shares at the Offer Price and 20% in cash using proceeds of the Offer, an error in the Director interests table in Section 1.7 has been corrected to clarify that the number of Performance Rights to be held by Paul Warren at Completion is nil, the sources and uses table has been included in Section 1.8 of the Section 1 (Investment Overview), the Warwick Farm Acquisition, Southport Acquisition and transaction costs associated with the Property Acquisitions have all been included as separate line items in both Sections 1.8 and 7.1.3 and the footnotes have been updated in both Sections 1.8 and 7.1.3 to clarify the percentage of the purchase price for each Property Acquisition to be paid in cash and Shares, Section 9.8.2 has been updated to reference that the Southport Acquisition has an all-cash purchase price, the definition of "Selling Shareholders" has been updated to reflect the fact that the Quadrant Funds are the only Selling Shareholders, Section 6.4.6 has been updated to include a statement that the details of any awards issued under the short term incentives and long term incentives to Paul Warren will be published in the Company's annual report in the period in which they were issued and noting that participants not named in the Prospectus will not participate until approval has been obtained under ASX Listing Rule 10.14, a new defined term "Original Prospectus" has been included to reference the Prospectus lodged with ASIC on Tuesday, 6 April 2021 which is replaced by this prospectus (some references to "Prospectus" have been amended to "Original Prospectus" where appropriate) and amendments have been made to reflect that an application has been lodged with ASX for admission of the Company to the Official List and for quotation of the Shares on ASX.

The Company has applied to the ASX for admission of the Company to the Official List and quotation of the Shares on the ASX (**Listing**).

Neither ASIC nor the ASX takes any responsibility for the content of this Prospectus or for the merits of the investment to which this Prospectus relates.

EXPIRY DATE

No Shares will be issued or transferred on the basis of this Prospectus after the expiry date, being 13 months after the Prospectus Date.

NOTE TO APPLICANTS

The information contained in this Prospectus is not financial product advice and does not take into account the investment objectives, financial situation or particular needs (including financial and tax issues) of any prospective investor.

It is important that you read this Prospectus carefully and in its entirety before deciding whether to invest in the Company. In particular, in considering the prospects of the Company, you should consider the risk factors that could affect the performance of the Company. You should carefully consider these risks in light of your investment objectives, financial situation

and particular needs (including financial and tax issues) and seek professional guidance from your stockbroker, solicitor, accountant, financial adviser or other independent professional adviser before deciding whether to invest in the Shares. Some of the key risk factors that should be considered by prospective investors are set out in Section 5. There may be risk factors in addition to these that should be considered in light of your personal circumstances.

You should also consider the assumptions underlying the Forecast Financial Information set out in Section 4 and the risk factors set out in Section 5 that could affect the Company's business, financial condition and results of operations.

No person named in this Prospectus, nor any other person, guarantees the performance of the Company, the repayment of capital by the Company or the payment of a return on the Shares.

EXPOSURE PERIOD

The Corporations Act prohibits the Company from processing applications to subscribe for, or acquire, Shares offered under this Prospectus (**Applications**) in the seven-day period after lodgement of the Original Prospectus with ASIC (**Exposure Period**). This 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 the Exposure Period. No preference will be conferred on any Applications received during the Exposure Period.

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 the Company. Diagrams used in this Prospectus are illustrative only and may not be drawn to scale or accurately represent the technical aspects of the products.

DISCLAIMER AND FORWARD-LOOKING STATEMENTS

No person is authorised to give any information or make any representation in connection with the Offer which is not contained in this Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company, SaleCo, the Directors, the SaleCo Directors, the Joint Lead Managers or any other person in connection with the Offer. You should rely only on information in this Prospectus when deciding whether to invest in Shares. Except as required by law, and only to the extent so required, neither the Company nor any other person warrants or guarantees the future performance of the Company, or any return on any investment made pursuant to this Prospectus.

This Prospectus contains forward-looking statements which are statements that may be identified by words such as "may", "will", "would", "should", "could", "believes", "estimates", "expects", "intends", "plans", "anticipates", "predicts", "outlook", "forecasts", "guidance" and other similar words that involve risks and uncertainties. The Forecast Financial Information is an example of forward-looking statements. These statements are 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 (including the key assumptions set out in Section 4.8).

No person who has made any forward-looking statements in this Prospectus (including the Company) has any intention to update or revise 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, other than to the extent required by law.

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 beyond the control of the Company, SaleCo, the Directors, the SaleCo Directors and management of the Company and SaleCo. Forward-looking statements should therefore be read in conjunction with, and are qualified by reference to, Section 4 and Section 5, and other information in this Prospectus. The Company and SaleCo 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. As set out in Section 7.10.3, it is expected that the Shares will be quoted on the ASX initially on a deferred settlement basis. The Company, SaleCo, the Company's service provider, Link Market Services Limited (**Share Registry**) and the Joint Lead Managers disclaim all liability, whether in negligence or otherwise, to persons who trade shares before receiving their holding statement.

Jarden Australia Pty Limited (**Jarden**), Jefferies (Australia) Pty Ltd (**Jefferies**) and Morgan Stanley Australia Securities Limited (**Morgan Stanley**) 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 any Joint Lead Manager or by any of their respective affiliates or related bodies corporate (as defined in the Corporations Act) (**Related Bodies Corporate**), or any of their respective officers, directors, employees, partners, advisers or agents. To the maximum extent permitted by law, the Joint Lead Managers, their respective affiliates and Related Bodies Corporate, and any of their respective officers, directors, employees, partners, advisers or agents 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.

STATEMENTS OF PAST PERFORMANCE

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

FINANCIAL INFORMATION PRESENTATION

All references to FY19, FY20 and FY21 appearing in this Prospectus are to the financial years ended or ending 30 June 2019, 30 June 2020 and 30 June 2021 respectively, unless otherwise indicated. All references to 1H FY20, 1H FY21 and 1H FY22 appearing in this Prospectus are to the half financial years ended or ending 31 December 2019, 31 December 2020 and 31 December 2021 respectively, unless otherwise indicated. All references to CY20 and CY21 appearing in this Prospectus are to the calendar years ended or ending 31 December 2020 and 31 December 2021 respectively, unless otherwise indicated. All financial amounts contained in this Prospectus are expressed in Australian dollars unless otherwise stated. Any discrepancies between totals and sums and components in tables, figures and diagrams contained in this Prospectus are due to rounding.

Section 4 sets out in detail the Financial Information referred to in this Prospectus. The basis of preparation of the Financial Information is set out in Section 4.2.

The Historical Financial Information has been prepared and presented in accordance with the recognition and measurement principles of Australian Accounting Standards (AAS) (as adopted by the Australian Accounting Standards Board (AASB)), which comply with International Financial Reporting Standards (IFRS) and interpretations issued by the International Accounting Standards Board (IASB).

This Prospectus includes Forecast Financial Information based on the best estimate assumptions of the Directors. The basis of preparation and presentation of the Forecast Financial Information, to the extent relevant, is consistent with the basis of preparation and presentation of the Historical Financial Information. The Forecast Financial Information presented in this Prospectus is unaudited.

The Financial Information in this Prospectus should be read in conjunction with, and it is qualified by reference to, the information contained in Section 4 and Section 5.

MARKET AND INDUSTRY INFORMATION

This Prospectus contains statistics, data and other information relating to markets, market sizes, market shares, market positions and other industry data pertaining to the Company's business and markets (Industry Data). Such information includes, but is not limited to, statements and data relating to: product segment and category sizes (by number of units and net sales), estimated sector growth (by revenue), channel segmentation and the Company's estimated revenue share and its industry position in specified geographic areas.

Unless otherwise stated, this information has been prepared by the Company using both publicly available data and internally generated data (including industry research and interviews with industry participants). The Company's internally generated data is based on estimates and assumptions that both the Directors, the SaleCo Directors and the Company's and SaleCo's management believe to be reasonable, as at the Prospectus Date.

The Industry Data has not been independently prepared or verified and none of the Company, SaleCo or the Joint Lead Managers can assure you as to its accuracy or the accuracy of the underlying assumptions used to estimate such Industry Data. The Company's estimates involve risks and uncertainties and are subject to change based on various factors, including those described in the risk factors set out in Section 5.

Investors should note that market data and statistics are inherently predictive and subject to uncertainty and not necessarily reflective of actual market conditions.

In addition to the Industry Data, this Prospectus uses third-party data, estimates and projections. There is no assurance that any of the third-party data, estimates or projections contained in this Prospectus will be achieved. The Company has not independently verified such information. Estimates involve risks and uncertainties and are subject to change based on various factors, including those described in the risk factors set out in Section 5.

OBTAINING A COPY OF THIS PROSPECTUS

This Prospectus is available in electronic form to Australian residents on the Company's offer website, <https://events.miraqle.com/peterwarren-ipo>.

The Offer constituted by this Prospectus in electronic form is available only to Australian residents accessing the website within Australia and is not available to persons in any other jurisdictions, including the United States.

A hard copy of the Prospectus is available free of charge during the Offer Period to any person in Australia by calling the Peter Warren Offer Information Line on 1800 426 150 between 8:30am

and 5:30pm (Sydney time), Monday to Friday excluding public holidays.

Applications for Shares may only be made on the Application Form attached to, or accompanying, this Prospectus in its hard copy form, or in its soft copy form available online at <https://events.miraqle.com/peterwarren-ipo>, together with an electronic copy of this Prospectus. 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 the Application Form on to another person unless it is attached to, or accompanied by, this Prospectus in its paper copy form or the complete and unaltered electronic version of this Prospectus.

NO COOLING-OFF RIGHTS

Cooling-off rights do not apply to an investment in Shares pursuant to the Offer. This means that, in most circumstances, you cannot withdraw your Application once it has been accepted.

NO OFFERING WHERE ILLEGAL

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

This Prospectus does not constitute an offer to sell, or a solicitation of any offer to buy, securities in the United States. In particular, the Shares have not been, and will not be, registered under the U.S. Securities Act or the securities laws of any State of the United States, and may not be offered or sold, directly or indirectly, in the United States, or to or for the account or benefit of, a U.S. Person, except transactions exempt from or not subject to the registration requirements of the U.S. Securities Act and any other applicable U.S. securities laws. The Offer is not being extended to any investor outside Australia, other than to certain Institutional Investors as part of the Institutional Offer.

See Section 9.19 for more detail on selling restrictions that apply to the Offer and sale of Shares in jurisdictions outside Australia.

PRIVACY

By completing an Application Form, you are providing personal information to the Company and SaleCo through the Share Registry, which is contracted by the Company to manage Applications. The Company and SaleCo, and the Share Registry on their behalf, and their agents and service providers may collect, hold, disclose and use that personal information to process your Application, service your needs as a Shareholder, provide facilities and services that you request and carry out appropriate administration, and for other purposes related to your investment listed below.

If you do not provide the information requested in the Application Form, the Company, SaleCo and the Share Registry may not be able to process or accept your Application.

Once you become a Shareholder, the Corporations Act and Australian taxation legislation require information about you (including your name, address and details of the Shares you hold) to be included on the Share register. In accordance with the requirements of the Corporations Act, information on the Share register will be accessible by members of the public. The information must continue to be included on the Share register if you cease to be a Shareholder.

The Company and the Share Registry may disclose your personal information for purposes related to your investment to their agents and service providers including those listed below or

as otherwise authorised under the Privacy Act 1988 (Cth):

- The Share Registry for ongoing administration of the Share register;
- The Joint Lead Managers to assess your Application;
- Printers and other companies for the purposes of preparation and distribution of documents and for handling mail;
- Market research companies for analysing the Company's shareholder base; and
- Legal and accounting firms, auditors, management consultants and other advisers for administering, and advising on, the Shares and for associated actions.

The Company's agents and service providers may be located outside Australia where your personal information may not receive the same level of protection as that afforded under Australian law.

You may request access to your personal information held by or on behalf of the Company and SaleCo. 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 or obtain further information about the Company's privacy practices by contacting the Share Registry as follows:

Telephone: 1800 426 150

Email: registrars@linkmarketservices.com.au

Address: Link Market Services Limited,
Locked Bag A14, Sydney South
NSW 1235 Australia

The Company aims to ensure that the personal information it retains about you is accurate, complete and up-to-date. To assist with this, please contact the Company or the Share Registry if any of the details you have provided change.

FINANCIAL SERVICES GUIDE

The provider of the Investigating Accountant's Report on the Financial Information is required to provide Australian retail clients with a Financial Services Guide in relation to that review under the Corporations Act. The Investigating Accountant's Report and accompanying Financial Services Guide is provided in Section 8.

INTELLECTUAL PROPERTY

This Prospectus may contain trademarks of third parties, which are the property of their respective owners. Third-party trademarks used in this Prospectus belong to the relevant owners and use is not intended to represent sponsorship, approval or association by or with us.

COMPANY WEBSITE

Any references to documents included on the Company's website are provided for convenience only, and none of the documents or other information on the Company's website, or any other website referred to in this Prospectus, is incorporated in this Prospectus by reference.

DEFINED TERMS AND ABBREVIATIONS

Defined terms and abbreviations used in this Prospectus, unless specified otherwise, have the meaning given in the glossary in Section 10. 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 references.

QUESTIONS

If you have any questions in relation to the Offer, contact the Peter Warren Offer Information Line on 1800 426 150 between 8:30am and 5:30pm (Sydney time), Monday to Friday, excluding public holidays.

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



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Key Offer Information

Key Dates

| | |
|--|-------------------------|
| Prospectus Date | Tuesday, 6 April 2021 |
| Opening date of the Retail Offer | Thursday, 15 April 2021 |
| Closing date of the Retail Offer | Tuesday, 20 April 2021 |
| ASX listing commences (conditional and deferred settlement trading) | Tuesday, 27 April 2021 |
| Settlement of the Offer | Thursday, 29 April 2021 |
| Allotment of Shares | Friday, 30 April 2021 |
| ASX trading commences on a normal settlement basis | Monday, 3 May 2021 |
| Dispatch of holding statements (and any refund payments if applicable) | Monday, 3 May 2021 |

Dates may Change

This timetable is indicative only and may change without notice. Unless otherwise indicated, all times are stated in Australian Eastern Standard time. Peter Warren Automotive, SaleCo and the Joint Lead Managers reserve 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 a closing date, or to accept late applications or bids, 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. Offers may be made and may be open for acceptances, under this Prospectus either generally or in particular cases, including until Completion or, subject to the Corporations Act, thereafter, at the discretion of the Directors.

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.

How to Invest

Applications for Shares can only be made by completing and lodging an Application Form. Instructions on how to apply for Shares are set out in Section 7 and on the back of the Application Form.

Questions

Please call the Peter Warren Information Line on 1800 426 150 from 8:30am to 5:30pm (Sydney time) Monday to Friday (excluding public holidays). If you are unclear in relation to any matter or are uncertain as to whether Peter Warren is a suitable investment for you, you should seek advice from your stockbroker, solicitor, accountant, financial adviser or other independent professional adviser before deciding whether to invest in Peter Warren.

References to “we”, “us”, “our” and Peter Warren

Where used in this Prospectus, the expressions “we”, “us”, “our” and “Peter Warren” refer to Peter Warren Automotive Limited and/or its subsidiaries as the context requires.

Key Offer Information

Key Offer Statistics

| | |
|--|------------------|
| Offer Price | \$2.90 |
| Offer proceeds | \$260.0 million |
| Total number of Shares to be available under the Offer | 89.7 million |
| Total number of Shares on issue on Completion of the Offer | 166.6 million |
| Number of Shares to be held by Existing Shareholders on Completion of the Offer ¹ | 82.1 million |
| Market capitalisation at the Offer Price ² | \$483.0 million |
| Pro forma net debt/(cash) ³ | (\$23.4 million) |
| Enterprise Value at the Offer Price ⁴ | \$459.6 million |
| Enterprise Value/pro forma CY21F EBITDA ⁵ | 8.8x |
| Enterprise Value/pro forma CY21F EBITDA (post AASB 16) ⁵ | 6.4x |
| Offer Price/pro forma CY21F NPAT per Share | 14.5x |
| Offer Price/pro forma CY21F NPAT per Share (post AASB 16) | 15.0x |
| Implied CY21F dividend yield at the Offer Price ⁶ | 4.3% |

Notes:

1. Excluding any Shares acquired under the Offer other than the 5.2 million Shares to be acquired by the Warren Family Trust under the Offer.
2. Market capitalisation at the Offer Price is defined as the Offer Price multiplied by the total number of Shares on issue on Completion of the Offer.
3. Represents pro forma net cash as at 31 December 2020, and excludes lease liabilities and floor plan finance. For more information see Section 4.
4. Represents Market capitalisation at the Offer Price plus pro forma net cash at 31 December 2020.
5. EBITDA is defined as earnings before interest, taxation, depreciation and amortisation. For the purposes of calculating the enterprise value to pro forma CY21F EBITDA multiple, floor plan interest expense is deducted from CY21F EBITDA. All other references in this Prospectus to CY21F EBITDA are not adjusted for the value of floor plan interest expense, unless otherwise specified.
6. Dividend yield assumes mid-point of the target 60% – 70% annual underlying NPAT dividend payout ratio.

Chair's Letter

Dear Investor,

On behalf of the Directors, it is my pleasure to invite you to consider becoming a shareholder in Peter Warren.

Peter Warren was founded in 1958 and today operates 17 dealerships across Sydney, Northern New South Wales and Southern Queensland. The Company offers 27 vehicle brands and operates 70 franchises, providing a diversified range of new and used vehicles over the Volume, Prestige and Luxury segments of the automotive market.

Peter Warren operates an integrated new and used car retailing business providing the full range of sales and support including parts, service, finance and insurance and aftermarket products to an extensive list of long-term customers. Together, this full-service offering creates a 'one-stop' holistic offering and provides a strong value proposition for customers. From a Company perspective, complementary services contribute to a higher customer retention rate by attracting customers to Peter Warren at all stages in the life cycle of vehicle ownership.

Peter Warren is led by an experienced management team with significant years of active involvement in the automotive industry. Alongside the Board, the team is committed to advancing the Peter Warren brand nationally and ensuring a consistent and high quality of customer service. The Company recognises the importance of technology and innovation to respond to new trends in the automotive industry and has historically demonstrated this through significant investment in scalable IT systems and new digital product innovation. As a whole, Peter Warren's approach to organic growth seeks to expand the Company's customer base and continuously improve operational efficiency which will create a more holistic offering through integration of its services and products across the vehicle life cycle.

Peter Warren has a demonstrated history of growth via both greenfield and brownfield developments. Moving forward, the Company's growth strategy will continue to focus on investment in new dealerships and acquisitions of strategic property sites. The Australian automotive industry is highly fragmented and only a few dealers are well positioned to act as a consolidator. Successful consolidation requires not only capital, but strong relationships with OEMs in order to identify and execute upon opportunities. In the past, Peter Warren has successfully executed a number of acquisitions, including both Frizelle Automotive Group (2017) and North Shore Automotive (2015), to expand its network of dealerships and franchises.

The purpose of the offer is to allow Peter Warren to pursue its growth strategy and provide capital flexibility for further opportunities and acquisitions in addition to strengthening its balance sheet.

As a part of the IPO, Existing Shareholders will remain heavily invested in Peter Warren, including the Warren Family which will hold 35%¹ at Completion.

Peter Warren is offering 89.7 million¹ Shares at \$2.90 per Share to raise a total of \$260 million.

This Prospectus contains detailed information about the Offer, financial information pertaining to Peter Warren, and the key risks associated with an investment in Peter Warren and the industry in which it operates. Key risks of an investment in Peter Warren include the loss or impairment of OEM relationships, capacity to execute acquisitions, inability to maintain competitiveness in the face of CASE developments, over-reliance on founders and key personnel, downturn of economic conditions in operating states, and the impact of the increased competition via the internet.

I encourage you to read this Prospectus carefully and in its entirety before making an investment decision. Please consult your accountant, financial adviser, stockbroker, lawyer or other professional adviser.

On behalf of my fellow Directors, I look forward to welcoming you as a shareholder.

Yours sincerely,



John Ingram

Chair

Peter Warren Automotive Holdings Limited

1. This includes 5.2 million Shares to be acquired by the Warren Family Trust under the Offer.

Chief Executive Officer's Letter

Dear Investor,

From humble beginnings over six decades ago, we began as a small family-owned business in Liverpool. Peter, himself, was a visionary. He set about creating a customer centric, full-service automotive experience for the people of Western Sydney, bringing together the latest automotive offering with authentic and convenient customer service, well ahead of its years.

Today, we operate 70 franchises along the Eastern seaboard of Australia, offering 27 OEM brands delivered from 17 locations and we celebrate the very same core values that Peter embraced some many years earlier.

Offering a diversified range of services that has solidified our standing as one of Australia's leading automotive dealers, our Company has a demonstrated track record of successful growth, underpinned by a driven and experienced management team, long-standing OEM relationships and a continued focus on building customer loyalty and refining the customer experience.

After over 60 years of operation, Peter Warren has established an acute understanding of the market, bringing strategic investments and a focus on building out the range of full-service offerings that continue to evolve with consumer demands. There is no better illustration of our commitment to growth than our roadmap outlined in this prospectus, which has 3 key elements:

- **Evolution of our property portfolio** – Ownership or long-term leases of key strategic properties;
- **Continued organic growth** – Expansion of current operations in the sale of new and used vehicles and the provision of complementary services; and
- **Acquisition opportunities** – Pursue new acquisition opportunities, with a disciplined approach to screening based on factors including strategic rationale, location and value.

Peter Warren's success has been driven by the dedication of our team. Our deep roots as a family-owned and operated business have provided a strong cultural foundation and quality of service that have not only underpinned our growth to date, but have engrained customer loyalty and strong brand relationships as a platform for future growth. For this, we would like to thank every Peter Warren team member.

I would also like to thank each and every one of our customers, many of whom have had a relationship with Peter Warren for years, for their continued support of our brands.

Our Board and management team are humbled and excited to pursue this new chapter as a listed company. We would like to extend an invitation to investors to share in Peter Warren's future success as we lead this business forward.

I strongly encourage you to read the Prospectus in its entirety before committing to an investment decision. On behalf of the Peter Warren team, I look forward to welcoming you to the Peter Warren family.

Yours sincerely,



Mark Weaver
Chief Executive Officer
Peter Warren Automotive Holdings Limited



01 Investment Overview

01.

Investment Overview

1.1 Overview of Peter Warren and its Business Model

| Topic | Summary | For more information |
|---|--|----------------------|
| Who is Peter Warren? | <p>Peter Warren is a privately owned Dealership group with a rich heritage that has been operating in Australia for over 60 years. As at the Prospectus Date, the Company operates 70 franchise operations and represents 27 OEMs across the Volume, Prestige and Luxury segments.</p> <p>Peter Warren operates under 6 banners consisting of Peter Warren Automotive, Frizelle Sunshine Automotive, Sydney North Shore Automotive, Mercedes-Benz North Shore, Macarthur Automotive, and Euro Collision Centre.</p> | Section 3.1 |
| What is Peter Warren's history? | <p>Founded in 1958 by Peter Warren, the Company began as a small car yard in south-west Sydney, before acquiring its first franchise relationship, Volkswagen, the next year. In 1979, Peter Warren opened its flagship site at Warwick Farm, NSW. Today the site is home to 16 new vehicle franchises.</p> <p>Over time, Peter Warren has evolved its brand through diversifying across franchises and geographies. The Company has operated dealerships in Greater Sydney's "Growth Corridor", Narellan and Campbelltown, since 2002, as well as Sydney's North Shore including Mosman, Chatswood and Artarmon, since 2014. Peter Warren initially entered Queensland in 1989, opening locations on the Gold Coast and developing a competitive presence in Luxury brands within the region.</p> | Section 3.2 |
| Where does Peter Warren operate? | Peter Warren operates 30 franchises across eight locations in Sydney, including at its flagship Warwick Farm dealership, and 40 franchises across nine locations in south-east Queensland and northern New South Wales. | Section 3.3.2 |
| What industry does Peter Warren operate in? | Peter Warren operates across the Automotive and Dealerships industry. | Section 2.1 |
| How does Peter Warren generate revenue? | Peter Warren generates its revenue across the customer's entire vehicle ownership life cycle. Beginning with the sale of a new or used vehicle, the relationship with the customer continues post purchase across the vehicle care spectrum; this includes aftermarket, parts and accessories, service, and finance and insurance products. | Section 3.5 |
| What OEMs does Peter Warren represent? | Peter Warren represents 27 OEM brands across the Volume, Prestige and Luxury segments. Peter Warren has strategically positioned itself to operate key brands in attractive locations across New South Wales and Queensland. Peter Warren has strong and long-dated relationships with most OEMs. | Section 3.3.1 |

| Topic | Summary | For more information |
|---|--|----------------------|
| What is Peter Warren's growth strategy? | <p>Peter Warren's growth strategy:</p> <ul style="list-style-type: none"> • Property acquisitions, where the sites are of strategic interest to the Company, are a core element of Peter Warren's expansion strategy. • Organic growth through maintaining and building new relationships with OEMs and further developing a high quality integrated offering. • Acquiring and integrating dealership businesses, given the relative fragmentation of the dealership market, and that Peter Warren only operates in New South Wales and Queensland at present. | Section 3.7 |

1.2 Key Features of Peter Warren's Industry

| Topic | Summary | For more information |
|---|---|----------------------|
| What are the key components of the Australian Automotive Dealership industry? | <p>The Automotive Dealership industry is broadly split between six key components, each playing a key role in the automotive value chain process and serving as income and profitability drivers for scale dealers:</p> <p>New vehicles: The sale of new vehicles is the primary revenue contributor for a Dealer.</p> <p>Used vehicles: The sale of used vehicles is another key source of revenue for Dealers.</p> <p>Aftermarket: Includes the provision of vehicle parts and accessories sourced typically from non-OEM manufacturers although many OEM endorsed products are included.</p> <p>Parts and accessories: Includes the distribution of genuine OEM parts and accessories to customers.</p> <p>Service: Includes the provision of maintenance, service and warranty obligations to the vehicle customer.</p> <p>Finance and insurance products: Includes the provision and distribution of finance and insurance products to customers at the point of purchasing a new or used vehicle.</p> | Section 2.2 |

| Topic | Summary | For more information |
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| <p>What are the key drivers of demand in the Australian Automotive Dealership industry?</p> | <p>There are five key macroeconomic drivers impacting demand for the purchase of new vehicles:</p> <p>Consumer spending: Consumer spending has been on an upwards trajectory since 2012. Disposable income has also continued to increase over the last 20 years. In addition, household savings have risen to all-time highs, reflecting greater cash savings during COVID-19 and resulting pent-up demand.</p> <p>Housing wealth effects: Historically, new vehicle sales have tended to trend upwards in the same periods in which housing prices have trended upwards. This may reflect consumer sentiment for larger purchases at a particular point in time. It may be inferred that if house prices rise in the future, new vehicle sales may also rise.</p> <p>Population growth: The largest states for automotive sales are New South Wales, Queensland and Victoria, where 79% of Australia’s new vehicles are collectively sold. Peter Warren has a presence in New South Wales and Queensland, with dealerships in regions in each state that are characterised by high forecast population growth, including south-west Sydney and south-east Queensland.</p> <p>Interest rates: Interest rates are currently at all-time lows following a period of steady cash rate declines over the last 10 years, resulting in increased purchasing and borrowing capability of consumers and leading to higher new vehicle sales. Similarly, lower interest rates may result in lower operating costs of Dealers as (among other direct and indirect impacts) interest rates under bailment floor plan financing arrangements are expected to decrease as a result of lowering interest rates.</p> <p>Vehicle affordability: Vehicle purchasing power has trended upwards over the last two decades, driven by increasing wages and disposable income, corresponding with declining vehicle purchasing costs. Vehicle prices have decreased while wages have improved, which is supported by favourable macroeconomic conditions.</p> | <p>Section 2.5</p> |

| Topic | Summary | For more information |
|---|--|----------------------|
| <p>What are the key trends affecting the Australian Automotive Dealership industry?</p> | <p>The following key trends are affecting the Australian Automotive Dealership industry:</p> <p>Consolidation opportunities in a highly fragmented market: Recent consolidation in the Automotive Dealership industry has resulted in a lower number of Dealers in recent years and an increase in the average size and revenue per dealership. Sector consolidation has largely been driven from multi-dealership businesses acquiring smaller Dealers to drive increased market share and realise economies of scale. Given the industry's fragmentation, multiple mid-sized Dealers that have limited succession and exit plans represent acquisition opportunities for well capitalised and established players.</p> <p>Enhanced automotive Dealer/consumer relationship: One of the key components of the automotive Dealer and consumer relationship is the bundling of complementary products within a new vehicle transaction. Primarily, the automotive Dealer is presented with an opportunity to provide packaged value-add products, such as fixed service fees, to enhance the long-term consumer relationship. This is further enhanced by the increased complexity and connectivity of new vehicles sold, requiring greater need for specialist servicing equipment which may in some instances only be available at an OEM authorised service centre. Further, OEM authorised Dealers of scale, who invest in specialised training of service teams can offer a high quality service to their customers and minimise the leakage to non-OEM authorised service centres. As a result of the increased vehicle complexity and technology within a new vehicle, the relationship between the automotive Dealer and the consumer is growing, leading to increasing customer stickiness.</p> <p>Strength of relationships with OEMs: The strength of relationships with OEMs is an important factor to the success of a Dealer, with OEMs valuing sophisticated Dealers with a willingness and access to capital to continually invest in representing the OEM brand. In addition, scale players with strong relationships with multiple OEMs can minimise risk of changing consumer preferences through products across vehicle types, whilst reducing supply chain risk.</p> <p>Electric and connected and autonomous vehicles: The innovations in relation to electric and connected and autonomous vehicles are expected to impact the Automotive Dealership industry over the next decade. Fully connected and autonomous vehicles are expected to result in cost savings associated with lower collision rates and are considered to be highly disruptive to certain aftermarket sectors, such as smash repairs. The global electric vehicle market is expected to increase at a CAGR of 29% during the period 2020 to 2030, securing approximately 32% of total market share for new vehicle sales in 2030. Whilst OEMs predominantly retail petrol and diesel cars currently, they are expanding their range to include electric vehicles, with Dealers expected to capture most of this growing trend. Dealers such as Peter Warren are currently investing in infrastructure and skills to capitalise on this growing electric vehicle trend.</p> | <p>Section 2.3</p> |

| Topic | Summary | For more information |
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| What is the size of Peter Warren's addressable market? | <p>The Australian Automotive Dealership industry is mature. There are approximately 19.8 million registered vehicles in Australia, which has been steadily growing at a compound annual growth rate (CAGR) of 2.0% from 2014 to 2020.</p> <p>In addition, the sale of new vehicles is the largest contributor of revenue for Dealers, with new vehicle sale volumes providing a CAGR of 2.5% during the period 2000 to 2017.</p> | Section 2.1.2 |
| Who does Peter Warren compete with? | <p>The Australian Automotive Dealership market is highly fragmented, where few Dealers of scale exist. Peter Warren competes against two ASX-listed competitors in Australia: Eagers Automotive and Autosports Group. Peter Warren also competes against other key Dealer players in Australia, as outlined in Section 2.1.3.</p> | Section 2.1.3 |

1.3 Key Strengths

| Topic | Summary | For more information |
|---|---|----------------------|
| Established automotive dealership of scale | <p>Peter Warren commenced trading in 1958 and has since grown through a number of greenfield and brownfield dealership developments and acquisitions to become a significant player in the Australian Automotive Dealership market. As at the Prospectus Date, the Company operates 70 franchise operations across 17 locations in New South Wales and Queensland.</p> <p>Peter Warren has strategically positioned itself to operate key brands in attractive locations across New South Wales and Queensland. Peter Warren has strong and long-dated relationships with most OEMs, which has led to invitations to consolidate franchises and expand retail space.</p> | Section 3.2 |
| Diversified new vehicle offering | <p>In the new vehicle category, the Company has broad representation across Volume, Prestige and Luxury brands with eight Luxury, five Volume and eleven Prestige brands, as well as certain truck, NRMA and Opposite Lock franchises. This offers a diversified OEM representation and management believe this offers the Company a competitive advantage by providing customers greater diversity and choice across its multi-franchise, auto mall-style dealerships.</p> | Section 3.5.1 |
| Consolidator in highly fragmented market | <p>Peter Warren has a successful track record of acquiring and integrating dealership businesses over its 60+ years in the automotive industry. Given the relative fragmentation of the dealership market, and that Peter Warren only operates in New South Wales and Queensland at present, management believes there is an attractive opportunity to continue to act as a sector consolidator nationally.</p> <p>This dealership acquisition strategy allows the Company to continue to experience scale network benefits. Peter Warren's track record of successful integrations and strong OEM support positions the Company well to capitalise on industry consolidation and continue to acquire operators nationally.</p> | Section 3.7.3 |

| Topic | Summary | For more information |
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| Full-service offering across the automotive life cycle | <p>The Company generates its revenue across the customer’s entire vehicle ownership life cycle. Beginning with the sale of a new or used vehicle, the relationship with the customer continues post purchase across the vehicle care spectrum; this includes aftermarket, parts and accessories, service, and finance and insurance products. This enables greater customer interaction and engagement and in turn facilitates long-term customer relationships.</p> | Section 3.5 |
| Strong OEM relationships | <p>Peter Warren currently represents 27 OEM brands across the Volume, Prestige and Luxury segments. Peter Warren represents 18 of the top 30 brands in Australia, with those brands providing 51% market share nationally, and importantly the Company represents three of the top five Volume OEMs, four of the top five Prestige OEMs and three of the top five Luxury OEMs by market share. Management believes this broad representation of OEMs offers a number of advantages relative to smaller scale operators. Management believes multiple OEM representation in a single location attracts a higher number of customers and higher conversion relative to a single franchise dealership.</p> <p>Peter Warren’s time and experience in the automotive industry have allowed the Company to build the scale that attracts OEMs. There are a complex set of targets, incentives and KPIs built into Dealership Agreements that smaller players may not possess the expertise or capital to achieve. In order to achieve a substantial market share in any one operating region, it is necessary to hold franchising agreements with multiple OEMs. Access to lower cost floor plan financing similarly is a benefit from strong OEM relationships, and Peter Warren’s standing allows the Company to access lower cost floor plan and capital loan financing.</p> | Section 3.5.1 and 3.6 |
| Highly experienced management team | <p>Peter Warren has a high quality management team, led by Paul Warren and Mark Weaver, with significant experience in, and knowledge of, the Australian Automotive Dealership industry. The majority of this management team has been with Peter Warren for many years and has enabled the Company to establish, maintain and solidify successful long-term relationships with OEMs.</p> <p>The Peter Warren team more broadly holds strong relationships across the automotive industry, including with other dealership operators and potential acquisition targets. These relationships underpin Peter Warren’s success and place the Company in a strong position to execute on its strategic growth initiatives.</p> | Section 3.5 |

1.4 Key Risks

| Topic | Summary | For more information |
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| Macro/retail environment | Peter Warren's business model is dependent on vehicles sales. Not only do vehicle sales directly generate revenue for the Company, but they also largely initiate other revenue streams (for example, a new vehicle sale may lead to vehicle servicing revenue). As vehicles are discretionary items for many of its customers, Peter Warren's financial performance is sensitive to the current state of, and future changes to, economic and business conditions, including levels of consumer spending, consumer sentiment, inflation, interest rates, exchange rates, access to consumer credit, insurance prices, government fiscal, monetary and regulatory policies and commodity prices. Prevailing economic and business conditions generally have a greater impact on consumer spending patterns in relation to discretionary items as opposed to essential items given that, by their nature, such items are discretionary. A deterioration in general economic and business conditions could cause consumers to reduce their level of spending on discretionary items such as vehicles, which may materially adversely impact the financial performance of Peter Warren. | Section 5.1.1 |
| Vehicle affordability | The performance of the Company is dependent on the affordability of vehicles. Vehicles may become less affordable either directly due to increases in the costs associated with owning and operating them or indirectly if other living costs rise. For example, a rising interest rate could not only make vehicle financing more expensive (direct) but could also increase the cost of servicing other loans such as a home loan (indirect). This could deter customers from owning vehicles and, as a result, may materially adversely impact the financial performance of Peter Warren through lower vehicle sales. | Section 5.1.2 |
| OEM relationships and Dealership Agreements | Peter Warren has the right to sell new vehicles, OEM parts and service and repair certain OEM-branded vehicles pursuant to the Dealership Agreements. As revenue generated from these activities represents a major part Peter Warren's revenue stream, the success of Peter Warren'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 develop, or if they do continue or develop, that these relationships will be successful. Key OEM relationships may fail to develop or 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 Peter Warren is unable to maintain its existing relationships or attract new OEM partners, its business, operating and financial performance could be adversely affected. | Section 5.1.3 |

| Topic | Summary | For more information |
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| OEM relationships and Dealership Agreements continued | <p>Failure by Peter Warren to comply with the terms of a Dealership Agreement or the breakdown of their relationship with an OEM, may result in the termination or non-renewal of one or more Dealership Agreements by the OEM. The Dealership Agreements, in some instances, may be terminated by the OEM without cause or on short notice periods (depending on the termination event or circumstances), generally between 30 and 90 days. Moreover, under the Dealership Agreements, Peter Warren is subject to various ongoing obligations and 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 Peter Warren will be unable to meet its obligations under the Dealership Agreements, which could result in OEMs terminating such agreements. Any termination or non-renewal of the Dealership Agreements will reduce the Company's access to an inventory of new vehicles and OEM parts, and may consequently have a material adverse effect on Peter Warren's business, operations and financial performance.</p> | Section 5.1.3 |
| Floor plan financing | <p>The purchase of vehicles by Dealers is primarily funded through floor plan financing arrangements. The terms upon which floor plan finance can be obtained is a key driver of Dealer profitability as floor plan financing costs comprise a significant operational cost for Dealers.</p> <p>Floor plan financing arrangements are generally up for renewal each year. Any change in the terms of the floor plan financing arrangements may impact Peter Warren'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 Peter Warren may adversely affect Peter Warren's operations and financial performance.</p> <p>Floor plan financing may generally be terminated by the financier without cause or on short notice periods (depending on the termination event or circumstances), generally between 30 and 90 days. Peter Warren is also subject to various ongoing obligations under the floor plan financing arrangements, including dealerships having to maintain adequate levels of working capital in the business as a form of security. There is a risk that Peter Warren will be unable to meet its obligations under its floor plan financing arrangements, which could result in financiers terminating such arrangements. Any termination or non-renewal of floor plan financing arrangements will impact Peter Warren's access to fund inventory of new vehicles and consequently, may materially adversely affect Peter Warren's operations and financial performance.</p> | Section 5.1.4 |

| Topic | Summary | For more information |
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| <p>Change of control provisions and acquisitions of substantial interests in the Company</p> | <p>Dealership Agreements, floor plan financing arrangements and insurance distribution arrangements often contain change of control provisions which, following Listing, may be triggered by the acquisition of a substantial interest in Peter Warren. Following Listing, third parties could acquire a substantial interest in Peter Warren through acquiring Shares on the ASX, and this would be something largely outside of the Company’s control. If the change of control provisions are triggered, consent of the relevant OEM, financier or insurer is required and the OEM, financier or insurer (as applicable) may seek to renegotiate the Dealership Agreement, floor plan financing arrangements or insurance distribution arrangements (as applicable) on terms less favourable to Peter Warren. In the event that the relevant consents are not obtained, there is a risk that the Dealership Agreement, floor plan financing arrangements or insurance distribution arrangements (as applicable) may be terminated. The termination of any Dealership Agreement, floor plan financing arrangements or insurance distribution arrangements may have a material adverse effect on Peter Warren’s business, operations and financial performance.</p> <p>In addition, there are certain change of control restrictions in certain financing documents which may be triggered by the change of control resulting from the IPO. Any failure to obtain consent from the relevant financiers in relation to the change of control may result in the financier terminating the relevant facility which could materially adversely affect Peter Warren’s operations and financial performance if Peter Warren is unable to secure alternative financing in a timely manner or on terms acceptable to Peter Warren. The Group has notified the relevant financiers that the Offer may trigger a change of control. No financier has indicated to the Company an intention to take any action in response to the notification.</p> | <p>Section 5.1.5</p> |

| Topic | Summary | For more information |
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| CASE (Connected, Autonomous, Shared, Electric) developments | <p>New vehicles commonly offer new technology which connects with and helps consumers understand a vehicle's maintenance schedule and service history. This trend enables customer service and retention through notifying dealerships of customer developments. Should Peter Warren not action or service customers following notification, this may impact recurring business.</p> <p>Over the longer term, autonomous vehicles may impact the dealership landscape. As OEMs shift to producing autonomous vehicles, brands which have historically been successful in production of non-autonomous vehicles may struggle to maintain a competitive advantage given the new technological requirements associated with autonomous vehicles. This shift may over the longer term impact Peter Warren if the Company is not able to develop relationships with new OEMs.</p> <p>Increased use and availability of ride sharing platforms as an alternative to car ownership or public transport may also adversely impact the sale of new and used vehicles. A significant portion of Peter Warren's revenue is attributable to vehicle sales. Any reduction to vehicle sales may therefore have a material impact on Peter Warren's financial performance.</p> <p>Additionally, Peter Warren will need to re-skill showroom and workshop staff to adopt and understand new CASE developments. A lack of training, or employees not being equipped with the relevant skill set to respond to changes in the market could materially adversely impact sales.</p> | Section 5.1.6 |
| Change in product mix | <p>Consumer preferences are likely to change over time due to market structure, economic climate and access to alternatives. It is expected that consumers will preference Volume or used cars through a more challenging economic climate, with preferences shifting to Luxury or new cars during a more favourable economic climate, due to the increased disposable income and access to capital.</p> <p>Whilst Peter Warren's diversified offering and long-term relationships with OEMs allow the Company the ability to manage changing preferences, it may however be limited by importing issues caused by external factors (e.g. COVID-19). Changes in consumer preferences may materially adversely impact Peter Warren under some circumstances should Peter Warren's OEM franchise mix not meet the needs of the consumer.</p> | Section 5.1.7 |
| Significant reliance on leased properties | <p>Peter Warren has a number of long-term leases that do not correlate to the term length of specific Dealership Agreements. Some leases have a term in excess of the associated Dealership Agreement. There is a risk that Dealership Agreements may not be renewed and Peter Warren would have an obligation to continue to lease the site (although, typically, in these situations Peter Warren would be able to sublease or use the site for a different purpose).</p> | Section 5.1.8 |

| Topic | Summary | For more information |
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| Reliance on founders and key personnel | <p>Peter Warren has an exceptionally high quality, founder-led management team with significant experience in, and knowledge of, the Australian Automotive Dealership industry. While the vast majority of the management team have been with the Company for an extensive period to date, the loss of key team members remains a risk to Peter Warren’s business, operations and financial performance. Any loss, delay in replacement, or the failure to attract additional key individuals to key roles, could have a material adverse effect on Peter Warren and its ability to implement its business and growth strategies.</p> <p>In addition to the loss of key personnel, Dealership Agreements typically contain restrictions and/or limitations to changes of the Dealership Principal, active management of a dealership or key personnel. The removal, departure or loss of key personnel or changes to the active management of a dealership, without the relevant OEM consent, may entitle the OEM to terminate the agreement and this could materially adversely impact Peter Warren’s business, as discussed in Section 5.1.3.</p> | Section 5.1.9 |
| Exposure to interest rates | <p>Peter Warren’s financial performance is exposed to fluctuations in interest rates. An increase in interest rates may lead to an increase in the cost of servicing Peter Warren’s floor plan financing arrangements, which is a significant operational cost for Peter Warren. Therefore, an increase in interest rates may adversely affect Peter Warren’s financial performance.</p> <p>More generally, an increase in interest rates will also lead to reduced affordability for vehicles (especially for those customers who purchase vehicles via financing) and potentially reduce sales of both new and used vehicles, which could materially adversely impact Peter Warren’s financial performance through reduced revenue.</p> | Section 5.1.10 |
| Maintenance of reputation | <p>A range of events could have a material adverse impact on Peter Warren’s reputation. Amongst alternate circumstances, deterioration in service and/or product quality, or failure to comply with legislation or regulation applicable to the business could cause the Company to suffer reputational damage. Certain reputational damage may be outside the control of Peter Warren, such as adverse impacts arising from the actions of the OEMs or the vehicles manufactured by the OEMs. Product defects, safety recalls or regulatory non-compliance on the OEM’s part may all result in loss of reputation and in turn unfavourable perceptions of Peter Warren may impact its relationships with long-term customers, resulting in a fall in sales and revenue. Therefore, a loss of reputation in the eyes of Peter Warren’s customers, counterparties or regulators may materially adversely affect Peter Warren’s financial performance.</p> | Section 5.1.11 |

| Topic | Summary | For more information |
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| Acquisitions and expansion strategy | <p>Peter Warren intends to grow its Dealership network through acquisitions and the development of greenfield dealership opportunities. Such a growth strategy retains several risks, including failure to identify acquisition targets or greenfield opportunities, and inability to establish favourable terms for an acquisition. Realisation of these risks may limit Peter Warren’s growth opportunities.</p> <p>Certain Dealership Agreements also restrict Peter Warren from, without the prior consent of the OEM, engaging in similar business with another OEM. OEMs may refuse to provide this consent where Peter Warren seeks to acquire a business that sells products made by competing OEMs, which may limit Peter Warren’s growth opportunities.</p> <p>Further, completed acquisitions may not perform as anticipated. Failure of due diligence to identify pre-existing issues, or issues that arise from the integration of operations, may hinder acquisition success, which may materially adversely affect the financial performance of Peter Warren, its growth opportunities and its ability to pursue further acquisitions. Similarly, greenfield opportunities may not perform as anticipated.</p> <p>While Peter Warren will endeavour to conduct all reasonable and appropriate due diligence on potential growth opportunities, acquisition and greenfield development opportunities may carry the risk of unsuccessful performance or execution. Peter Warren will seek to obtain all customary warranties and indemnities from vendors of the acquired assets, however, Peter Warren may not be able to obtain the appropriate warranties or indemnities, or further risks outside of due diligence may arise that are not covered under the warranties and indemnities within the relevant acquisition agreement. If an unforeseen liability arises in respect of which Peter Warren is not able to be indemnified, this may materially adversely affect the financial performance of Peter Warren. There can be no assurance that any future acquisitions will enhance the investment returns of Shareholders.</p> | Section 5.1.12 |

| Topic | Summary | For more information |
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| <p>Impact of competition via the internet and new technologies</p> | <p>Peter Warren’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 vehicles. Peter Warren 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 from Peter Warren.</p> <p>In particular, Peter Warren’s ability to sell used vehicles may be disrupted by the increased occurrence of direct private-to-private sales of used vehicles facilitated by the internet. If vehicle owners sell their vehicles direct to private purchasers through online platforms instead of trading in their vehicles to Peter Warren, the inventory of used vehicles available for sale by Peter Warren could decline. As a result, Peter Warren’s financial performance may be materially adversely affected both directly through the reduction in the number of used 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 vehicles. Although Peter Warren’s revenue from the sale of used vehicles is modest in comparison to revenue from the sale of new vehicles, used vehicle sales are typically at a higher margin relative to new vehicles sales and the market for used vehicles is significantly larger in Australia (approximately 3.3 times the market size of new vehicles).</p> <p>In addition, Peter Warren’s ability to sell parts may be materially adversely affected by competition from online retailers. If consumers purchase accessories and parts from online retailers instead of from Peter Warren, the financial performance of Peter Warren may be materially adversely affected.</p> | <p>Section 5.1.13</p> |
| <p>Dealership concentration</p> | <p>Peter Warren’s dealerships are currently all located in New South Wales and 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 Queensland may have a disproportionate effect on Peter Warren’s business. For example, prolonged or repeated lockdowns in New South Wales and Queensland caused by COVID-19 may adversely impact the demand for vehicles as people become largely confined to their homes.</p> | <p>Section 5.1.14</p> |

| Topic | Summary | For more information |
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| Information technology | <p>Peter Warren has invested significantly in information technology systems which support its operations. There is a risk that these systems may fail to perform as expected or be adversely impacted by a number of factors, some of which may be outside of Peter Warren's control. This includes data losses, computer system faults, internet and telecommunications or data network failures, fire, natural disasters, computer viruses and external malicious interventions such as hacking, ransomware or denial-of-service attacks. Any one or combination of these events may have a material adverse impact on Peter Warren's operations and financial performance as well as its reputation. For example, a data security breach in relation to Peter Warren's online vehicle servicing booking system may result in the unauthorised disclosure of customer personal information and cause significant reputational damage to the Company.</p> | Section 5.1.15 |
| Warranties and extended warranties | <p>Peter Warren 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 Peter Warren to risks to which it would not otherwise be exposed as a retailer as claims made under these warranties are not reimbursed by OEMs (in contrast to OEM warranties). 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 Peter Warren, may have a material adverse impact on Peter Warren's financial performance.</p> | Section 5.1.16 |
| Competition | <p>The Automotive Dealership industry is competitive and subject to customer preferences. Competition in the vehicle industry is based on a variety of factors, including dealership location, product range, price, product presentation, quality, innovation and customer service.</p> <p>Peter Warren'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 Peter Warren's competitive position may materially adversely impact Peter Warren's financial performance.</p> | Section 5.1.17 |

| Topic | Summary | For more information |
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| <p>Environmental compliance costs and liabilities</p> | <p>Unforeseen environmental issues may affect the sites used by Peter Warren. Vehicles emit hazardous fumes and contain dangerous substances and fluids such as brake fluid. While Peter Warren 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. The risk of environmental contamination is heightened at sites where vehicle servicing takes place as there is a greater exposure to the hazardous substances used in vehicles. Government environmental authorities may require Peter Warren to remediate such contamination and Peter Warren may be required to undertake such remediation at its own cost. Peter Warren may be liable to remedy sites affected by environmental issues even in circumstances where Peter Warren is not responsible for causing the environmental liability. The cost of such remediation could be substantial. In addition, if Peter Warren is not able to remediate the site properly, this may materially adversely impact Peter Warren’s financial performance, particularly in the case of Peter Warren’s larger multi-franchise sites.</p> <p>Further, 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 Peter Warren, they may make a personal injury claim against Peter Warren. Such a claim could be for an amount that is greater than the value of the contaminated property.</p> <p>An environmental issue may also result in interruptions to the operations of a dealership such as a closure of the site on which the dealership is located until the issue is remedied. Any loss of income caused by such an interruption to operations may not be recoverable.</p> | <p>Section 5.1.18</p> |
| <p>COVID-19</p> | <p>Events related to the Coronavirus pandemic (COVID-19) have resulted in significant market volatility. There is continued uncertainty as to the ongoing and future response of governments and authorities globally, and a further Australian economic downturn is possible. As such, the full impact of COVID-19 to consumer behaviour, OEMs, employees and the Company is not fully known. Given this, the impact of COVID-19 could potentially be materially adverse to the Company’s financial and/or operational performance. Further, any government or industry measures may materially adversely affect Peter Warren’s operations and are likely beyond Peter Warren’s control.</p> | <p>Section 5.1.19</p> |

| Topic | Summary | For more information |
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| COVID-19 State and Federal Government restrictions | <p>Due to COVID-19, the State and Federal Governments have imposed social-distancing restrictions which have, and may, disrupt the operations of Peter Warren. There is a risk that social-distancing restrictions persist, potentially resulting in an increased reliance on technology to communicate with employees, which may impact on the ability to attract and motivate employees, in particular new team members.</p> <p>Further, these restrictions may disrupt Peter Warren's dealerships by impacting their ability to service customers in a timely manner or at all. For example, the ability to inspect vehicles in person, including going for a test drive, is an important step for many consumers in their path to purchasing a vehicle. If physical inspections are not possible or are less accessible because of social-distancing restrictions, it may become more difficult for dealerships to sell vehicles and in turn result in lower revenue for the Company.</p> | Section 5.1.20 |
| Supply chain | <p>Factors outside the control of Peter Warren, for example COVID-19, may have a material adverse impact on Peter Warren's supply chain. Restrictions on imports and the manufacture of cars by OEMs in foreign markets may restrict the supply of vehicles and create a backlog in demand, especially given that all new vehicles sold by Peter Warren are manufactured overseas. This may distort Peter Warren's near-term earnings profile and materially adversely impact the Company's financial performance.</p> | Section 5.1.21 |
| Other key risks | <p>The above risks should not be taken as an exhaustive list of all the key risks faced by the Company. The above factors, and others not specifically referred to above, may materially affect the financial performance of Peter Warren and the value of the Shares under the Offer. A number of other key risks are included in Section 5.1, and investors should review all of these carefully before making an investment decision.</p> | Section 5.2 |

1.5 Key financials and dividend policy

| Topic | Summary | For more information |
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| What is Peter Warren's dividend policy? | <p>The payment of a dividend by Peter Warren is at the discretion of the Directors and will be a function of a number of factors, including the general business environment, the operating results and the financial condition of Peter Warren, 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 Peter Warren, and any other factors the Directors may consider relevant.</p> <p>Having regard to the factors outlined above, it is the Board's current intention to target a dividend payout ratio in the range of 60-70% of annual underlying NPAT.</p> | Section 4.13 |

| Topic | Summary | For more information | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|--|----------------------|----------------|----------------|----------------|----------------|--|-----------|------|------|-------|-------|-------|---------|---|---------|---------|---------|---------|---------|--------------------|---|-----------|-----------|-----------|-----------|-----------|---------------------|--|--------------|--------------|--------------|--------------|--------------|----------------------------|--|---------|---------|---------|---------|---------|----------------------|--|--------|-------|-------|-------|-------|--------------------|--|-------|-------|-------|-------|-------|------------------|--|-------|-------|-------|-------|-------|----------------|---|--------|--------|--------|--------|--------|---------------------------|--|----------------|----------------|----------------|----------------|----------------|---------------|--|-------------|-------------|-------------|-------------|-------------|---------------------------------------|---|--------|--------|--------|--------|--------|-------------|--|-------------|-------------|-------------|-------------|-------------|---------------------|---|-------|-------|-------|-------|-------|---------------------|---|-------|-------|-------|-------|--------|------------|--|-------------|-------------|-------------|-------------|-------------|--------------------|---|-------|-------|--------|--------|-------|-------------|--|-------------|-------------|-------------|-------------|-------------|--------------------------------|
| What is Peter Warren's pro forma historical and forecast financial performance? | <p>Pro Forma Income Statements and Statutory Forecast Income Statements</p> <table border="1"> <thead> <tr> <th rowspan="2" style="text-align: left;">\$m</th> <th rowspan="2" style="text-align: left;">Note</th> <th colspan="4" style="text-align: center;">Pro Forma</th> <th style="text-align: center;">Statutory</th> </tr> <tr> <th style="text-align: center;">FY19</th> <th style="text-align: center;">FY20</th> <th style="text-align: center;">FY21F</th> <th style="text-align: center;">CY21F</th> <th style="text-align: center;">FY21F</th> </tr> </thead> <tbody> <tr> <td>Revenue</td> <td style="text-align: center;">1</td> <td style="text-align: right;">1,425.4</td> <td style="text-align: right;">1,377.9</td> <td style="text-align: right;">1,526.5</td> <td style="text-align: right;">1,565.6</td> <td style="text-align: right;">1,527.0</td> </tr> <tr> <td>Cost of goods sold</td> <td style="text-align: center;">2</td> <td style="text-align: right;">(1,197.9)</td> <td style="text-align: right;">(1,157.0)</td> <td style="text-align: right;">(1,268.7)</td> <td style="text-align: right;">(1,309.8)</td> <td style="text-align: right;">(1,268.7)</td> </tr> <tr> <td>Gross profit</td> <td></td> <td style="text-align: right;">227.5</td> <td style="text-align: right;">220.9</td> <td style="text-align: right;">257.8</td> <td style="text-align: right;">255.8</td> <td style="text-align: right;">258.3</td> </tr> <tr> <td>Employee benefits expenses</td> <td></td> <td style="text-align: right;">(123.4)</td> <td style="text-align: right;">(120.2)</td> <td style="text-align: right;">(131.7)</td> <td style="text-align: right;">(129.7)</td> <td style="text-align: right;">(135.8)</td> </tr> <tr> <td>Advertising expenses</td> <td></td> <td style="text-align: right;">(12.7)</td> <td style="text-align: right;">(9.6)</td> <td style="text-align: right;">(6.8)</td> <td style="text-align: right;">(7.2)</td> <td style="text-align: right;">(6.8)</td> </tr> <tr> <td>Insurance expenses</td> <td></td> <td style="text-align: right;">(4.8)</td> <td style="text-align: right;">(4.7)</td> <td style="text-align: right;">(7.3)</td> <td style="text-align: right;">(7.7)</td> <td style="text-align: right;">(6.8)</td> </tr> <tr> <td>Vehicle expenses</td> <td></td> <td style="text-align: right;">(6.2)</td> <td style="text-align: right;">(6.9)</td> <td style="text-align: right;">(6.5)</td> <td style="text-align: right;">(6.8)</td> <td style="text-align: right;">(6.5)</td> </tr> <tr> <td>Other expenses</td> <td style="text-align: center;">3</td> <td style="text-align: right;">(29.0)</td> <td style="text-align: right;">(30.1)</td> <td style="text-align: right;">(29.6)</td> <td style="text-align: right;">(27.3)</td> <td style="text-align: right;">(32.0)</td> </tr> <tr> <td>Operating expenses</td> <td></td> <td style="text-align: right;">(176.1)</td> <td style="text-align: right;">(171.4)</td> <td style="text-align: right;">(181.8)</td> <td style="text-align: right;">(178.7)</td> <td style="text-align: right;">(187.9)</td> </tr> <tr> <td>EBITDA</td> <td></td> <td style="text-align: right;">51.5</td> <td style="text-align: right;">49.5</td> <td style="text-align: right;">76.0</td> <td style="text-align: right;">77.1</td> <td style="text-align: right;">70.4</td> </tr> <tr> <td>Depreciation and amortisation expense</td> <td style="text-align: center;">4</td> <td style="text-align: right;">(17.7)</td> <td style="text-align: right;">(18.2)</td> <td style="text-align: right;">(18.0)</td> <td style="text-align: right;">(17.9)</td> <td style="text-align: right;">(23.7)</td> </tr> <tr> <td>EBIT</td> <td></td> <td style="text-align: right;">33.8</td> <td style="text-align: right;">31.3</td> <td style="text-align: right;">58.0</td> <td style="text-align: right;">59.2</td> <td style="text-align: right;">46.7</td> </tr> <tr> <td>Floor plan interest</td> <td style="text-align: center;">5</td> <td style="text-align: right;">(8.7)</td> <td style="text-align: right;">(6.9)</td> <td style="text-align: right;">(4.9)</td> <td style="text-align: right;">(5.3)</td> <td style="text-align: right;">(4.9)</td> </tr> <tr> <td>Net finance expense</td> <td style="text-align: center;">6</td> <td style="text-align: right;">(9.0)</td> <td style="text-align: right;">(8.6)</td> <td style="text-align: right;">(8.1)</td> <td style="text-align: right;">(7.8)</td> <td style="text-align: right;">(19.3)</td> </tr> <tr> <td>PBT</td> <td></td> <td style="text-align: right;">16.1</td> <td style="text-align: right;">15.9</td> <td style="text-align: right;">45.0</td> <td style="text-align: right;">46.1</td> <td style="text-align: right;">22.4</td> </tr> <tr> <td>Income tax expense</td> <td style="text-align: center;">7</td> <td style="text-align: right;">(4.6)</td> <td style="text-align: right;">(4.2)</td> <td style="text-align: right;">(13.6)</td> <td style="text-align: right;">(13.8)</td> <td style="text-align: right;">(7.0)</td> </tr> <tr> <td>NPAT</td> <td></td> <td style="text-align: right;">11.5</td> <td style="text-align: right;">11.7</td> <td style="text-align: right;">31.4</td> <td style="text-align: right;">32.2</td> <td style="text-align: right;">15.4</td> </tr> </tbody> </table> <p>Notes:</p> <ol style="list-style-type: none"> Revenue represents new vehicle sales, used vehicle sales, aftermarket products, parts and accessories sales, vehicle servicing and repair, provision of collision repair services, distribution of finance, insurance products together with income earned from the provision of shared services to the Toyota dealership at Warwick Farm and the dealership at Bathurst. Cost of goods sold includes servicing labour. Other expenses include data processing outside services, rates and land tax, office and other supplies, training and other miscellaneous expenses. Depreciation and amortisation include depreciation of property, plant and equipment and right of use assets. Floor plan interest reflects the interest expense on the floor plan facilities from vehicle financiers which are used to finance the new and used vehicle inventory held by the dealerships. Net finance expense reflects interest expense on lease liabilities offset by interest income. In FY21F statutory results, net finance expense also includes interest expense on the Loan Notes up until the time of the Offer. Income tax expense represents the Australian corporate tax rate of 30% adjusted for any non-deductible expenses or non-assessable income. | \$m | Note | Pro Forma | | | | Statutory | FY19 | FY20 | FY21F | CY21F | FY21F | Revenue | 1 | 1,425.4 | 1,377.9 | 1,526.5 | 1,565.6 | 1,527.0 | Cost of goods sold | 2 | (1,197.9) | (1,157.0) | (1,268.7) | (1,309.8) | (1,268.7) | Gross profit | | 227.5 | 220.9 | 257.8 | 255.8 | 258.3 | Employee benefits expenses | | (123.4) | (120.2) | (131.7) | (129.7) | (135.8) | Advertising expenses | | (12.7) | (9.6) | (6.8) | (7.2) | (6.8) | Insurance expenses | | (4.8) | (4.7) | (7.3) | (7.7) | (6.8) | Vehicle expenses | | (6.2) | (6.9) | (6.5) | (6.8) | (6.5) | Other expenses | 3 | (29.0) | (30.1) | (29.6) | (27.3) | (32.0) | Operating expenses | | (176.1) | (171.4) | (181.8) | (178.7) | (187.9) | EBITDA | | 51.5 | 49.5 | 76.0 | 77.1 | 70.4 | Depreciation and amortisation expense | 4 | (17.7) | (18.2) | (18.0) | (17.9) | (23.7) | EBIT | | 33.8 | 31.3 | 58.0 | 59.2 | 46.7 | Floor plan interest | 5 | (8.7) | (6.9) | (4.9) | (5.3) | (4.9) | Net finance expense | 6 | (9.0) | (8.6) | (8.1) | (7.8) | (19.3) | PBT | | 16.1 | 15.9 | 45.0 | 46.1 | 22.4 | Income tax expense | 7 | (4.6) | (4.2) | (13.6) | (13.8) | (7.0) | NPAT | | 11.5 | 11.7 | 31.4 | 32.2 | 15.4 | Section 4.3.1, 4.3.2 and 4.3.5 |
| \$m | Note | | | Pro Forma | | | | Statutory | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | FY19 | FY20 | FY21F | CY21F | FY21F | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Revenue | 1 | 1,425.4 | 1,377.9 | 1,526.5 | 1,565.6 | 1,527.0 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Cost of goods sold | 2 | (1,197.9) | (1,157.0) | (1,268.7) | (1,309.8) | (1,268.7) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Gross profit | | 227.5 | 220.9 | 257.8 | 255.8 | 258.3 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Employee benefits expenses | | (123.4) | (120.2) | (131.7) | (129.7) | (135.8) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Advertising expenses | | (12.7) | (9.6) | (6.8) | (7.2) | (6.8) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Insurance expenses | | (4.8) | (4.7) | (7.3) | (7.7) | (6.8) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Vehicle expenses | | (6.2) | (6.9) | (6.5) | (6.8) | (6.5) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Other expenses | 3 | (29.0) | (30.1) | (29.6) | (27.3) | (32.0) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Operating expenses | | (176.1) | (171.4) | (181.8) | (178.7) | (187.9) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| EBITDA | | 51.5 | 49.5 | 76.0 | 77.1 | 70.4 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Depreciation and amortisation expense | 4 | (17.7) | (18.2) | (18.0) | (17.9) | (23.7) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| EBIT | | 33.8 | 31.3 | 58.0 | 59.2 | 46.7 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Floor plan interest | 5 | (8.7) | (6.9) | (4.9) | (5.3) | (4.9) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Net finance expense | 6 | (9.0) | (8.6) | (8.1) | (7.8) | (19.3) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| PBT | | 16.1 | 15.9 | 45.0 | 46.1 | 22.4 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Income tax expense | 7 | (4.6) | (4.2) | (13.6) | (13.8) | (7.0) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| NPAT | | 11.5 | 11.7 | 31.4 | 32.2 | 15.4 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

Topic

Summary

For more information

What is Peter Warren's pro forma historical and forecast financial performance?
continued

Half Year Income Statements

| \$m | Notes | Pro Forma | | | Statutory | |
|---------------------------------------|-------|---------------|---------------|---------------|---------------|---------------|
| | | 1H FY20 | 1H FY21 | 1H FY22F | 1H FY22F | 1H FY22F |
| Revenue | 1 | 701.3 | 749.6 | 788.6 | 788.6 | 788.6 |
| Cost of goods sold | 2 | (588.2) | (616.9) | (658.0) | (658.0) | (658.0) |
| Gross profit | | 113.2 | 132.7 | 130.7 | 130.7 | 130.7 |
| Employee benefits expenses | | (63.3) | (65.6) | (63.6) | (63.6) | (63.6) |
| Advertising expenses | | (5.6) | (3.0) | (3.5) | (3.5) | (3.5) |
| Insurance expenses | | (2.2) | (3.3) | (3.7) | (3.7) | (3.7) |
| Vehicle expenses | | (4.0) | (2.9) | (3.3) | (3.3) | (3.3) |
| Other expenses | 3 | (15.1) | (15.5) | (13.2) | (13.2) | (13.2) |
| Operating expenses | | (90.2) | (90.4) | (87.3) | (87.3) | (87.3) |
| EBITDA | | 22.9 | 42.3 | 43.4 | 43.4 | 43.4 |
| Depreciation and amortisation expense | 4 | (9.2) | (9.0) | (8.9) | (8.9) | (8.9) |
| EBIT | | 13.7 | 33.3 | 34.5 | 34.5 | 34.5 |
| Floor plan interest | 5 | (3.9) | (2.2) | (2.6) | (2.6) | (2.6) |
| Net finance expense | 6 | (4.3) | (4.1) | (3.8) | (3.8) | (3.8) |
| PBT | | 5.5 | 26.9 | 28.0 | 28.0 | 28.0 |
| Income tax expense | 7 | (1.7) | (8.2) | (8.4) | (8.4) | (8.4) |
| NPAT | | 3.8 | 18.8 | 19.6 | 19.6 | 19.6 |

Notes:

- Revenue represents new vehicle sales, used vehicle sales, aftermarket products, parts and accessories sales, vehicle servicing and repair, provision of collision repair services, distribution of finance, insurance products together with income earned from the provision of shared services to the Toyota dealership at Warwick Farm and the dealership at Bathurst.
- Cost of goods sold includes servicing labour.
- Other expenses include data processing outside services, rates and land tax, office and other supplies, training and other miscellaneous expenses.
- Depreciation and amortisation include depreciation of property, plant and equipment and right of use assets.
- Floor plan interest reflects the interest expense on the floor plan facilities from vehicle financiers which are used to finance the new and used vehicle inventory held by the dealerships.
- Net finance expense reflects interest expense on lease liabilities offset by interest income.
- Income tax expense represents the Australian corporate tax rate of 30% adjusted for any non-deductible expenses or non-assessable income.

Section 4.3.1, 4.3.2 and 4.3.5

| Topic | Summary | For more information | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|---|----------------------|----------------|---------------|---------------|-----------|--|------|------|---------|---------|---------|---|---------|---------|-------|-------|--------------------|---|-----------|-----------|---------|---------|---------------------|--|--------------|--------------|--------------|--------------|----------------------------|--|---------|---------|--------|--------|----------------------|--|--------|-------|-------|-------|--------------------|--|-------|-------|-------|-------|------------------|--|-------|-------|-------|-------|----------------|---|--------|--------|--------|--------|---------------------------|--|----------------|----------------|---------------|---------------|---------------|--|-------------|-------------|-------------|-------------|---------------------------------------|---|--------|--------|--------|--------|-------------|--|-------------|-------------|-------------|-------------|---------------------|---|-------|-------|-------|-------|---------------------|---|--------|--------|--------|--------|------------|--|--------------|-------------|--------------|-------------|--------------------|---|-----|-------|-----|-------|-------------|--|--------------|------------|--------------|-------------|---------------------------------------|
| <p>What is Peter Warren's pro forma historical and forecast financial performance? continued</p> | <p>Statutory Historical Income Statements</p> <table border="1"> <thead> <tr> <th rowspan="2" style="text-align: left;">\$m</th> <th rowspan="2" style="text-align: left;">Notes</th> <th colspan="2" style="text-align: center;">Statutory</th> <th colspan="2" style="text-align: center;">Statutory</th> </tr> <tr> <th style="text-align: center;">FY19</th> <th style="text-align: center;">FY20</th> <th style="text-align: center;">1H FY20</th> <th style="text-align: center;">1H FY21</th> </tr> </thead> <tbody> <tr> <td>Revenue</td> <td style="text-align: center;">1</td> <td style="text-align: right;">1,425.3</td> <td style="text-align: right;">1,392.6</td> <td style="text-align: right;">701.3</td> <td style="text-align: right;">763.4</td> </tr> <tr> <td>Cost of goods sold</td> <td style="text-align: center;">2</td> <td style="text-align: right;">(1,197.9)</td> <td style="text-align: right;">(1,157.0)</td> <td style="text-align: right;">(588.2)</td> <td style="text-align: right;">(616.9)</td> </tr> <tr> <td>Gross profit</td> <td></td> <td style="text-align: right;">227.5</td> <td style="text-align: right;">235.6</td> <td style="text-align: right;">113.1</td> <td style="text-align: right;">146.5</td> </tr> <tr> <td>Employee benefits expenses</td> <td></td> <td style="text-align: right;">(123.0)</td> <td style="text-align: right;">(121.4)</td> <td style="text-align: right;">(63.9)</td> <td style="text-align: right;">(67.4)</td> </tr> <tr> <td>Advertising expenses</td> <td></td> <td style="text-align: right;">(12.7)</td> <td style="text-align: right;">(9.6)</td> <td style="text-align: right;">(5.6)</td> <td style="text-align: right;">(3.0)</td> </tr> <tr> <td>Insurance expenses</td> <td></td> <td style="text-align: right;">(4.3)</td> <td style="text-align: right;">(4.1)</td> <td style="text-align: right;">(2.0)</td> <td style="text-align: right;">(3.0)</td> </tr> <tr> <td>Vehicle expenses</td> <td></td> <td style="text-align: right;">(6.2)</td> <td style="text-align: right;">(7.0)</td> <td style="text-align: right;">(4.0)</td> <td style="text-align: right;">(2.9)</td> </tr> <tr> <td>Other expenses</td> <td style="text-align: center;">3</td> <td style="text-align: right;">(26.9)</td> <td style="text-align: right;">(27.9)</td> <td style="text-align: right;">(14.1)</td> <td style="text-align: right;">(14.5)</td> </tr> <tr> <td>Operating expenses</td> <td></td> <td style="text-align: right;">(173.1)</td> <td style="text-align: right;">(170.0)</td> <td style="text-align: right;">(89.6)</td> <td style="text-align: right;">(90.9)</td> </tr> <tr> <td>EBITDA</td> <td></td> <td style="text-align: right;">54.4</td> <td style="text-align: right;">65.6</td> <td style="text-align: right;">23.6</td> <td style="text-align: right;">55.6</td> </tr> <tr> <td>Depreciation and amortisation expense</td> <td style="text-align: center;">4</td> <td style="text-align: right;">(24.5)</td> <td style="text-align: right;">(25.0)</td> <td style="text-align: right;">(12.6)</td> <td style="text-align: right;">(12.4)</td> </tr> <tr> <td>EBIT</td> <td></td> <td style="text-align: right;">29.9</td> <td style="text-align: right;">40.6</td> <td style="text-align: right;">10.9</td> <td style="text-align: right;">43.2</td> </tr> <tr> <td>Floor plan interest</td> <td style="text-align: center;">5</td> <td style="text-align: right;">(8.7)</td> <td style="text-align: right;">(6.9)</td> <td style="text-align: right;">(3.9)</td> <td style="text-align: right;">(2.2)</td> </tr> <tr> <td>Net finance expense</td> <td style="text-align: center;">6</td> <td style="text-align: right;">(22.2)</td> <td style="text-align: right;">(21.7)</td> <td style="text-align: right;">(10.9)</td> <td style="text-align: right;">(10.7)</td> </tr> <tr> <td>PBT</td> <td></td> <td style="text-align: right;">(1.0)</td> <td style="text-align: right;">12.0</td> <td style="text-align: right;">(3.9)</td> <td style="text-align: right;">30.2</td> </tr> <tr> <td>Income tax expense</td> <td style="text-align: center;">7</td> <td style="text-align: right;">0.6</td> <td style="text-align: right;">(3.1)</td> <td style="text-align: right;">1.1</td> <td style="text-align: right;">(9.2)</td> </tr> <tr> <td>NPAT</td> <td></td> <td style="text-align: right;">(0.4)</td> <td style="text-align: right;">8.9</td> <td style="text-align: right;">(2.7)</td> <td style="text-align: right;">21.1</td> </tr> </tbody> </table> <p>Notes:</p> <ol style="list-style-type: none"> Revenue represents new vehicle sales, used vehicle sales, aftermarket products, parts and accessories sales, vehicle servicing and repair, provision of collision repair services, distribution of finance, insurance products together with income earned from the provision of shared services to the Toyota dealership at Warwick Farm and the dealership at Bathurst. Cost of goods sold includes servicing labour. Other expenses include data processing outside services, rates and land tax, office and other supplies, training and other miscellaneous expenses. Depreciation and amortisation include depreciation of property, plant and equipment and right of use assets. Floor plan interest reflects the interest expense on the floor plan facilities from vehicle financiers which are used to finance the new and used vehicle inventory held by the dealerships. Net finance expense reflects interest expense on lease liabilities and Loan Notes offset by interest income. Income tax expense represents the Australian corporate tax rate of 30% adjusted for any non-deductible expenses or non-assessable income. | \$m | Notes | Statutory | | Statutory | | FY19 | FY20 | 1H FY20 | 1H FY21 | Revenue | 1 | 1,425.3 | 1,392.6 | 701.3 | 763.4 | Cost of goods sold | 2 | (1,197.9) | (1,157.0) | (588.2) | (616.9) | Gross profit | | 227.5 | 235.6 | 113.1 | 146.5 | Employee benefits expenses | | (123.0) | (121.4) | (63.9) | (67.4) | Advertising expenses | | (12.7) | (9.6) | (5.6) | (3.0) | Insurance expenses | | (4.3) | (4.1) | (2.0) | (3.0) | Vehicle expenses | | (6.2) | (7.0) | (4.0) | (2.9) | Other expenses | 3 | (26.9) | (27.9) | (14.1) | (14.5) | Operating expenses | | (173.1) | (170.0) | (89.6) | (90.9) | EBITDA | | 54.4 | 65.6 | 23.6 | 55.6 | Depreciation and amortisation expense | 4 | (24.5) | (25.0) | (12.6) | (12.4) | EBIT | | 29.9 | 40.6 | 10.9 | 43.2 | Floor plan interest | 5 | (8.7) | (6.9) | (3.9) | (2.2) | Net finance expense | 6 | (22.2) | (21.7) | (10.9) | (10.7) | PBT | | (1.0) | 12.0 | (3.9) | 30.2 | Income tax expense | 7 | 0.6 | (3.1) | 1.1 | (9.2) | NPAT | | (0.4) | 8.9 | (2.7) | 21.1 | <p>Section 4.3.1, 4.3.2 and 4.3.5</p> |
| \$m | Notes | | | Statutory | | Statutory | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | FY19 | FY20 | 1H FY20 | 1H FY21 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Revenue | 1 | 1,425.3 | 1,392.6 | 701.3 | 763.4 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Cost of goods sold | 2 | (1,197.9) | (1,157.0) | (588.2) | (616.9) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Gross profit | | 227.5 | 235.6 | 113.1 | 146.5 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Employee benefits expenses | | (123.0) | (121.4) | (63.9) | (67.4) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Advertising expenses | | (12.7) | (9.6) | (5.6) | (3.0) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Insurance expenses | | (4.3) | (4.1) | (2.0) | (3.0) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Vehicle expenses | | (6.2) | (7.0) | (4.0) | (2.9) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Other expenses | 3 | (26.9) | (27.9) | (14.1) | (14.5) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Operating expenses | | (173.1) | (170.0) | (89.6) | (90.9) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| EBITDA | | 54.4 | 65.6 | 23.6 | 55.6 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Depreciation and amortisation expense | 4 | (24.5) | (25.0) | (12.6) | (12.4) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| EBIT | | 29.9 | 40.6 | 10.9 | 43.2 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Floor plan interest | 5 | (8.7) | (6.9) | (3.9) | (2.2) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Net finance expense | 6 | (22.2) | (21.7) | (10.9) | (10.7) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| PBT | | (1.0) | 12.0 | (3.9) | 30.2 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Income tax expense | 7 | 0.6 | (3.1) | 1.1 | (9.2) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| NPAT | | (0.4) | 8.9 | (2.7) | 21.1 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

1.6 Board and management team

| Topic | Summary | For more information |
|---|--|----------------------|
| <p>Who are Peter Warren's Directors?</p> | <p>John Ingram (Chair) John joined the Peter Warren Board in April 2021 as its Non-Executive Chair.</p> <p>John is an experienced director and chairman, currently also serving as the non-executive chairman of Nick Scali Limited and having previously been the managing director of Crane Group Limited, the non-executive chairman of Shriro Holdings Limited, a non-executive director of United Group Limited and a trustee director of Australian Super.</p> <p>Catherine West (Non-Executive Director) Catherine joined the Peter Warren Board in April 2021 as a Non-Executive Director.</p> <p>Catherine has over 25 years' legal, business affairs and strategy experience in the media, entertainment, telecommunications and medical sectors in Australia, the UK and Europe. She is currently a non-executive director of ASX-listed Nine Entertainment and Monash IVF Group. She is also a non-executive director of the National Institute of Dramatic Art (NIDA) Foundation, the Vice-President of the Sydney Breast Cancer Foundation at Chris O'Brien Lifehouse and a Governor of Wenona School.</p> <p>Niran Peiris (Non-Executive Director) Niran joined the Peter Warren Board in April 2021 as a Non-Executive Director.</p> <p>Niran has an extensive background in financial services and insurance having been a Member of the Board of Management of Allianz SE, CEO of Allianz Australia and also having held a number of other executive level roles (including CFO) at Allianz and other Australian insurance companies. Prior to that he worked in accounting services firms as a tax specialist.</p> <p>Paul Warren (Executive Director) Paul, the eldest son of the Company's founder, Peter Warren, is an Executive Director of the Company.</p> <p>Paul joined the Company in 1975 after completing a Bachelor of Business and has over 46 years' experience working in the automotive industry. In 1982, Paul took over the executive management of the business and has been instrumental in the commercial expansion of the Group since that time, integrating many acquisitions and developing strategies for the organic growth of the Group. As part of the Listing, Paul will hand over his CEO duties to Mark Weaver but will remain as an Executive Director and continue to work with Mark on strategy and M&A whilst maintaining the Company's relationships with OEMs, financiers and large fleet customers.</p> <p>Paul's experience extends across all elements of the automotive industry including representation on various dealer councils, including currently serving as a board member of the Australian Automotive Dealer Association.</p> <p>Paul holds a Bachelor of Business from the University of Technology, Sydney.</p> | <p>Section 6.1</p> |

| Topic | Summary | For more information | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|--|----------------------------|------------------|---------------|------------|--|--|------------------|---|------------------|---|----------------------------|------|-------|------|-------|----------------|------|-------|------|------|------------------------------|-----|-------|-----|------|-------------------|-----|------|-----|------|--------------------------|-----|------|-----|------|-----------------------------|-----|------|-----|------|---|---|---|------|-------|--------------|-------------|---------------|--------------|---------------|-----------------------------|
| <p>Who are Peter Warren's Executives?</p> | <p>Mark Weaver (CEO) Mark is Peter Warren's Chief Executive Officer. Mark has over 15 years of Automotive experience across many facets of the industry including advisory, compliance, Mergers & Acquisitions and commercial operational roles. He previously was a Partner with Deloitte, spending 11 years focussed solely on the Automotive retail sector and working with many of the leading Automotive groups across Australia. Since joining the group in 2016, Mark has performed several executive roles from Dealer Principal to CEO and been forefront in the growth of the business in recent years whilst establishing platforms for future growth.</p> <p>Bernard Friend (CFO) Bernard is Peter Warren's Chief Financial Officer and Company Secretary, responsible for the Company's accounting, finance, risk and compliance functions. Bernard has been with the Company since 1982 and has over 38 years' experience working in the automotive industry. Before joining Peter Warren, Bernard was an accountant at Horwath Chartered Accountants and, prior to that, the Australian Tax Office.</p> | <p>Section 6.2</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <p>Who are the existing shareholders and what will be their interest in the company at Completion of the Offer?</p> | <p>Shareholdings of Existing Shareholders on the Prospectus Date and immediately following Completion of the Offer are set out in the table below.</p> <table border="1" data-bbox="470 1339 1228 1993"> <thead> <tr> <th data-bbox="470 1339 646 1377">Shareholder^{1,2}</th> <th colspan="2" data-bbox="646 1339 965 1377">Prospectus Date</th> <th colspan="2" data-bbox="965 1339 1228 1377">Completion</th> </tr> <tr> <th data-bbox="470 1377 646 1467"></th> <th data-bbox="646 1377 805 1467">Shares (million)</th> <th data-bbox="805 1377 965 1467">%</th> <th data-bbox="965 1377 1125 1467">Shares (million)</th> <th data-bbox="1125 1377 1228 1467">%</th> </tr> </thead> <tbody> <tr> <td data-bbox="470 1467 646 1512">Warren Family³</td> <td data-bbox="646 1467 805 1512">20.2</td> <td data-bbox="805 1467 965 1512">36.6%</td> <td data-bbox="965 1467 1125 1512">58.4</td> <td data-bbox="1125 1467 1228 1512">35.1%</td> </tr> <tr> <td data-bbox="470 1512 646 1556">Quadrant Funds</td> <td data-bbox="646 1512 805 1556">26.9</td> <td data-bbox="805 1512 965 1556">48.9%</td> <td data-bbox="965 1512 1125 1556">15.7</td> <td data-bbox="1125 1512 1228 1556">9.4%</td> </tr> <tr> <td data-bbox="470 1556 646 1601">Frizelle Family⁴</td> <td data-bbox="646 1556 805 1601">6.1</td> <td data-bbox="805 1556 965 1601">11.1%</td> <td data-bbox="965 1556 1125 1601">6.1</td> <td data-bbox="1125 1556 1228 1601">3.7%</td> </tr> <tr> <td data-bbox="470 1601 646 1646">Perks Shareholder</td> <td data-bbox="646 1601 805 1646">1.4</td> <td data-bbox="805 1601 965 1646">2.6%</td> <td data-bbox="965 1601 1125 1646">1.4</td> <td data-bbox="1125 1601 1228 1646">0.9%</td> </tr> <tr> <td data-bbox="470 1646 646 1691">Mark Weaver⁵</td> <td data-bbox="646 1646 805 1691">0.4</td> <td data-bbox="805 1646 965 1691">0.7%</td> <td data-bbox="965 1646 1125 1691">0.4</td> <td data-bbox="1125 1646 1228 1691">0.2%</td> </tr> <tr> <td data-bbox="470 1691 646 1736">Bernard Friend⁶</td> <td data-bbox="646 1691 805 1736">0.1</td> <td data-bbox="805 1691 965 1736">0.1%</td> <td data-bbox="965 1691 1125 1736">0.1</td> <td data-bbox="1125 1691 1228 1736">0.0%</td> </tr> <tr> <td data-bbox="470 1736 646 1937">New Shares to be issued under the Offer and Existing Shares to be sold under the Offer to new investors</td> <td data-bbox="646 1892 805 1937">–</td> <td data-bbox="805 1892 965 1937">–</td> <td data-bbox="965 1892 1125 1937">84.5</td> <td data-bbox="1125 1892 1228 1937">50.7%</td> </tr> <tr> <td data-bbox="470 1937 646 1993">Total</td> <td data-bbox="646 1937 805 1993">55.0</td> <td data-bbox="805 1937 965 1993">100.0%</td> <td data-bbox="965 1937 1125 1993">166.6</td> <td data-bbox="1125 1937 1228 1993">100.0%</td> </tr> </tbody> </table> | Shareholder ^{1,2} | Prospectus Date | | Completion | | | Shares (million) | % | Shares (million) | % | Warren Family ³ | 20.2 | 36.6% | 58.4 | 35.1% | Quadrant Funds | 26.9 | 48.9% | 15.7 | 9.4% | Frizelle Family ⁴ | 6.1 | 11.1% | 6.1 | 3.7% | Perks Shareholder | 1.4 | 2.6% | 1.4 | 0.9% | Mark Weaver ⁵ | 0.4 | 0.7% | 0.4 | 0.2% | Bernard Friend ⁶ | 0.1 | 0.1% | 0.1 | 0.0% | New Shares to be issued under the Offer and Existing Shares to be sold under the Offer to new investors | – | – | 84.5 | 50.7% | Total | 55.0 | 100.0% | 166.6 | 100.0% | <p>Section 7.1.5</p> |
| Shareholder ^{1,2} | Prospectus Date | | Completion | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Shares (million) | % | Shares (million) | % | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Warren Family ³ | 20.2 | 36.6% | 58.4 | 35.1% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Quadrant Funds | 26.9 | 48.9% | 15.7 | 9.4% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Frizelle Family ⁴ | 6.1 | 11.1% | 6.1 | 3.7% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Perks Shareholder | 1.4 | 2.6% | 1.4 | 0.9% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Mark Weaver ⁵ | 0.4 | 0.7% | 0.4 | 0.2% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Bernard Friend ⁶ | 0.1 | 0.1% | 0.1 | 0.0% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| New Shares to be issued under the Offer and Existing Shares to be sold under the Offer to new investors | – | – | 84.5 | 50.7% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total | 55.0 | 100.0% | 166.6 | 100.0% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

1.7 Significant interests of key people and related party transactions

| Topic | Summary | For more information | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|--|-----------------------------|---------------------------------------|--------------------|------------------------------|--|------------------|--------------------|------------------|--------------------|-------------|-----|-----|------|-----|--------------------------|------|-----|------|-----|----------------|-----|-----|------|-----|--------------|-----|-----|------|-----|-------------------------------------|
| <p>Who are the existing shareholders and what will be their interest in the company at Completion of the Offer? continued</p> | <p>Notes:</p> <ol style="list-style-type: none"> Shareholders may hold their interests in Shares directly, or through entities associated with them (e.g. through holdings by companies or trusts). Refer also to Section 6 for further information on interests and benefits (including Directors' interests in Shares). The Warren Family have an interest in the shares held by the Warren Family Trust (Paul Warren is a director and shareholder of the trustee and a beneficiary of the discretionary family trust). In addition, the Warren Family will have an interest in Shares that will be issued to WF Property in connection with the Warwick Farm Acquisition, consideration for which is to be paid 80% in Shares at the Offer Price and 20% in cash using the proceeds of the Offer (Paul Warren is a director of that entity and a director and shareholder of its ultimately holding company, P W M Investments (1976) Pty Ltd (ACN 001 337 462)), which are included in the table above. Includes the 5.2 million Shares to be acquired by the Warren Family Trust under the Offer. The Frizelle Family have an interest in the shares held by Wildash (a family discretionary trust). Mark Weaver holds shares directly and has an interest in the shares held by Malima Australia Pty Limited (ACN 645 591 215) as trustee for the Malima Family Trust (Mark Weaver is a director and the sole shareholder of the trustee and a beneficiary of the family trust). Bernard Friend has an interest in the shares held by Restdrum Pty Limited (ACN 066 891 272) as trustee for The Friend Family Trust (Bernard Friend is a director and shareholder of the trustee and a beneficiary of the discretionary family trust). | <p>Section 7.1.5</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <p>What significant benefits are payable to Directors and other persons connected with the Company or the Offer and what interests do they hold?</p> | <p>For Shares expected to be held by Directors on Completion, refer to Section 6.4.4.</p> <table border="1" data-bbox="470 1332 1236 1635"> <thead> <tr> <th rowspan="2">Director</th> <th colspan="2">Interests held at the Prospectus Date</th> <th colspan="2">Interests held at Completion</th> </tr> <tr> <th>Shares (million)</th> <th>Performance Rights</th> <th>Shares (million)</th> <th>Performance Rights</th> </tr> </thead> <tbody> <tr> <td>John Ingram</td> <td>Nil</td> <td>Nil</td> <td>0.02</td> <td>Nil</td> </tr> <tr> <td>Paul Warren¹</td> <td>20.2</td> <td>Nil</td> <td>58.4</td> <td>Nil</td> </tr> <tr> <td>Catherine West</td> <td>Nil</td> <td>Nil</td> <td>0.02</td> <td>Nil</td> </tr> <tr> <td>Niran Peiris</td> <td>Nil</td> <td>Nil</td> <td>0.02</td> <td>Nil</td> </tr> </tbody> </table> <p>Note:</p> <ol style="list-style-type: none"> Paul Warren has an interest in Shares through the Warren Family Trust (Paul Warren is a director and shareholder of the trustee and a beneficiary of the discretionary family trust) and has an interest in 33.1 million Shares that will be issued to WF Property in connection with the Warwick Farm Acquisition (Paul Warren is a director of that entity and a director and shareholder of its ultimately holding company, P W M Investments (1976) Pty Ltd (ACN 001 337 462)). Includes the 5.2 million Shares to be acquired by the Warren Family Trust under the Offer. <p>Directors and senior management are entitled to remuneration and fees as disclosed in Sections 6.4.1, 6.4.2, 6.4.6 and 6.4.7, and are entitled to participate in the incentive arrangements described in Sections 6.4.6, 6.4.7, 6.4.8 and 6.4.9.</p> <p>Advisers and other service providers are entitled to fees for services and have other interests as disclosed in Section 6.3.1.</p> | Director | Interests held at the Prospectus Date | | Interests held at Completion | | Shares (million) | Performance Rights | Shares (million) | Performance Rights | John Ingram | Nil | Nil | 0.02 | Nil | Paul Warren ¹ | 20.2 | Nil | 58.4 | Nil | Catherine West | Nil | Nil | 0.02 | Nil | Niran Peiris | Nil | Nil | 0.02 | Nil | <p>Section 6.3 and 6.4.4</p> |
| Director | Interests held at the Prospectus Date | | Interests held at Completion | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Shares (million) | Performance Rights | Shares (million) | Performance Rights | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| John Ingram | Nil | Nil | 0.02 | Nil | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Paul Warren ¹ | 20.2 | Nil | 58.4 | Nil | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Catherine West | Nil | Nil | 0.02 | Nil | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Niran Peiris | Nil | Nil | 0.02 | Nil | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| Topic | Summary | For more information |
|--|--|------------------------------------|
| <p>Will any shares be subject to restrictions on disposal following completion?</p> | <p>All Shares held on Completion of the Offer by Existing Shareholders (or entities that they control or that are associated with them) will be subject to voluntary escrow arrangements, which will prevent them from disposing of their Escrowed Shares for the Escrow Period.</p> | <p>Section 7.12 and 9.7</p> |
| <p>Are there any related party transactions?</p> | <p>Warwick Farm Acquisition</p> <p>The Company has entered into a binding agreement to purchase Warwick Farm from the Warren Family for \$120 million (to be paid 80% in Shares at the Offer Price and 20% in cash using the proceeds of the Offer). An independent valuation was undertaken by Cushman & Wakefield (Valuations) Pty Ltd to support the purchase price.</p> <p>Subject to the satisfaction of certain conditions, completion of the Warwick Farm Acquisition is expected to occur on the day after the Settlement Date. For a summary of the material terms of the Warwick Farm Acquisition, please see Section 9.8.1.</p> <p>Related Party Leases</p> <p>The Company operates part of its business from premises leased from the Warren Family. The aggregate annual rent payable under these Related Party Leases in FY20 was approximately \$5,233,693 (excluding GST). Please see Section 9.11.2 for a summary of the material terms of the Related Party Leases.</p> <p>Peter Warren Toyota – Sublease</p> <p>The Company subleases part of Warwick Farm to the Warren Family. The Warren Family carries on the Peter Warren Toyota business (a car dealership business owned by the Warren Family) from these leased premises. As part of the Warwick Farm Acquisition, the Company has renewed this sublease for a term of 12 months commencing on the completion date of the Warwick Farm Acquisition with rolling options to renew for a further 12 months at a time, unless either party gives 9 months prior notice of non-renewal. In accordance with an independent market rent review undertaken by Jones Lang LaSalle Advisory Services Pty Ltd, the initial rent payable is \$746,450 (excluding GST) per annum, increasing if renewed by the greater of 3% and CPI per annum thereafter.</p> | <p>Section 6.7</p> |

| Topic | Summary | For more information |
|--|--|----------------------|
| Are there any related party transactions? continued | <p>Peter Warren Toyota – Toyota SSA</p> <p>Peter Warren Automotive also provides shared services to WF Automotive for the benefit of Peter Warren Toyota and (for a limited sub-set of services only) PWA Regional under a shared services agreement. The services provided under the Toyota SSA include management and administrative support services such as corporate governance, IT, human resources and vehicle-related management functions such as vehicle receiving, stock control, parts management and fleet sales.</p> <p>The Toyota SSA is in effect for a term of 3 years expiring on 31 March 2024. In addition to other customary termination rights, the Toyota SSA may be terminated by either party for convenience on 6 months' notice after 1 January 2022. Fees under the shared services agreement are charged on a cost-plus basis. In FY20, the Group was paid approximately \$5,299,921 for these shared services. Peter Warren Automotive also provides certain other services to Peter Warren Toyota, which were previously undocumented, however going forward these will be provided under the Toyota SSA. Approximately \$1,169,421 was paid to Peter Warren Automotive for those services in FY20.</p> <p>Refer to Section 6.7 for further information in relation to the related party arrangements.</p> | Section 6.7 |

1.8 Overview of the Offer

| Topic | Summary | For more information |
|--------------------------------------|---|-----------------------|
| Who is the issuer of the prospectus? | Peter Warren Automotive Holdings Limited ACN 615 674 185 (ASX code: PWR). | Section 10 and 7.10.1 |
| What is the offer? | This Prospectus relates to an initial public offering of New Shares issued by the Company and the sale of existing Shares by SaleCo at an Offer Price of \$2.90 per Share. A total of 89.7 million ² Shares will be available under the Offer. These Shares will be available for investors under the Broker Firm Offer, the Institutional Offer and the Priority Offer. The Offer is expected to raise approximately \$227.4 million from the issue of New Shares by the Company and for the Company's benefit and approximately \$32.6 million from the sale of Existing Shares by SaleCo. | Section 7.1 |

2. This includes 5.2 million Shares to be acquired by the Warren Family Trust under the Offer.

| Topic | Summary | For more information | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|---|----------------------------------|--------------|---------------|------------|---------------------|--|--|--|---|-------|--------------------------------|------|-------|--|--|--|-------|--|--|--|-------|--|--|--|-------|--|--|--|-------|--|--|--|-------|--|--|--|-------|--|--|--|-------|--|--|--|---------------|--|--|--|--|------|----------------------------------|------|-------|--|--|--|----------------------|--------------|-------------------|--------------|-----------------------------|
| <p>Why is the offer being conducted?</p> | <p>The purpose of the Offer is to:</p> <ul style="list-style-type: none"> • Provide funding and financial flexibility for general corporate purposes, including to support the Company’s growth strategy and future growth opportunities; • Allow Existing Shareholders to realise part of their investment in Peter Warren through the sale of Existing Shares through SaleCo; • Broaden Peter Warren’s shareholder base and provide a liquid market for Shares; • Provide Peter Warren with the benefits of an increased brand profile that arises from being a publicly listed entity; and • Pay transaction costs. | <p>Section 7.1.2</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <p>What are the sources and uses of the proceeds of the Offer?</p> | <p>The Offer is expected to raise gross proceeds of approximately \$260.0 million. The proceeds of the Offer received by SaleCo in respect of the sale of Shares by it will be paid to SaleCo and paid by SaleCo to the Selling Shareholders.</p> <table border="1" data-bbox="470 1070 1230 1794"> <thead> <tr> <th data-bbox="470 1070 762 1126">Sources of funds</th> <th data-bbox="762 1070 863 1126">\$ million</th> <th data-bbox="863 1070 1129 1126">Uses of funds</th> <th data-bbox="1129 1070 1230 1126">\$ million</th> </tr> </thead> <tbody> <tr> <td colspan="4" data-bbox="470 1126 1230 1167">Peter Warren</td> </tr> <tr> <td data-bbox="470 1167 762 1323">Cash proceeds received by Peter Warren under the Offer from the issue of Shares</td> <td data-bbox="762 1167 863 1323">227.4</td> <td data-bbox="863 1167 1129 1323">Transaction costs¹</td> <td data-bbox="1129 1167 1230 1323">14.2</td> </tr> <tr> <td colspan="4" data-bbox="470 1323 1230 1386"><hr/></td> </tr> <tr> <td colspan="4" data-bbox="470 1386 1230 1449"><hr/></td> </tr> <tr> <td colspan="4" data-bbox="470 1449 1230 1512"><hr/></td> </tr> <tr> <td colspan="4" data-bbox="470 1512 1230 1574"><hr/></td> </tr> <tr> <td colspan="4" data-bbox="470 1574 1230 1637"><hr/></td> </tr> <tr> <td colspan="4" data-bbox="470 1637 1230 1700"><hr/></td> </tr> <tr> <td colspan="4" data-bbox="470 1700 1230 1762"><hr/></td> </tr> <tr> <td colspan="4" data-bbox="470 1762 1230 1794"><hr/></td> </tr> <tr> <td colspan="4" data-bbox="470 1794 1230 1825">SaleCo</td> </tr> <tr> <td data-bbox="470 1825 762 1982">Cash proceeds received under the Offer from the sale of Shares by SaleCo</td> <td data-bbox="762 1825 863 1982">32.6</td> <td data-bbox="863 1825 1129 1982">Payments to Selling Shareholders</td> <td data-bbox="1129 1825 1230 1982">32.6</td> </tr> <tr> <td colspan="4" data-bbox="470 1982 1230 2022"><hr/></td> </tr> <tr> <td data-bbox="470 2022 762 2054">Total sources</td> <td data-bbox="762 2022 863 2054">260.0</td> <td data-bbox="863 2022 1129 2054">Total uses</td> <td data-bbox="1129 2022 1230 2054">260.0</td> </tr> </tbody> </table> <p data-bbox="470 1816 531 1843">Notes:</p> <ol data-bbox="470 1854 1190 2092" style="list-style-type: none"> 1. Transaction costs includes the fees payable to advisers as referred to in Section 6.3.1, as well as other costs such as registry fees, ASX listing fees and other adviser fees. 2. Purchase price for the Warwick Farm Acquisition is \$120.0 million, with approximately \$24.0 million (20% of the purchase price) to be funded by cash consideration, and the remaining \$96.0 million (80% of the purchase price) to be funded by Shares at the Offer Price. 3. Purchase price for the Southport Acquisition is approximately \$82.3 million with 100% of the purchase price to be funded by cash consideration. | Sources of funds | \$ million | Uses of funds | \$ million | Peter Warren | | | | Cash proceeds received by Peter Warren under the Offer from the issue of Shares | 227.4 | Transaction costs ¹ | 14.2 | <hr/> | | | | <hr/> | | | | <hr/> | | | | <hr/> | | | | <hr/> | | | | <hr/> | | | | <hr/> | | | | <hr/> | | | | SaleCo | | | | Cash proceeds received under the Offer from the sale of Shares by SaleCo | 32.6 | Payments to Selling Shareholders | 32.6 | <hr/> | | | | Total sources | 260.0 | Total uses | 260.0 | <p>Section 7.1.3</p> |
| Sources of funds | \$ million | Uses of funds | \$ million | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Peter Warren | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Cash proceeds received by Peter Warren under the Offer from the issue of Shares | 227.4 | Transaction costs ¹ | 14.2 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| SaleCo | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Cash proceeds received under the Offer from the sale of Shares by SaleCo | 32.6 | Payments to Selling Shareholders | 32.6 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| Total sources | 260.0 | Total uses | 260.0 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| Topic | Summary | For more information |
|---|--|----------------------|
| What is the consideration payable for the shares? | Successful applicants under the Offer will pay the Offer Price, being \$2.90 per Share. | Section 7.2 |
| What is SaleCo? | SaleCo, a special purpose vehicle, has been established to facilitate the sale of Existing Shares by the Selling Shareholders. | Sections 9.1 and 9.4 |
| Will the shares be quoted on the ASX? | <p>Peter Warren will apply for admission to the Official List of the ASX and quotation of Shares on the ASX under the code "PWR".</p> <p>Completion is conditional on the ASX approving this application. If approval is not given within three months after such application is made (or any longer period permitted by law), the Offer will be withdrawn and all Application Monies received will be refunded without interest as soon as practicable in accordance with the requirements of the Corporations Act.</p> <p>Peter Warren will be required to comply with the ASX Listing Rules, subject to any waivers obtained by us from time to time.</p> <p>The ASX takes no responsibility for this Prospectus or the investment to which it relates. The fact that Peter Warren may be admitted to the Official List is not to be taken as an indication of the merits of Peter Warren or the Shares offered for sale.</p> | Section 7.10.1 |
| How is the offer structured? | <p>The Offer comprises the following components:</p> <ul style="list-style-type: none"> • The Broker Firm Offer, which is an offer to Australian resident retail clients of Brokers who have received a firm allocation of Shares from their Broker (see Section 7.3); • The Priority Offer, which is open to selected investors in Australia nominated by the Company (see Section 7.4); and • The Institutional Offer, which consists of an offer to Institutional Investors in Australia and certain other jurisdictions around the world, made under this Prospectus (see Section 7.7). | Section 7.1.1 |
| Is the offer underwritten? | The Joint Lead Managers have fully underwritten the Offer pursuant to the Underwriting Agreement. | Section 7.2 |
| What is the allocation policy? | The allocation of Shares between the Institutional Offer and Retail Offer (including the Broker Firm Offer and the Priority Offer) was determined by agreement between the Company and the Joint Lead Managers, having regard to the allocation policies outlined in Sections 7.3.4, 7.4.4 and 7.7.2 of this Prospectus. | Section 7.2 |
| Is there any brokerage, commission or stamp duty payable by applicants? | <p>No brokerage, commission or stamp duty is payable by Applicants on acquisition of Shares under the Offer.</p> <p>See Section 9.6.1 for details of various fees payable by Peter Warren to the Joint Lead Managers and by the Joint Lead Managers to certain Brokers (on behalf of the Company).</p> | Section 7.2 |

| Topic | Summary | For more information |
|--|--|---------------------------------|
| Are there any tax considerations for Australian investors? | Yes. Refer to Section 9.16 and note that it is recommended that all Shareholders consult their own independent tax advisers regarding the income tax (including capital gains tax), stamp duty and GST consequences of acquiring, owning and disposing of Shares, having regard to their specific circumstances. | Section 7.2 |
| 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, 3 May 2021. Refunds (without interest) to Applicants who make an Application and are scaled back (or otherwise receive Shares having a lesser value than the amount of Application Monies they have paid) will be made as soon as possible after Completion of the Offer. | Section 7.2 |
| How can I apply? | Applicants under the Broker Firm Offer should contact their Broker to request a Prospectus and Broker Firm Offer Application Form, or download a copy at https://events.miraqle.com/peterwarren-ipo . Applicants under the Priority Offer may apply for Shares by following the instructions in their personalised invitation to participate in the Priority Offer. To the extent permitted by law, an Application by an Applicant may not be varied and is irrevocable. | Sections 7.3.2 and 7.4.2 |
| Where can I find more information about this prospectus or the offer? | All enquiries in relation to this Prospectus should be directed to the Peter Warren Offer Information Line on 1800 426 150 from 8:30am until 5:30pm (Sydney time) Monday to Friday (excluding public holidays). All enquiries in relation to the Broker Firm Offer should be directed to your Broker. 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 stockbroker, solicitor, accountant, financial adviser or other independent professional adviser before deciding whether to invest. | Section 7.2 |
| Can the offer be withdrawn? | Yes. Peter Warren and SaleCo may withdraw the Offer at any time before the issue or transfer of Shares to successful Applicants. If the Offer, or any part of it, does not proceed, all relevant Application Monies will be refunded (without interest). | Section 7.9 |



02 Industry Overview

02. Industry Overview

2.1 Overview of the Automotive Dealership industry

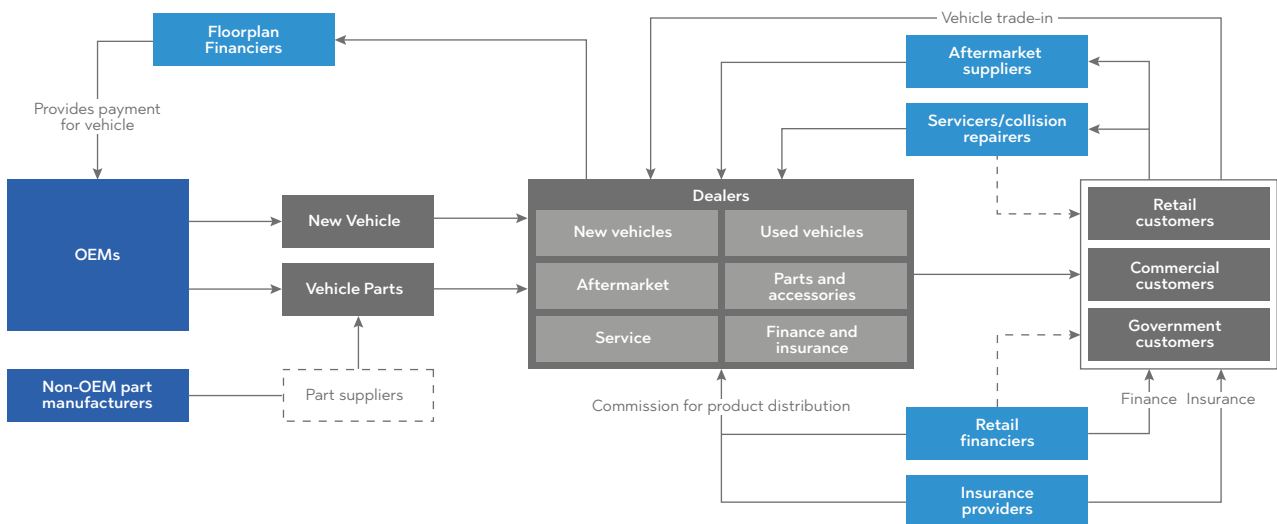
Dealers in Australia are engaged in the sale of new and used vehicles and supply of aftermarket services, car servicing, parts, accessories, vehicle financing and insurance. By providing this suite of products and services across the automotive value chain, the Dealer establishes itself as the central market participant in the Automotive Dealership industry.

Section 2 provides an overview of the key features of the Australian Automotive Dealership industry, including the industry size, structure, key sectors, competitive landscape, key demand drivers and regulatory landscape in which Peter Warren operates.

2.1.1 Industry structure and key market participants

Figure 1 provides an overview of the Australian Automotive Dealership industry structure and the interrelationships of the key market participants. It highlights the integrated service offering of Dealers which has multiple touch points with the vehicle customer beyond the purchase and sale of a vehicle.

Figure 1: Automotive Dealership industry structure



Source: Management.

There are several key participants in the Australian Automotive Dealership industry and across the automotive value chain, including:

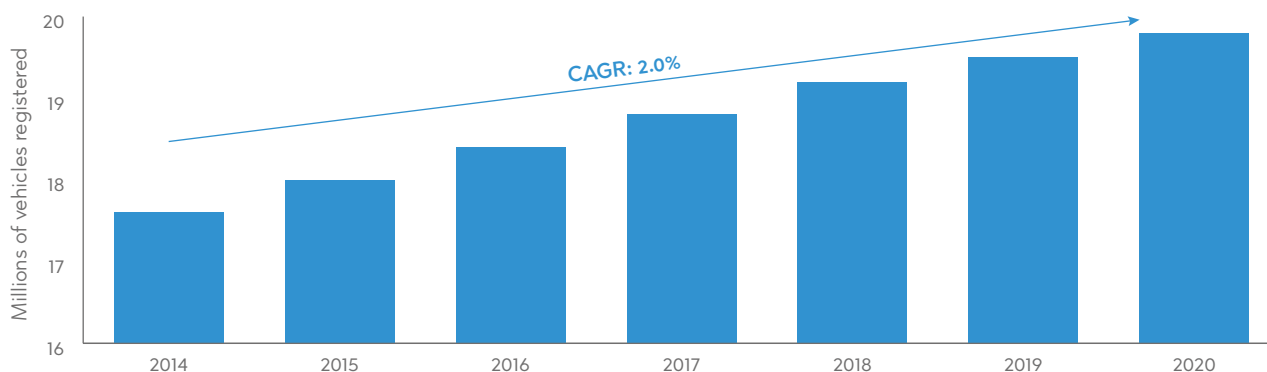
- **Original Equipment Manufacturers:** manufacturers and distributors of new vehicles, as well as OEM-branded parts and accessories. OEMs can distribute directly to Dealers or use a third-party wholesaler to import and distribute vehicles;
- **Dealers:** retailers of new and/or used vehicles. The sale of new vehicles is bound by a retailing dealership agreement between the OEM and Dealer (**Dealership Agreement**). This agreement often contains restrictions on the OEM's ability to appoint additional dealers within a defined geographical region. From a practical perspective, OEMs actively limit the number of dealers in a given geographical region having regard to the expected demand in that region. Alternatively, Dealers can focus on the sale of used vehicles, which is typically OEM-brand agnostic, and operate without a Dealership Agreement;
- **Retail financiers and insurance providers:** offer a range of consumer credit and insurance products for vehicle customers. In conjunction with the purchase of a vehicle, consumers are offered vehicle finance and insurance products where the Dealer typically acts as an authorised representative of the financier or insurance provider;

- **Floor plan financiers:** provide inventory finance to Dealers, allowing them to fund the purchase of new vehicles with floor plan finance (otherwise known as bailment finance). Floor plan financiers will retain ownership of the vehicle until it is sold by the Dealer, which allows Dealers to reduce the cost of holding inventory. Floor plan financiers may also look to offer retail consumer credit products to vehicle customers through the Automotive Dealerships in which they provide finance;
- **Part suppliers:** purchase non-OEM-branded automotive parts and accessories from manufacturers and distribute them to Dealers or to independent collision repairers and service centres;
- **Servicers/collision repairers:** provide a range of repair and servicing capabilities on behalf of vehicle owners. These services can range from general collision repair following an accident or be specialised in nature. These workshops can operate as part of an OEM Dealer workshop or as an independent provider;
- **Aftermarket suppliers:** manufacture and distribute a range of non-OEM-branded aftermarket parts and accessories to Dealers. Aftermarket suppliers can also retail these products directly to consumers. Aftermarket parts broadly represent accessories or parts which maintain or enhance the appearance and performance of a vehicle such as window tinting and customisable colour wrapping; and
- **Vehicle customers:** include retail, commercial and government customers which purchase vehicles from Dealers. Customers may also purchase additional products and services in conjunction with this transaction including finance or insurance products and aftermarket parts or accessories.

2.1.2 Industry size

The Australian Automotive Dealership industry is mature. In 2020, there were approximately 19.8 million vehicles in Australian 'car parc', otherwise referred to as vehicle registrations, which has been steadily growing at a compound annual growth rate (CAGR) of 2.0% from 2014 to 2020. Figure 2 provides the annual 'car parc' each year over this period, showing steady growth.

Figure 2: Australian vehicle 'car parc' (number of registered vehicles)

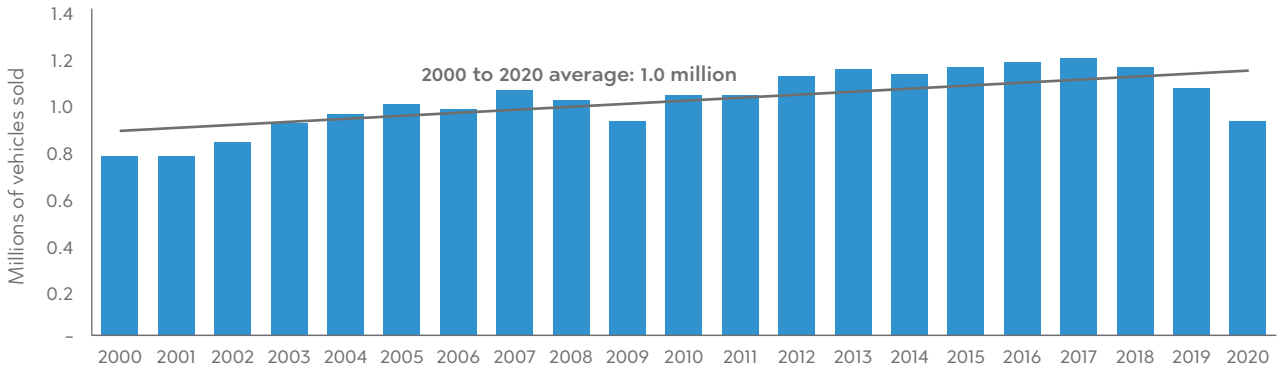


Source: Management.

The sale of new vehicles is the largest contributor of revenue for Dealers. Volume sales have remained above 800,000 vehicles since 2002. Total new vehicles sold in 2020 amounted to approximately 0.9 million, which was heavily impacted by the on-set of COVID-19 restrictions (refer to Section 2.6 for further information in relation to the impacts of COVID-19 on the Automotive Dealership industry). The industry also experienced periods of depressed vehicle sales during the Global Financial Crisis in 2008-2009, as well as in 2019 as a result of challenges including the tightening of lending, movements in exchange rates and slow wages growth. Nevertheless, there has been a steady increase in new vehicles sold over the last 20 years, with a CAGR of 2.5% during the period 2000 to 2017. In addition, any reduction in vehicle volumes sold per year over this period is usually corrected after 1-2 years (e.g. 2006, 2008 and 2014). Figure 3 shows the volume of new vehicles sold in Australia over the last two decades.

02. Industry Overview

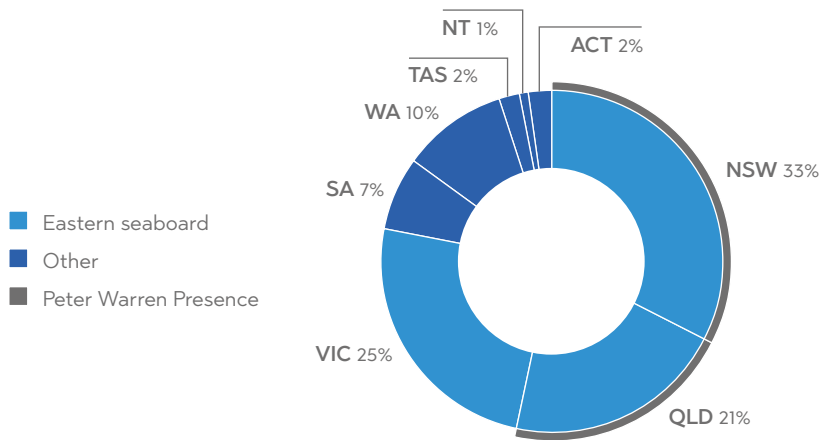
Figure 3: New vehicle sales in Australia



Source: ABS (Series A367306F), Management.

On a state-by-state basis, New South Wales, Victoria and Queensland are the three largest markets in Australia by volume of new vehicles sold, attracting approximately 79% of total new vehicle sales in Australia in 2020. Figure 4 provides a state-by-state split of new vehicle sales for 2020, showing that the majority of new vehicles in Australia are currently sold on the east coast.

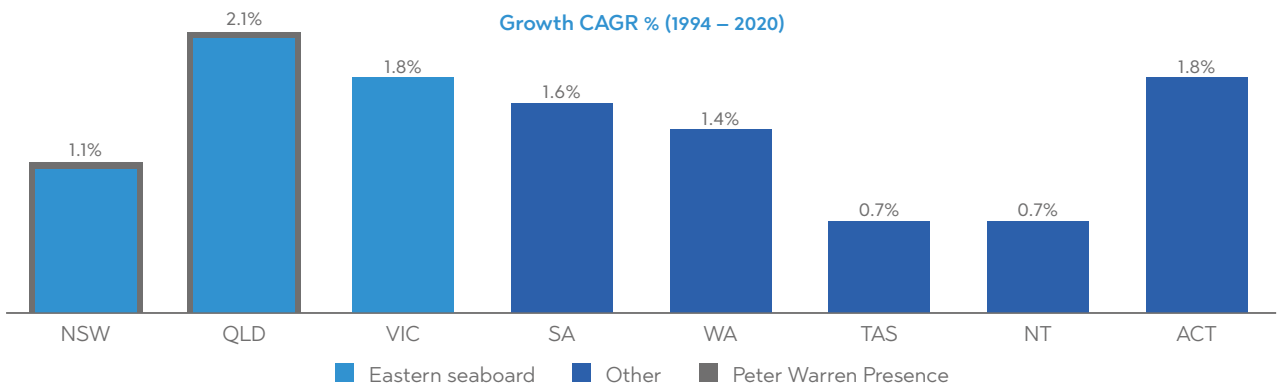
Figure 4: New vehicle sales by state (2020)



Source: Management.

In addition, Figure 5 shows the growth in new vehicle sales by state over the period 1994 to 2020.

Figure 5: Growth in new vehicle sales by state (1994 to 2020)



Source: ABS (Series 9314.0).

New vehicle sales are expected to improve in the short term, driven by an increase in household disposable income. Refer to Section 2.5.2 for further information.

2.1.3 Industry concentration

The Australian Automotive Dealership market is highly fragmented, where few Dealers of scale exist, positioning those participants to benefit from potential consolidation in the future. Consolidation is expected to continue, where Dealers of scale are best placed to acquire smaller or mid-sized dealerships, particularly dealerships with limited succession and exit plans. Table 1 provides an overview of selected key Dealer players within each state.

Table 1: Key player operations in fragmented Australian Automotive Dealership industry

| Key players | NSW | QLD | VIC | SA | WA | NT | TAS |
|-----------------------------|-----|-----|-----|----|----|----|-----|
| Peter Warren | | | | | | | |
| Peter Warren | ✓ | ✓ | | | | | |
| ASX-listed operators | | | | | | | |
| Eagers Automotive | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Autosports Group | ✓ | ✓ | ✓ | | | | |
| Private operators | | | | | | | |
| Tony White Group | ✓ | ✓ | ✓ | | | | ✓ |
| Autopact | ✓ | ✓ | ✓ | | | | |
| JMG | | | ✓ | ✓ | | | |
| NGP/WFM Group | ✓ | ✓ | ✓ | | | | |
| Grand Motors | ✓ | ✓ | | | | | |
| Motorama | | ✓ | | | | | |
| Sci-Fleet | ✓ | ✓ | | | ✓ | | |
| Alliance Automotive Group | ✓ | | | | | | |
| Suttons | ✓ | | | | | | |
| Booran Motors | | | ✓ | | | | |
| Patterson Cheney | | | ✓ | | | | |
| Penfold | | | ✓ | | | | |
| Zagame Automotive Group | | | ✓ | ✓ | | | |
| CMV Group | | | | ✓ | | | |
| Solitaire Automotive Group | | | | ✓ | | | |
| John Hughes | | | | | ✓ | | |
| Regent Motors | | | | | ✓ | ✓ | |

Source: Management.

Peter Warren competes against two ASX-listed competitors in Australia: Eagers Automotive and Autosports Group. Peter Warren is a diversified player of scale, with a broad split between each of the Volume, Prestige and Luxury categories (the categories are outlined in Section 2.2.2.1). Autosports Group operates in the Prestige and Luxury segments, and Eagers Automotive, the largest player in the industry and also a diversified player, has an offering weighted more towards the Volume category.

2.2 Revenue model

2.2.1 Overview

The Automotive Dealership industry is broadly split between six key components, each playing a key role in the automotive value chain process and serving as income and profitability drivers for scale Dealers. These are presented in Figure 6 and outlined in further detail throughout Section 2.2.

Figure 6: Key components of the Automotive Dealership industry



Source: Management.

2.2.2 New vehicle sales

The sale of new vehicles is the primary revenue contributor for a Dealer. The volume of new vehicles sold is driven by market demand, consumer preferences/popularity, product mix, targeted OEM incentives and the performance of sales staff.

Dealers generate gross selling margin on the sale of each vehicle to the customer. In addition, Dealers receive an OEM incentive payment or rebate, which is in accordance with mutually agreed KPIs between the Dealer and the OEM. These KPIs could include the volume of new vehicles sold, service quality, facilities, quality of Dealer reporting to OEMs and overall customer satisfaction. The growth in the sale of new vehicles in Australia over the last two decades has been outlined in Figure 3 above.

New vehicle sales in Australia can be broadly split by segments according to the affordability of the vehicle (e.g. Volume, Prestige and Luxury) and type of vehicle (e.g. passenger, sports utility vehicle (SUV), light commercial and heavy commercial), as outlined in Sections 2.2.2.1 and 2.2.2.2 respectively.




2.2.2.1 Categorisation of new vehicles

The Deloitte Motor Industry Services Dealership Benchmarks 2020 splits the Automotive Dealership industry in Australia into three categories: volume, prestige and luxury. These categories each offer a different range of product based on affordability to the customer:

- **Volume:** higher volume, lower price brands;
- **Prestige:** brands which strike a balance between achieving volume and price; and
- **Luxury:** higher price, lower volume brands.

Similarly, OEM brands can be categorised based on this broad market segmentation. Table 2 below provides an overview of the key OEMs in the Australian market and their relevant segmentation, separated by OEMs that are Peter Warren and Non-Peter Warren brands.

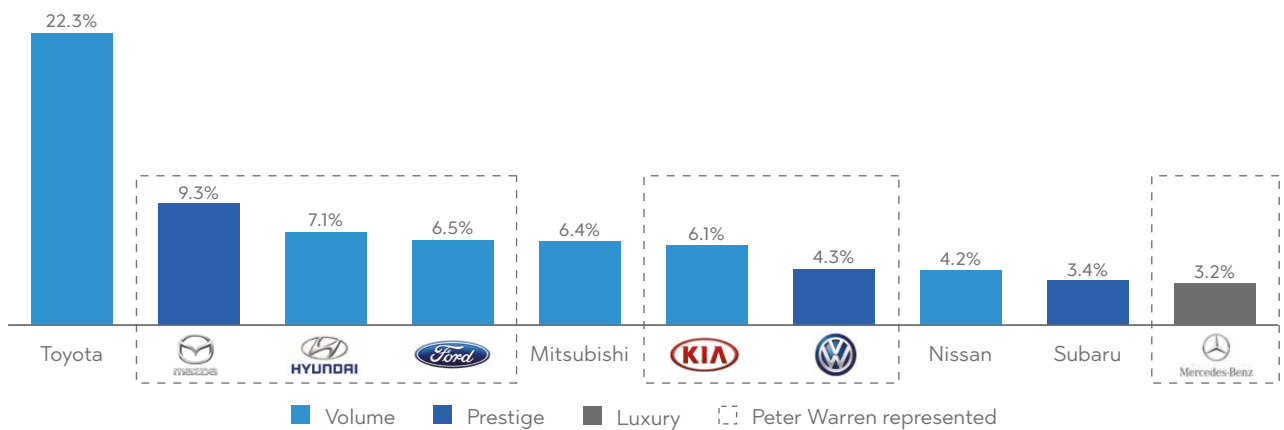
Table 2: Categorisation of OEM brands

| | Share of total market volume (CY2020) | Peter Warren brands | Non-Peter Warren brands |
|----------|---------------------------------------|---|---|
| Volume | 62% |  | Great Wall Iveco Bus LDV Mitsubishi Nissan SsangYong Toyota |
| Prestige | 26% |  | Alfa Romeo Genesis Haval MG Subaru |
| Luxury | 12% |  | Alpine Bentley BMW Caterham Chevrolet Lamborghini Lexus Lotus Maserati MINI Morgan Rolls Royce |

Source: Management.

The leading OEMs in the Volume segment sold the most new vehicles in Australia in 2020. Figure 7 provides a breakdown of the top 10 brands by market share of new vehicle sales in Australia (2020 volume), showing which brands are represented by Peter Warren.

Figure 7: Market share of top 10 brands in Australia (by 2020 volume of new vehicle sales)



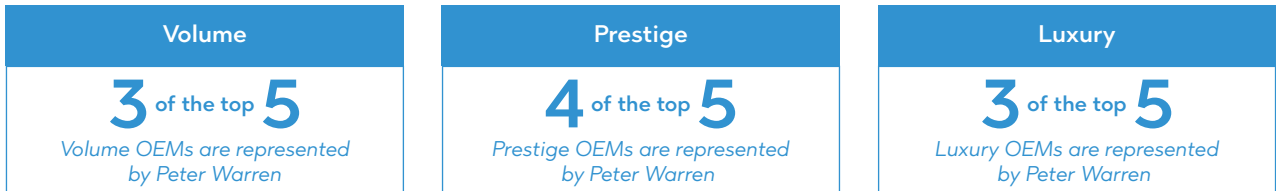
Peter Warren represents 18 of the top 30 brands in Australia, with those brands providing 51% market share nationally

Source: Management.

02. Industry Overview

In addition, Figure 8 below shows Peter Warren’s presence in each of the vehicle categories.

Figure 8: Peter Warren presence by vehicle category



Source: Management.

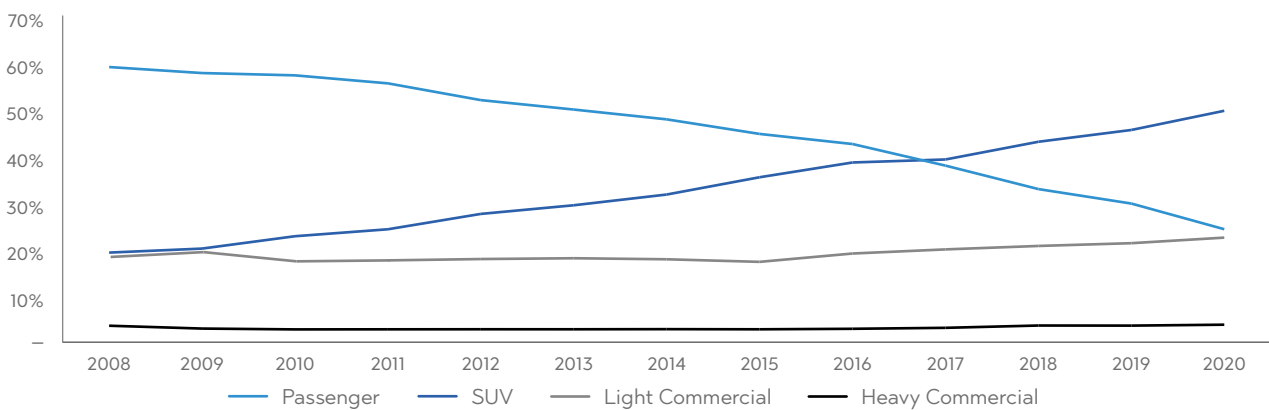
2.2.2.2 Type of vehicle

Vehicles can be categorised by type, including:

- **Passenger:** cars with capacity that range from two to five people;
- **SUV:** vehicles with a wagon-style body and high ground clearance;
- **Light commercial:** light vehicles used for business purposes, e.g. utility vehicles; and
- **Heavy commercial:** heavier vehicles used for business purposes, e.g. trucks.

The sale of SUVs leads the share of new vehicles sold in Australia, accounting for approximately half of all vehicles sold in 2020. This is largely due to the increasing popularity of the vehicle class among consumers, driven by increased affordability and comfortability over time. In addition, there has been increased sales of new vehicles in the utility and light commercial vehicle segment. Figure 9 provides a split of each segment over the past 12 years.

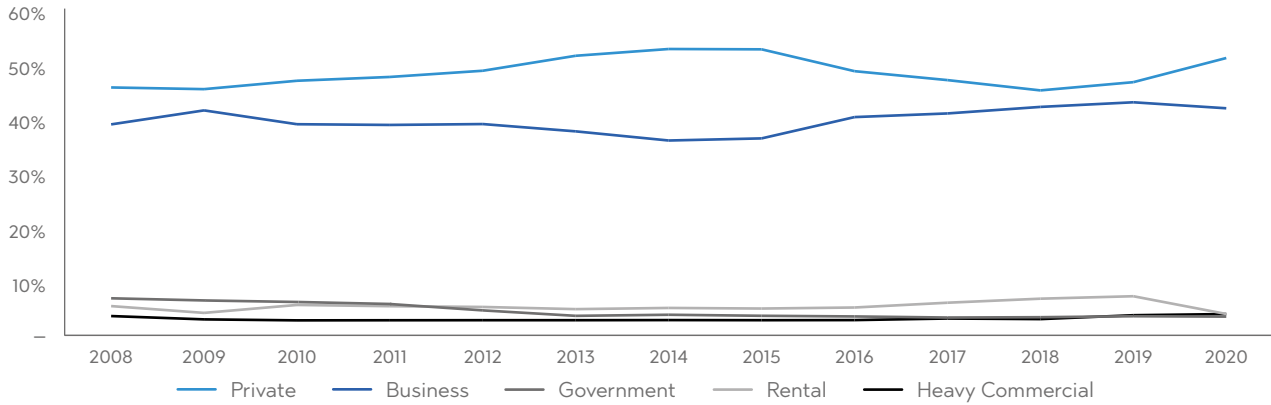
Figure 9: New vehicle sales volume by segment (2008 to 2020)



Source: Management.

The types of vehicles outlined above can be separated by the type of consumer, including private, business, government and rental. Figure 10 provides a breakdown for each type of vehicle by consumer type over the last 12 years. Private consumers are currently the primary purchasers of new vehicles in the Australian market. However, light commercial vehicles, such as utility vehicles, are predominantly purchased by businesses, equating to approximately two-thirds of all light vehicle commercial sales.

Figure 10: New vehicle sales split by consumer type (2008 to 2020)



Source: Management.

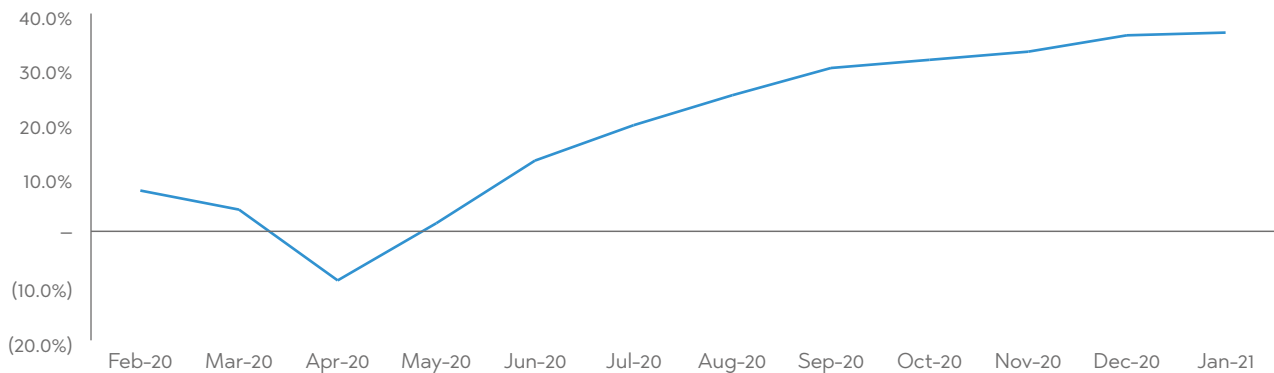
2.2.3 Used vehicle sales

The sale of used vehicles is another key source of revenue for Dealers. Dealers typically purchase used vehicles when selling a new or used vehicle to a customer (via trade-in), used vehicle wholesaler, auction houses or through direct purchase from customers. When traded-in, used vehicles become the key remaining link in completing the consumer life cycle, with the sale of a new vehicle leading to the purchase of parts and aftermarket products through the Dealer.

Dealers usually earn a higher margin on the sale of a used vehicle compared to a new vehicle due to the ability to source more competitive wholesale or trade-ins. Dealers may also leverage their servicing and repair operations (if necessary) to repair and recondition the vehicle ahead of its resale.

In 2016, the used car market was estimated to be approximately 3.3 times the size of the new vehicle market in terms of the volume of vehicles sold per annum, which management believes is broadly consistent with the relative sizes of those markets at present. The volume and quantum of pent-up demand in the used car market is evident through the Australian used vehicle price index, which shows a regression of the underlying auction data of used vehicle sales from automotive auction houses. The index value declined sharply in April 2020 as a result of COVID-19, however has since recovered and rose to 36.5% in January 2021. Figure 11 provides the Australian used vehicle price index during the period February 2020 to January 2021, which shows the percentage change in the price of used vehicle sales against the same period one year prior.

Figure 11: Datium Insights-Moody's Analytics used vehicle price index (Australia)³



3. Datium Insights-Moody's Analytics Used Vehicle Price Index for Australia (3 February 2021), available at https://www.economy.com/economicview/indicator/aus_vprice/6EF9EB95-BC59-4F2D-B0C7-07E39CCE2556/Australia-Datium-Insights--Moody's-Analytics-Used-Vehicle-Price-Index

02. Industry Overview

As shown in Table 3, there are a number of KPIs which track the performance of Dealers across the previous 12 months for used vehicles in the Volume market. Of particular note, the used vehicle days supply metric, which quantifies the number of days that a Dealer can sustain sales (at current rates) based on the level of used vehicle stock, has trended downwards from 65–75 days supply in 2017 to 55–65 days supply in 2020 for the Volume market.

Table 3: Key used vehicle dealership metrics (2017 to 2020) – Volume market

| | 2017 | 2018 | 2019 | 2020 |
|--|---------|---------|---------|---------|
| Used/New ratio (retail) | 0.5 | 0.5 | 0.4 | 0.5 |
| Orientation of dealership gross | 14% | 15% | 13% | 15% |
| Gross per unit sold | \$2,100 | \$2,600 | \$2,500 | \$2,600 |
| Gross days supply | 65–75 | 60–70 | 55–65 | 55–65 |
| Gross ROI⁴ | 68% | 60% | 60% | 70% |

Source: Deloitte Motor Industry Services Dealership Benchmarks (2017 to 2020).

Dealers often employ reconditioning programs to make used vehicles more attractive for buyers. While reconditioning can add additional cost and time to sell the vehicle, it can derive an additional return on investment for Dealers. The ability of Dealers to achieve standardisation of practices and economies of scale by centralising their vehicle reconditioning reduces the cost of reconditioning and potentially improves the gross selling margin at the time of sale.

2.2.4 Aftermarket

The aftermarket segment includes the provision of vehicle parts and accessories sourced typically from non-OEM manufacturers although many OEM endorsed products are included. These products are sold by Dealers and third-party independent retailers, which include but are not limited to:

- Paint wrapping and paint protection;
- Window tinting;
- Interior/fabric protection; and
- Driver support products (e.g. parking sensors and cameras).

There are a range of factors which are expected to drive continued growth in the aftermarket industry, including:

- Technological advancements enabling the provision of a widening range of products, which are increasingly durable and customisable;
- Rising household disposable incomes;
- Rising demand for privacy and security;
- Increasing awareness among consumers of the benefits of aftermarket products to vehicle longevity; and
- Enhanced insurance benefits through inclusion of driver aids to vehicles.

These factors present a growth opportunity for Dealers to cross-sell these aftermarket products, which are typically sold at higher gross margins compared to the sale of a new vehicle.

4. Gross ROI as defined by Deloitte Motor Industry Services Dealership Benchmarks (2020).

2.2.5 Parts and accessories

OEM-authorized Dealers may also operate as distributors of genuine OEM parts and accessories to customers. As a licensed distributor of OEM-branded parts, Dealers provide retail customers with repair and replacement parts, with protection against non-OEM-branded parts provided to consumers.

Typically, a dealership's largest customer for its parts operation will be its own service centres. However, Dealers with scale also generate revenues via key trade customers for parts via third-party vehicle servicing businesses and panel/collision repair businesses. Accessories added at the point of vehicle sale increase the revenue earned on that particular sale.

It is expected that the growth of wear-and-tear parts and accessories will plateau as a result of increasing part quality and enhanced safety features in new vehicles. However, as a result of developing technology, the connectivity between the Dealer and the customer is increasing, enabling Dealers to communicate with customers when parts are required to be replaced. Connectivity is an increasingly important consumer demand driver, presenting opportunities for Dealers to harness real-time data to integrate vehicles with service centres and order parts and accessories as required.

2.2.6 Service

Dealer servicing includes the provision of maintenance, service and warranty obligations to the vehicle customer. A customer may elect to service their vehicle through an OEM authorized dealership or an independent repairer. However, as a result of improving technology and increasing vehicle complexity, it is becoming increasingly difficult for new vehicle customers to service their vehicle at independent repair centres. In addition, servicing operations generate higher margins than vehicle sales for Dealers as a result of the higher margin derived from the provision of labour compared to the supply of products.

The provision of servicing is a key component of a Dealers' value offering. However, there are a number of evolving market dynamics that motivate new vehicle customers to exclusively service their vehicle at an OEM authorized Dealer.

For example, as vehicles become increasingly connected and complex, specialist systems and training are required to service the vehicle. The ability of scale Dealers to develop specialist and trained service teams provides them with an advantage compared to less capitalised and smaller independent service centres, which may not have the resources to invest in specialist systems and training. This minimises the leakage to non-OEM service operators, because consumers are able to gain access to genuine parts and technicians who have the systems and training to service their vehicles. This is enhanced through digital calibration of new vehicle products and OEMs limiting servicing options to OEM authorized providers.

There are various KPIs that intrinsically link the parts and service operations. One metric is the parts to labour ratio, which measures a Dealer's ability to maximise parts sales through its service workshop and has steadily increased since 2017. The monthly labour sales and gross per technician has also grown over this period suggesting Dealers are able to maintain their profitability margins over time.

Table 4: Key service dealership metrics (2017 to 2020) – Volume market

| | 2017 | 2018 | 2019 | 2020 |
|---------------------------------------|----------|----------|----------|----------|
| Monthly labour sales per technician | \$16,400 | \$18,900 | \$18,300 | \$20,000 |
| Monthly labour gross per technician | \$12,500 | \$15,100 | \$14,100 | \$15,400 |
| Parts/labour ratio | \$0.60 | \$0.63 | \$0.63 | \$0.77 |
| Ratio of chargeable to non-chargeable | 1.8-2.3 | 1.8-2.0 | 1.2-1.6 | 1.1-1.5 |

Source: Deloitte Motor Industry Services Dealership Benchmarks (2017 to 2020).

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In addition, OEMs are increasingly offering incentives, such as fixed/capped price servicing or complementary services, to incentivise customers to service at an OEM Automotive Dealership, in turn increasing customer stickiness and maximising the consumer life cycle.

2.2.7 Finance and insurance products

Dealers generate revenue from the provision and distribution of finance and insurance products to customers at the point of purchasing a new or used vehicle. Revenue is received by the Dealer through a commission structure, with Dealers relying on the POS exemption under the NCCP Act, resulting in dealers holding no exposure to the underlying liability associated with the finance or insurance product associated with purchasing a vehicle. For more information in relation to the POS exemption, see Section 2.4.3.

Dealers have financing capability across a range of providers including OEM captive financiers, banks and independents, as outlined in Table 5.

Table 5: Financing participants

| Financing participants | Description |
|----------------------------------|---|
| In dealership captive financiers | <ul style="list-style-type: none">The finance arms of major OEMs |
| In dealership banks | <ul style="list-style-type: none">Partnerships with banks which provide financing at the POS |
| Pre-approvals | <ul style="list-style-type: none">Banks that provide finance including pre-approval before customers enter the dealership |
| Other | <ul style="list-style-type: none">Other smaller financing options, including new digital financing players |

Source: Management.

Insurance products are distributed by Dealers which act as an authorised representative for the relevant insurer.

Table 6 provides key metrics in relation to the finance and insurance segment in respect of new and used vehicles, showing a higher penetration rate for new vehicles in comparison to used vehicles.

Table 6: Key finance and insurance metrics (2020)

| | New | Used |
|--|-------------------|-------------------|
| Finance penetration | 33-37% | 25-30% |
| Finance income per contract | \$2,700 – \$2,900 | \$2,450 – \$2,650 |
| Finance per retail unit sold | \$980 | \$700 |
| Insurance per retail unit sold | \$90 | \$100 |
| Finance and insurance selling gross per vehicle retailed | | \$850 |

Source: Deloitte Motor Industry Services Dealership Benchmarks (2020).

In 2018, ASIC undertook a review in relation to Dealers providing financing products to consumers. Specifically, the review focused on two broad issues:

- **POS exemption** – dealerships are able to provide financing without holding an Australian Credit Licence through the provision of POS exemption; and
- **Flex commissions** – where lenders pay a commission to Dealers for bringing in consumers, with commission linked to interest rates.

Historically, Dealers had flexibility in determining the interest rate to offer customers, in turn incentivising Dealers to accept a higher interest rate on financing as part of a “flex” commission structure. As a result of the ASIC review, flex commissions were banned by ASIC in November 2018, resulting in fairer and more transparent pricing on car loans. Peter Warren was not materially impacted by this regulatory change. ASIC continues to review the current regulation regarding provision of financial products, but no change has yet been made to the POS exemption.

2.3 Industry features

2.3.1 Automotive Dealership networks and OEM dynamics

Dealers can sell vehicles on behalf of an OEM when bound by a Dealership Agreement. A Dealership Agreement is a legal contract which establishes the terms and conditions that the Dealer and OEM are required to meet for the duration of the contract, and enables a Dealer to act as the primary seller of an OEM’s cars and authorised replacement parts in addition to authorised car servicing and repairs. Unlike a franchise agreement, a Dealership Agreement does not require the Dealer to pay an ongoing franchise fee to the OEM to retail its vehicles, rather enabling the Automotive Dealership to represent the OEM without paying a fee. Dealership Agreements are typically bound by three to five-year terms, although tenure is typically extended for longer with multiple back-to-back terms.

Most significantly, Dealership Agreements enable Dealers to have rights to represent a brand within a geographical area and often contain restrictions on the OEM’s ability to appoint additional dealers in that same defined geographical region. Dealership Agreements for the sale of vehicles are deemed by the Franchising Code of Conduct to be franchise agreements.⁵

The strength of relationships with OEMs is an important factor to the success of a Dealer, with OEMs valuing sophisticated Dealers with a willingness and access to capital to continually invest in representing the OEM brand. Stronger OEM relationships can also result in the Dealer being more likely to be:

- Appointed to develop new greenfield sites on behalf of an OEM; and
- Approved as a secondary purchaser of an existing dealership affiliated with that OEM.

Specifically, scale players with strong relationships with multiple OEMs can minimise risk of changing consumer preferences through products across vehicle types, whilst reducing supply chain risk. There has also been a growing preference for auto mall operations, with multiple OEMs stationed at one location, leading to a wider selection of vehicles for consumers to choose. The auto mall model is only available to scale operators with large access to capital, enabling an advantage over smaller Automotive Dealerships with smaller access to capital.

5. Competition and Consumer (Industry Codes – Franchising) Regulation 2014, s. 5(2)(c).

2.3.2 Consolidation opportunities in a highly fragmented market

Recent consolidation in the Automotive Dealer industry has resulted in a lower number of Dealers in recent years and an increase in the average size and revenue per dealership. Sector consolidation has largely been driven from multi-dealership businesses acquiring smaller Dealers to drive increased market share and realise economies of scale. Given the industry's fragmentation, multiple mid-sized Dealers that have limited succession and exit plans represent acquisition opportunities for well capitalised and established players.

Where applicable, some OEMs restrict the number of Automotive Dealerships that any one operator can hold within a specific geography, preventing further consolidation. This provides opportunity for scale players with a proven track record and capability to integrate new acquisitions, provided OEM representation caps are not breached. The OEM representation caps have the potential to constrain players with a history of consolidation if they have reached the maximum within a defined geographic region. Peter Warren is well positioned to capitalise on consolidation opportunities as a result of this.

2.3.3 The automotive Dealer/consumer relationship

Each of the services provided by Dealers to consumers as outlined in Section 2.2 forms part of the automotive life cycle. Dealers are now able to capture consumers at all parts of the automotive value chain, from the point of new vehicle sale to the time the vehicle is traded in, then recommencing the cycle again with the purchase of another vehicle.

One of the key components of the automotive Dealer and consumer relationship is the bundling of complementary products within a new vehicle transaction. Primarily, the automotive Dealer is presented with an opportunity to provide packaged value-add products, such as fixed service fees, to enhance the long-term consumer relationship.

This is further enhanced by the increased complexity and connectivity of new vehicles sold, requiring greater need for specialist servicing equipment which may in some instances only be available at an OEM authorised service centre. As previously mentioned, OEM authorised Dealers of scale, who invest in specialised training of service teams can offer a high quality service to their customers and minimise the leakage to non-OEM authorised service centres.

As a result of the increased vehicle complexity and technology within a new vehicle, the relationship between the automotive Dealer and the consumer is growing, leading to increasing customer stickiness.

2.3.4 Bailment 'floor plan' financing

Bailment financing, otherwise referred to as 'floor plan' financing, is a flexible form of asset financing provided to the automotive Dealer, enabling the Dealer to hold the vehicle inventory with the financier taking security over the vehicle title. Once the vehicle is sold by the dealership, the loan is repaid to the financier, and the title of the vehicle is transferred to the customer.

Providers of bailment financing fall into two categories:

- In dealership captive financiers, or financiers that are tied to OEMs, such as Volkswagen Financial Services and Mercedes Benz Financial Services; and
- Other financiers, such as St. George and Macquarie Leasing.

Bailment financing is an integral component of the automotive Dealer business model, enabling Dealers to hold inventory with minimal required capital investment.

2.3.5 Barriers to entry

There are several barriers to entry in the Australian Automotive Dealership industry, which make it difficult for non-scaled players or players with limited expertise to enter the market. Table 7 summarises the key barriers.

Table 7: Key barriers to entry in the Australian Automotive Dealership industry

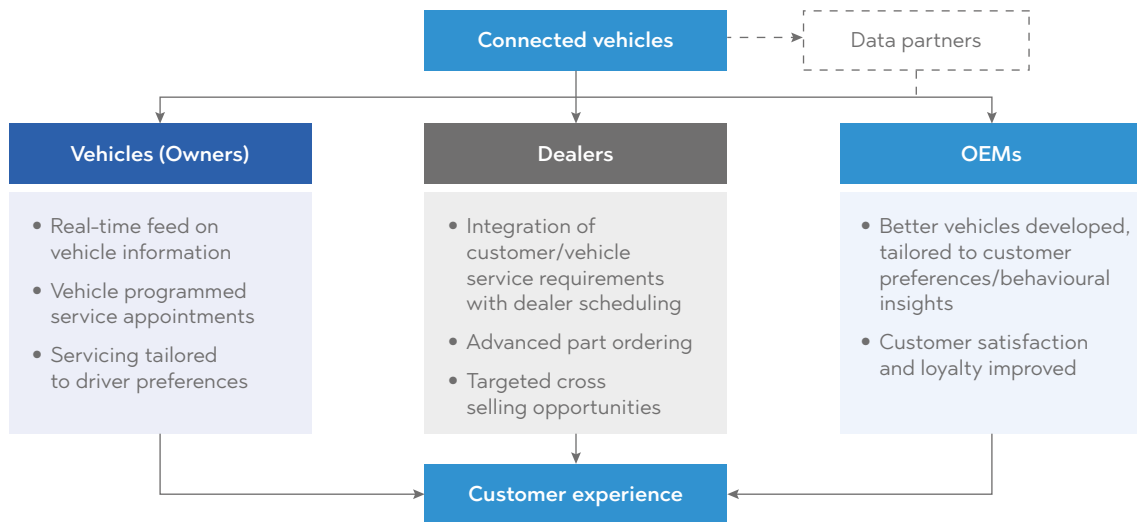
| Key barrier | Description |
|--|--|
| OEM relationships and performance incentives | <ul style="list-style-type: none">Relationships with OEMs are crucial to performance in the Australian Automotive Dealership industryOEMs prefer to work with a well-capitalised partner with an established track record of experience and success |
| OEM representation caps | <ul style="list-style-type: none">OEMs limit the number of franchisees they appoint in a particular region having regard to the expected demand in that region |
| Operational network and footprint | <ul style="list-style-type: none">Customers continue to prefer in-store bricks and mortar experience when purchasing a vehicleA demonstrated competitive advantage through well-established auto mall strategies already in place |
| Expertise – complex revenue streams | <ul style="list-style-type: none">Players with expertise and scale have exposure to higher margin, non-vehicle-sales product streamsA Dealer Licence (as defined in Section 2.4.1) is required to operate a business involved in buying, selling or exchanging vehicles |
| Floor plan financing | <ul style="list-style-type: none">Ability to access the lowest possible floor plan financing and capital loan funding from OEMs is dependent on the scale and volume of a DealerThis can limit new entrants as capital expenditure requirements are significant for establishing a DealerRelationships with financiers and insurers can also be difficult to establish for Dealers |
| Capital intensity | <ul style="list-style-type: none">High capital expenditure outlay for a new Dealer |
| Consumer rights and guarantees | <ul style="list-style-type: none">Established, commercial expertise and a talent pool of experienced employees and management can guide a Dealer through a complex regulatory environment |

2.3.6 Impacts of technology

2.3.6.1 Increased vehicle to Dealer connectedness

Figure 12 provides an overview of the connectedness between the vehicle, OEMs and Dealers.

Figure 12: Connectedness between the vehicle, Dealer and OEM



Source: Management.

Figure 12 also reinforces the role of Dealers in improving the customer experience through connectivity technology. Crucially, it is expected that OEM authorised Dealers will be integrated to connect the vehicle and the OEM, as required in the automation of servicing requirements, as new vehicles increasingly move away from scheduled servicing. The industry is already seeing the potential upside of this embedded connectivity following significant investment in servicing technology providing capability to more efficiently identify vehicle repair requirements as well as opportunities for cross-selling with parts and aftermarket accessories.

2.3.6.2 Online sales penetration

Dealers have faced challenges to the traditional model of vehicle purchasing in recent years as a result of digital disruption and the shift towards consumers purchasing vehicles online. In particular, the growth in online vehicle retailers such as carsales.com, AutoTrader and CarsGuide has changed the way in which consumers purchase and research vehicles.

According to a Think with Google article, approximately 63% of purchasers have indicated they would consider ordering their future car online, with 73% of auto shoppers saying they are comfortable negotiating purchase, lease or financing terms completely online or a mix of online and offline⁶. A carsales.com survey showed that 77% of answers indicated they would conduct more research and purchases online⁷. BCG projects that online transactions extending to billing and payment could account for between 21% and 33% of new vehicle sales in the US market by 2035⁸. Dealers have developed omnichannel strategies as a result, providing the opportunity for Dealers to capitalise on a shifting purchasing preference while optimising their physical footprint by reducing on-site inventory.

Similarly, consumer preferences for researching cars are shifting towards online research as the first point of engagement in relation to purchasing a vehicle, with social media, online review sites and third-party digital channels being accessed along the process. The digital component of the journey is therefore playing a greater role in shaping purchasing decisions for the consumer. Nevertheless, there is a continued preference for consumers to purchase a vehicle in-store, placing value on the retail experience when purchasing a vehicle.

6. Think with Google article (September 2020), available at: <https://www.thinkwithgoogle.com/consumer-insights/consumer-trends/automotive-digital-transformation/>.
 7. carsales.com (ASX:CAR) Annual General Meeting Presentation released on 30 October 2020.
 8. BCG article (11 September 2020), available at: <https://www.bcg.com/en-au/publications/2020/impact-of-coronavirus-on-purchasing-new-cars-online>.

2.3.6.3 Electric and connected and autonomous vehicles

The innovations in relation to electric and connected and autonomous vehicles are expected to impact the Automotive Dealership industry over the next decade. Fully connected and autonomous vehicles are expected to result in cost savings associated with lower collision rates and are considered to be highly disruptive to certain aftermarket sectors, such as smash repairs. However, fully connected and autonomous vehicles are not expected to be commercially viable and on Australian roads for many years to come.

Electric vehicles only accounted for 0.2% of all passenger, SUV and light commercial vehicle sales in Australia in 2020, while hybrid vehicles only accounted for 6.8%. According to the Electric Vehicle Council, electric vehicle sales in developed nations were around 2.5–5% of new car sales in 2019 (with the notable exception of Norway where electric vehicle sales amount to 56% of new car sales)⁹. Norway's electric vehicle sales figures are the highest of any country in the world. According to Deloitte's global forecast, electric vehicle sales would secure approximately 32% of the total market share for new vehicle sales by 2030¹⁰.

It is important to note that the increase in electric vehicle sales by 2030 is expected to change the mix of new vehicle sales towards more electric vehicle sales rather than lead to a substantial increase the number of vehicles (both electric and non-electric vehicles) sold by 2030.

Whilst OEMs predominantly retail petrol and diesel cars currently, they are expanding their range to include electric vehicles, with Dealers expected to capture most of this growing trend. Dealers such as Peter Warren are currently investing in infrastructure and skills to capitalise on this growing electric vehicle trend.

2.3.7 Scale operator benefits

Larger Automotive Dealership groups are able to leverage scale benefits to minimise their cost base and offer a wider range of products, which include, but are not limited to:

- Increased negotiating and purchasing power, reducing input costs and securing more favourable bailment financing terms, as well as commissions on finance and insurance products;
- Diversification benefits across a number of OEM brands;
- Increased ability to hold higher levels of parts inventory, driving servicing turn-around times and supply multi-brand offerings to the collision repair market;
- Economies of scale by spreading overheads and fixed costs across a number of dealerships; and
- Ability to achieve KPIs set by OEMs with focus on centralising common and best practices in order to fully realise economies of scale benefits.

2.3.8 Operating cost management

Despite achieving economies of scale benefits, larger Dealers are still subject to a higher cost base as a result of larger inventory holding costs (i.e. bailment finance), rental expenses and employee expenses. Given operating margins are low for its vehicle sales, Dealers seek initiatives to manage their cost base, particularly through floor plan finance management and inventory management measures.

Dealers look to negotiate suitable floor plan financing terms, which can be a function of:

- Availability of floor plan finance;
- Volume of floor plan finance;
- Turnover of vehicles sold; and
- The number of finance products distributed by the Dealer.

9. Electric Vehicle Council – State of Electric Vehicles, August 2020.

10. Deloitte Insights article “Electric Vehicles, Setting a course for 2030” (28 July 2020), available at: <https://www2.deloitte.com/uk/en/insights/focus/future-of-mobility/electric-vehicle-trends-2030.html>

2.4 Industry regulation

2.4.1 Licensing

Each Australian state and territory requires Dealers to obtain and uphold a valid licence to operate a dealership (**Dealer Licence**). The exact terms of obtaining and retaining a Dealer Licence vary on a state-by-state basis, however typically include:

- Requirements of being a fit and proper person to hold a licence;
- Not be a controlled member of a declared organisation;
- Not be a person disqualified from holding a licence;
- Not be an undischarged bankrupt;
- Not been found guilty, in the last 10 years, of a vehicle theft; and
- Have sufficient financial resources to carry on the business.

Separately, in New South Wales, a motor vehicle repairer's licence is also required for the operation of a vehicle repair workshop. This licensing process follows similar criteria to obtaining and upholding a Dealer Licence. The licence governs repair work that includes, but is not limited to, mechanical accessory fitting, servicing, vehicle painting, installing and repairing electrical equipment and repairing structural components of a vehicle.

2.4.2 Franchising

As outlined in Section 2.3.1, Dealership Agreements represent a contract between an OEM and Dealer which outlines the terms in which they operate as a Dealer of the OEM brand within a defined geography. Noting the authorised Dealer is not required to provide franchise licence payments to the OEM, which form part of a typical franchising agreement. In December 2017, the ACCC released a market study titled "New Vehicle Retailing Industry", which partly focused on the nature of the relationship between Dealers and their franchisor OEMs. The ACCC made a number of recommendations in this report, including the consideration of a minimum term for Dealership Agreements (among other measures), to provide greater balance of power between Dealers and OEMs.

Following this, the Federal Government introduced a separate schedule for new vehicle retailers within the Franchising Code of Conduct, effective from June 2020, which established a framework to govern Dealership Agreements. In addition, the Federal Government also released best practice principles for Dealership Agreements, following consultation with industry, as a voluntary framework to improve fairness and transparency for Dealers. These best practice principles include recommendations on fair and reasonable provisions in the Dealership Agreement covering early termination, timely commercial settlement, dispute resolution and fair and reasonable compensation provisions.

The Federal Government has undertaken a review of the commercial relationships with Dealers and OEMs, with the Senate Standing Committee on Education and Employment focusing on the practices of OEMs, dispute resolution systems and current and proposed government policy. The Senate handed down a report in relation to its findings on 18 March 2021. In advance of the release of those findings, on 12 March 2021 the Federal Government announced a series of reforms including new significant financial penalties for wrongdoing under the FCC (including a fine of up to \$10 million for international car companies that undertake systemic breaches under the FCC, including unilaterally changing contracts, poor compensation and reneging on warranties) and making the existing voluntary automotive principles compulsory. The Senate Committee's report recommended, among other things, the prioritisation of these reforms for implementation by July 2021.

2.4.3 Consumer credit

Dealers are governed by several regulations in relation to the sale of credit products to vehicle customers. This covers both their ability to provide finance products and how they are paid by the financier.

Typically, the sale of a consumer finance product or service can only be provided by an individual or company which holds a current and valid Australian Credit Licence under the *National Consumer Credit Protection Act 2009* (Cth) (**NCCP Act**). Within this NCCP Act there is a POS exemption which enables a supplier of goods or services to establish agreement(s) with an Australian Credit Licensee and offer their credit products on behalf of the licensee, normally in the process of purchasing a good or service from the supplier. Many Dealers utilise this exemption when facilitating the use of credit products at the point of vehicle sale.

The POS exemption was initially introduced as an interim measure, where the Federal Government has continued to review and consult on the scope of the POS exemption and whether to maintain, remove or modify the legislation. The Federal Government is yet to announce a decision on the POS exemption. If this exemption is withdrawn, a Dealer would be required to either hold an Australian Credit Licence or be appointed as an authorised representative of a Credit Licence Holder in order to continue to facilitate the use of credit products by customers.

Separately, ASIC banned the use of flex commissions in the car finance market from 1 November 2018. Flex commissions were paid by lenders to Dealers and other brokers as a tiered scale which increased the commission as the cost of credit increased. As a result, the lender, not the Dealer, holds the responsibility to derive the applicable interest rate of a loan sold to the customer. The Dealer is now paid by a commission system that is unrelated to the value or interest rate associated with the finance product.

2.4.4 Insurance sales

The provision of insurance products also requires the distributor to hold an Australian Financial Services Licence (AFSL) or be an authorised representative of someone who does hold an AFSL under the Corporations Act. In general, Dealers do not hold an AFSL but act as an authorised representative of an insurer which allows them to provide these insurance products, on behalf of the insurer.

Following a review into add-on insurance products sold through Dealers, ASIC released the report “A market that is failing consumers: The sale of add-on insurance through car dealers” (ASIC Report 492) in September 2016. This report made a number of recommendations regarding the sale and commission structures that Dealers adopted when selling add-on insurance products. Separately, the findings of the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry (**Hayne Royal Commission**), released on 28 September 2018 built on the findings of the ASIC Report 492. The Federal Government in their response to the Hayne Royal Commission, on 4 February 2019, recommended the introduction of an industry-wide deferred sales model for the sale of all add-on insurance related products, except for policies of comprehensive vehicle insurance. The Federal Government has since released draft legislation for public comment on this particular matter. As part of this deferred sales model, there would be a pause in the sales process between the consumer purchase of the primary product and their decision to purchase add-on insurance.

Consistent with the findings of the Hayne Royal Commission, the Federal Government also released draft legislation for public consultation to provide ASIC with the legislated power and the ability to set a cap on commissions for add-on insurance products and insurance-like products such as warranties sold by Dealers, which have not yet been adopted.

2.4.5 Consumer protection

The Australian Consumer Law (**ACL**) is a Federal Government law which codifies the protection of consumers and regulates businesses in the sale of goods and services. Manufacturer warranties provided with the purchase of a new vehicle and extended warranties which are potentially offered by the Dealer, provide additional protection for consumers. Dealers are then governed by this legislation in all the products and services they supply, including but not limited to:

- Goods are of acceptable quality;
- Goods are fit for any purpose disclosed before sale;
- Goods match their description;
- Goods will match the sample or demonstration model;
- Suppliers will honour any express warranties;
- Consumers will have title to the goods;
- Consumers will have undisturbed possession of the goods; and
- Goods will not be subject to undisclosed securities.

As part of the market study “New Vehicle Retailing Industry”, released in December 2017, the ACCC also focused on several areas of consumer protection which included consumer guarantee obligations and the ability of consumers to enforce their rights, false or misleading practices in performance of vehicles with regard to fuel efficiency, fuel consumption and emissions. As part of its recommendations, it supported proposed amendments to enhance the disclosure in relation to extended warranties. Since this time there have been a number of amendments to the ACL which have strengthened the protections for the consumer and extended investigative powers to assessing potentially unfair contract terms for regulatory bodies.

2.4.6 Luxury car tax

Luxury Car Tax (LCT) is a Federal Government tax on vehicles with a GST-inclusive value above the LCT threshold. LCT is levied at the rate of 33% of the amount above the luxury car threshold and is paid by the company that sells or imports Luxury cars. The LCT threshold varies according to the fuel efficiency of the vehicle and operates as a sliding scale depending on the price of the vehicle.

Several considerations exist in relation to the application of LCT, including eligibility criteria and vehicle classification. These include, but are not limited to:

- Exemption for commercial and emergency vehicles;
- Whether the car is imported more than two years before the sale;
- Modifications for people with disability; and
- Whether the recipient has quoted an ABN in the approved format.

From 1 January 2020, primary producers and tourism operators can claim a refund of LCT they have paid for each eligible vehicle, up to a maximum of \$10,000, delivered to them on or after 1 July 2019. For classification purposes, and calculating the quantum of a LCT refund, there are certain criteria in which a vehicle may be recognised as for use by a tourism operator or primary producer.

2.4.7 Vehicle import restrictions

The importation of vehicles to Australia is prohibited, except under specific schemes which include:

- Full volume schemes by OEMs or distributors;
- Personal import schemes;
- Registered automotive workshops;
- Pre-1989 cars scheme; and
- Low volume scheme.

As part of these schemes, a Vehicle Import Approval is generally required to import a vehicle, which varies depending on the nature of use and whether the importer is an OEM, distributor or individual. Dealers do not typically require importation permits as they rely on importers or the OEM to import the vehicle and deliver it to them.

The Federal Government introduced the *Road Vehicle Standards Act 2018* to replace the existing *Motor Vehicle Standards Act 1989*, which comes into effect in full on 1 July 2021. This legislation has been updated to regulate the importation of a vehicle as well as the power to recall non-compliant vehicles and is being phased in over a period of time to ensure a smooth transition. In addition, the *Road Vehicle Standards Rules 2019* was introduced to prescribe matters relating to the regulation of vehicles and vehicle parts. The rules cover key operational aspects of the *Road Vehicle Standards Act*, including but not limited to:

- Information to be included on the Register of Approved Vehicles;
- The requirements of the two entry pathways to import a vehicle;
- Granting approvals for each pathway;
- Granting registered automotive workshop approvals;
- Granting approvals for model reports; and
- Granting authorised vehicle verifier approval.

2.5 Key macroeconomic demand drivers

2.5.1 Overview

The five key macroeconomic drivers impacting demand for the purchase of new vehicles are outlined in Table 8 below.

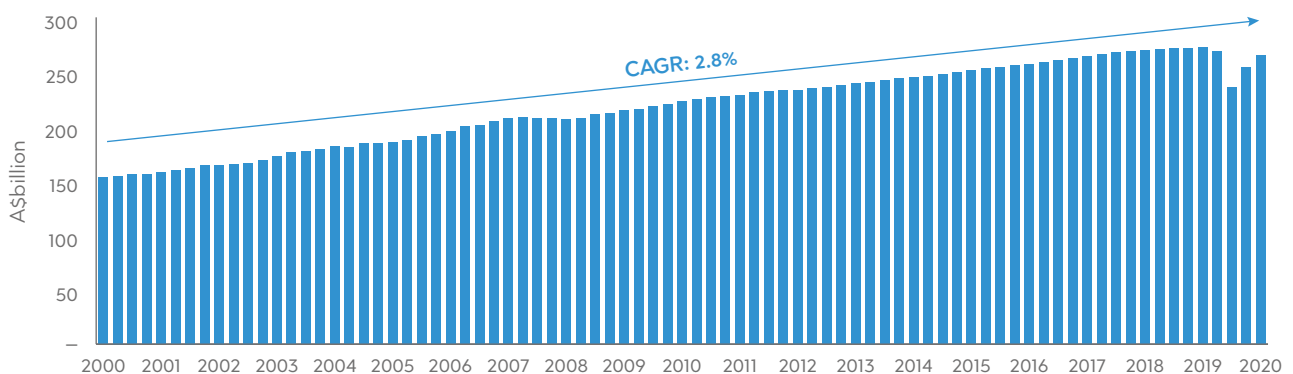
Table 8: Key macroeconomic demand drivers

| Macroeconomic driver | Description |
|------------------------|---|
| Consumer spending | <ul style="list-style-type: none"> Household consumption, disposable income and savings ratio, showing consumers' willingness/ability to spend |
| Housing wealth effects | <ul style="list-style-type: none"> Historically, new vehicle sales have tended to trend upwards in the same periods in which housing prices have trended upwards, which may reflect consumer sentiment for larger purchases at a particular point in time. It may be inferred that if house prices rise in the future, new vehicle sales may also rise |
| Population growth | <ul style="list-style-type: none"> Population growth in key areas within New South Wales and Queensland |
| Interest rates | <ul style="list-style-type: none"> Interest rate decreases over time, leading to increased consumer purchasing activity |
| Vehicle affordability | <ul style="list-style-type: none"> Increasing vehicle affordability over time as a result of a declining vehicle price index and increasing wages |
| Other | <ul style="list-style-type: none"> Other associated costs of operating a vehicle, including servicing costs and fuel prices |

2.5.2 Consumer spending

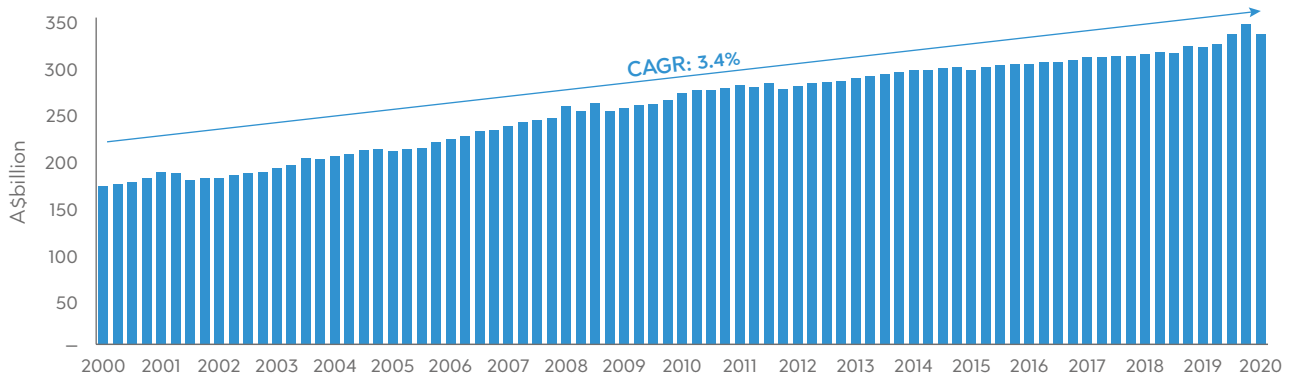
Consumer spending has been on an upwards trajectory since 2012. Disposable income has also continued to increase over the last 20 years. Figure 13 and Figure 14 outline household consumption and household disposable income respectively.

Figure 13: Australian household consumption (Quarterly, seasonally adjusted – 2000 to 2020)



Source: ABS (Series 5206.0). Note: Year labels reflect the December quarterly value.

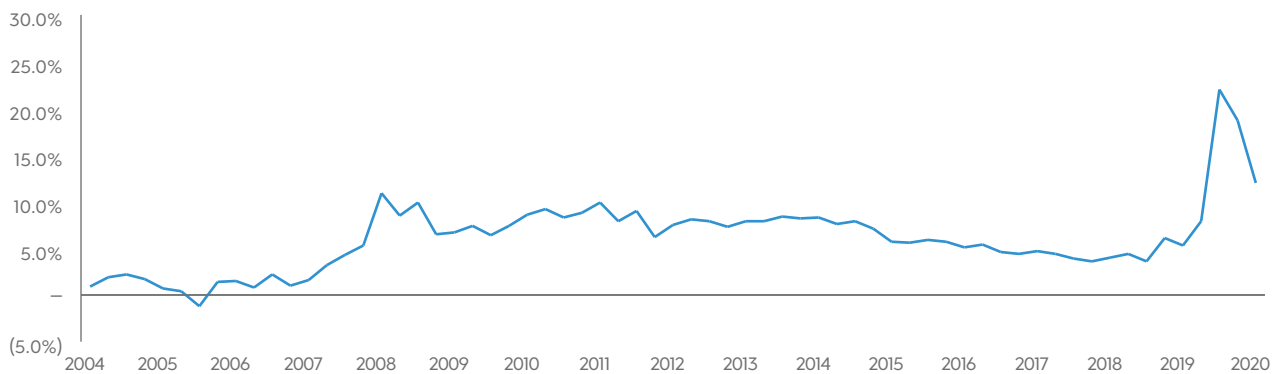
Figure 14: Australian household disposable income (Quarterly, seasonally adjusted – 2000 to 2020)



Source: ABS (Series 5206.0). Note: Year labels reflect the December quarterly value.

Household savings have risen to all-time highs, reflecting greater cash savings during COVID-19 and resulting pent-up demand. Figure 15 provides the Australian household savings ratio over time (seasonally adjusted), showing elevated savings levels despite a partial recovery in household consumption in the September 2020 quarter.

Figure 15: Australian household savings ratio (2004 to 2020)

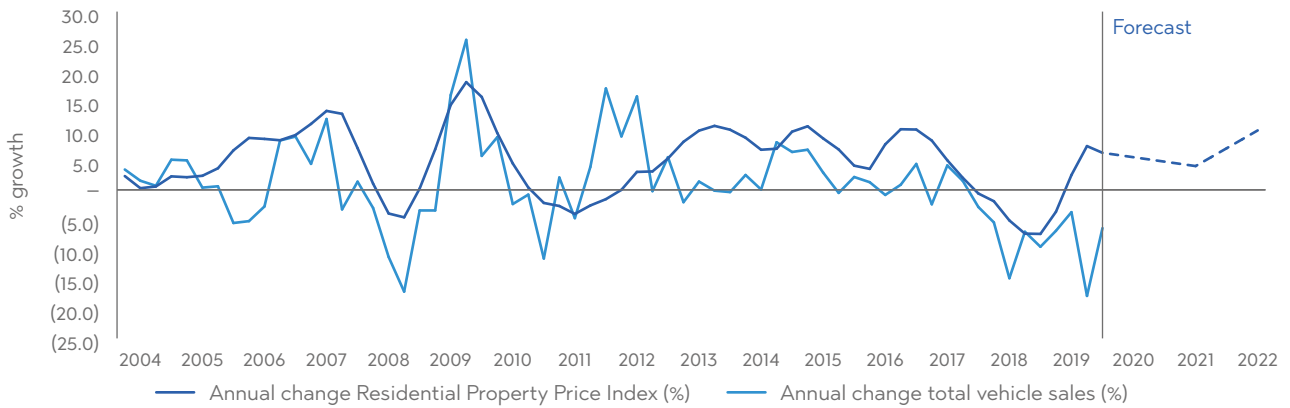


Source: ABS (Series 5206.0). Note: Year labels reflect the December quarterly value.

2.5.3 Housing wealth effects

Historically, new vehicle sales have tended to trend upwards in the same periods in which housing prices have trended upwards. This may reflect consumer sentiment for larger purchases at a particular point in time. It may be inferred that if house prices rise in the future, new vehicle sales may also rise. Figure 16 shows the annual changes in dwelling prices in Australia compared to annual changes in vehicle sales.

Figure 16: Annual % change in residential property price index vs. annual % change in total vehicle sales (2004 to 2020)



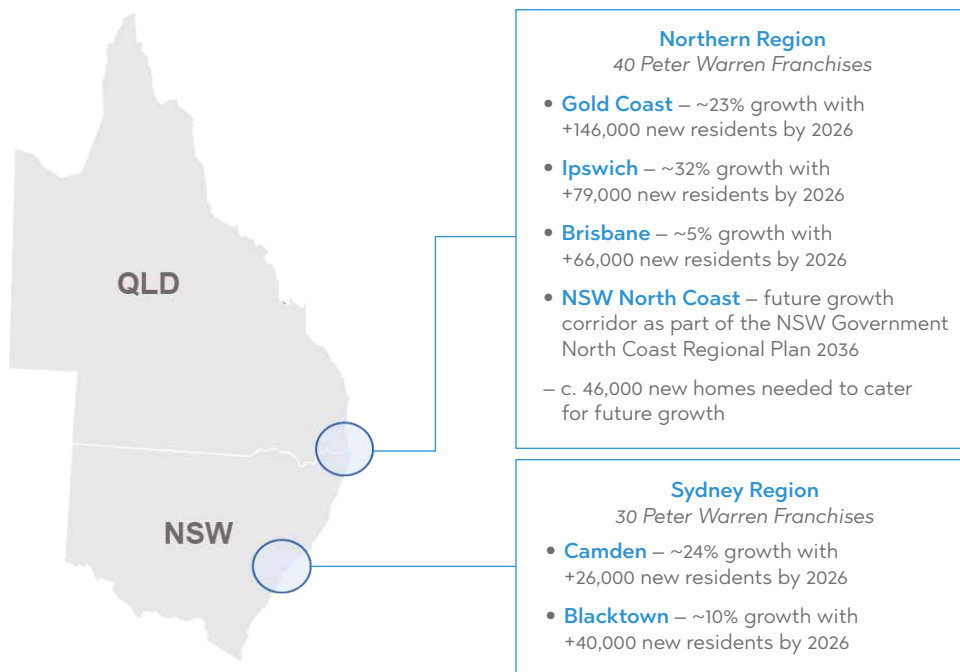
Source: ABS (Series 5206.0), Management.

2.5.4 Population growth

The largest states for automotive sales are New South Wales, Queensland and Victoria, where 79% of Australia’s new vehicles are collectively sold. Peter Warren has a presence in New South Wales and Queensland, with dealerships in regions in each state that are characterised by high forecast population growth, including south-west Sydney and south-east Queensland.

Figure 17 outlines the expected population growth during the period 2021 to 2026 for each key growing local government area in New South Wales and Queensland.

Figure 17: Fastest growing local government areas (LGA) 2021 – 2026

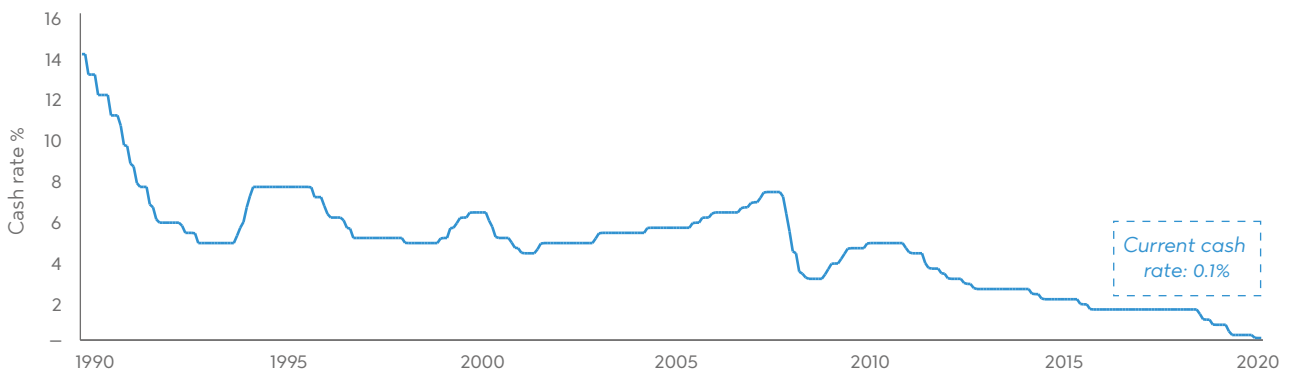


Source: Management.

2.5.5 Interest rates

Interest rates are currently at all-time lows following a period of steady cash rate declines over the last 10 years, resulting in increased purchasing and borrowing capability of consumers and leading to higher new vehicle sales. Similarly, lower interest rates may result in lower operating costs of Dealers as (among other direct and indirect impacts) interest rates under bailment floor plan financing arrangements are expected to decrease as a result of lowering interest rates (refer to Section 2.3.4 for further information in relation to the relevance of bailment floor plan financing in the automotive industry).

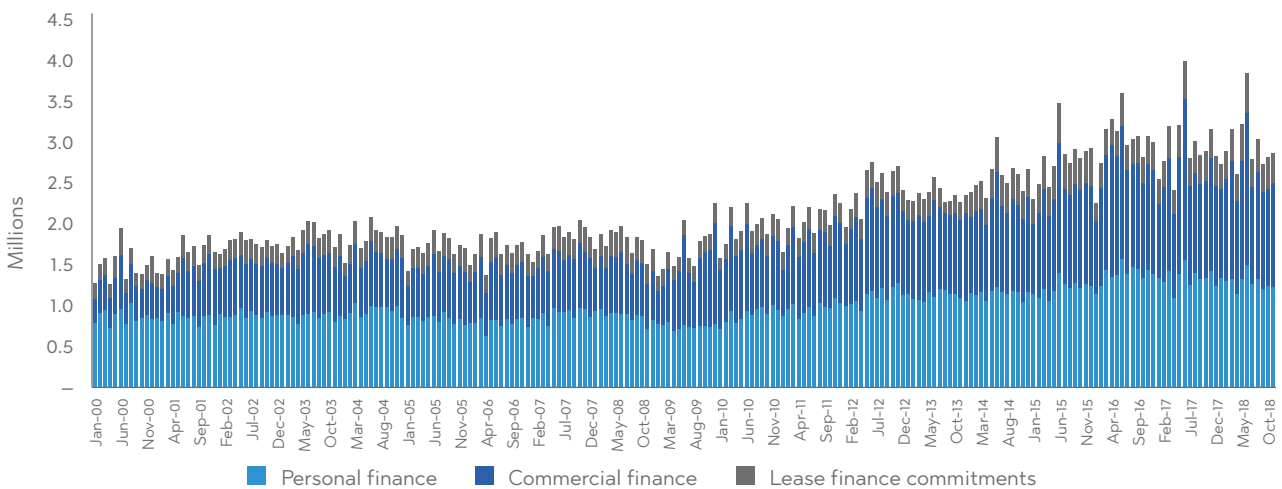
Figure 18: RBA cash rate target over the last 30 years (1990 to 2020)



Source: Reserve Bank of Australia

Figure 18 provides the cash rate target, as set by the Reserve Bank of Australia (RBA), over the last 30 years, while Figure 19 shows the growth in automotive lease finance commitments over the period 2000 to 2018, outlining the correlation in auto loans to lower interest rates.

Figure 19: Value of automotive lease finance commitments over time (2000 to 2018)

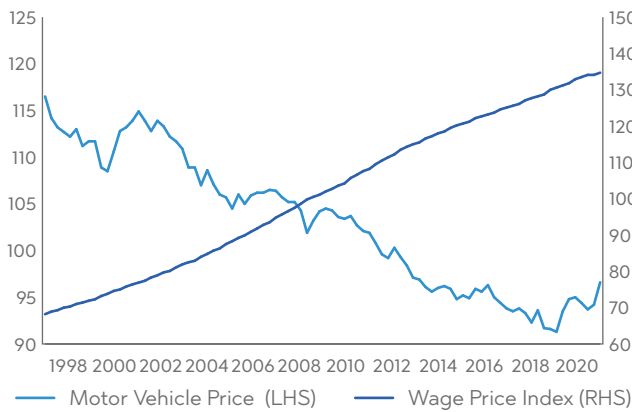


Source: ABS (Series 5671).

2.5.6 Vehicle affordability

Vehicle purchasing power has trended upwards over the last two decades, driven by increasing wages and disposable income, corresponding with declining vehicle purchasing costs. As shown in Figure 20 and Figure 21, vehicle prices have decreased while wages have improved, which is supported by favourable macroeconomic conditions as outlined in Section 2.5.

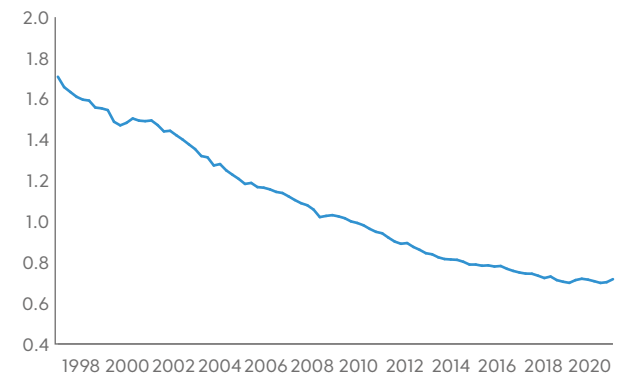
Figure 20: Vehicle price index vs. wage price index (1998 to 2020)



Source: ABS (Series 6401.0, Series 6345.0).

Note: Wage Price index data presented from September 1998 to December 2020.

Figure 21: Ratio of vehicle price index to the wage price index (1998 to 2020)



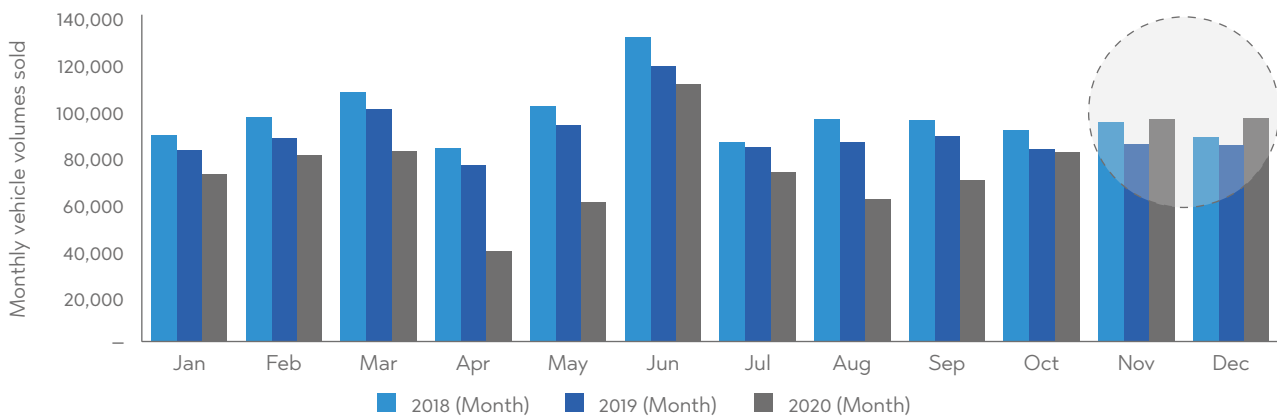
Source: ABS (Series 6401.0, Series 6345.0).

Note: Wage Price index data presented from September 1998 to December 2020.

2.6 COVID-19 impacts

The impacts of COVID-19 were significant to the Automotive Dealership industry, with the lockdowns impacting the number of visitors to dealerships during the period April to September 2020. Figure 22 shows the month-by-month new vehicle sales in Australia during the period 2018-2020 (December year-end). Of particular note, vehicle sales in 2020 rebounded in November and December to be higher compared to the comparable periods in December 2018 and 2019, reflecting consumer pent-up demand following the lockdowns, and a willingness to engage in higher discretionary spend products.

Figure 22: New vehicle monthly sales



Source: Management.



Audi Alissa

FRIZELLE
SUNSHINE
AUTOMOTIVE

03 Company Overview

03.

Company Overview

3.1 Introduction

Peter Warren is a privately owned Dealership group with a rich heritage that has been operating in Australia for over 60 years. Under the stewardship of the Warren and Frizelle families, management believes that Peter Warren has built a reputation amongst customers, OEMs and the broader automotive industry as a trusted Automotive Dealership group. Both families remain actively involved with the business today.

As at the Prospectus Date, the Company operates 70 franchise operations across 17 locations in New South Wales and Queensland. The Company represents 27 OEMs across the Volume, Prestige and Luxury segments and operates under six banners consisting of Peter Warren Automotive, Frizelle Sunshine Automotive, Sydney North Shore Automotive, Mercedes-Benz North Shore, Macarthur Automotive, and Euro Collision Centre.

Figure 23: Company Banner Groups



Peter Warren commenced trading in 1958 and has since grown through a number of greenfield and brownfield dealership developments and acquisitions to become a significant player in the Australian Automotive Dealership market. Growth, integrity, focus and teamwork are the core values the Warren and Frizelle families instilled in the Company that continue to drive Peter Warren today. Management continues to believe the Company is well positioned to continue to deliver growth and value across the business.

As a part of the IPO, Peter Warren will acquire two property assets in key strategic locations in New South Wales and Queensland: Warwick Farm and Southport, which are currently owned by the Warren and Frizelle families, respectively.

The Company's business model is centred on six key revenue streams outlined in Figure 24.

Figure 24: Revenue breakdown

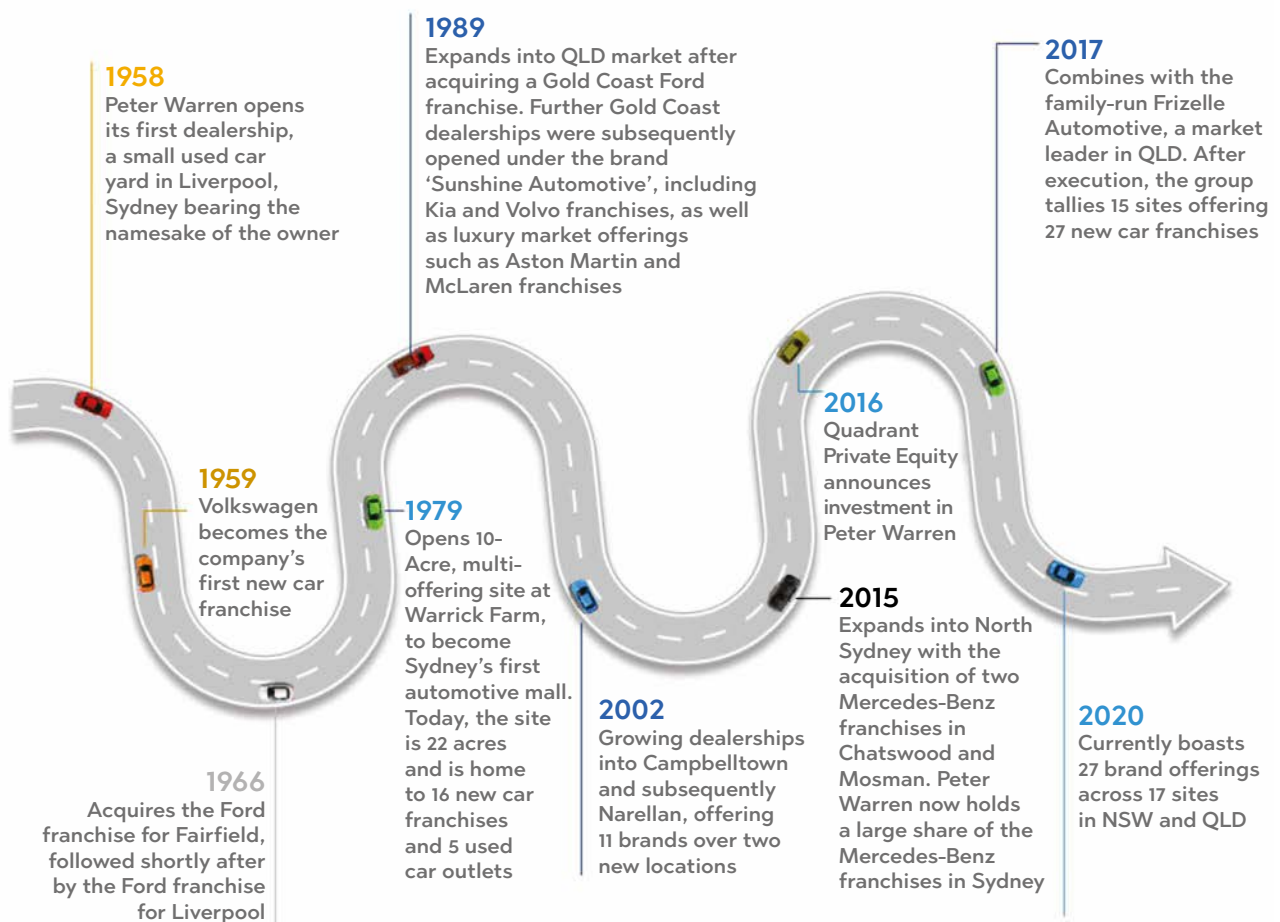


3.2 Company history

Founded in 1958 by Peter Warren, the Company began as a small car yard in south-west Sydney, before acquiring its first franchise relationship, Volkswagen, the next year. In 1979, Peter Warren opened its flagship site at Warwick Farm, NSW. Today, the site is home to 16 new vehicle franchises.

Over time, Peter Warren has evolved its brand through diversifying across franchises and geographies. The Company has operated dealerships in Greater Sydney's "Growth Corridor", Narellan and Campbelltown, since 2002, as well as Sydney's North Shore including Mosman, Chatswood and Artarmon, since 2014. Peter Warren initially entered Queensland in 1989, opening locations on the Gold Coast and developing a competitive presence in Luxury brands within the region. The Company merged with the Queensland based Frizelle Automotive in 2017, which was rebranded Frizelle Sunshine Automotive. Frizelle Automotive was founded in 1985 and is one of the leading Dealership groups in south-east Queensland. Peter Warren has maintained the Frizelle Automotive branding in Queensland given the strong heritage and brand recognition in the local market.

Figure 25: Peter Warren Timeline

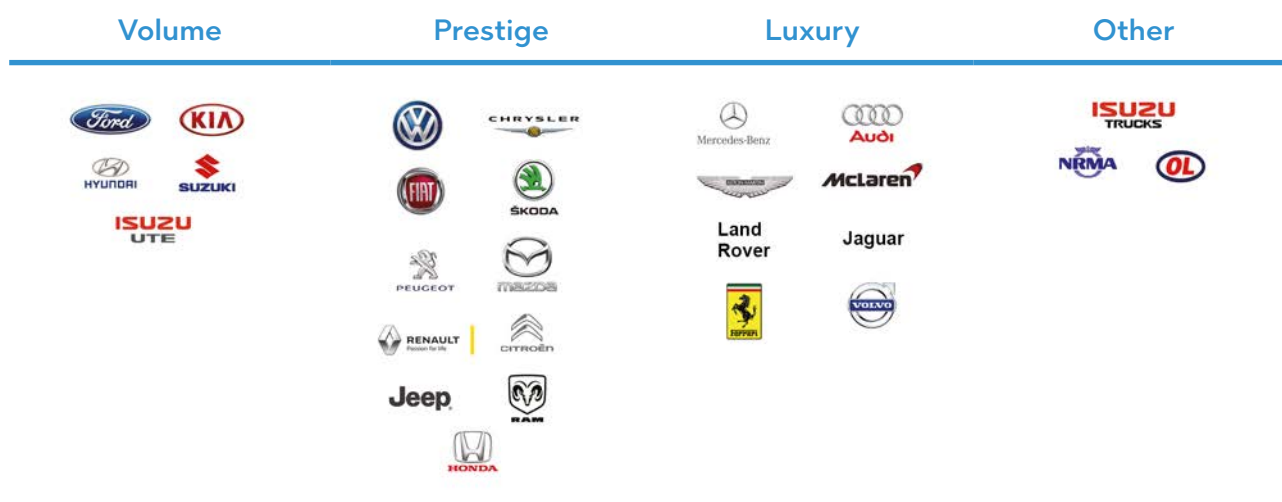


3.3 The Peter Warren portfolio

3.3.1 Brands/OEM representation

The Company represents 27 OEM brands across the Volume, Prestige and Luxury segments as shown in Figure 26. Peter Warren has strategically positioned itself to operate key brands in attractive locations across New South Wales and Queensland. Peter Warren has strong and long-dated relationships with most OEMs, which has led to invitations to consolidate franchises and expand retail space. The Company currently owns four of the eleven Mercedes-Benz franchises in the Greater Sydney region, in key areas such as Chatswood and Mosman.

Figure 26: OEM representation



Peter Warren’s largest site is located at Warwick Farm in Sydney, hosting 16 new car brands across the Volume segment (brands with a higher number of sales at a lower price point) through to the Luxury segment. The site offers an attractive proposition for customers in Sydney to visit a one-stop destination to buy a new car. The site also provides the Company significant space and development opportunity to evolve the automotive retailing experience. A similar multi-brand location at Southport in Queensland’s Gold Coast hosts nine new car brands. Other major sites are located in the Macarthur region, North Shore Sydney, northern New South Wales (Tweed Heads, Lismore and West Ballina) and south-east Queensland (primarily in the Gold Coast).

Peter Warren has received numerous awards throughout its 60+ years of operations and continues to demonstrate ongoing quality and service through current recognitions. A selection of the most recent awards that the Company has received are outlined in Figure 27.

Figure 27: Awards and recognitions



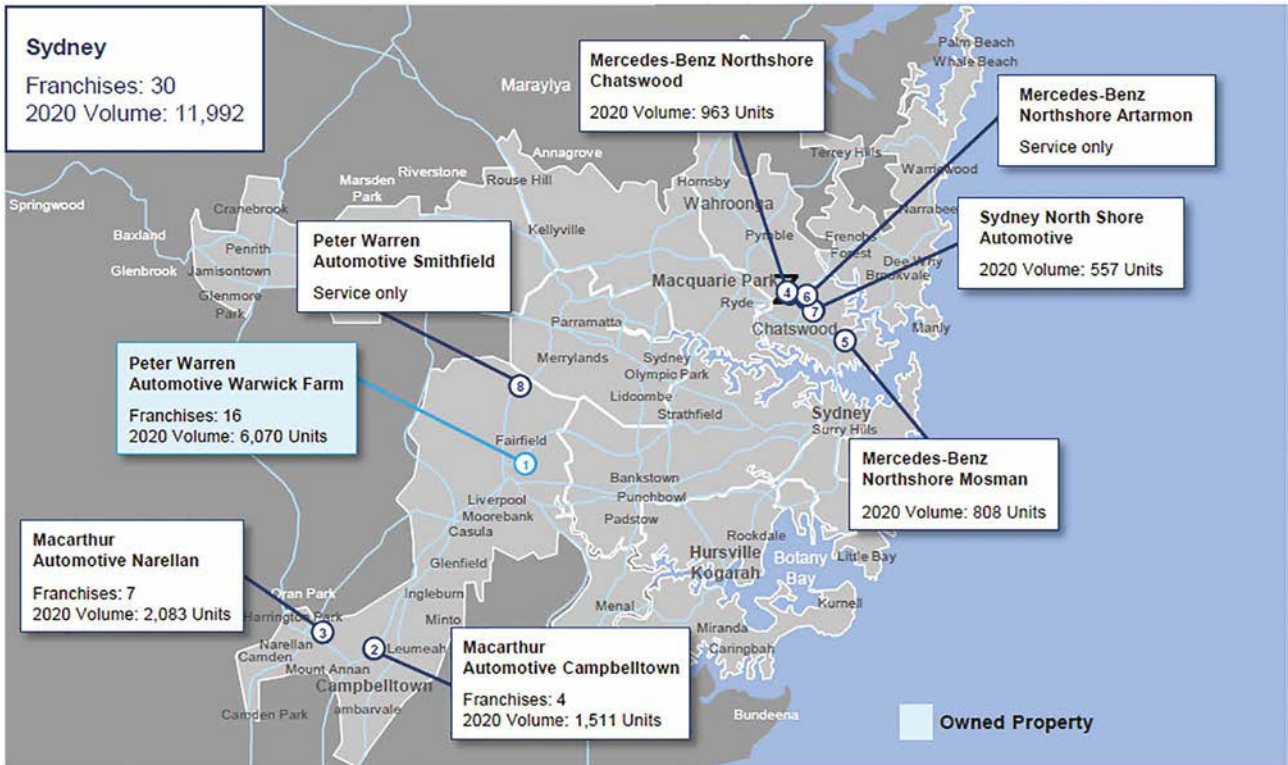
3.3.2 Locations/size

Peter Warren owns highly strategic sites of scale in growth corridors of New South Wales and Queensland. Peter Warren’s flagship dealership at Warwick Farm is situated on approximately 22 acres and is host to 16 new vehicle franchises and four used vehicle outlets. The dealership is located in high growth Western Sydney alongside motorway and rail corridors, and spans a large catchment area. The broad range of brands serve all industry segments and provide customers with a greater range of options to suit a broad range of preferences in a one-stop auto mall-style setting.

Also situated in Sydney’s growth corridor are Peter Warren’s Narellan and Macarthur dealerships, which are well placed to serve residential developments in the area. The Narellan site mirrors the concept of Warwick Farm, with seven brands on offer ranging from Jeep in the Prestige segment to Ford in the Volume segment. Peter Warren regularly evaluates and optimises the layout of each site to ensure relevance to customers.

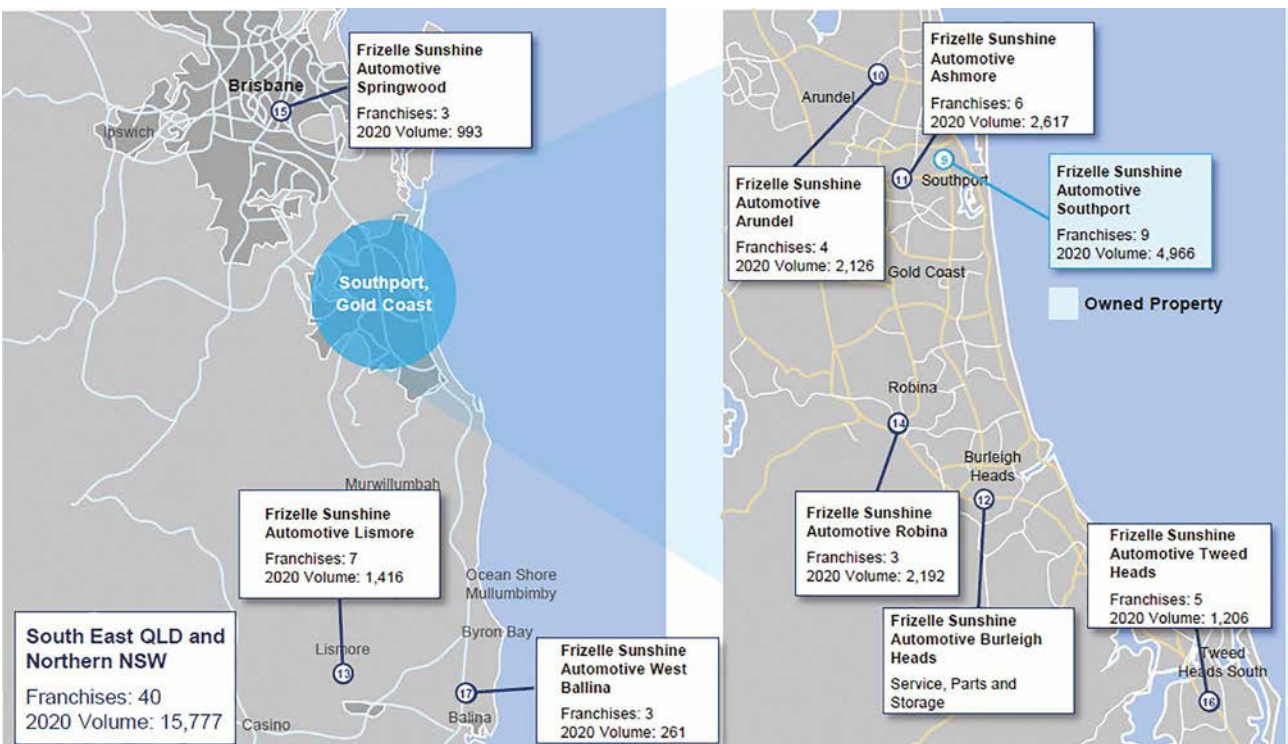
Peter Warren’s sites in Sydney’s North Shore provide the Company with improved coverage of the Sydney market. The Company’s Mercedes-Benz dealerships in Mosman and Chatswood reflect a presence on major arterial corridors. Together with its dedicated servicing site in Artarmon, Peter Warren provides a significant presence in the North Shore’s Luxury car market.

Figure 28: Peter Warren presence in Sydney region



Peter Warren established a strong presence in the south-east Queensland market after merging with Frizelle Automotive. The Frizelle Sunshine Automotive arm offers a similarly diverse range of brands in the Volume, Prestige and Luxury segments, offering a breadth of choice for customers throughout south-east Queensland, in central locations.

Figure 29: Peter Warren presence in south-east Queensland and northern New South Wales












03. Company Overview

The Company operates 30 franchises across eight locations in Sydney, including at its flagship Warwick Farm dealership, and 40 franchises across nine locations in south-east Queensland and northern New South Wales. Each location has substantial service capacity, which Peter Warren can expand with the development of greenfield locations. Its portfolio also includes three sites dedicated to service, at Burleigh Heads, Artarmon and Smithfield.

Figure 30: Peter Warren Site Overview

| Dealership | # | Year acquired/ established | Volume (2020) | Brands |
|---|----|-------------------------------|------------------|--------------|
| Sydney Region | | | | |
| Peter Warren Automotive Warwick Farm | 1 | Established in 1978 | 6,070 | |
| Macarthur Automotive Campbelltown | 2 | Established in 2002 | 1,511 | |
| Macarthur Automotive Narellan | 3 | Established in 2007 | 2,083 | |
| Mercedes-Benz North Shore (Chatswood) | 4 | Acquired in 2014 | 963 | |
| Mercedes-Benz North Shore (Mosman) | 5 | Acquired in 2014 | 808 | |
| Mercedes-Benz North Shore (Artarmon) | 6 | Established in 2018 | NA | Service Only |
| Sydney North Shore Automotive | 7 | Acquired in 2015 | 557 | |
| Peter Warren Automotive Smithfield | 8 | Established in 1996 | NA | Service Only |
| South-east Queensland and Northern New South Wales | | | | |
| Frizelle Sunshine Automotive Southport | 9 | Established in 1985 | 4,966 | |
| Frizelle Sunshine Automotive Arundel | 10 | Established in 2018 | 2,126 | |
| Frizelle Sunshine Automotive Ashmore | 11 | Established in 1989 | 2,617 | |
| Frizelle Sunshine Automotive Burleigh Heads | 12 | Established in 2016 | NA | Service Only |
| Frizelle Sunshine Automotive Lismore | 13 | Acquired in 2003 | 1,416 | |

| Dealership | # | Year acquired/ established | Volume (2020) | Brands |
|--|----|-------------------------------|------------------|--|
| Frizelle Sunshine Automotive Robina | 14 | Established in 2013 | 2,192 |    |
| Frizelle Sunshine Automotive Springwood | 15 | Established in 2014 | 993 |  Land Rover Jaguar |
| Frizelle Sunshine Automotive Tweed Heads | 16 | Established in 1996 | 1,206 |   Jeep   |
| Frizelle Sunshine Automotive West Ballina | 17 | Acquired in 2019 | 261 |  ISUZU UTE  |

3.4 Company values

Peter Warren is a values-driven business. Its key values are described in Figure 31.

Figure 31: Peter Warren values



Growth

We seek to continually find a better way to set ourselves apart

Integrity

We do what is right, not what is easy, cheap or convenient. We act with honesty, humility consistency and balance

Focus

We make a difference in the lives of our people, our customers and our community. We see things through their eyes, listening intently and ensuring the little things are done extraordinarily well

Teamwork

We support and respect one another, taking personal accountability to deliver on common goals. We are a safe and diverse environment for everyone



Growth and integrity are core to the Company's operations, as these values drive the delivery of customer experience through integrated and modernised service to suit a wide variety of automotive needs. Similarly, focus and teamwork drive an employee framework that prioritises personalised interactions with customers, as well as employee growth and specialisation, contributing to a high customer retention rate over the life cycle of a vehicle.

Together, Peter Warren's GIFT and DRIVE initiatives are a reminder to management, employees and customers alike that the Company is intent on furthering their expertise, getting ahead of industry trends and listening to the wants and concerns of customers to create the highest quality experience.

3.5 Business model

Peter Warren operates an integrated new and used car retailing business providing the full range of sales and support including parts, service, finance and insurance and aftermarket products to an extensive list of long-term customers, many of whom have purchased multiple vehicles from Peter Warren over a life time.

The Company generates its revenue across the customer's entire vehicle ownership life cycle. Beginning with the sale of a new or used vehicle, the relationship with the customer continues post purchase across the vehicle care spectrum; this includes aftermarket, parts and accessories, service, and finance and insurance products. This enables greater customer interaction and engagement and in turn facilitates long-term customer relationships. Long-term customer relationships are supported by Peter Warren's long-standing relationships with a range of OEM brands built over its 60+ years of operations. The quality and duration of these relationships have been an important factor in the success of the business.

Figure 32: Peter Warren's customer life cycle

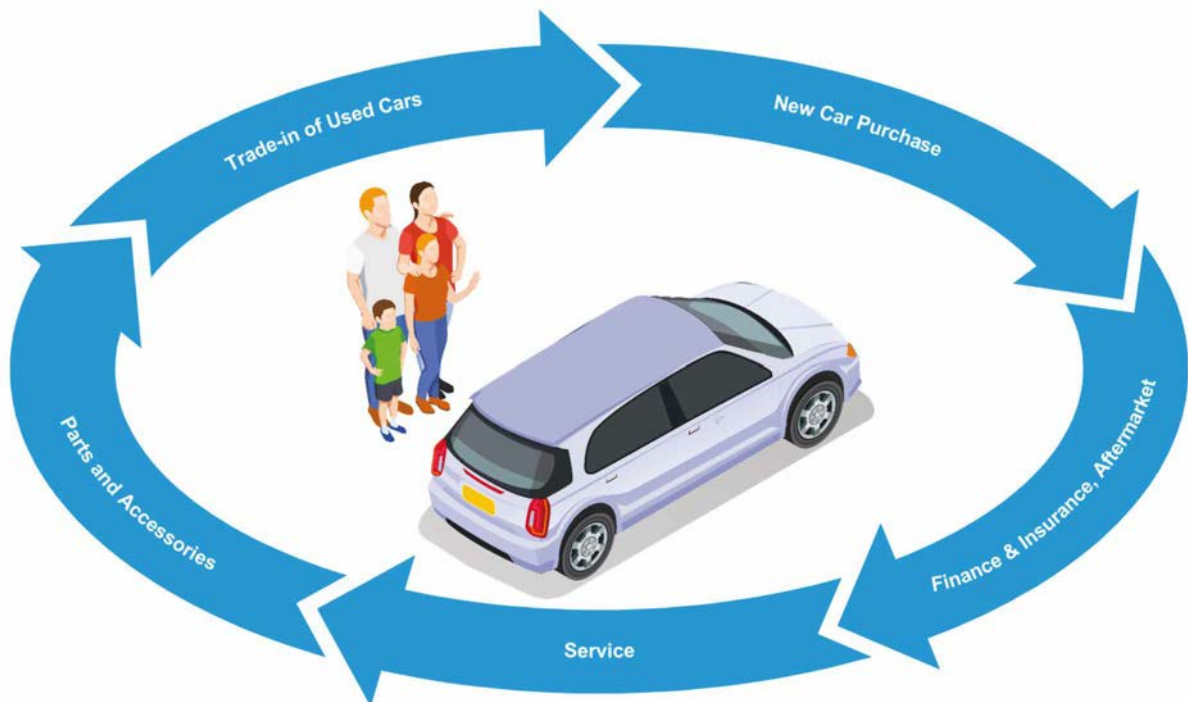


Figure 33: Peter Warren product offering

| Offering | Description |
|------------------------------|--|
| New vehicles | <ul style="list-style-type: none"> • The sale of new vehicles • Peter Warren retails 27 OEM brands across 17 sites |
| Used vehicles | <ul style="list-style-type: none"> • The sale of used vehicles |
| Aftermarket | <ul style="list-style-type: none"> • Aftermarket products are the non-OEM products for sale by automotive Dealers • Aftermarket products include window tinting, tyre and wheel protection, extended warranties, roof racks, tow bars and other accessories generally available at POS |
| Parts and Accessories | <ul style="list-style-type: none"> • Sale of parts and accessories for new and used vehicles • Provision of parts to Peter Warren's service workshops • Provision of parts to third-party collision repair and servicing outlets • Provision of parts to other dealerships |
| Service | <ul style="list-style-type: none"> • Ongoing vehicle maintenance • OEM warranty repairs • Internal reconditioning of used vehicles for sale |
| Finance and Insurance | <ul style="list-style-type: none"> • Sale of third-party finance and insurance products to customers |

The Company has a number of revenue streams, including new vehicle sales, which often initiate other revenue streams. For example, a new vehicle sale may lead to:

- Vehicle trade-in and the opportunity to re-acquire the sold vehicle in the future;
- Sale of finance or insurance;
- Vehicle servicing and related parts;
- Work on behalf of OEM (e.g. under warranty);
- Replacement parts sale;
- Aftermarket products at POS; and
- Customer referrals.

Alternatively, customers may engage with the Company at any point in the above stages in the vehicle life cycle, providing Peter Warren an opportunity to develop relationships beyond new vehicle sales.

Peter Warren has a high quality management team with significant experience in, and knowledge of, the Australian Automotive Dealership industry. The majority of this management team has been with Peter Warren for many years and has enabled the Company to establish, maintain and solidify successful long-term relationships with OEMs.

The Peter Warren team more broadly holds strong relationships across the automotive industry, including with other dealership operators and potential acquisition targets. These relationships underpin Peter Warren's success and place the Company in a strong position to execute on its strategic growth initiatives. Peter Warren's broader team is made up of ~1,500 dedicated employees across six divisions: 400+ employees work in new and used vehicle sales, 900+ in parts and service, ~50 in finance and insurance, ~50 in e-commerce and ~65 in administrative roles.

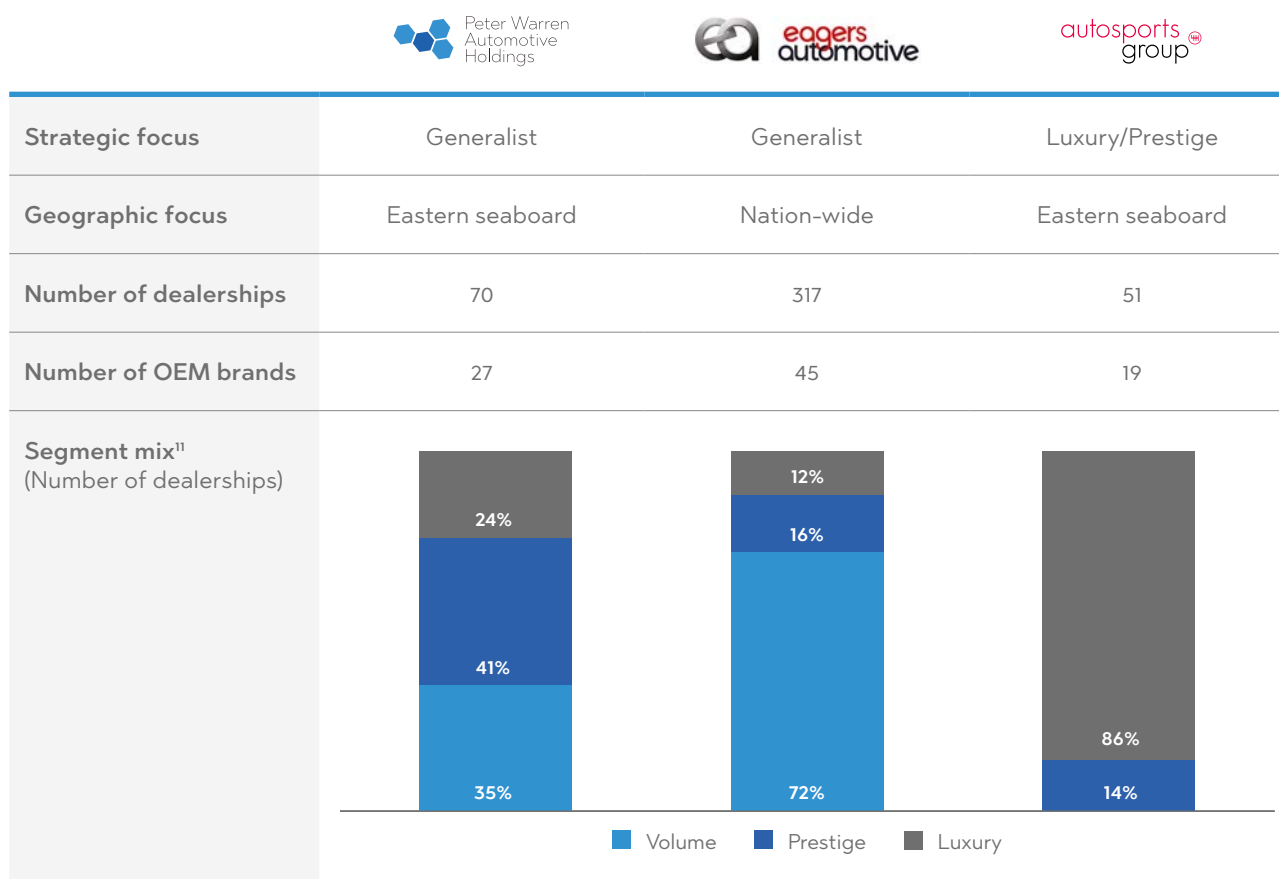
03. Company Overview

In response to COVID-19, management has expanded a number of initiatives relating to employee wellbeing, including the provision of a detailed health and wellbeing program in 2021, with planned events pertaining to mental health, access to employee assistance programs, commencement of a formal engagement survey during COVID-19 and into 2021, and values training intended to develop employees' soft skills and emotional intelligence.

3.5.1 New vehicles

Peter Warren currently represents 27 OEM brands across 17 sites throughout New South Wales and Queensland. In the new vehicle category, the Company has broad representation across Volume, Prestige and Luxury brands with eight Luxury, five Volume and eleven Prestige brands, as well as certain truck, NRMA and Opposite Lock franchises. This offers a diversified OEM representation and management believes this offers the Company a competitive advantage by providing customers greater diversity and choice across its multi-franchise, auto mall-style dealerships.

Figure 34: Key ASX-listed competitor metric comparison

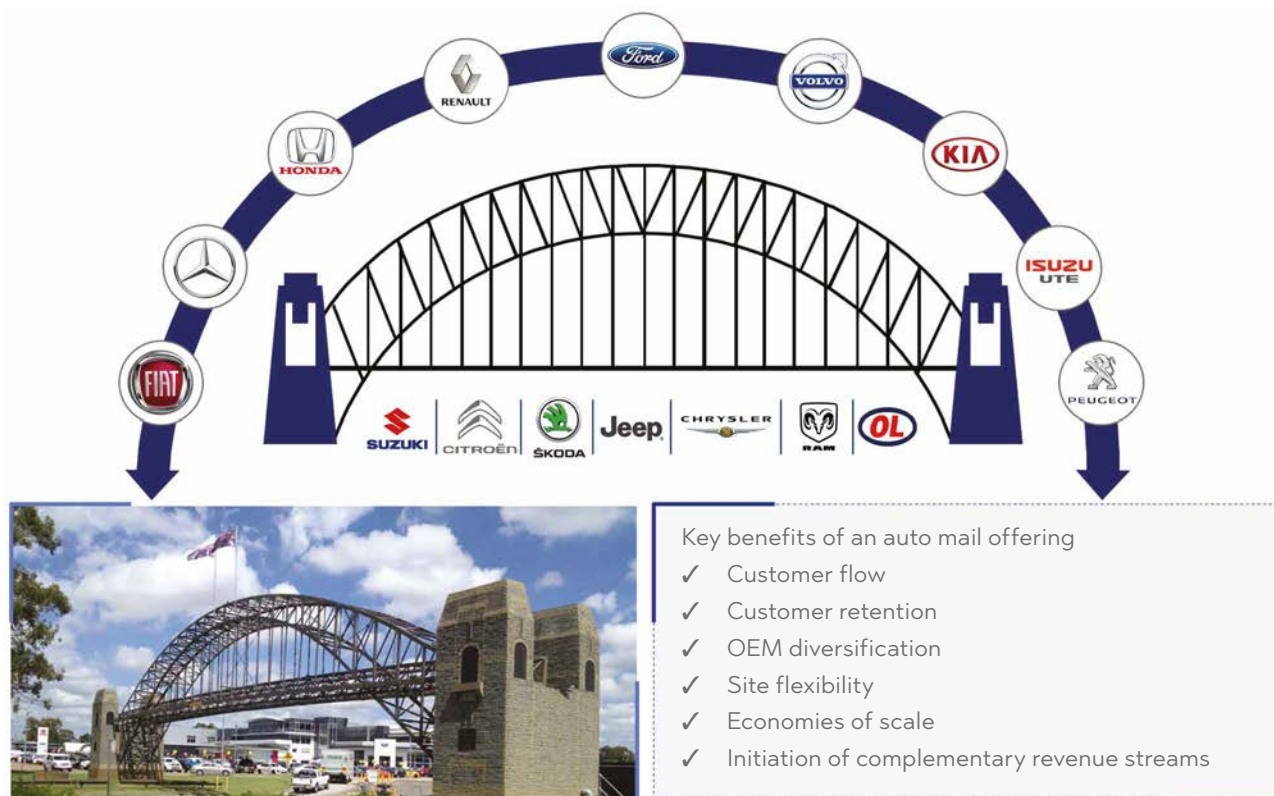


Peter Warren represents 18 of the top 30 brands in Australia, with those brands providing 51% market share nationally, and importantly the Company represents three of the top five Volume OEMs, four of the top five Prestige OEMs and three of the top five Luxury OEMs by market share. Management believes this broad representation of OEMs offers a number of advantages relative to smaller scale operators.

Management believes multiple OEM representation in a single location attracts a higher number of customers and higher conversion relative to a single franchise dealership. The Company has taken this approach with the majority of sites since inception and this continues to underpin its greenfield and M&A strategy.

11. Source of segment mix information: Peter Warren – Management, Eagers Automotive – Company website (allocations in line with Peter Warren allocations) as at 23 January 2020, Autosports – FY20 investor presentation. Peter Warren "Volume" segment includes Isuzu Trucks for comparative purposes.

Figure 35: Example of an auto mall



Peter Warren seeks to maintain a diverse range of vehicle offerings, underpinned by a long-standing reputation in the industry and long-term OEM relationships.

Peter Warren management believes the focus on a diverse portfolio of brands offers a number of benefits, including:

- Increased customer attraction through the provision of a more convenient experience for customers;
- Higher sales conversion rate. Diversification eliminates the need for customers to visit multiple locations to compare alternatives. In particular, customers who do not have a vehicle make and model in mind before shopping, or those who are not satisfied with their choice upon inspection, are afforded more opportunity to inspect alternative brands at auto mall-style dealerships, leading to higher sales conversion than a single franchise dealership;
- Flexibility to adjust brand offering. Brand preferences amongst consumers change over time in the automotive industry depending on new model options, or based on the location and demographics of the dealership and its clients. Adjusting floorspace to reflect trends, therefore, is a valuable tool for Peter Warren; and
- Lower operating costs via economies of scale. An auto mall dealership also creates efficiency in back of house operations by concentrating costs at a single location.

3.5.2 Used vehicles

Peter Warren sells used vehicles at all of its dealerships. Used vehicle sales represented approximately 16% of Company revenue in FY20 and are a core strategic focus for the Company. Peter Warren also operates under its own Automotive Direct banner group reselling used vehicles both at Warwick Farm and at Macarthur Automotive Narellan. Similar to the group's Frizelle's Wholesale Car Market brand in Queensland, the separate branding attracts customers who are looking to purchase a used vehicle, but from one of Australia's leading automotive groups rather than a private seller.

Peter Warren sources used vehicles for resale via a number of channels including trade-ins (existing and new customers) and private sellers. Approximately 22% of all of Peter Warren's trade-in leads are sourced from internal channels, including the Company's websites and live chat portals, while other trade-in leads are sourced from external channels including OEMs and third parties.

Figure 36: Used vehicle overview



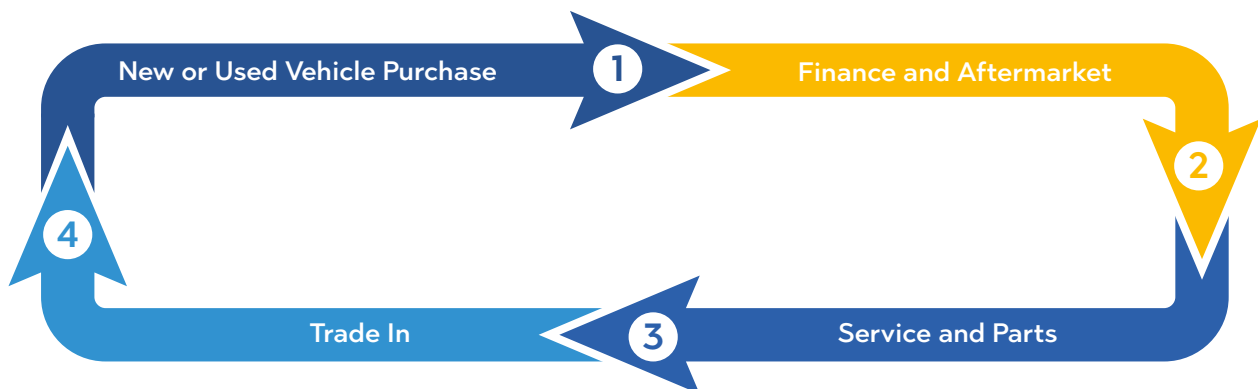
The value of used cars is assessed by Peter Warren’s used vehicle buying team, leveraging their industry experience and expertise to assess the value in a timely and accurate manner. The significant market experience of Peter Warren’s used vehicle buying team and number of OEM brand representations provide a competitive advantage over some of its industry peers.

The Company believes its technology capabilities create a significant competitive advantage in the sale of used vehicles compared with smaller dealerships. These capabilities include:

- Fully digitised “bunker” valuations, where the Peter Warren sales team photographs, describes, and provides the registration number of the used vehicle in question, a bespoke software solution then retrieves vehicle data, including recall information, before the valuation team assesses this information alongside live market data to establish a price to deliver to the customer via the sales team. All valuations are digitally recorded; and
- Enhanced online capabilities, including a relaunch of all Peter Warren websites in order to provide customers with an e-commerce platform for deposit taking, trade-in valuation tools, a repayment calculator covering all inventory, direct engagement with the finance team via the platform and further development of online pre-approval.

Used vehicle sales are an important component of Peter Warren’s business model as they enable Peter Warren to remain involved through the full life cycle of the vehicle, potentially having serviced it since new, and maintain engagement with customers who may have chosen to buy used rather than new.

Figure 37: Trade-ins support broader business



Used vehicle sales are typically at a higher margin relative to new vehicles and the market is significantly larger; in 2016 approximately 3.3 times the size of new vehicle market in terms of the volume of vehicles sold per annum in Australia, which management believes is broadly consistent with the relative sizes of those markets at present. Whilst the used car market does have significant private-to-private sales, the sale of trade-in and pre-owned vehicles presents a further revenue opportunity for Peter Warren and facilitates customer retention.

Management intends to continue to grow Peter Warren’s used vehicle sales business, particularly at key sites including Warwick Farm, Southport and Macarthur, through the allocation of additional space within each site focused on used vehicle sales.

3.5.3 Aftermarket

Peter Warren offers the provision of aftermarket products and services such as aftersales vehicle accessories, including bull bars and trays, protection products, scratch and dent coverage, tint and electronic goods, as well as a range of other aftermarket services.

This offers customers the ability to personalise their vehicle, and the diversity in customisation options may lead to higher customer conversion and engagement. Further, aftermarket customisation drives greater rapport and engagement through ongoing interaction with Peter Warren dealerships.

Peter Warren typically offers these products at the POS of new and used vehicles. Given its scale, Peter Warren manages a number of key suppliers to find the right product for each customer.

3.5.4 Parts and accessories

The sale of vehicle parts and accessories is important to the Company in generating recurring revenue streams. The revenue from this segment comes from three main areas:

- Accessories supplied as part of new and used vehicle sales;
- Parts supplied through Peter Warren's service workshops; and
- Distribution to panel and smash repairers and other external automotive Dealers.

The parts division's largest customer is Peter Warren's own service workshop network. The trade distribution business is run from two dedicated distribution centres located at Warwick Farm (NSW) and Arundel (Queensland). These centres operate a fleet of vehicles performing multi-franchise and high frequency parts deliveries to third-party operators.

Critical to the success of the parts and accessories business is Peter Warren's scale, which enables it to stock a wide range of parts and accessories and in turn, is an attractive partner that can offer superior availability and timeliness of product to customers.

The Company has grown its sales in recent periods through campaigning the "one-stop shop" approach, that is, Peter Warren's ability to fulfil its trade customers' requirements from a single delivery across multiple brands.

3.5.5 Service

Peter Warren offers vehicle maintenance and servicing at its car dealerships. This segment generates revenue from both ongoing vehicle maintenance services and more irregular servicing customers. Ongoing essential vehicle maintenance includes safety checks, warranty repairs and fixed price servicing periods offered by OEMs, while one-off and more irregular maintenance includes services such as one-off brake and tyre checks and vehicle repairs.

The provision of these services helps to increase customer loyalty and retention by fostering engagement at all stages of the vehicle life cycle, and leads to further revenue opportunities through a trade-in and subsequent purchase opportunities.

Peter Warren continues to embrace additional services including tyres, wheel alignment work, scratch and dent repair and aftermarket product installation. As an operation of scale, Peter Warren can leverage purchasing capability to deliver these additional services.

The service operations of Peter Warren are the Company's largest employer of personnel and the Company has well-established, school-based trainee and apprenticeship programs which create a strong pipeline of workshop technicians working with in-house development coaches to access industry gold-standard training.

The auto mall concept has been applied within the Company's service centres as well as its showrooms. Multi-branded facilities create economies of scale in back of house operations and enable workshops to focus on retail and warranty customer-facing work, while internal workshop activities are centralised in alternate locations.

3.5.6 Finance and insurance

Customers typically have multiple financing options available to them in the market, including captive financing, banks and independents.

Captive financing accounts for the majority of Peter Warren revenue in the finance and insurance products revenue category, as captive financiers are a popular choice for consumers. Volkswagen Financial Services, Mercedes-Benz Financial Services and Toyota Financial Services generate the largest proportion of Peter Warren's financing revenue, contributing approximately 85% in total.

The Company also distributes insurance products on behalf of automotive insurers and earns a commission. These insurance products include compulsory third party insurance and comprehensive car insurance.

In Australia, management estimates that approximately 90% of all car sales are arranged through finance of which around 39% are financed through dealerships and around 61% are financed from other sources. Peter Warren sees this as an opportunity for improved integration of services and for innovation within the financing market itself, by embracing web-based and digital technology to enhance the share of financing written at sale by the Dealer.

The Company is not the issuer of these products, but distributes these finance and insurance products on behalf of third-party financiers and insurers and receives commissions.

3.5.7 Software and systems

The Company's IT infrastructure provides a competitive advantage compared to small scale operators. This infrastructure investment is enabled by the Company's scale, allowing it to continue to invest in market leading software and systems.

Key systems include customer relationship management (**CRM**) software to help aid customer acquisition and retention, data management systems (**DMS**), web platforms to provide customer interfacing and booking/management capability, and back-end platforms to assist with functions including accounting, reporting and documentation.

During 2020, the Company invested in multiple IT infrastructure projects to align systems and digitise processes. These include:

- Paperless Procurement Management System;
- Migration of infrastructure to cloud based systems;
- Consolidation into a single data centre;
- Creation of data warehouse and consolidation software;
- Upgrades to DMS and CRM systems;
- Adopting cloud based data management software and video conferencing technology; and
- Creating digital path technologies to ensure paperless process of vehicle movement management, sales logs and warranting handling.

Current major IT infrastructure projects include investments in:

- The rebuild of all non-OEM provided websites;
- A service concierge, triage and digital booking system; and
- Recruitment management, onboarding, employee assistance programs, whistleblower management and employee engagement.

3.6 Barriers to entry

The automotive industry requires significant capital expenditure from new entrants in order to enter the market. Consumers continue to prefer in-store shopping when purchasing a vehicle, rather than an online marketplace, which necessitates a property footprint. Further, geographic convenience, quality of experience, and variety of facilities appeal to consumers when choosing to purchase a vehicle from a certain location. Peter Warren's network of dealerships, variety of franchises, and consolidated 'one-stop' service offering would be difficult to replicate for a new entrant. Auto malls in particular are gaining traction in the automotive industry, but would be difficult to establish without access to large sites, a number of OEM relationships and investment in multi-brand training for staff.

Peter Warren's time and experience in the automotive industry have allowed the Company to build the scale that attracts OEMs. There are a complex set of targets, incentives and KPIs built into Dealership Agreements that smaller players may not possess the expertise or capital to achieve. In order to achieve a substantial market share in any one operating region, it is necessary to hold franchising agreements with multiple OEMs. Access to lower cost floor plan financing similarly is a benefit from strong OEM relationships, and Peter Warren's standing allows the Company to access lower cost floor plan and capital loan financing.

Industry regulation and licensing create additional barriers for new entrants to the automotive industry. Peter Warren has systems in place to instil checks and balances for staff and management within a complex regulatory environment. Similarly, prior experience with licensing processes positions Peter Warren favourably, as inexperienced entrants may not understand or meet the requirements necessary to enter the automotive industry.

3.7 Strategy and growth opportunities

3.7.1 Property

Property acquisitions, where the sites are of strategic interest to the Company, are a core element of Peter Warren's expansion strategy. Ownership or long-term leases of key strategic properties provide security over dealership locations. Strategic sites and the corresponding property are also typically located in areas with high growth populations and near residential areas providing strong fundamentals to support increased valuation over time.

The future development opportunities for sites owned by Peter Warren provide greater ability to offer larger, multi-brand dealerships and service hubs; ultimately, this enhances the customer experience and provides a more holistic one-stop offering. Accordingly, part of the IPO proceeds will be allocated towards the following strategic property acquisitions:

- Peter Warren Automotive Warwick Farm; and
- Frizelle Sunshine Automotive Southport.

3.7.2 Organic growth

Organic growth includes the expansion of current operations in the sale of new and used vehicles and the provision of complementary services. Furthermore, it includes developing greenfield opportunities and strategic sites that are complementary to the Company's existing strategy. Peter Warren is well positioned for continued organic growth and will grow through maintaining and building new relationships with OEMs and further developing a high quality integrated offering. Furthermore, the Company aims to capitalise on a robust macroeconomic and sector outlook driven by factors including higher consumer spending, population growth in relevant areas and low interest rates.

3.7.2.1 Macroeconomic trends

As discussed in the industry overview, there are a number of favourable macroeconomic trends that should complement Peter Warren's growth strategies.

Household consumption has exhibited stable growth since 2000, with a short-term setback due to COVID-19 that has been stifled thanks to increased demand in the Australian market following lockdown measures and the inability of households to spend their income on overseas holidays. The savings ratio has also spiked in response to COVID-19, giving rise to disposable income levels. Increases in household consumption and disposable income are expected to incentivise consumers to purchase more Luxury goods in the near future.

Expected population growth in key areas such as south-east Queensland and south-western Sydney also suggest favourable market conditions for Peter Warren, as do rising house prices. Historically, new vehicle sales have tended to trend upwards in the same periods in which housing prices have trended upwards, and therefore there is the potential that an increase in new vehicle sales in the future may occur at the same time as expected increases in housing prices. Peter Warren has a prominent presence in these areas and they remain key focus areas of the Company.

03. Company Overview

3.7.2.2 Used vehicles

Peter Warren's used vehicles segment is a primary target of its growth strategies. One specific initiative the business is taking to facilitate growth is the reorganisation of current property to promote its used car business, including its efforts at Warwick Farm and Macarthur Automotive Narellan to promote its Automotive Direct brand. In the future, Peter Warren intends to expand this brand into other dealerships in order to provide a trustworthy and credible source of used vehicles for its customers.

Management also believes that contracting direct suppliers to supplement the inflow of used cars from customers will spur growth in Peter Warren's used vehicles segment.

3.7.2.3 Integration of services

Peter Warren is committed to ensuring customers are engaged throughout their vehicle ownership cycle. An example of this integrated model would be to have customers purchase new vehicles from a Peter Warren dealership with the intention to service their new purchase at a Company dealership, to purchase necessary parts and select aftermarket accessories from the Company, and to later trade-in the car. This drives growth through the sale of higher margin products to customers. Notwithstanding KPIs received from OEMs on new vehicle sales, the margins on new vehicles are smaller than other revenue categories; whereas service, finance and aftermarket sales improve the overall Company margin profile significantly.

Peter Warren has taken a number of steps to ensure as far as possible that the integration of services is favourable and effective for customers:

- Investment in IT infrastructure, including a digital booking platform, CRM systems, and document data management software. A strong digital ecosystem ensures ease of contact, swift processing and collation of information for customers and staff alike;
- Upskilling staff to preserve competitiveness in the face of changing industry trends. For example, Peter Warren is growing its network of workshops that can facilitate electric vehicles as they become more prevalent; and
- Centralisation of processes across dealerships to safeguard the ideal Peter Warren experience.

3.7.2.4 Greenfield and brownfield opportunities

Peter Warren expects to continue growing organically through building out its greenfield pipeline, through the development of new dealerships. The pipeline of greenfield opportunities is dependent on various factors, including local and Federal regulations, OEM agreements and restrictions and overall market dynamics dependent on each location. Management believes it has the runway to grow by greenfield development without being constrained by OEM caps in most locations.

Peter Warren's capacity under OEM capacity restrictions positions it to be able to pursue brownfield development. Brownfield opportunities include the expansion and development of Peter Warren's auto malls, and the cultivation of new auto malls at existing sites with fewer brands, by increasing the franchise count.

3.7.3 Acquisition opportunities

Peter Warren has a successful track record of acquiring and integrating dealership businesses over its 60+ years in the automotive industry. Given the relative fragmentation of the dealership market, and that Peter Warren only operates in New South Wales and Queensland at present, management believes there is an attractive opportunity to continue to act as a sector consolidator nationally. Going forward, Peter Warren intends to continue pursuing acquisition opportunities, with a disciplined approach to screening based on factors including strategic rationale, location, value, and meeting required investment hurdles.

This dealership acquisition strategy allows the Company to continue to experience scale network benefits. Peter Warren's track record of successful integrations and strong OEM support positions the Company well to capitalise on industry consolidation and continue to acquire operators nationally. Previous acquisitions have improved margins and operational leverage via the successful integration of IT infrastructure and sales processes, as well as creating greater economies of scale through centralised functions and better use of property.



04

Financial Information

04.

Financial Information

4.1 Introduction

The financial information contained in this Section 4 includes:

- Historical consolidated financial information for the financial years ended 30 June 2019 (FY19) and 30 June 2020 (FY20), and for the half years ended 31 December 2019 (1H FY20) and 31 December 2020 (1H FY21); and
- Forecast consolidated financial information for the financial years ending 30 June 2021 (FY21F), the twelve-month period ending 31 December 2021 (CY21F), and for the half-year ending 31 December 2021 (1H FY22F).

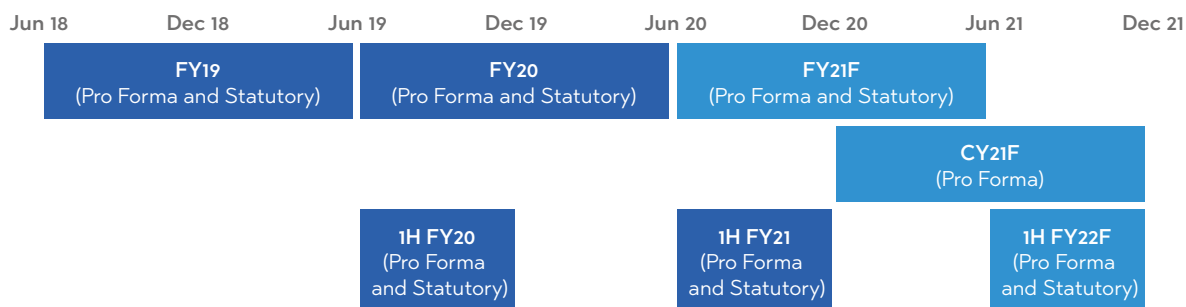
Table 9: Overview of Peter Warren's Financial Information

| Definitions | Statutory Financial Information | Pro Forma Financial Information |
|---|--|---|
| Historical Financial Information | <p>Statutory Historical Financial Information comprises the following:</p> <ul style="list-style-type: none"> • Statutory historical statements of profit or loss for 1H FY20, 1H FY21, FY19 and FY20 (Statutory Historical Income Statements); • Statutory historical consolidated statements of cash flows for 1H FY20, 1H FY21, FY19 and FY20 (Statutory Historical Cash Flows); and • Statutory historical consolidated statement of financial position as at 31 December 2020 (Statutory Historical Statement of Financial Position). | <p>Pro Forma Historical Financial Information comprises the following:</p> <ul style="list-style-type: none"> • Pro forma historical consolidated statements of profit or loss for 1H FY20, 1H FY21, FY19 and FY20 (Pro Forma Historical Income Statements); • Pro forma historical consolidated statements of cash flows for 1H FY20, 1H FY21, FY19 and FY20 (Pro Forma Historical Cash Flows); and • Pro forma historical consolidated statement of financial position as at 31 December 2020 (Pro Forma Historical Statement of Financial Position). |
| Forecast Financial Information | <p>Statutory Forecast Financial Information comprises the following:</p> <ul style="list-style-type: none"> • Statutory forecast consolidated statements of profit or loss for FY21F and 1H FY22F (Statutory Forecast Income Statements); and • Statutory forecast consolidated statements of cash flows for FY21F and 1H FY22F (Statutory Forecast Cash Flows). | <p>Pro Forma Forecast Financial Information comprises the following:</p> <ul style="list-style-type: none"> • Pro forma forecast consolidated statements of profit or loss for FY21F, CY21F and 1H FY22F (Pro Forma Forecast Income Statements); and • Pro forma forecast consolidated statements of cash flows for FY21F, CY21F and 1H FY22F (Pro Forma Forecast Cash Flows). |

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

Peter Warren reports on a 30 June financial year basis, and the Financial Information in this Section has been presented consistent with this. In addition to the FY21F forecast for the financial year ending 30 June 2021, Peter Warren has also included a pro forma forecast for CY21F. Peter Warren does not report on a calendar year basis, therefore no statutory financial information is presented for the CY21F period. However, the Statutory Forecast Financial Information for 1H FY22F, is presented as this is a statutory (half-year) period which will be reported on at the time of announcement of the interim results for 1H FY22F in February 2022. While CY20 is not disclosed in the body of the Prospectus, as part of the management discussion and analysis of CY21F in Section 4.9.3, a comparison against CY20 has been provided to illustrate the movements between CY21 and the prior corresponding period.

Figure 38: Overview of the financial information contained in Section 4



Also summarised in this Section are:

- The basis of preparation and presentation of the Financial Information, including the application of relevant new and revised accounting standards as if they had applied to the Historic Financial Information and the Forecast Financial Information (see Section 4.2);
- An explanation of certain financial measures that are neither recognised by the Australian Accounting Standards Board (**AASB**) or under the International Financial Reporting Standards (**IFRS**) issued by the International Accounting Standards Board (**IASB**) that are used by Peter Warren and included in this Prospectus to assist investors in understanding the financial performance of the business (see Section 4.2.6) (**non-IFRS financial measures**);
- Pro forma adjustments and reconciliations of the Statutory Historical Financial Information to the Pro Forma Historical Financial Information and the Statutory Forecast Financial Information to the Pro Forma Forecast Financial Information (see Section 4.3);
- A summary of Peter Warren’s key operating and financial metrics (see Section 4.4);
- Details of Peter Warren’s indebtedness (see Section 4.6.2), Loan Notes and floor plan finance facilities (see Section 4.6.3);
- The best estimate general assumptions and specific assumptions underlying the Forecast Financial Information (see Section 4.8);
- Management’s discussion and analysis of the Historical Financial Information and Forecast Financial Information (see Section 4.7);
- An analysis of the sensitivity of the Forecast Financial Information to changes in certain key assumptions (see Section 4.10); and
- Peter Warren’s proposed dividend policy (see Section 4.13).

The Financial Information presented in this Prospectus has been reviewed by Deloitte Corporate Finance Pty Limited (**Investigating Accountant**) in accordance with the Australian Standard on Assurance Engagements ASAE 3450 Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information, as stated in its Investigating Accountant’s Report on the Financial Information. Investors should note the scope and limitations of the Investigating Accountant’s Report on the Financial Information (see Section 8).

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. In addition, our significant accounting policies are set out in Appendix A.

Investors should note that past results are not a guarantee of future performance.

All amounts disclosed in the tables are presented in Australian dollars and unless otherwise noted, are in millions rounded to one decimal place (the nearest hundred thousand). Rounding of figures provided in the Financial Information may result in some immaterial differences between the sum of components and the totals outlined within tables and percentage calculations.

4.2 Basis of Preparation and Presentation of the Financial Information

4.2.1 Overview

The Directors are responsible for the preparation and presentation of the Financial Information.

The Financial Information included in this Prospectus is intended to present potential investors with information to assist them in understanding Peter Warren's underlying historical financial performance, cash flows and financial position, together with the forecast financial performance and cash flows to the end of December 2021.

The Statutory Historical Financial Information and Statutory Forecast Financial Information have been prepared in accordance with the recognition and measurement principles of the Australian Accounting Standards (AAS) issued by the AASB, which are consistent with IFRS and interpretations issued by the IASB.

The Significant Accounting Policies adopted in the preparation of the Financial Information are set out in Appendix A and have been consistently applied throughout the financial periods presented in this Prospectus unless stated otherwise.

The Pro Forma Historical Financial Information and Pro Forma Forecast Financial Information have been prepared solely for inclusion in this Prospectus and have been derived from the Statutory Historical Financial Information and the Statutory Forecast Financial Information adjusted for certain transactions and pro forma adjustments as described further below.

Peter Warren considers its operations as a single business operation, being vehicle retailing and servicing, and there are no parts of the operations or geographies that qualify as a separate operating segment as defined by AASB 8 Operating Segments.

In addition to the Financial Information, Section 4 includes non-IFRS and other measures that Peter Warren uses to manage and report on its business that are not defined under or recognised by AAS or IFRS, set out in Section 4.2.6.

Due to their nature, the Pro Forma Historical Financial Information and Pro Forma Forecast Financial Information do not represent the actual or prospective financial position, financial performance or cash flows of Peter Warren. Peter Warren believes that it provides useful information as it permits investors to examine what it considers to be the underlying financial performance and cash flows of the business presented on a consistent basis with the Forecast Financial Information. This Prospectus includes Forecast Financial Information based on the specific and general assumptions of Peter Warren.

The Financial Information is presented in an abbreviated form insofar as it does not contain all of the presentation and disclosures, statements or comparative information as required by AAS applicable to general purpose financial reports prepared in accordance with the Corporations Act.

The information in this Section 4 should also be read in conjunction with the management discussion and analysis in Section 4.7 and Section 4.9 and the general and specific assumptions and commentary underlying the Forecast Financial Information in Section 4.8.

4.2.1.1 Property Acquisitions

Peter Warren has entered into binding contracts to acquire the Warwick Farm (New South Wales) and Southport (Queensland) automotive dealership properties, which it currently leases, from the Warren Family and Frizelle Family respectively (**Property Acquisitions**). Settlement of the Property Acquisitions will occur on or shortly after Completion of the Offer, with the cash consideration component of the purchase price for each property being funded from the primary proceeds of the Offer.

To reflect the historical and future performance of Peter Warren, which is consistent with its ongoing operations following the Offer, the Pro Forma Financial Information includes the impact of these Property Acquisitions as if they had occurred on 1 July 2018.

As the properties were previously leased by Peter Warren, the pro forma adjustments also include a corresponding adjustment to the Pro Forma Historical Income Statements. Details of this adjustment can be found in Section 4.3.3.

4.2.2 Treatment of JobKeeper

During COVID-19, Peter Warren received JobKeeper funding from the Australian Government in FY20 and FY21. The Peter Warren Board agreed in February 2021 to repay to the Australian Government JobKeeper funds that Peter Warren received in FY21, other than those passed through to employees as a top-up to earnings as prescribed by legislation.

As JobKeeper is not relevant to Peter Warren's ongoing operations, the impact of JobKeeper has been removed as a Pro Forma Adjustment from the Pro Forma Financial Information. Further information on this adjustment can be found in Section 4.3.3, Section 4.5.2 and Section 4.6.1.

4.2.3 Preparation of the Historical Financial Information

The Statutory Historical Financial Information for the full years FY19 and FY20 has been derived from the consolidated special purpose statutory financial report for FY20 (which included comparative financial information for FY19) of Peter Warren. Certain reclassifications have been made to the Statutory Financial Information to align with changes in classification of revenue and expenses, however this has no impact on EBITDA or NPAT. The consolidated financial report for FY20 (which included comparative financial information for FY19 restated for AASB 16) was audited by Deloitte Touche Tohmatsu (**Deloitte**) in accordance with the AAS. Deloitte issued an unmodified audit opinion on the financial report.

The Statutory Historical Financial Information for 1H FY20 and 1H FY21 has been derived from the half-year interim consolidated general purpose statutory financial reports for 1H FY21 of Peter Warren (which included comparative financial information for 1H FY20). The consolidated interim financial report for 1H FY21 was reviewed by Deloitte in accordance with the AAS. Deloitte issued an unmodified review conclusion on the financial report.

The Pro Forma Historical Income Statements and the Pro Forma Historical Cash Flows have been prepared for the purpose of inclusion in this Prospectus and have been derived from the Statutory Historical Financial Information and adjusted for the effects of the Pro Forma Adjustments described in Section 4.3.3, Section 4.5.2 and Section 4.6.1 of this Prospectus. In particular, Pro Forma Adjustments have been made to reflect the following as if each had occurred on 1 July 2018 (amongst others):

- The impact of the Offer, including costs directly attributable to the Offer offset against share capital;
- Removal of the receipt and refund of JobKeeper wage subsidy;
- The impact of the Property Acquisitions: including capitalisation of stamp duty and transaction costs, derecognition of the lease liability and right of use asset, removal of the lease interest and depreciation expense and recognition of property running costs;
- The impact of additional public company costs: an amount that represents Peter Warren's estimate of the incremental annual board, listing and other costs (such as Directors' fees, share registry costs, Directors' and Officers' insurance premiums, Annual Report costs) and professional fees that it will incur operating as a listed company;
- The impact of remuneration changes reflecting the salary packages and incentives agreed with key executives;
- Redemption of the Loan Notes;
- Declaration and payment of a Pre-IPO Dividend; and
- The tax impacts of the above adjustments.

The Pro Forma Historical Statement of Financial Position is provided for illustrative purposes only and is not represented as being necessarily indicative of the future financial position of Peter Warren.

4.2.4 Preparation of the Forecast Financial Information

The Forecast Financial Information has been prepared solely for inclusion in this Prospectus based on an assessment of current economic and operating conditions, including the impact of the COVID-19 pandemic, and should be read in conjunction with the best estimate general and specific assumptions set out in Section 4.8, the sensitivity analysis described in Section 4.10, the risk factors described in Section 5, the Significant Accounting Policies set out in Appendix A, and the other information in this Prospectus.

The inclusion of these assumptions 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 these differences may have a material effect on Peter Warren's actual financial performance or financial position.

In addition, the assumptions upon which the Forecast Financial Information is based are by their very nature subject to significant uncertainties and contingencies, many of which will be outside the control of Peter Warren, the Directors and management, and are not predictable. Accordingly, none of Peter Warren, the Directors, management, or any other person can give investors any assurance that the events and outcomes discussed in the Forecast Financial Information will arise. Events and outcomes may differ in amount and timing from the assumptions and may have a material impact on the actual results for FY21F and 1H FY22F.

The Directors have prepared the Forecast Financial Information with due care and attention and consider all general and specific assumptions, when taken as a whole, to be reasonable at the time of preparation of this Prospectus. However, this information is not fact, and investors are cautioned not to place undue reliance on the Forecast Financial Information.

It is not intended that the Forecast Financial Information or other forward-looking statements be updated or revised, nor is it intended that prospective Financial Information will be published 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 or regulation.

The Forecast Financial Information has been prepared and presented on both a statutory and pro forma basis. The Forecast Financial Information for 1H FY22F on a statutory and pro forma basis is identical as there are no pro forma adjustments to the Statutory Forecast Information for this period. The Statutory Forecast Financial Information and Pro Forma Financial Information for FY21F include the actual results of Peter Warren for 1H FY21 and the forecast results for the remainder of FY21F.

In preparing the Pro Forma Forecast Financial Information, pro forma adjustments have been made to the Statutory Forecast Financial Information to reflect the following (amongst others):

- The impact of the Offer, including costs directly attributable to the Offer offset against share capital;
- Removal of the receipt and refund of JobKeeper wage subsidy;
- The impact of the Property Acquisitions: including capitalisation of stamp duty and transaction costs, derecognition of the lease liability and right of use asset, removal of the lease interest and depreciation expense and recognition of property running costs;
- The impact of additional public company costs: an amount that represents Peter Warren's estimate of the incremental annual board, listing and other costs (such as Directors' fees, share registry costs, Directors' and Officers' insurance premiums, Annual Report costs) and professional fees that it will incur operating as a listed company;
- The impact of remuneration changes reflecting the salary packages and incentives agreed with key executives;
- Redemption of the Loan Notes;
- Declaration and payment of a Pre-IPO Dividend; and
- The tax impacts of the above adjustments.

Section 4.3.3 sets out the pro forma adjustments made to the Statutory Forecast Income Statements and a reconciliation to the Statutory Forecast Income Statements to the Pro Forma Forecast Income Statements.

4.2.5 Changes in Accounting Standards

4.2.5.1 AASB 16 Leases

Peter Warren adopted AASB 16 on 1 July 2019 using a fully retrospective approach and as such the comparatives have been restated in the FY20 financial report. The accounting treatment for a lessee under AASB 117 Leases (**AASB 117**) was based on categorising the lease either as a finance lease (recognised on balance sheet) or an operating lease (not recognised on balance sheet). Under AASB 16 Peter Warren is required to recognise a lease liability and a right of use asset on the balance sheet for most leases. As a result of the adoption of AASB 16, operating expenses decrease and depreciation and interest expenses increase, and the timing of expense recognition changes due to the change from a straight-line rental expense to depreciation and interest expense (with interest expense having an accelerated profile). This Prospectus presents the Pro Forma Historical Financial Information for FY19 and FY20, as well as 1H FY20 and 1H FY21, on a consistent basis to illustrate the impact of AASB 16, had the standard been applied from 1 July 2018. Refer to Section 4.3.4 for further detail on the quantification of this impact.

4.2.6 Explanation of Certain Non-IFRS and Other Measures

Peter Warren uses certain measures to manage and report on the business that are not recognised under AAS or IFRS. These measures are collectively referred to in this Section 4 and under ASIC Regulatory Guide 230 Disclosing Non-IFRS Financial Information 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 Peter Warren believes these non-IFRS financial measures provide useful information for measuring the financial performance and condition of the business, they should not be considered as supplements to the consolidated statement of profit or loss and consolidated statement of cash flow measures that have been presented in accordance with AAS and IFRS, nor as a replacement for them. These non-IFRS financial measures are not based on AAS, they do not have standard definitions and the way that Peter Warren calculates these measures may differ from similarly titled measures by other companies. Investors are cautioned not to place undue reliance on any non-IFRS financial measures included in the Prospectus.

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

- **Gross profit:** is calculated as revenue less cost of goods sold (including service labour);
- **EBITDA:** is earnings before interest, tax, depreciation and amortisation;
- **EBIT:** is earnings before interest and tax;
- **PBT:** is profit before the impact of tax;
- **NPAT:** is net profit after the impact of tax;
- **Working capital:** is third-party receivables, inventory, payables, employee benefits, floor plan finance facilities and some non-cash balance sheet items;
- **Capital expenditure:** includes investment in property and equipment including leasehold improvements, acquisitions, and investments in software and licence assets; and
- **Operating cash flow conversion:** is the ratio of operating cash flow after floor plan interest as a percentage of EBITDA after taking into account floor plan interest.

4.3 Historical and Forecast Income Statements

4.3.1 Pro Forma Income Statements and Statutory Forecast Income Statements

Table 10 summarises the Pro Forma Historical Income Statements for FY19 and FY20, Pro Forma Forecast Income Statements for FY21F and CY21F and Statutory Forecast Income Statement for FY21F.

Table 10: Pro Forma and Statutory Income Statements

| \$m | Notes | Pro Forma | | | | Statutory |
|---------------------------------------|-------|----------------|----------------|----------------|----------------|----------------|
| | | FY19 | FY20 | FY21F | CY21F | FY21F |
| Revenue | 1 | 1,425.4 | 1,377.9 | 1,526.5 | 1,565.6 | 1,527.0 |
| Cost of goods sold | 2 | (1,197.9) | (1,157.0) | (1,268.7) | (1,309.8) | (1,268.7) |
| Gross profit | | 227.5 | 220.9 | 257.8 | 255.8 | 258.3 |
| Employee benefits expenses | | (123.4) | (120.2) | (131.7) | (129.7) | (135.8) |
| Advertising expenses | | (12.7) | (9.6) | (6.8) | (7.2) | (6.8) |
| Insurance expenses | | (4.8) | (4.7) | (7.3) | (7.7) | (6.8) |
| Vehicle expenses | | (6.2) | (6.9) | (6.5) | (6.8) | (6.5) |
| Other expenses | 3 | (29.0) | (30.1) | (29.6) | (27.3) | (32.0) |
| Operating expenses | | (176.1) | (171.4) | (181.8) | (178.7) | (187.9) |
| EBITDA | | 51.5 | 49.5 | 76.0 | 77.1 | 70.4 |
| Depreciation and amortisation expense | 4 | (17.7) | (18.2) | (18.0) | (17.9) | (23.7) |
| EBIT | | 33.8 | 31.3 | 58.0 | 59.2 | 46.7 |
| Floor plan interest | 5 | (8.7) | (6.9) | (4.9) | (5.3) | (4.9) |
| Net finance expense | 6 | (9.0) | (8.6) | (8.1) | (7.8) | (19.3) |
| PBT | | 16.1 | 15.9 | 45.0 | 46.1 | 22.4 |
| Income tax expense | 7 | (4.6) | (4.2) | (13.6) | (13.8) | (7.0) |
| NPAT | | 11.5 | 11.7 | 31.4 | 32.2 | 15.4 |

Notes:

- Revenue represents new vehicle sales, used vehicle sales, aftermarket products, parts and accessories sales, vehicle servicing and repair, provision of collision repair services, distribution of finance, insurance products together with income earned from the provision of shared services to the Toyota dealership at Warwick Farm and the dealership at Bathurst.
- Cost of goods sold includes servicing labour.
- Other expenses include data processing outside services, rates and land tax, office and other supplies, training and other miscellaneous expenses.
- Depreciation and amortisation include depreciation of property, plant and equipment and right of use assets.
- Floor plan interest reflects the interest expense on the floor plan facilities from vehicle financiers which are used to finance the new and used vehicle inventory held by the dealerships.
- Net finance expense reflects interest expense on lease liabilities offset by interest income. In FY21F statutory results, net finance expense also includes interest expense on the Loan Notes up until the time of the Offer.
- Income tax expense represents the Australian corporate tax rate of 30% adjusted for any non-deductible expenses or non-assessable income.

4.3.2 Half-Year Income Statements

Table 11 sets out the Pro Forma Historical Income Statements for the half years 1H FY20 and 1H FY21 and Statutory and Pro Forma Forecast Income Statements for the half-year 1H FY22F.

Table 11: Historical and Forecast Pro Forma Half-Year Income Statements

| \$m | Notes | Pro Forma | | | Statutory |
|---------------------------------------|-------|---------------|---------------|---------------|---------------|
| | | 1H FY20 | 1H FY21 | 1H FY22F | 1H FY22F |
| Revenue | 1 | 701.3 | 749.6 | 788.6 | 788.6 |
| Cost of goods sold | 2 | (588.2) | (616.9) | (658.0) | (658.0) |
| Gross profit | | 113.2 | 132.7 | 130.7 | 130.7 |
| Employee benefits expenses | | (63.3) | (65.6) | (63.6) | (63.6) |
| Advertising expenses | | (5.6) | (3.0) | (3.5) | (3.5) |
| Insurance expenses | | (2.2) | (3.3) | (3.7) | (3.7) |
| Vehicle expenses | | (4.0) | (2.9) | (3.3) | (3.3) |
| Other expenses | 3 | (15.1) | (15.5) | (13.2) | (13.2) |
| Operating expenses | | (90.2) | (90.4) | (87.3) | (87.3) |
| EBITDA | | 22.9 | 42.3 | 43.4 | 43.4 |
| Depreciation and amortisation expense | 4 | (9.2) | (9.0) | (8.9) | (8.9) |
| EBIT | | 13.7 | 33.3 | 34.5 | 34.5 |
| Floor plan interest | 5 | (3.9) | (2.2) | (2.6) | (2.6) |
| Net finance expense | 6 | (4.3) | (4.1) | (3.8) | (3.8) |
| PBT | | 5.5 | 26.9 | 28.0 | 28.0 |
| Income tax expense | 7 | (1.7) | (8.2) | (8.4) | (8.4) |
| NPAT | | 3.8 | 18.8 | 19.6 | 19.6 |

Notes:

1. Revenue represents new vehicle sales, used vehicle sales, aftermarket products, parts and accessories sales, vehicle servicing and repair, provision of collision repair services, distribution of finance, insurance products together with income earned from the provision of shared services to the Toyota dealership at Warwick Farm and the dealership at Bathurst.
2. Cost of goods sold includes servicing labour.
3. Other expenses include data processing outside services, rates and land tax, office and other supplies, training and other miscellaneous expenses.
4. Depreciation and amortisation include depreciation of property, plant and equipment and right of use assets.
5. Floor plan interest reflects the interest expense on the floor plan facilities from vehicle financiers which are used to finance the new and used vehicle inventory held by the dealerships.
6. Net finance expense reflects interest expense on lease liabilities offset by interest income.
7. Income tax expense represents the Australian corporate tax rate of 30% adjusted for any non-deductible expenses or non-assessable income.

4.3.3 Pro Forma Adjustments to the Statutory Historical Income Statements and Statutory Forecast Income Statements

Table 12 sets out the Pro Forma Adjustments that have been made to EBITDA in the historical and forecast periods.

Table 12: Pro Forma Adjustments to Statutory Historical and Forecast EBITDA

| \$m | Notes | FY19 | FY20 | FY21F | 1H FY20 | 1H FY21 | 1H FY22F |
|-------------------------------------|-------|-------------|-------------|-------------|-------------|-------------|-------------|
| Statutory EBITDA | | 54.4 | 65.6 | 70.4 | 23.6 | 55.6 | 43.4 |
| 1 JobKeeper | 1 | – | (14.2) | (0.5) | – | (13.9) | – |
| 2 Impact of capital structure | 2 | – | – | – | – | – | – |
| 3 Offer costs | 3 | – | – | 4.2 | – | – | – |
| 4 Adjustment to Acquired Properties | 4 | – | (0.6) | – | – | – | – |
| 5 Property costs | 5 | (1.0) | (1.0) | (0.8) | (0.5) | (0.5) | – |
| 6 Public company costs | 6 | (1.9) | (1.9) | (1.6) | (0.9) | (0.9) | – |
| 7 Employee incentives | 7 | (0.3) | 1.4 | 3.4 | 0.7 | 1.8 | – |
| 8 Executive recharge | 8 | 0.2 | 0.2 | 0.2 | 0.1 | 0.1 | – |
| 9 IPO Grants | 9 | – | – | 0.8 | – | – | – |
| Pro Forma EBITDA | | 51.5 | 49.5 | 76.0 | 22.9 | 42.3 | 43.4 |

Table 13 sets out the Pro Forma Adjustments that have been made to NPAT in the historical and forecast periods.

Table 13: Pro Forma Adjustments to Statutory Historical and Forecast NPAT

| \$m | Notes | FY19 | FY20 | FY21F | 1H FY20 | 1H FY21 | 1H FY22F |
|-------------------------------------|-------|--------------|-------------|-------------|--------------|-------------|-------------|
| Statutory NPAT | | (0.4) | 8.9 | 15.4 | (2.7) | 21.1 | 19.6 |
| 1 JobKeeper | 1 | – | (9.9) | (0.4) | – | (9.7) | – |
| 2 Impact of capital structure | 2 | 5.7 | 5.8 | 5.1 | 2.9 | 3.0 | – |
| 3 Offer costs | 3 | – | – | 2.9 | – | – | – |
| 4 Adjustment to Acquired Properties | 4 | 8.4 | 7.8 | 6.7 | 4.1 | 4.0 | – |
| 5 Property costs | 5 | (0.7) | (0.7) | (0.6) | (0.3) | (0.3) | – |
| 6 Public company costs | 6 | (1.3) | (1.3) | (1.1) | (0.7) | (0.7) | – |
| 7 Employee incentives | 7 | (0.2) | 0.9 | 2.4 | 0.5 | 1.3 | – |
| 8 Executive recharge | 8 | 0.2 | 0.2 | 0.2 | 0.1 | 0.1 | – |
| 9 IPO Grants | 9 | – | – | 0.8 | – | – | – |
| Pro Forma NPAT | | 11.5 | 11.7 | 31.4 | 3.8 | 18.8 | 19.6 |

Notes to Table 12 and Table 13:

1. Reflects the removal of JobKeeper income received in FY20 and the difference between the JobKeeper income received in FY21F offset by the refund.
2. Impact of capital structure represents the reversal of the related party interest as the Loan Notes will be settled as part of the Offer.
3. Offer costs reflect the amount forecast to be expensed in FY21F in relation to the Offer. Note that \$9.9 million of the Offer costs are offset against issued capital.
4. Adjustment to acquired properties (**Acquired Properties**) reflects the removal of the lease liability interest and right of use asset depreciation as if the Acquired Properties had been acquired on 1 July 2018.
5. Property costs represent the cost of running the Acquired Properties as if the Acquired Properties had been acquired on 1 July 2018.
6. Public company costs represent Peter Warren's estimate of the incremental annual board, listing and other costs (such as Directors' fees, share registry costs, Directors' and Officers' insurance premiums, Annual Report costs) and professional fees that it will incur operating as a listed company.
7. Employee incentives reflect the changes in employee remuneration for key management personnel.
8. Executive recharge represents a recharge to the Warren Family Office for certain employees.
9. IPO grants represent a one-off share grant to key executives and non-executive directors as part of the Offer (**IPO Grants**).

4.3.4 Reconciliation between AASB 117 and AASB 16

Table 14 sets out the impact on pro forma EBITDA, EBIT and NPAT due to the adoption of AASB 16.

Table 14: Reconciliation between AASB 117 and AASB 16

| \$m | Pro Forma | | | |
|--|-------------|-------------|-------------|-------------|
| | FY19 | FY20 | FY21F | CY21F |
| EBITDA (AASB 117) | 32.2 | 30.2 | 56.7 | 57.8 |
| Decrease in operating lease expense | 19.3 | 19.3 | 19.3 | 19.3 |
| EBITDA (AASB 16) | 51.5 | 49.5 | 76.0 | 77.1 |
| EBIT (AASB 117) | 27.6 | 25.2 | 51.8 | 53.0 |
| Decrease in operating lease expense | 19.3 | 19.3 | 19.3 | 19.3 |
| Increase in depreciation of right of use asset | (13.1) | (13.1) | (13.1) | (13.1) |
| EBIT (AASB 16) | 33.8 | 31.3 | 58.0 | 59.2 |
| NPAT (AASB 117) | 13.5 | 13.3 | 32.7 | 33.4 |
| Decrease in operating lease expense | 13.5 | 13.5 | 13.5 | 13.5 |
| Increase in depreciation of right of use asset | (9.2) | (9.2) | (9.2) | (9.2) |
| Increase in interest expense (net of tax) | (6.3) | (6.0) | (5.7) | (5.5) |
| NPAT (AASB 16) | 11.5 | 11.7 | 31.4 | 32.2 |

04. Financial Information

4.3.5 Statutory Historical Income Statements

Table 15 sets out the statutory historical results for the financial years FY19 and FY20 and the half years 1H FY20 and 1H FY21.

Table 15: Historical Statutory Income Statements

| \$m | Notes | Statutory | | Statutory | |
|---------------------------------------|-------|----------------|----------------|---------------|---------------|
| | | FY19 | FY20 | 1H FY20 | 1H FY21 |
| Revenue | 1 | 1,425.3 | 1,392.6 | 701.3 | 763.4 |
| Cost of goods sold | 2 | (1,197.9) | (1,157.0) | (588.2) | (616.9) |
| Gross profit | | 227.5 | 235.6 | 113.1 | 146.5 |
| Employee benefits expenses | | (123.0) | (121.4) | (63.9) | (67.4) |
| Advertising expenses | | (12.7) | (9.6) | (5.6) | (3.0) |
| Insurance expenses | | (4.3) | (4.1) | (2.0) | (3.0) |
| Vehicle expenses | | (6.2) | (7.0) | (4.0) | (2.9) |
| Other expenses | 3 | (26.9) | (27.9) | (14.1) | (14.5) |
| Operating expenses | | (173.1) | (170.0) | (89.6) | (90.9) |
| EBITDA | | 54.4 | 65.6 | 23.6 | 55.6 |
| Depreciation and amortisation expense | 4 | (24.5) | (25.0) | (12.6) | (12.4) |
| EBIT | | 29.9 | 40.6 | 10.9 | 43.2 |
| Floor plan interest | 5 | (8.7) | (6.9) | (3.9) | (2.2) |
| Net finance expense | 6 | (22.2) | (21.7) | (10.9) | (10.7) |
| PBT | | (1.0) | 12.0 | (3.9) | 30.2 |
| Income tax expense | 7 | 0.6 | (3.1) | 1.1 | (9.2) |
| NPAT | | (0.4) | 8.9 | (2.7) | 21.1 |

Notes:

- Revenue represents new vehicle sales, used vehicle sales, aftermarket products, parts and accessories sales, vehicle servicing and repair, provision of collision repair services, distribution of finance, insurance products together with income earned from the provision of shared services to the Toyota dealership at Warwick Farm and the dealership at Bathurst.
- Cost of goods sold includes servicing labour.
- Other expenses include data processing outside services, rates and land tax, office and other supplies, training and other miscellaneous expenses.
- Depreciation and amortisation include depreciation of property, plant and equipment and right of use assets.
- Floor plan interest reflects the interest expense on the floor plan facilities from vehicle financiers which are used to finance the new and used vehicle inventory held by the dealerships.
- Net finance expense reflects interest expense on lease liabilities and Loan Notes offset by interest income.
- Income tax expense represents the Australian corporate tax rate of 30% adjusted for any non-deductible expenses or non-assessable income.

4.4 Key Pro Forma Operating and Financial Metrics

Table 16 sets out a summary of the key historical and forecast pro forma financial and operating metrics.

Table 16: Key Operating Metrics

| \$m | Pro Forma | | | | Pro Forma | | |
|---------------------------------------|-----------|--------|--------|---------------------|-----------|---------|----------|
| | FY19 | FY20 | FY21F | CY21F ¹² | 1H FY20 | 1H FY21 | 1H FY22F |
| Financial metrics | | | | | | | |
| Revenue Growth | n/a | (3.3%) | 10.8% | 9.8% | n/a | 6.9% | 5.2% |
| Gross Profit Margin | 16.0% | 16.0% | 16.9% | 16.3% | 16.1% | 17.7% | 16.6% |
| Gross Profit Growth | n/a | (2.9%) | 16.7% | 6.4% | n/a | 17.2% | (1.5%) |
| EBITDA Margin | 3.6% | 3.6% | 5.0% | 4.9% | 3.3% | 5.6% | 5.5% |
| EBIT Margin | 2.4% | 2.3% | 3.8% | 3.8% | 2.0% | 4.4% | 4.4% |
| PBT Margin | 1.1% | 1.2% | 2.9% | 2.9% | 0.8% | 3.6% | 3.6% |
| Operating Expenses as % of Revenue | 12.4% | 12.4% | 11.9% | 11.4% | 12.9% | 12.1% | 11.1% |
| Operating Cash Flow Conversion | 76.7% | 170.5% | 84.6% | 90.4% | 76.5% | 84.1% | 94.4% |
| Sales Metrics | | | | | | | |
| New Vehicle Units Sold | 22,136 | 20,152 | 21,701 | 22,237 | 10,343 | 10,507 | 11,043 |
| New Vehicle Units Sold Growth | n/a | (9.0%) | 7.7% | 9.5% | n/a | 1.6% | 5.1% |
| Used Vehicle Units Sold | 6,911 | 7,250 | 8,081 | 8,390 | 3,731 | 3,934 | 4,243 |
| Used Vehicle Units Sold Growth | n/a | 4.9% | 11.5% | 12.6% | n/a | 5.4% | 7.9% |

12. CY21F movements have been calculated with reference to CY20.

4.5 Historical and Forecast Cash Flows

4.5.1 Statutory and Pro Forma Forecast Cash Flows and Statutory Historical Cash Flows

Table 17 provides a summary of the Pro Forma Historical Cash Flows and Statutory and Pro Forma Forecast Cash Flows.

Table 17: Pro Forma Historical and Pro Forma and Statutory Forecast Cash Flows

| \$m | Notes | Pro Forma | | | | Statutory | Pro Forma | | |
|--|-------|-------------|-------------|-------------|-------------|---------------|-------------|-------------|-------------|
| | | FY19 | FY20 | FY21F | CY21F | FY21F | 1H FY20 | 1H FY21 | 1H FY22F |
| EBITDA | | 51.5 | 49.5 | 76.0 | 77.1 | 70.4 | 22.9 | 42.3 | 43.4 |
| Movement in working capital | 1 | (10.0) | 30.1 | (10.9) | (6.9) | (10.9) | (4.5) | (6.4) | (2.3) |
| Other non-cash items | | – | – | – | – | 0.8 | – | – | – |
| Operating cash flow before floor plan interest | | 41.5 | 79.6 | 65.1 | 70.2 | 60.2 | 18.4 | 35.9 | 41.1 |
| Floor plan interest | 2 | (8.7) | (6.9) | (4.9) | (5.3) | (4.9) | (3.9) | (2.2) | (2.6) |
| Operating cash flow after floor plan interest | | 32.8 | 72.7 | 60.2 | 64.9 | 55.3 | 14.6 | 33.6 | 38.4 |
| Capital expenditure | 3 | (8.5) | (4.1) | (7.6) | (9.4) | (7.6) | (3.1) | (3.1) | (4.9) |
| Payment of lease liabilities | 4 | (13.2) | (16.0) | (18.0) | (18.4) | (25.7) | (8.0) | (9.0) | (9.4) |
| Net cash flow before corporate financing and taxation | | 11.1 | 52.7 | 34.6 | 37.0 | 22.0 | 3.4 | 21.6 | 24.1 |
| Income taxes paid | | | | (15.1) | (13.2) | (8.9) | | | |
| Loan Note interest paid | 5 | | | – | – | (3.1) | | | |
| Properties acquired | 6 | | | – | – | (117.7) | | | |
| Proceeds from the Offer | 7 | | | – | – | 227.4 | | | |
| Offer costs | 8 | | | – | – | (9.9) | | | |
| Pre-IPO Dividend | 9 | | | – | – | (66.0) | | | |
| Loan Note repayment | 10 | | | – | – | (92.5) | | | |
| Net cash flow | | | | 19.5 | 23.8 | (48.6) | | | |

Notes:

- Comprises changes in inventories (new and used vehicles and parts and accessories, net of provisions), receivables, payables and employee entitlements. The movement in working capital also reflects the movement in floor plan finance liabilities which are used to fund vehicle inventory and, in the FY21F Statutory forecast, reflects \$0.8 million in non-cash adjustments relating to the IPO Grants.
- Floor plan interest reflects the floor plan facilities from vehicle financiers which are used to finance the new and used vehicle inventory held by the dealerships.
- Capital expenditure reflects capital expenditure relating to property, plant and equipment.
- Payment of lease liabilities primarily comprises payments in respect to the leased properties accounted for in accordance with accounting for leases under AASB 16.
- Loan Note interest paid reflects interest paid on Loan Notes.
- Properties acquired reflects the cash component of the acquisition price with the remaining consideration issued as equity at the final Offer Price.
- Proceeds from the Offer reflect the expected proceeds from the issue of New Shares.
- Offer costs reflect the costs incurred in respect of the Offer that are offset against equity.
- Pre-IPO Dividend reflects payment of dividend to Existing Shareholders.
- Loan Note repayment reflects the redemption of the Loan Notes.

Table 18 sets out the Statutory Historical Cash Flows for the financial years FY19 and FY20 and half years 1H FY20 and 1H FY21.

Table 18: Statutory Historical Cash Flows

| \$m | Notes | FY19 | FY20 | 1H FY20 | 1H FY21 |
|---|----------|--------------|---------------|---------------|---------------|
| Cash flows from operating activities | | | | | |
| Receipts from customers (inclusive of GST) | | 1,538.8 | 1,478.0 | 800.3 | 844.2 |
| Receipts from government grants | 1 | – | 14.2 | – | 13.9 |
| Payments to suppliers and employees (inclusive of GST) | | (1,495.6) | (1,394.7) | (760.8) | (780.9) |
| | | 43.2 | 97.5 | 39.6 | 77.1 |
| Interest received | | 0.2 | 0.2 | – | 0.1 |
| Interest paid | | (22.7) | (20.3) | (10.7) | (8.7) |
| Income taxes (paid)/refunded | | 0.8 | (2.5) | (3.0) | (5.6) |
| Net cash from operating activities | 2 | 21.4 | 74.8 | 25.8 | 62.8 |
| Cash flows from investing activities | | | | | |
| Proceeds from sale of business | | 2.2 | – | – | – |
| Payment for acquisition of business | | (2.2) | – | – | – |
| Payments for plant and equipment | 3 | (8.4) | (4.3) | (2.9) | (3.1) |
| Employee loan funding | | – | – | – | (1.3) |
| Net cash used in investing activities | | (8.4) | (4.3) | (2.9) | (4.3) |
| Cash flows from financing activities | | | | | |
| Repayment of related party borrowings | 4 | (0.4) | (8.5) | (8.5) | – |
| Repayment of borrowings | 5 | – | – | (19.7) | (27.4) |
| Repayment of lease liabilities | 6 | (7.3) | (13.2) | (6.3) | (7.8) |
| Net cash used in financing activities | | (7.8) | (21.6) | (34.4) | (35.2) |
| Net increase in cash and cash equivalents | | 5.3 | 48.9 | (11.5) | 23.3 |
| Cash and cash equivalents at the beginning of the financial year | | 22.1 | 27.4 | 27.4 | 76.3 |
| Cash and cash equivalents at the end of the financial year | | 27.4 | 76.3 | 15.9 | 99.6 |

Notes:

1. FY20 statutory cash flows have been reclassified to separately disclose 'Receipts from government grants', previously contained within 'Receipts from customers (inclusive of GST)'.
2. Net cash from operating activities represents the statutory cash flows from operating activities including interest received, interest paid and income taxes paid/refunded.
3. Payments for property, plant and equipment represent purchases in respect of leasehold improvements and plant and equipment.
4. Repayment of related party borrowings represents repayments on the Loan Note.
5. Repayment of borrowings represents repayment of floor plan financing.
6. Payment of lease liabilities primarily comprises cash payments in respect to the rental of leased properties accounted for in accordance with accounting for leases under AASB 16.

4.5.2 Pro Forma Adjustments to the Statutory Historical and Forecast Cash Flows

Table 19 sets out a reconciliation of the historical and pro forma cash flows.

Table 19: Reconciliation of Statutory Net Cash Flow before Interest and Tax to Pro Forma Net Cash Flow before Interest and Tax

| \$m | Notes | FY19 | FY20 | FY21F | 1H FY20 | 1H FY21 | 1H FY22F | |
|--|-----------------------------------|-------------|-------------|-------------|--------------|-------------|-------------|-------|
| Statutory Net Cash Flow before Financing and Taxation | | 6.0 | 59.9 | 20.4 | (0.3) | 30.3 | 21.0 | |
| 1 | JobKeeper | 1 | – | (14.2) | (0.5) | – | (13.9) | – |
| 2 | Offer costs | 2 | – | – | 4.2 | – | – | – |
| 3 | Property costs | 3 | (1.0) | (1.0) | (0.8) | (0.5) | (0.5) | (0.5) |
| 4 | Adjustment to Acquired Properties | 4 | 8.0 | 8.2 | 9.3 | 4.4 | 4.6 | 4.8 |
| 5 | Public company costs | 5 | (1.9) | (1.9) | (1.6) | (0.9) | (0.9) | (0.9) |
| 6 | Employee incentives | 6 | (0.3) | 1.4 | 3.4 | 0.7 | 1.8 | (0.3) |
| 7 | Executive recharge | 7 | 0.2 | 0.2 | 0.2 | 0.1 | 0.1 | 0.1 |
| Pro Forma Net Cash Flow before Corporate Financing and Taxation | | 11.5 | 52.7 | 34.6 | 3.4 | 21.6 | 24.1 | |

Notes:

- Reflects the removal of JobKeeper income received in FY20 and the difference between the JobKeeper income received in FY21F (\$13.8 million) offset by the refund (\$13.3 million).
- Offer costs reflect the add-back of the amounts forecast to be expensed and paid in FY21F in relation to the Offer (fees payable to Joint Lead Managers, tax, legal and accounting fees) and the listing fees to the ASX. Note that \$9.9 million of the Offer costs (relating to the primary issue) are netted off against issued capital on the balance sheet.
- Property costs represent the cost of running the Acquired Properties as if the properties had been acquired on 1 July 2018.
- Adjustment to Acquired Properties relates to removal of payment of lease liabilities in relation to the Acquired Properties.
- Public company costs represent Peter Warren's estimate of the incremental annual board, listing and other costs (such as Directors' fees, share registry costs, Directors' and Officers' insurance premiums, Annual Report costs) and professional fees that it will incur operating as a listed company.
- Employee remuneration reflects the changes in employee remuneration and incentives for key management personnel.
- Executive recharge represents a recharge to the Warren Family Office for certain employees.

4.6 Statutory and Pro Forma Historical Statement of Financial Position

4.6.1 Statutory and Pro Forma Historical Statement of Financial Position

Table 20 sets out a summary of the Statutory Historical Statement of Financial Position as at 31 December 2020, adjusted for certain pro forma adjustments to take into account the effect of the Offer and other items as set out below. These adjustments reflect the impact of the change in capital structure that will take place as part of the Offer, as if this occurred on 31 December 2020.

Table 20: Statutory and Pro Forma Historical Statements of Financial Position as at 31 December 2020

| \$m | Statutory | Job-Keeper refund | Offer proceeds | Redemption of Loan Notes | Offer costs | Property Acquisitions | Derecognition of leased properties | Pre-IPO Dividend | Pro Forma |
|----------------------------------|----------------|-------------------|----------------|--------------------------|---------------|-----------------------|------------------------------------|------------------|----------------|
| Notes | | 1 | 2 | 3 | 4 | 5 | 6 | 7 | |
| Assets | | | | | | | | | |
| Current assets | | | | | | | | | |
| Cash and cash equivalents | 99.6 | (13.3) | 227.4 | (92.5) | (14.2) | (117.7) | – | (66.0) | 23.4 |
| Trade and other receivables | 43.7 | – | – | – | 0.1 | – | – | – | 43.8 |
| Inventories | 209.3 | – | – | – | – | – | – | – | 209.3 |
| Total current assets | 352.7 | (13.3) | 227.4 | (92.5) | (14.1) | (117.7) | – | (66.0) | 276.6 |
| Non-current assets | | | | | | | | | |
| Property, plant and equipment | 25.7 | – | – | – | – | 213.7 | (10.0) | – | 229.3 |
| Financial assets | 0.1 | – | – | – | – | – | – | – | 0.1 |
| Right of use assets | 194.3 | – | – | – | – | – | (71.7) | – | 122.6 |
| Intangibles | 140.1 | – | – | – | – | – | – | – | 140.1 |
| Deferred tax assets | 18.5 | – | – | – | 3.9 | – | (4.3) | – | 18.1 |
| Total non-current assets | 378.7 | – | – | – | 3.9 | 213.7 | (86.0) | – | 510.2 |
| Total assets | 731.3 | (13.3) | 227.4 | (92.5) | (10.2) | 96.0 | (86.0) | (66.0) | 786.8 |
| Liabilities | | | | | | | | | |
| Current liabilities | | | | | | | | | |
| Trade and other payables | (48.8) | – | – | – | – | – | – | – | (48.8) |
| Income tax payable | (8.9) | 4.0 | – | – | 0.4 | – | – | – | (4.6) |
| Contract liabilities | (0.5) | – | – | – | – | – | – | – | (0.5) |
| Lease liabilities | (14.8) | – | – | – | – | – | 4.9 | – | (9.8) |
| Employee benefits | (14.7) | – | – | – | – | – | – | – | (14.7) |
| Borrowings | (177.4) | – | – | – | – | – | – | – | (177.4) |
| Total current liabilities | (265.0) | 4.0 | – | – | 0.4 | – | 4.9 | – | (255.7) |

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| \$m | Statutory | Job- Keeper refund | Offer proceeds | Redemp- tion of Loan Notes | Offer costs | Property Acquisi- tions | Derecog- nition of leased proper- ties | Pre-IPO Dividend | Pro Forma |
|--------------------------------------|----------------|--------------------------|-------------------|-------------------------------------|----------------|-------------------------------|--|---------------------|----------------|
| | | 1 | 2 | 3 | 4 | 5 | 6 | 7 | |
| Notes | | | | | | | | | |
| Non-current liabilities | | | | | | | | | |
| Contract liabilities | (2.5) | – | – | – | – | – | – | – | (2.5) |
| Lease liabilities | (220.1) | – | – | – | – | – | 80.9 | – | (139.1) |
| Employee benefits | (1.0) | – | – | – | – | – | – | – | (1.0) |
| Borrowings | (92.5) | – | – | 92.5 | – | – | – | – | – |
| Provisions | (0.3) | – | – | – | – | – | 0.1 | – | (0.2) |
| Deferred tax liabilities | – | – | – | – | – | – | – | – | – |
| Total non-current liabilities | (316.3) | – | – | 92.5 | – | – | 81.0 | – | (142.8) |
| Total liabilities | (581.3) | 4.0 | – | 92.5 | 0.4 | – | 86.0 | – | (398.5) |
| Net assets | 150.0 | (9.3) | 227.4 | – | (9.8) | 96.0 | – | (66.0) | 388.3 |
| Issued capital | 162.2 | – | 227.4 | – | (6.9) | 96.0 | – | (0.3) | 478.5 |
| Retained earnings ⁸ | 38.6 | (9.3) | – | – | (2.9) | – | – | (65.8) | (39.4) |
| Other reserves | (50.8) | – | – | – | – | – | – | – | (50.8) |
| Equity | 150.0 | (9.3) | 227.4 | – | (9.8) | 96.0 | – | (66.0) | 388.3 |

Notes:

- Reflects the repayment of \$13.3 million to the government in February 2021 and a reduction in income tax payable on the assumption the refund will be tax deductible on the basis that the receipt of the money in the statutory forecast for FY21F was taxable and tax was paid on the amount, effectively a net tax neutral outcome.
- Offer proceeds of \$227.4 million through the issue of 78.4 million Shares in the Company.
- Reflects the redemption of the Loan Notes totalling \$92.5 million.
- Offer costs reflect the costs incurred in respect of the Offer totalling \$14.2 million. These costs are apportioned between profit or loss and equity in accordance with Accounting Standards. To the extent the costs are incremental and directly attributable to raising new equity, these will be capitalised and offset against equity on the balance sheet. For the purposes of the pro forma consolidated balance sheet it is assumed direct costs associated with the issue of new share capital of \$9.9 million (\$6.9 million tax effected) are offset against issued capital. The remainder is expensed. A deferred tax asset of \$3.9 million has been recognised in respect of transaction costs as they should be deductible for tax purposes over a five-year period.
- Properties acquired reflects the acquisition of the Warwick Farm and Southport properties for \$213.7 million which includes transaction costs of approximately \$11.3 million and is settled utilising \$117.7 million of cash and the issue of 33.1 million Shares at the Offer price totalling \$96 million.
- Derecognition of leased properties represents the right of use asset and lease liability associated with the Warwick Farm and Southport properties. The \$10 million difference between the right of use asset and liability is recognised in property, plant and equipment in accordance with AASB 16.
- Pre-IPO Dividend reflects payment of dividend to Existing Shareholders.
- The ability of the Group to pay dividends is assessed on a Company and not a consolidated Group basis. The Group's consolidated negative retained earnings is not indicative of Peter Warren's ability to pay future dividends. The Company's ability to pay future dividends is dependent on its standalone satisfaction of the solvency test of the Corporations Act and the sufficiency of profits and cash being available.

4.6.2 Statutory and Pro Forma Indebtedness

Table 21 sets out a summary of indebtedness as at 31 December 2020, adjusted for certain pro forma adjustments related to the Offer as set out below.

Table 21: Statutory and Pro Forma Indebtedness as at 31 December 2020

| | Statutory | Job- Keeper refund | Offer proceeds | Redemp- tion of Loan Notes | Offer costs | Property Acquisi- tions | Derecog- nition of leased propert- ies | Pre-IPO Dividend | Pro Forma |
|---|----------------|--------------------------|-------------------|-------------------------------------|----------------|-------------------------------|--|---------------------|----------------|
| Net cash/(debt) | | | | | | | | | |
| Cash and cash equivalents | 99.6 | (13.3) | 227.4 | (92.5) | (14.2) | (117.7) | – | (66.0) | 23.4 |
| Loan Notes | (92.5) | – | – | 92.5 | – | – | – | – | – |
| Net cash/(debt) | 7.2 | (13.3) | 227.4 | – | (14.2) | (117.7) | – | (66.0) | 23.4 |
| Lease liabilities | (234.8) | – | – | – | – | – | 85.9 | – | (148.9) |
| Floor plan finance | (177.4) | – | – | – | – | – | – | – | (177.4) |
| Net cash/(debt) including lease liabilities and floor plan finance | (405.0) | (13.3) | 227.4 | – | (14.2) | (117.7) | 85.9 | (66.0) | (302.9) |

4.6.3 Summary of finance facilities

4.6.3.1 Loan Notes

The Loan Notes were issued at the time of the Quadrant Funds' initial investment into the Company in 2017, and then in connection with the acquisition of Frizelle Automotive in July 2017.

As part of the Offer, the Loan Notes will be repaid in full including interest payable on the Loan Notes and adjustments have been made to remove the impact of the Loan Notes from the Pro Forma Financial Information to reflect the ongoing capital structure of Peter Warren.

4.6.3.2 Floor plan Finance

Dealerships utilise bailment or floor plan finance to fund floor plan inventory for both new and used vehicles. New vehicles are purchased from the OEM using financing provided by a floor plan finance provider, who retains title in the 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.

A number of the OEMs have their own captive finance operations. Peter Warren uses facilities provided by Toyota Finance, with which it has had a long-standing relationship and history of financing renewals, as well as Volkswagen Financial Services, Mercedes-Benz Financial Services, St. George Bank, and Australian Alliance Automotive Finance (AAAF).

The facilities are available for drawdown by specified dealerships on a vehicle-by-vehicle basis, with repayment as it relates to an individual vehicle required immediately after the vehicle is sold. The total financed amount, can sometimes be higher than the inventory levels due to a time lag in the delivery of a vehicle to the dealership or on settlement following a sale. The facilities are secured by general security agreements, which are granted over all of the assets of various Peter Warren entities. Interest is charged under the facilities at a margin above the base swap rate adopted by each floor plan finance provider.

Peter Warren also utilises charge plan facilities in relation to financing used vehicle inventory. Unlike new vehicle floor plan facilities above, used facilities are not on a vehicle-by-vehicle basis, instead secured over the overarching used inventory on a rolling basis.

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Table 22: Summary of Floor plan Finance Facilities

| Floor plan Financier | Facility limit (\$m) | Amount drawn as at 31 December 2020 ¹ (\$m) |
|-------------------------------------|----------------------|--|
| Toyota Financial Services | 94.4 | 45.8 |
| AAAF | 51.8 | 36.4 |
| Mercedes-Benz Financial Services | 101.6 | 35.8 |
| Volkswagen Financial Services | 52.3 | 20.7 |
| St. George Financial Services | 66.9 | 49.1 |
| Total facilities² | 36.7 | 187.8 |

Notes:

1. The amount drawn in Table 22 relates to the statement from the relevant financier as at 31 December 2020. This may differ from the balance sheet amount due to timing difference in the invoicing and booking of inventory and the subsequent sale.
2. Peter Warren's facilities are long-standing and are reviewed on an annual basis and have been renewed throughout the historical financial period.

4.6.4 Liquidity and capital resources

Following Completion of the Offer, Peter Warren's principal source of funds will be cash flow from operations, cash held at Completion of the Offer and charge plan facilities. Peter Warren expects that it will have sufficient cash flow from operations to meet its business needs during the forecast period and will have sufficient working capital to carry out its stated objectives.

Peter Warren's ability to generate sufficient cash depends on its future performance which, to a certain extent, is subject to a number of factors beyond its control including general economic, financial and competitive conditions.

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

4.7.1 Key factors affecting Peter Warren's financial performance

This Section 4.7 discusses the general factors which affected Peter Warren's operating and relative financial performance in FY19, FY20 and 1H FY21 and which the Company expects may continue to affect it in the future.

The discussion of these general factors is intended to provide a brief summary only and does not detail all factors that have affected Peter Warren'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 4.7, and the related commentary is on a pro forma basis only.

4.7.1.1 Revenue

Peter Warren derives revenue from a number of related sources including:

- Sale of new vehicles (64.4% of FY20 revenue);
- Sale of used vehicles (16.1% of FY20 revenue);
- Sale of aftermarket products and services (1.4% of FY20 revenue);
- Sale of vehicle parts and accessories (10.4% of FY20 revenue);
- Provision of vehicle servicing and repair (5.4% of FY20 revenue);

-
- Distribution of vehicle financing and insurance products (1.6% of FY20 revenue); and
 - Other revenue (0.7% of FY20 revenue).

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 vehicle, which includes the sale of new and used vehicles, aftermarket products, services and distribution of financing and insurance products. Back-end revenue is generated from the sale of products and services subsequent to the sale of the vehicle and includes revenue from parts and accessories sales, vehicle servicing and the provision of collision repair services.

Sale of new vehicles

Peter Warren derived 64.4% of its FY20 revenue from the sale of new vehicles.

The primary determinants of revenue from the sale of vehicles are volume and sales price. Peter Warren's volume of vehicle sales reflects a range of factors including the number, location and quality of dealerships it operates, the number and mix (e.g. Volume, Luxury, Prestige or Trucks) of OEMs it represents and the range and attractiveness of the OEM's products.

Peter Warren retains the right to determine the price at which it sells new vehicles within certain parameters and brand guidelines, with the OEMs establishing a recommended retail price. The average price per new vehicle sold varies, reflecting the mix of brands and types of vehicles that Peter Warren sells.

Peter Warren also receives bonuses and other incentives from OEMs and, to a lesser extent, from other parties such as suppliers. These are offset in cost of goods sold.

Sale of used vehicles

Peter Warren derived 16.1% of its FY20 revenue from the sale of used vehicles.

The volume of used vehicles sold by Peter Warren reflects a range of factors including the number of dealerships it operates, the extent to which those operations include used retail yards, its level of used vehicle inventory held and the source of those vehicles being predominantly from trade-ins it receives on the sale of new vehicles. Peter Warren is free to set the price at which it sells used vehicles, with the price achieved reflecting the mix of brands and types of vehicle sold, the age and condition of the vehicle and market conditions at the time of sale. Sales can either be retail, to a final consumer or wholesale, to another vehicle sales operation.

Sale of aftermarket products and services and distribution of financing and insurance products

Peter Warren derived 1.4% and 1.6% of its FY20 revenue from the sale of aftermarket products and services and the distribution of financing and insurance products respectively.

The primary drivers of revenue from these products and services are the number of 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.

Examples of aftermarket products and services include window tinting, fabric protection, electronic driver aids and accessories. Examples of finance and insurance products distributed include loans to acquire a vehicle, comprehensive vehicle insurance and extended warranty products.

Commissions are calculated on a fixed and variable basis reflecting the loan terms of each contract including interest rate prescribed and volume-based variable elements.

Sale of vehicle parts and accessories

Peter Warren provides vehicle parts and accessories and generated 10.4% of its FY20 revenue from the sale of OEM-branded parts and accessories to retail customers, typically in conjunction with vehicle service work, as well as to trade customers (e.g. third-party service and repair providers).

Peter Warren provides parts and accessories to Peter Warren owned service and repair operations on an arm's length basis. These intercompany sales are eliminated in the Aggregated Accounts.

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The primary drivers of parts and accessories revenue are:

- The volume of service and collision repair work undertaken by Peter Warren owned service and repair centres;
- The number of OEM brands that Peter Warren represents; and
- The number of dealerships and their relationships with external trade customers.

Provision of vehicle servicing and repair

Peter Warren provides vehicle servicing and repair services and generated 5.4% of its FY20 revenue from these services.

Similar to most new vehicle dealerships, the majority of Peter Warren's service customers are those that have purchased vehicles from a Peter Warren dealership. As such, Peter Warren's service revenue is indirectly linked to the volume of new vehicles sold, with customers returning to a dealership to service vehicles at regular intervals subsequent to the initial purchase. Service revenue is predominantly recurring in nature for the first three to five years subsequent to the sale, as this period correlates typically to the warranty period offered by OEMs.

Peter Warren also operates collision repair centres which specialise in accident repair.

Other revenue

Other revenue is associated with interest income and revenue from shared services from related parties. This revenue is derived from the outsourcing of services to the Toyota dealership at Warwick Farm and the dealership at Bathurst. Other revenue also includes related rental income from the sublease of property at Warwick Farm.

4.7.1.2 Expenses

Cost of goods sold and gross profit

Peter Warren's main cost of goods sold is the purchase cost of new and used vehicles. Peter Warren also incurs costs associated with other inventory such as parts and accessories, and in relation to direct labour costs associated with the generation of service revenue.

The cost of new vehicles and parts and accessories are determined by the OEMs. The cost of goods sold in relation to new vehicles is offset by holdback income and other volume-based bonuses. The cost of all other goods sold is agreed between Peter Warren and the relevant supplier or the employment contracts of service technicians.

Peter Warren's gross profit margin associated with front-end revenue (which includes the sale of the vehicle and related bonuses and incentives, aftermarket revenues and finance and insurance income) is impacted by factors including the sales mix of vehicles between retail, fleet and government, used and new, the brands or make of the vehicles and the penetration of typically higher margin add-on products or services. Typically, gross profit margins on used vehicles are greater than those on new vehicles.

Peter Warren also receives bonuses and other incentives from OEMs and, to a lesser extent from other parties such as suppliers. OEM incentive payments are 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 vehicle sale volumes, customer satisfaction scores and vehicle sale mix.

These incentive payment from OEMs on the sale of new vehicles also contribute meaningfully as a reduction to cost of goods sold, and so Peter Warren's ability to achieve key KPIs can also impact gross profit margin.

The gross profit margin associated with back-end revenue (being the provision of repair and service across retail and warranty and the sale of parts and accessories across retail, warranty and trade) is typically higher than the gross profit margin associated with front-end revenue, and Peter Warren's overall gross profit margin is impacted by the relative mix of revenue between front-end and back-end product and service sales.

Other operating expenses

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 in relation to service technicians.

Peter Warren's cost base also includes head office and corporate costs including the expense of key executives.

Other operating expenses include the cost of marketing and advertising dealerships and products and services provided by Peter Warren, the cost of insurance associated with operating these dealerships, and the cost of operating a vehicle fleet.

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 3 to 15 years depending on the nature of the asset.

Peter Warren leases some of the premises at which its dealerships and other facilities operate and incurs depreciation expenses in recognition of right of use assets under AASB 16.

Interest expense

In line with general industry practice, Peter Warren funds the purchase of each new vehicle through floor plan finance facilities. Peter Warren also has charge plan facilities associated with the used vehicle inventory. These facilities cover the whole used inventory balance rather than vehicle-by-vehicle. Peter Warren pays interest on the usage of both of these types of facilities. Accordingly, Peter Warren regards interest on floor plan finance 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 vehicle sales. Peter Warren closely monitors the value of both its new and used vehicle inventory to manage this expense. The interest rate charged is typically a floating rate based on a margin above a benchmark rate.

Historically, Peter Warren has also incurred interest costs associated with Loan Notes issued to the Frizelle Family and Warren Family. As part of the Offer these Loan Notes will be repaid in full, with no future interest costs going forward.

Peter Warren leases some of the premises at each of its dealerships and other facilities and incurs an interest expense in relation to lease liabilities under AASB 16.

4.7.1.3 Cash flows

Working capital

Peter Warren includes working capital as third-party receivables, third-party payables, inventory, floor plan finance facilities and employee benefits.

Capital expenditure

Peter Warren'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;
- Acquisition of dealership and other operations such as collision repair facilities; and
- Replacement, maintenance and upgrade of workshop equipment and IT systems.

Capital expenditure spent in relation to the first two items will be partly incurred by the landlord if the property is not owned by the Company. These costs are typically capitalised into the rental cost of the property post-construction.

4.7.2 Pro Forma Historical Income Statement and Cash Flows for FY20 compared to FY19

Table 23 and Table 24 compare the Pro Forma Historical Income Statements, Cash Flows and key financial and operating metrics for FY19 and FY20.

Table 23: Pro Forma Historical Income Statements and Cash Flows for FY20 compared to FY19

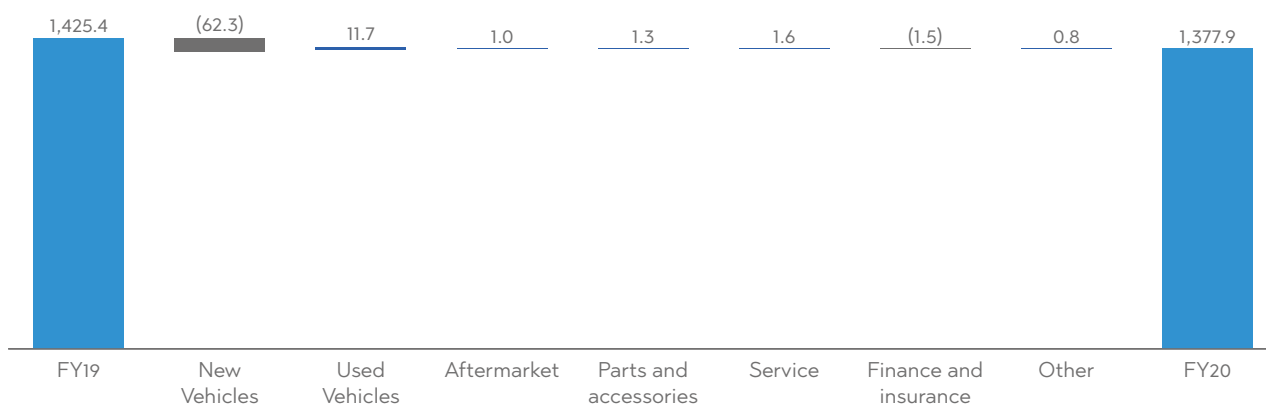
| A\$m | FY19 | FY20 | Change | % change |
|--|----------------|----------------|---------------|---------------|
| Revenue | 1,425.4 | 1,377.9 | (47.5) | (3.3%) |
| New Vehicles | 949.8 | 887.5 | (62.3) | (6.6%) |
| Used Vehicles | 209.9 | 221.6 | 11.7 | 5.6% |
| Aftermarket | 17.9 | 18.8 | 1.0 | 5.3% |
| Parts and accessories | 141.8 | 143.1 | 1.3 | 0.9% |
| Service | 72.8 | 74.4 | 1.6 | 2.2% |
| Finance and insurance | 24.2 | 22.7 | (1.5) | (6.3%) |
| Other | 9.1 | 9.8 | 0.8 | 8.4% |
| Cost of goods sold | (1,197.9) | (1,157.0) | 40.8 | (3.4%) |
| Gross profit | 227.5 | 220.9 | (6.6) | (2.9%) |
| Operating expenses | (176.1) | (171.4) | 4.7 | (2.7%) |
| Employee benefits expenses | (123.4) | (120.2) | 3.2 | (2.6%) |
| Advertising expenses | (12.7) | (9.6) | 3.1 | (24.6%) |
| Other expenses | (40.0) | (41.6) | (1.6) | 4.1% |
| EBITDA | 51.5 | 49.5 | (1.9) | (3.8%) |
| Depreciation and amortisation | (17.7) | (18.2) | (0.5) | 2.8% |
| EBIT | 33.8 | 31.3 | (2.4) | (7.2%) |
| Floor plan interest | (8.7) | (6.9) | 1.8 | (21.0%) |
| Net finance expense | (9.0) | (8.6) | 0.4 | (4.9%) |
| PBT | 16.1 | 15.9 | (0.2) | (1.1%) |
| Income tax expense | (4.6) | (4.2) | 0.3 | (6.7%) |
| NPAT | 11.5 | 11.7 | 0.1 | 1.1% |
| EBITDA | 51.5 | 49.5 | (1.9) | (3.8%) |
| Movement in working capital | (10.0) | 30.1 | 40.1 | (401.1%) |
| Operating cash flow before floor plan interest | 41.5 | 79.6 | 38.1 | 91.9% |
| Floor plan interest | (8.7) | (6.9) | 1.8 | (21.0%) |
| Operating cash flow after floor plan interest | 32.8 | 72.7 | 39.9 | 121.8% |
| Capital expenditure | (8.5) | (4.1) | 4.4 | (52.3%) |
| Payment of lease liabilities | (13.2) | (16.0) | (2.8) | 20.9% |
| Net cash flow before corporate financing and taxation | 11.1 | 52.7 | 41.6 | 375.4% |

Table 24: Key operating metrics for FY20 compared to FY19

| A\$m | FY19 | FY20 | Change | % change |
|------------------------------------|--------|--------|---------|----------|
| Sales metrics | | | | |
| New Vehicle units sold | 22,136 | 20,152 | (1,984) | (9.0%) |
| Used Vehicle units sold | 6,911 | 7,250 | 339 | 4.9% |
| Financial metrics | | | | |
| Gross profit margin | 16.0% | 16.0% | 7 bps | |
| EBITDA margin | 3.6% | 3.6% | (2 bps) | |
| EBIT margin | 2.4% | 2.3% | (9 bps) | |
| PBT margin | 1.1% | 1.2% | 3 bps | |
| Operating expenses as % of revenue | 12.4% | 12.4% | 8 bps | |
| Operating cash flow conversion | 76.7% | 170.5% | 122.4% | |

4.7.2.1 Revenue

Figure 39: FY19 to FY20 revenue bridge by product



Revenue decreased by 3.3% from \$1,425.4 million in FY19 to \$1,377.9 million in FY20 driven by:

- **New vehicles:** 6.6% decrease in new vehicles revenue from \$949.8 million in FY19 to \$887.5 million in FY20 as new vehicle unit sales decreased 9.0% in line with the Australian new vehicle market which experienced declining sales volumes of 13.7%, impacted by COVID-19 lockdowns slowing new vehicle sales in Automotive Dealerships; and
- **Used vehicles:** 5.6% increase in used vehicles revenue from \$209.9 million in FY19 to \$221.6 million in FY20 as used vehicle unit sales increased 4.9% as the Company benefited from a strategic focus on used cars. Following a period of new volume contraction, management adopted strategy changes and new processes aimed at increasing exposure to the used vehicle market. Strategic activities included the acquisition of additional stock, streamlining processes and establishing a corporate partnership to enhance the supply of vehicles.

Movement in other product revenue was relatively flat across the period and did not contribute meaningfully to the change in revenue.

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4.7.2.2 Gross profit

Gross profit decreased by 2.9% from \$227.5 million in FY19 to \$220.9 million in FY20 largely driven by the reduction in revenue, offset by a slight change in margin driven by increased sales of higher margin products including used vehicles.

4.7.2.3 Operating expenses and EBITDA

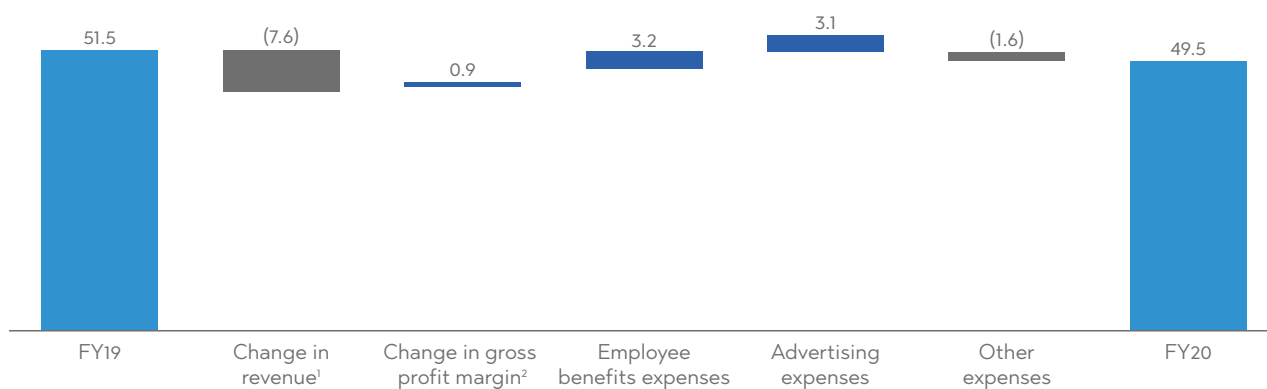
Operating expenses decreased by \$4.7 million, from \$176.1 million in FY19 to \$171.4 million in FY20, a decrease of 2.7% due to significant reduction of advertising expenses by \$3.1 million (24.6%) and reduction of employee benefits expenses by \$3.2 million (2.6%) following cost cutting measures in response to COVID-19. The notable impacts included:

- Immediate freeze on advertising spend;
- Voluntary election for employees to reduce working hours;
- Closure of New South Wales dealerships on Sundays was introduced from 29 March 2020;
- Renegotiation of contracts with suppliers; and
- Rent reductions on leases.

The operating expenses presented are on a pro forma basis and exclude the impact of JobKeeper received during the period.

For the reasons discussed, EBITDA decreased by \$1.9 million, from \$51.5 million in FY19 to \$49.5 million in FY20, a decrease of 3.8%.

Figure 40: FY19 to FY20 EBITDA bridge



Notes:

1. Reflects change in revenue applied to FY19 gross profit margin.
2. Reflects change in gross profit margin applied to FY20 revenue.

4.7.2.4 Depreciation and amortisation and EBIT

Depreciation and amortisation expense increased by \$0.5 million, from \$17.7 million in FY19 to \$18.2 million in FY20, due to heightened capital expenditure in FY19 increasing the depreciable asset base, driven by the refurbishment of Mazda Southport and the establishment of a greenfield Ferrari dealership in the same location.

4.7.2.5 Floor plan interest, net finance expense and PBT

Floor plan interest decreased by \$1.8 million, from \$8.7 million in FY19 to \$6.9 million in FY20, a decrease of 21.0% as a direct result of a management directive to reduce both aged and overall inventory levels. Subsequent delays in new vehicle supply chains due to COVID-19 impacts resulted in a significant decrease in inventory and therefore floor plan financing.

Net finance expense representing the interest cost of leased property under AASB 16 decreased by \$0.4 million, from \$9.0 million in FY19 to \$8.6 million in FY20, a decrease of 4.9% as a result of a lease portfolio shifting further through its cycle.

This resulted in PBT decreasing by \$0.2 million, from \$16.1 million in FY19 to \$15.9 million in FY20, a decrease of 1.1%.

4.7.2.6 Movement in working capital

The movement in working capital of \$30.1 million in FY20 was primarily the result of management's response to reduced trading due to COVID-19 lockdowns, including:

- A reduction in inventory and trade debtors net of floor plan finance given reduced trading and sales volumes required less stock being made available to customers; and
- Improvement in creditor cash flows through negotiating delayed payments to key creditors.

This resulted in a difference of \$40.1 million in cash flows due to movements in working capital between FY19 and FY20.

4.7.2.7 Capital expenditure

Capital expenditure decreased by \$4.4 million, from \$8.5 million in FY19 to \$4.1 million in FY20. This decrease was due in part to the fact that the capital expenditure in FY19 was higher than normal (as described above in Section 4.7.1.3) and in part due to the deferral of capital expenditure projects in 2H FY21 due to the impact of COVID-19.

4.7.3 Pro Forma Historical Income Statements and Cash Flows for 1H FY21 compared to 1H FY20

Table 25 and Table 26 compare the Pro Forma Historical Income Statements, Cash Flows and key financial and operating metrics for 1H FY20 and 1H FY21.

Table 25: Pro Forma Historical Income Statements and Cash Flows for 1H FY21 compared to 1H FY20

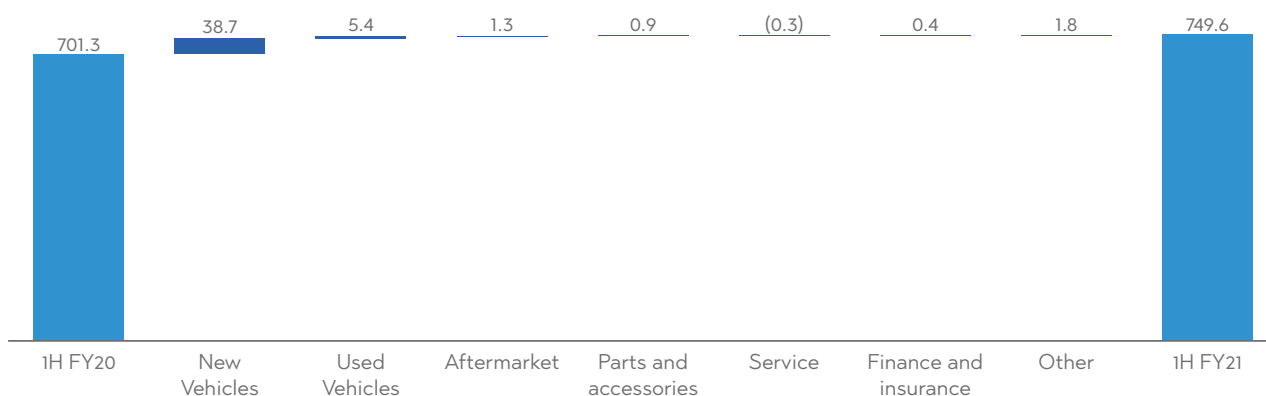
| A\$m | 1H FY20 | 1H FY21 | Change | % change |
|--|--------------|--------------|-------------|---------------|
| Revenue | 701.3 | 749.6 | 48.2 | 6.9% |
| New Vehicles | 451.3 | 490.1 | 38.7 | 8.6% |
| Used Vehicles | 113.8 | 119.1 | 5.4 | 4.7% |
| Aftermarket | 9.2 | 10.5 | 1.3 | 14.0% |
| Parts and accessories | 74.1 | 75.0 | 0.9 | 1.2% |
| Service | 38.8 | 38.4 | (0.3) | (0.8%) |
| Finance and insurance | 11.5 | 11.9 | 0.4 | 3.9% |
| Other | 2.7 | 4.5 | 1.8 | 68.1% |
| Cost of goods sold | (588.2) | (616.9) | (28.7) | 4.9% |
| Gross profit | 113.2 | 132.7 | 19.5 | 17.2% |
| Operating expenses | (90.2) | (90.4) | (0.2) | 0.2% |
| Employee benefits expenses | (63.3) | (65.6) | (2.3) | 3.7% |
| Advertising expenses | (5.6) | (3.0) | 2.6 | (45.8%) |
| Other expenses | (21.4) | (21.8) | (0.4) | 1.8% |
| EBITDA | 22.9 | 42.3 | 19.3 | 84.4% |
| Depreciation and amortisation | (9.2) | (9.0) | 0.2 | (2.2%) |
| EBIT | 13.7 | 33.3 | 19.6 | 142.7% |
| Floor plan interest | (3.9) | (2.2) | 1.7 | (42.5%) |
| Net finance expense | (4.3) | (4.1) | 0.2 | (4.7%) |
| PBT | 5.5 | 26.9 | 21.4 | 388.8% |
| Income tax expense | (1.7) | (8.2) | (6.5) | 386.7% |
| NPAT | 3.8 | 18.8 | 14.9 | 389.7% |
| EBITDA | 22.9 | 42.3 | 19.3 | 84.4% |
| Movement in working capital | (4.5) | (6.4) | (1.9) | 42.8% |
| Operating cash flow before floor plan interest | 18.4 | 35.9 | 17.4 | 94.5% |
| Floor plan interest | (3.9) | (2.2) | 1.7 | (42.5%) |
| Operating cash flow after floor plan interest | 14.6 | 33.6 | 19.1 | 131.1% |
| Capital expenditure | (3.1) | (3.1) | 0.0 | (0.8%) |
| Payment of lease liabilities | (8.0) | (9.0) | (1.0) | 12.3% |
| Net cash flow before corporate financing and taxation | 3.4 | 21.6 | 18.1 | 526.1% |

Table 26: Key operating metrics for 1H FY21 compared to 1H FY20

| A\$m | 1H FY20 | 1H FY21 | Change | % change |
|------------------------------------|---------|---------|----------|----------|
| Sales metrics | | | | |
| New Vehicle units sold | 10,343 | 10,507 | 164 | 1.6% |
| Used Vehicle units sold | 3,731 | 3,934 | 203 | 5.4% |
| Financial metrics | | | | |
| Gross profit margin | 16.1% | 17.7% | 156 bps | |
| EBITDA margin | 3.3% | 5.6% | 237 bps | |
| EBIT margin | 2.0% | 4.4% | 248 bps | |
| PBT margin | 0.8% | 3.6% | 281 bps | |
| Operating expenses as % of revenue | 12.9% | 12.1% | (81 bps) | |
| Operating cash flow conversion | 76.5% | 84.1% | 9.9% | |

4.7.3.1 Revenue

Figure 41: 1H FY20 to 1H FY21 revenue bridge by product



Revenue increased by 6.9% from \$701.3 million in 1H FY20 to \$749.6 million in 1H FY21 driven by:

- **New vehicles:** 8.6% increase in new vehicles revenue from \$451.3 million in 1H FY20 to \$490.1 million in 1H FY21 as new vehicle unit sales increased 1.6% as there was growing demand for vehicles following the COVID-19 lockdowns, with strong growth in November and December. Inventory supply constraints resulted in price growth from reduced discounting as demand exceeded supply resulting in order book growth; and
- **Used vehicles:** 4.7% increase in used vehicles revenue from \$113.8 million in 1H FY20 to \$119.1 million in 1H FY21 as used vehicle unit sales increased 5.4% as the Company benefited from a strategic focus to increase exposure to the used vehicle market through increased retail yard size and centralisation and digitisation of processes to ensure stronger supply of used vehicles through trade-ins and corporate partnerships.

Other product revenues were relatively flat across the period and did not contribute meaningfully to the change in revenue.

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4.7.3.2 Gross profit

Gross profit increased by 17.2% from \$113.2 million in 1H FY20 to \$132.7 million in 1H FY21 driven by revenue growth and margin expansion from 16.1% in 1H FY20 to 17.7% in 1H FY21. Margin expansion was a result of supply constraints in the new vehicle market in Australia which improved the pricing environment for both new and used vehicles as order books expanded and demand exceeded supply.

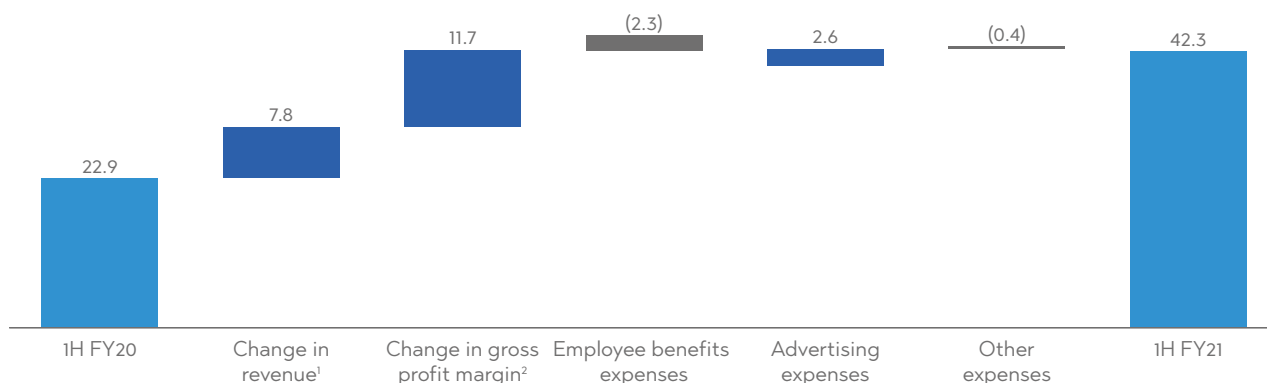
4.7.3.3 Operating expenses and EBITDA

Operating expenses increased by 0.2% from \$90.2 million in 1H FY20 to \$90.4 million in 1H FY21 despite revenue growth as cost efficiencies from 2H FY20 that were introduced in response to COVID-19 outcomes were maintained. These included reduced operating hours, better pricing from suppliers and changing strategies in relation to advertising. The increase in employee benefits expenses was caused by an increase in commissions due to growth in new and used vehicle gross profit margins.

The operating expenses presented are on a pro forma basis and exclude the impact of JobKeeper received during the period.

For the reasons discussed, this resulted in EBITDA increasing by \$19.3 million, from \$22.9 million in 1H FY20 to \$42.3 million in 1H FY21, an increase of 84.4%.

Figure 42: 1H FY20 to 1H FY21 EBITDA bridge



Notes:

1. Reflects change in revenue applied to 1H FY20 gross profit margin.
2. Reflects change in gross profit margin applied to 1H FY21 revenue.

4.7.3.4 Depreciation and amortisation and EBIT

Depreciation and amortisation expense was relatively flat. The slight reduction in 1H FY21 was driven by a reduction in the depreciable right of use asset associated with AASB 16 treatment of property leases.

4.7.3.5 Floor plan interest, net finance expense and PBT

Floor plan interest expense decreased by \$1.7 million, from \$3.9 million in 1H FY20 to \$2.2 million in 1H FY21, a decrease of 42.5% as a result of a reduction in inventory due to supply chain constraints on new vehicle supply into Australia caused by COVID-19.

Net finance expense decreased by \$0.2 million, from \$4.3 million in 1H FY20 to \$4.1 million in 1H FY21, a decrease of 4.7% as a result of the interest component of AASB 16 treatment of property leases.

This resulted in PBT increasing by \$21.4 million, from \$5.5 million in 1H FY20 to \$26.9 million in 1H FY21, an increase of 388.8%.

4.7.3.6 Movement in working capital

The movement in working capital of (\$6.4) million in 1H FY21 was primarily the result of:

- No change in inventory and trade debtors, net of floor plan finance, despite sales volume growth as a result of supply chain constraints restricting new vehicles into the Australian market;
- An increase in trade creditors associated with growth in the business; and
- Cash inflow from an increase in employee benefits liabilities.

This resulted in a difference of (\$1.9) million in cash flows due to movements in working capital between 1H FY20 and 1H FY21.

4.7.3.7 Capital expenditure

Capital expenditure was relatively flat as capital expenditure programs were largely deferred due to the impact of COVID-19, a similar pattern to the prior period.

4.8 Forecast Financial Information

4.8.1 General assumptions in relation to the Forecast Financial Information

The Forecast Financial Information is based on the best estimate assumptions concerning future events. In preparing the Forecast Financial Information, Peter Warren has undertaken an analysis of historical performance and applied assumptions in order to forecast future performance for FY21F and CY21F.

The Directors believe the assumptions, when taken as a whole, to be reasonable at the time of preparing this Prospectus, including each of the general and specific assumptions set out in Section 4.8. However, the actual results are likely to vary from the forecast and any variation may be materially positive or negative. Many of the assumptions upon which the Forecast Financial Information is based are beyond the control of the Directors and management of Peter Warren and are not reliably predictable.

Accordingly, none of Peter Warren, its Directors, management, or any other person can provide assurance that the Forecast Financial Information or any prospective statement contained in this Prospectus will be achieved.

The assumptions set out below should be read in conjunction with the sensitivity analysis set out in Section 4.10, the risk factors set out in Section 5 and the Investigating Accountant's Report set out in Section 8.

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

- There are no material changes in the competitive and operating environment in which Peter Warren operates;
- There are no significant deviations from current market expectations of economic and market conditions under which Peter Warren operates; in particular that the impact of COVID-19 from a global and Australian perspective continues in a similar way to that experienced in the second half of 2020 and 2021 with the general expectation of a slow economic recovery commencing from the last quarter of 2020. No expectations in relation to further state-wide lockdowns or the impact of COVID-19 outbreaks have been included in this forecast. Refer to Section 4.8.2.5 below for additional considerations on the impact of COVID-19 on the recent trading performance of the business and the specific assumptions noted below which consider the expected impact of the COVID-19 pandemic;
- 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 Peter Warren;
- There are no changes in applicable AAS, IFRS, other mandatory requirements or the Corporations Act which could have a material impact on Peter Warren'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 Peter Warren;
- There are no material changes in key personnel, including key management personnel. It is also assumed that Peter Warren will maintain its ability to recruit and retain the personnel required to support the future growth of Peter Warren;

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- There are no material changes to Peter Warren’s corporate and funding structure other than the transactions contemplated under the terms of the Offer set out in this Prospectus;
- There are no significant disruptions to the continuity of operations of Peter Warren or other material changes in the business;
- There are no material amendments to any material contract, agreement or arrangement relating to Peter Warren’s business or intellectual property;
- None of the risks listed in Section 5 eventuates, or if they do, none of them has a material adverse impact on the operations of Peter Warren; and
- The Offer proceeds are received in accordance with the timetable set out in the Key Dates on page 03 of this Prospectus.

4.8.2 Specific assumptions in relation to the Forecast Financial Information

The Forecast Financial Information has been prepared with consideration of the actual, unaudited, trading performance of Peter Warren through to 31 December 2020 and is based on various specific assumptions. The key specific assumptions are set out below.

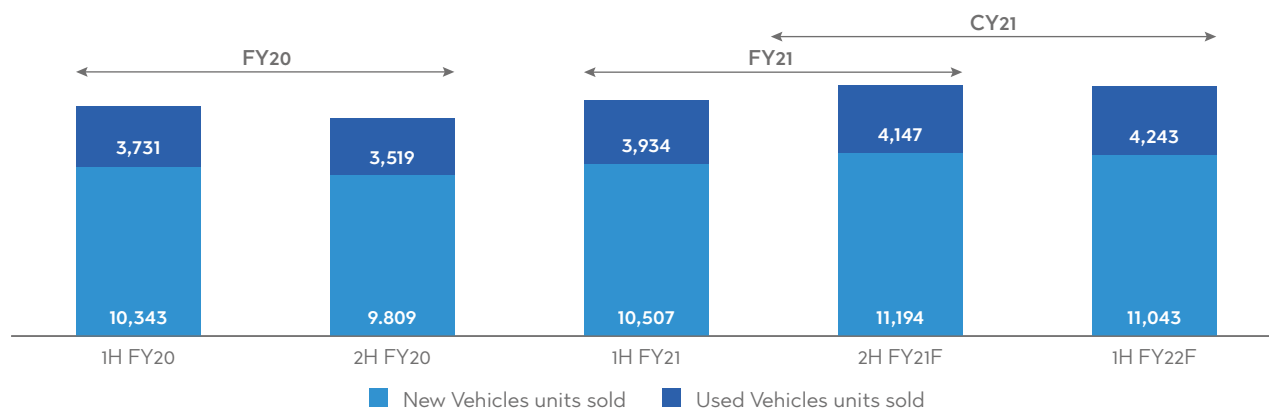
4.8.2.1 New and used vehicle numbers

Peter Warren forecasts on a franchise level basis and consideration is given to the impact of new vehicle models, including OEM known activities such as new releases and model line-up changes. Forecast assumptions also have regard to potential disruptions to dealership locations as a result of the projected capital expenditure during the forecast period. Sales are formulated on a franchise-by-franchise basis and like brands are compared for consistency.

The Company is expecting a 6.5% increase in 2H FY21F new vehicle unit sales versus 1H FY21, reflecting new vehicle supply chain normalising and fulfilment of the current order book, with volumes to moderate in 1H FY22F with a slight 1.3% decline from the prior six-month period.

Used vehicle unit sales are expected to follow a similar trend to new vehicle volumes, increasing from 3,934 in 1H FY21 to 4,147 in 2H FY21F, reflecting a 5.4% increase period on period. Growth is forecast to continue into 1H FY22F with an increase of 2.3% relative to the prior six months, reflecting Peter Warren’s estimates of the impact of initiatives implemented to grow used vehicle sales, including increases to retail space and improved sourcing of supply. The Forecast Financial Information also reflects expectations regarding normalisation of new vehicle supply and the impact that this will have on the used vehicle market and trade-ins generated. Similar to new vehicle unit sales, management formulates forecast volumes at a franchise level.

Figure 43: New and used vehicle unit sales



4.8.2.2 Revenue and gross profit

Revenue is forecast by management at the product level by franchise to account for regional, location and marque dynamics.

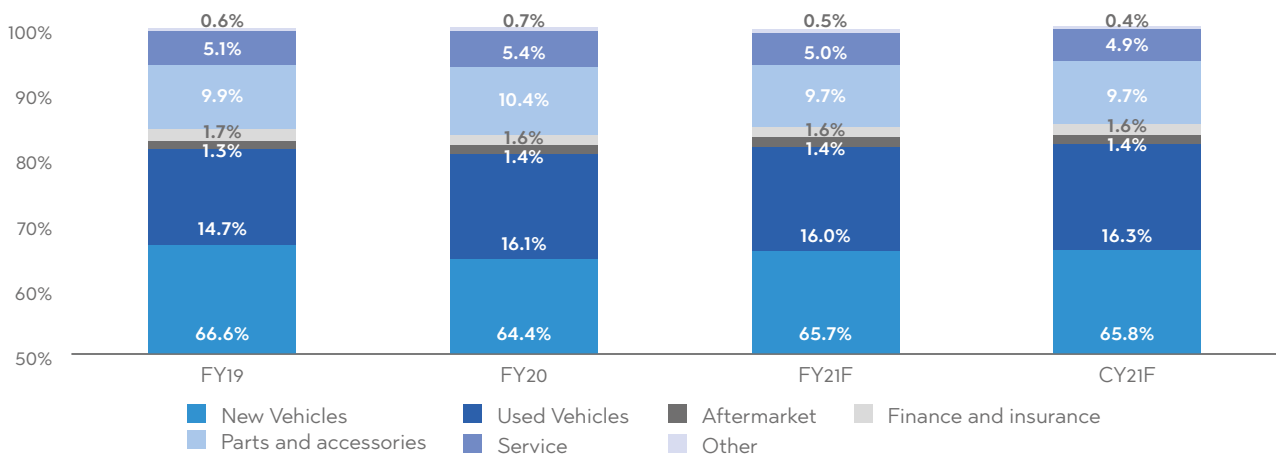
New and used vehicles revenues are based on an assumed gross profit per unit accounting for historical trends and margins, and expected retail prices for new models and normalisation in new vehicle supply.

Aftermarket and finance and insurance revenues are based on forecast vehicle sales and historical trends in penetration, accounting for expected increase in competition in the lending market. Gross profit margin is consistent with historical levels and known changes in product line-up and pricing.

Service and parts and accessories revenues are based on historical performance accounting for improvements from investments in IT infrastructure and systems which are expected to improve volumes. Forecasts also include reference to prior period vehicle sales activities and assumptions around retention levels of service customers over time derived from historical data.

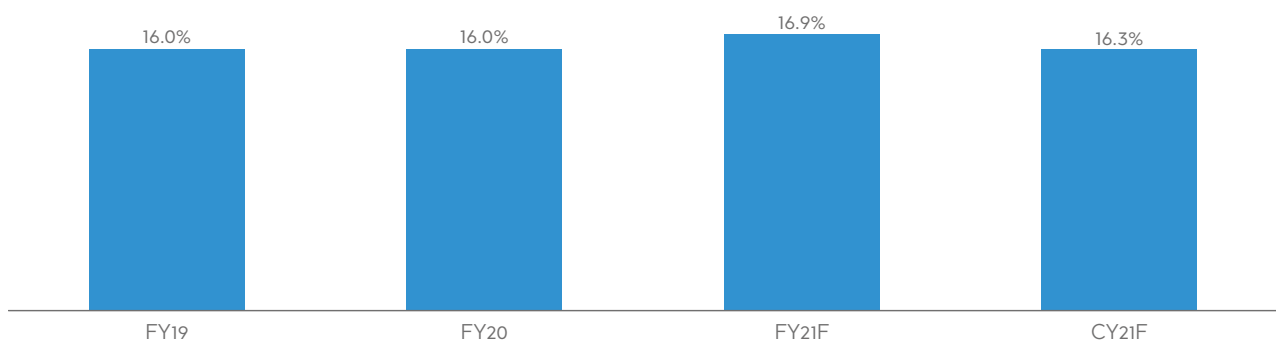
Given the reliance on historical performance to support forecasts, Peter Warren is not expecting a material shift in the contribution by product to revenue, as depicted in Figure 44, with the exception of growth in used vehicle sales given the strategic focus and investment in growing this business.

Figure 44: Revenue contribution by product (100% basis)



Gross profit margins on products excluding new and used vehicle sales are based on historical performance. Figure 45 depicts the forecast gross profit margin versus comparable recent trading periods. Peter Warren expects a decline in gross profit margins driven by the normalisation of vehicle supply chain constraints experienced in 1H FY21 across new and used vehicle sales. This contraction is forecasted in both 2H FY21F and continuing through CY21F. In addition, Peter Warren expects to meet the eligibility criteria in relation to the enrolment of some of its staff into upskilling and development programs that are anticipated to generate \$4.4 million of subsidy benefit in the form of the Boosting Apprenticeships Program in the CY21F period. This program replaces alternate programs that were previously available to the Group.

Figure 45: Gross profit margin



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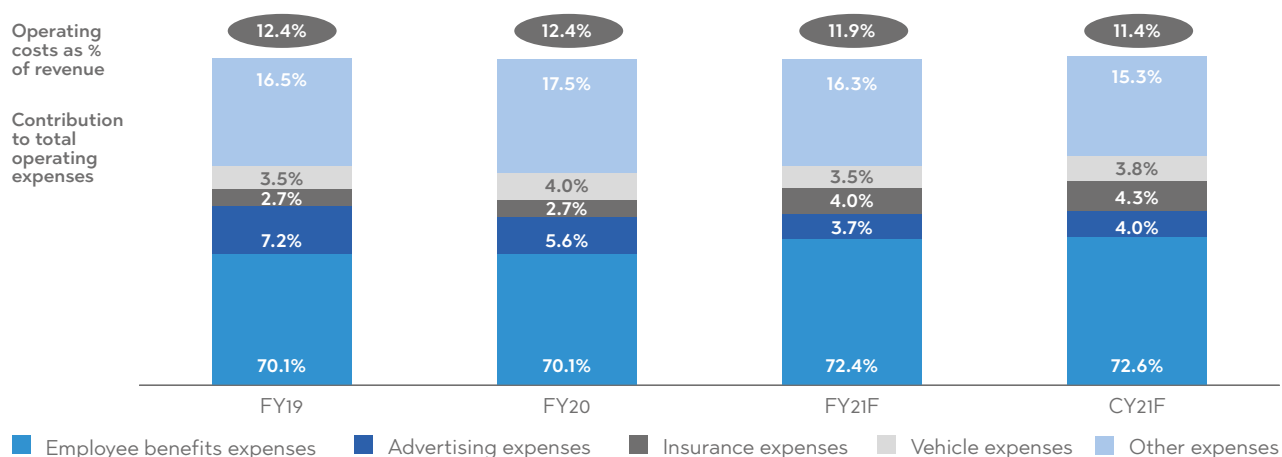
4.8.2.3 Operating expenses

Peter Warren forecasts operating expenses to be in line with historical ratios to revenue following a reset in 1H FY21 where the cost base was adjusted and made more efficient in response to COVID-19. The largest operating cost, employee benefits, also accounts for estimates of commission payable to staff given the forecast revenue assumptions by product.

Operating expenses also include incremental costs expected to be incurred by Peter Warren as a result of being a public company (including costs such as annual listing costs, incremental Board costs, incremental insurance costs, costs of investor relations and the distribution of periodic reports) which have been applied to historical and forecast years as if they commenced from 1 July 2018.

Other expenses are forecast to decline as Peter Warren continues to benefit from the digitisation of processes creating more efficiencies in the underlying cost base. This includes the renegotiation of pricing terms with the view of centralising its supplier network and the streamlining of target areas such as training.

Figure 46: Operating expenses contribution and total as percentage of revenue



4.8.2.4 Seasonality

Peter Warren typically experiences mild seasonality in its operations. Given volatility in the historical and forecast period of the Financial Information due to COVID-19, management believes FY19 is the best indicator of normalised performance.

Across FY19, first half revenue contributed approximately 48% of full year revenue. This is due to second half revenue typically experiencing strong demand in the months of May and June while first half experiences strong demand in December, offset partly by the holiday period when trading is subdued. Given the fixed cost base inherent in the business, earnings evidence a skew towards the second half on a normalised basis.

Given volatility in trading since 2H FY20, management has built up from an individual franchise level on a monthly basis estimated revenue and expenses and believes this is a fair estimate of the financial performance of the business accounting for the seasonality typical of an Automotive Dealership business.

4.8.2.5 COVID-19

As highlighted in the risks described in Section 5, the full impact of COVID-19 on both the Automotive Dealership industry in Australia and on Peter Warren is still unclear. The business has consistently traded positively through 1H FY21 during which COVID-19 has continued to impact Peter Warren's business and the industry. Peter Warren was the recipient of JobKeeper in FY20 and FY21, and while these amounts and the refund in FY21 have been adjusted to be removed from the Pro Forma Financial Information, no guarantee can be made that similar payments or government support will be extended in the future in the event of another outbreak and further resultant lockdowns and/or trading restrictions.

While a further COVID-19 outbreak and potential government mandated lockdowns and/or trading restrictions are possible, management has prepared the forecast assuming that all dealerships are able to operate as normal, with no impact to trading hours during the Forecast Period.

Positive benefits from operating cost efficiency, improved debtor and creditor terms, reduced operating hours, reduced employee benefits expenses relative to revenue and more cost-effective advertising are all expected to continue.

4.8.2.6 Other assumptions

The following other assumptions have been made in preparing the Forecast Financial Information:

- **JobKeeper refund:** management has assumed that the repayment of JobKeeper in the statutory forecast for FY21F is tax deductible on the basis that the receipt of the money in the statutory forecast for FY21F was taxable and tax was paid on the amount. Management has assumed that the tax treatment of the repayment is to effect a tax neutral outcome, as if the amount had never been received;
- **Wage subsidy:** receipt of \$4.4 million in CY21F in relation to the Boosting Apprenticeships Program whereby employers will receive a wage subsidy for employing new apprentices between 5 October 2020 and 30 September 2021 and meeting certain eligibility criteria. Peter Warren expects to receive these subsidies in CY21F;
- **Depreciation:** depreciation policy and useful life assumptions are forecast to remain consistent with historical levels including across right of use assets, acknowledging a diminishing interest profile as leases pass through their terms;
- **Amortisation:** amortisation policy and useful life assumptions are forecast to remain consistent with historical levels;
- **Interest expense:** interest expense in relation to floor plan finance will remain consistent with previous treatment and for AASB 16, lease liabilities are expected to reduce in line with repayment of this liability;
- **Floor plan finance:** forecasts assume no change in underlying interest rates or the margin applied. An increase in inventories is expected as restrictions on new vehicle supply chains as a result of COVID-19 are eased;
- **Working capital:** forecast no major changes to working capital structure; and
- **Capital expenditure**
 - Maintenance: forecast consistent spend on maintenance of existing premises and equipment based on a regular servicing schedule; and
 - Growth: forecast growing spend on growth capital expenditure due to deferral of a number of key projects following COVID-19 including the refurbishment of showrooms.

4.9 Management discussion and analysis of the Forecast Financial Information

Set out below is a discussion of Peter Warren's revenues and expenses and the main drivers of Peter Warren's historical operating and financial performance, which Peter Warren expects may continue to be the drivers during the period of the Forecast Financial Information. The discussion is intended to provide a brief summary only and does not detail all the factors that had an impact on the historical operating and financial performance, nor everything which may impact Peter Warren's operating and financial performance in the future. Unless otherwise stated, all metrics and financial information presented in this Section, and the related commentary is on a pro forma basis only. The information in this Section 4.9 should also be read in conjunction with the general and specific assumptions in Section 4.8.1 and Section 4.8.2, the sensitivities in Section 4.10, key risk factors set out in Section 5 and the other information contained in this Prospectus.

4.9.1 Pro Forma Forecast Income Statement and Cash Flows for FY21F compared to FY20

Table 27 and Table 28 compare the Pro Forma Historical Income Statement, Pro Forma Forecast Income Statement, Cash Flows and key financial and operating metrics for FY20 and FY21F.

Table 27: Pro Forma Forecast Income Statements and Cash Flows for FY21F compared to FY20

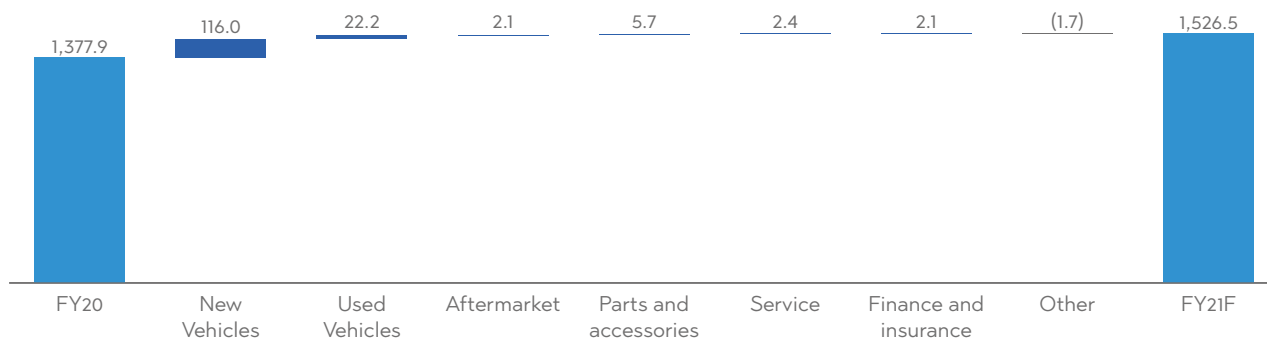
| A\$m | FY20 | FY21F | Change | % change |
|--|----------------|----------------|---------------|----------------|
| Revenue | 1,377.9 | 1,526.5 | 148.6 | 10.8% |
| New Vehicles | 887.5 | 1,003.5 | 116.0 | 13.1% |
| Used Vehicles | 221.6 | 243.7 | 22.2 | 10.0% |
| Aftermarket | 18.8 | 20.9 | 2.1 | 11.2% |
| Parts and accessories | 143.1 | 148.8 | 5.7 | 4.0% |
| Service | 74.4 | 76.8 | 2.4 | 3.2% |
| Finance and insurance | 22.7 | 24.8 | 2.1 | 9.1% |
| Other | 9.8 | 8.1 | (1.7) | (17.6%) |
| Cost of goods sold | (1,157.0) | (1,268.7) | (111.7) | 9.7% |
| Gross profit | 220.9 | 257.8 | 36.9 | 16.7% |
| Operating expenses | (171.4) | (181.8) | (10.4) | 6.1% |
| Employee benefits expenses | (120.2) | (131.7) | (11.5) | 9.6% |
| Advertising expenses | (9.6) | (6.8) | 2.8 | (29.2%) |
| Other expenses | (41.6) | (43.3) | (1.7) | 4.0% |
| EBITDA | 49.5 | 76.0 | 26.5 | 53.5% |
| Depreciation and amortisation | (18.2) | (18.0) | 0.2 | (0.9%) |
| EBIT | 31.3 | 58.0 | 26.7 | 85.2% |
| Floor plan interest | (6.9) | (4.9) | 1.9 | (28.0%) |
| Net finance expense | (8.6) | (8.1) | 0.5 | (5.6%) |
| PBT | 15.9 | 45.0 | 29.1 | 182.8% |
| Income tax expense | (4.2) | (13.6) | (9.3) | 219.7% |
| NPAT | 11.7 | 31.4 | 19.7 | 169.4% |
| EBITDA | 49.5 | 76.0 | 26.5 | 53.5% |
| Movement in working capital | 30.1 | (10.9) | (41.0) | (136.4%) |
| Operating cash flow before floor plan interest | 79.6 | 65.1 | (14.5) | (18.2%) |
| Floor plan interest | (6.9) | (4.9) | 1.9 | (28.0%) |
| Operating cash flow after floor plan interest | 72.7 | 60.2 | (12.6) | (17.3%) |
| Capital expenditure | (4.1) | (7.6) | (3.6) | 88.1% |
| Payment of lease liabilities | (16.0) | (18.0) | (2.0) | 12.3% |
| Net cash flow before corporate financing and taxation | 52.7 | 34.6 | (18.1) | (34.4%) |

Table 28: Key operating metrics for FY21F compared to FY20

| A\$m | FY20 | FY21F | Change | % change |
|------------------------------------|--------|--------|----------|----------|
| Sales metrics | | | | |
| New Vehicle units sold | 20,152 | 21,701 | 1,549 | 7.7% |
| Used Vehicle units sold | 7,250 | 8,081 | 831 | 11.5% |
| Financial metrics | | | | |
| Gross profit margin | 16.0% | 16.9% | 86 bps | |
| EBITDA margin | 3.6% | 5.0% | 139 bps | |
| EBIT margin | 2.3% | 3.8% | 153 bps | |
| PBT margin | 1.2% | 2.9% | 179 bps | |
| Operating expenses as % of revenue | 12.4% | 11.9% | (53 bps) | |
| Operating cash flow conversion | 170.5% | 84.6% | (50.4%) | |

4.9.1.1 Revenue FY20 to FY21F

Figure 47: FY20 to FY21 revenue bridge by product



Revenue is forecast to increase by 10.8% from \$1,377.9 million in FY20 to \$1,526.5 million in FY21F driven by:

- **New vehicles:** 13.1% forecast increase in new vehicles revenue from \$887.5 million in FY20 to \$1,003.5 million in FY21F as new vehicle unit sales are forecast to increase 7.7% in line with expectations for the Australian new vehicle market as supply chains normalise, inventory shortages are resolved and current order books fulfilled; and
- **Used vehicles:** 10.0% forecast increase in used vehicles revenue from \$221.6 million in FY20 to \$243.7 million in FY21F as used vehicle unit sales are forecast to increase by 11.5% as the company continues to benefit from strategic initiatives to increase exposure to the used vehicle market.

Other product revenues are not forecast to meaningfully impact FY21F revenue, although aftermarket and finance and insurance revenues are forecast to benefit from growth in the underlying business driving cross sale opportunities, while parts and accessories revenue is forecast to benefit from decreased competition in the supply of collision repair centres.

4.9.1.2 Gross profit

Gross profit is forecast to increase by 16.7% from \$220.9 million in FY20 to \$257.8 million in FY21F driven by reduced discounting due to strong demand dynamics in a supply constrained environment in 1H FY21, described previously, which is expected to moderate slightly in 2H FY21F as supply chains normalise and inventory becomes more available.

04. Financial Information

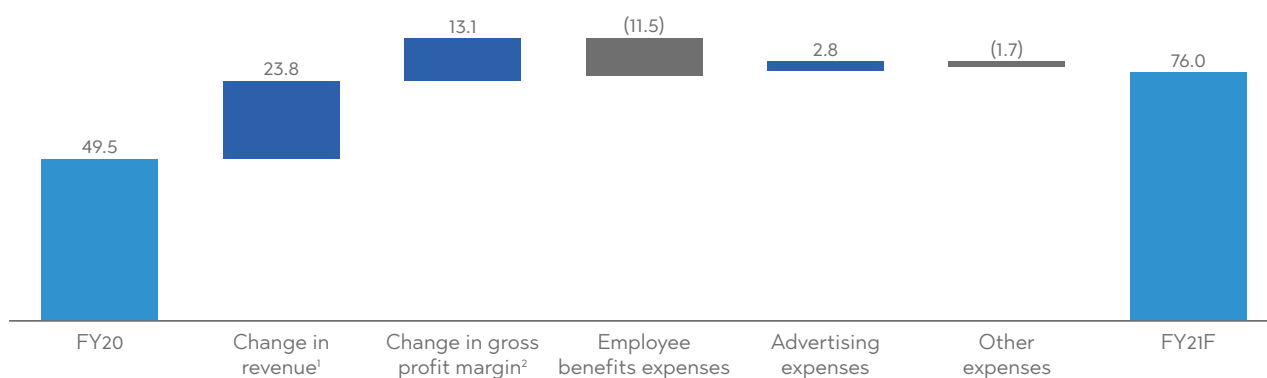
4.9.1.3 Operating expenses and EBITDA

Operating expenses are forecast to increase by \$10.4 million, from \$171.4 million in FY20 to \$181.8 million in FY21F, an increase of 6.1% as employee benefits are expected to increase in line with forecast revenue growth due to increase in commissions. Further, FY20 was impacted by reducing working hours of its workforce which is expected to unwind in FY21F. Cost efficiencies introduced in response to the lockdown in 2H FY20F are also expected to extend into FY21F.

The operating expenses presented are on a pro forma basis and exclude the impact of JobKeeper received during the period.

EBITDA is forecast to increase by \$26.5 million, from \$49.5 million in FY20 to \$76.0 million in FY21F, an increase of 53.5% as a result.

Figure 48: FY20 to FY21 EBITDA bridge



Notes:

1. Reflects change in revenue applied to FY20 gross profit margin.
2. Reflects change in gross profit margin applied to FY21F revenue.

4.9.1.4 Depreciation and amortisation and EBIT

Depreciation and amortisation expense is forecast to decrease by \$0.2 million, from \$18.2 million in FY20 to \$18.0 million in FY21F due to a decrease in the depreciable right of use asset associated with AASB 16 treatment of property leases.

4.9.1.5 Floor plan interest, net finance expense and PBT

Floor plan interest expense is forecast to decrease by \$1.9 million, from \$6.9 million in FY20 to \$4.9 million in FY21F, a decrease of 28.0% due to a reduction in inventory as a result of COVID-19 which caused supply chain constraints in the new vehicle market in Australia.

Net finance expense is forecast to decrease by \$0.5 million, from \$8.6 million in FY20 to \$8.1 million in FY21F, a decrease of 5.6% as a result of the treatment of the interest component of AASB 16 treatment of property leases.

PBT is forecast to increase by \$29.1 million, from \$15.9 million in FY20 to \$45.0 million in FY21F, an increase of 182.8% as a result.

4.9.1.6 Movement in working capital

The movement in working capital of (\$10.9) million in FY21F was primarily the result of:

- A reduction in inventory and trade debtors, net of floor plan finance, as Peter Warren continues to hold lower inventory given expected strong demand for vehicles; and
- A reduction in trade creditors as delayed payments as a result of COVID-19 in 2H FY20 are paid as the business returned to normal trading.

This resulted in a difference of (\$41.0) million in cash flows due to movements in working capital between FY20 and FY21F.

4.9.1.7 Capital expenditure

Capital expenditure is forecast to increase by \$3.6 million, from \$4.1 million in FY20 to \$7.6 million in FY21F as capital expenditure projects deferred due to COVID-19 resumed in 2H FY21F.

4.9.2 Pro Forma Forecast Income Statement, Pro Forma Historical Income Statement and Cash Flows for 1H FY21 Compared to 1H FY22F

Table 29: Pro Forma Forecast Income Statement, Pro Forma Historical Income Statement and Cash Flows for 1H FY22F compared to 1H FY21

| A\$m | 1H FY21 | 1H FY22F | Change | % change |
|--|--------------|--------------|--------------|---------------|
| Revenue | 749.6 | 788.6 | 39.1 | 5.2% |
| New Vehicles | 490.1 | 517.1 | 27.0 | 5.5% |
| Used Vehicles | 119.1 | 130.3 | 11.2 | 9.4% |
| Aftermarket | 10.5 | 11.0 | 0.6 | 5.6% |
| Parts and accessories | 75.0 | 77.3 | 2.3 | 3.1% |
| Service | 38.4 | 37.8 | (0.6) | (1.6%) |
| Finance and insurance | 11.9 | 11.6 | (0.4) | (3.0%) |
| Other | 4.5 | 3.5 | (1.1) | (23.3%) |
| Cost of goods sold | (616.9) | (658.0) | (41.1) | 6.7% |
| Gross profit | 132.7 | 130.7 | (2.0) | (1.5%) |
| Operating expenses | (90.4) | (87.3) | 3.1 | (3.4%) |
| Employee benefits expenses | (65.6) | (63.6) | 2.0 | (3.1%) |
| Advertising expenses | (3.0) | (3.5) | (0.5) | 15.1% |
| Other expenses | (21.8) | (20.2) | 1.5 | (7.1%) |
| EBITDA | 42.3 | 43.4 | 1.1 | 2.6% |
| Depreciation and amortisation | (9.0) | (8.9) | 0.1 | (1.2%) |
| EBIT | 33.3 | 34.5 | 1.2 | 3.6% |
| Floor plan interest | (2.2) | (2.6) | (0.4) | 17.0% |
| Net finance expense | (4.1) | (3.8) | 0.3 | (6.5%) |
| PBT | 26.9 | 28.0 | 1.1 | 4.0% |
| Income tax expense | (8.2) | (8.4) | (0.2) | 3.0% |
| NPAT | 18.8 | 19.6 | 0.8 | 4.5% |
| EBITDA | 42.3 | 43.4 | 1.1 | 2.6% |
| Movement in working capital | (6.4) | (2.3) | 4.1 | (63.9%) |
| Operating cash flow before floor plan interest | 35.9 | 41.1 | 5.2 | 14.4% |
| Floor plan interest | (2.2) | (2.6) | (0.4) | 17.0% |
| Operating cash flow after floor plan interest | 33.6 | 38.4 | 4.8 | 14.2% |
| Capital expenditure | (3.1) | (4.9) | (1.8) | 58.8% |
| Payment of lease liabilities | (9.0) | (9.4) | (0.4) | 5.0% |
| Net cash flow before corporate financing and taxation | 21.6 | 24.1 | 2.5 | 11.7% |

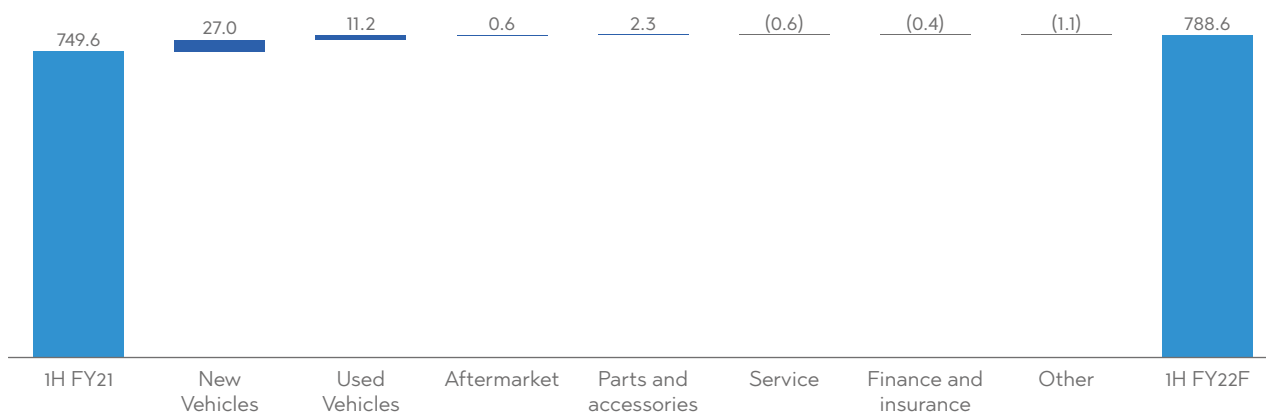
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Table 30: Key operating metrics for 1H FY22F compared to 1H FY21

| A\$m | 1H FY21 | 1H FY22F | Change | % change |
|------------------------------------|---------|----------|-----------|----------|
| Sales metrics | | | | |
| New Vehicle units sold | 10,507 | 11,043 | 536 | 5.1% |
| Used Vehicle units sold | 3,934 | 4,243 | 309 | 7.9% |
| Financial metrics | | | | |
| Gross profit margin | 17.7% | 16.6% | (113 bps) | |
| EBITDA margin | 5.6% | 5.5% | (14 bps) | |
| EBIT margin | 4.4% | 4.4% | (7 bps) | |
| PBT margin | 3.6% | 3.6% | (4 bps) | |
| Operating expenses as % of revenue | 12.1% | 11.1% | (99 bps) | |
| Operating cash flow conversion | 84.1% | 94.4% | 12.2% | |

4.9.2.1 Revenue 1H FY21 to 1H FY22F

Figure 49: 1H FY21 to 1H FY22F revenue bridge by product



Revenue is forecast to increase by 5.2% from \$749.6 million in 1H FY21 to \$788.6 million in 1H FY22F driven by:

- **New vehicles:** 5.5% forecast increase in new vehicles revenue from \$490.1 million in 1H FY21 to \$517.1 million in 1H FY22F as new vehicle unit sales are forecast to increase 5.1% in line with expectations for the Australian new vehicle market as supply chains normalise, shortages are resolved, order books are fulfilled and volumes normalise; and
- **Used vehicles:** 9.4% forecast increase in used vehicles revenue from \$119.1 million in 1H FY21 to \$130.3 million in 1H FY22F as the Company is expecting to benefit from its strategic focus on used vehicles with sale volumes forecast to increase by 7.9%.

Other products forecast to remain broadly flat versus the prior half.

4.9.2.2 Gross profit

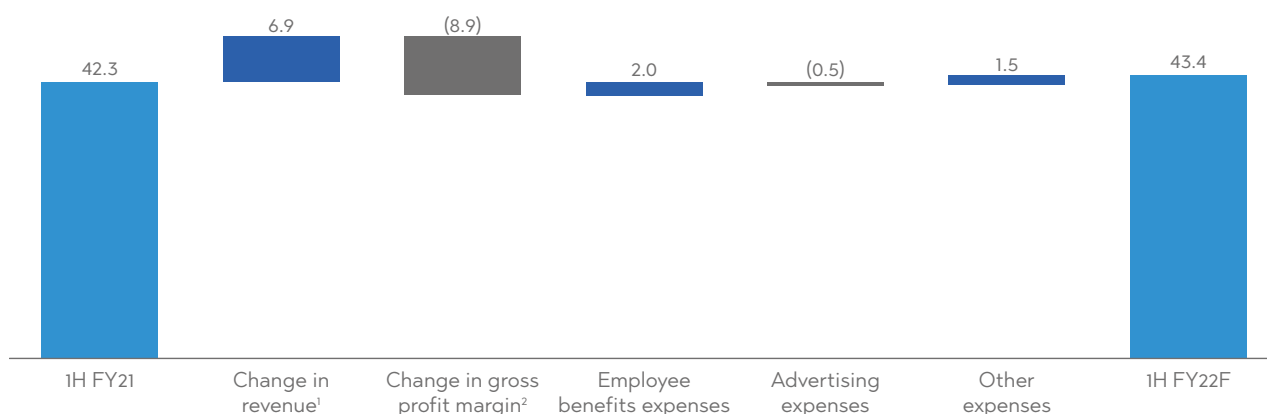
Gross profit is forecast to decrease by 1.5% from \$132.7 million in 1H FY21 to \$130.7 million in 1H FY22F as revenue growth is offset by margins normalising against 1H FY21 where they benefited from supply constraints in the Australian new vehicle market.

4.9.2.3 Operating expenses and EBITDA

Operating expenses are forecast to decrease by \$3.1 million, from \$90.4 million in 1H FY21 to \$87.3 million in 1H FY22F, a decrease of 3.4% as employee benefits decrease due to reduced commissions to sales staff, which are tied to gross profit per unit sold, which are forecast to decline. Other expenses are also expected to reduce as Peter Warren continues to benefit from the digitisation of processes creating more efficiencies in the underlying cost base. This includes the renegotiation of pricing terms with the view of centralising its supplier network and the streamlining of target areas such as training, offset by a moderate increase in advertising to support growth in both new and used vehicle volumes, and insurance expense to reflect new premiums.

EBITDA is forecast to increase by \$1.1 million, from \$42.3 million in 1H FY21 to \$43.4 million in 1H FY22F, an increase of \$2.6% as a result.

Figure 50: 1H FY21 to 1H FY22F EBITDA bridge



Notes:

1. Reflects change in revenue applied to 1H FY21 gross profit margin.
2. Reflects change in gross profit margin applied to 1H FY22F revenue.

4.9.2.4 Depreciation and amortisation and EBIT

Depreciation and amortisation expense is forecast to decrease by \$0.1 million, from \$9.0 million in 1H FY21 to \$8.9 million in 1H FY22F due to the reduction in the depreciable right of use asset associated with AASB 16 treatment of property leases.

4.9.2.5 Floor plan interest, net finance expense and PBT

Floor plan interest expense is forecast to increase by \$0.4 million, from \$2.2 million in 1H FY21 to \$2.6 million in 1H FY22F, an increase of 17.0% in line with the expected increase in inventory.

Net finance expense is forecast to decrease by \$0.3 million, from \$4.1 million in 1H FY21 to \$3.8 million in 1H FY22F, a decrease of 6.5% as a result of the treatment of the interest component of AASB 16 treatment of property leases.

PBT is forecast to increase by \$1.1 million, from \$26.9 million in 1H FY21 to \$28.0 million in 1H FY22F, an increase of 4.0% as a result.

4.9.2.6 Movement in working capital

The movement in working capital of (\$2.3) million in 1H FY22F was primarily the result of:

- No expected change in inventory despite growth in revenue as a result of expected strong demand in vehicles reducing the days inventory is held prior to sale;
- An increase in trade creditors as a result of growth in the business; and
- Employee benefits liabilities flat over the period causing no impact to cash flows.

This resulted in a difference of \$4.1 million in cash flows due to movements in working capital between 1H FY21 and 1H FY22F.

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4.9.2.7 Capital expenditure

Capital expenditure is forecast to increase by \$1.8 million, from \$3.1 million in 1H FY21 to \$4.9 million in 1H FY22F primarily due to planned refurbishments of Ford dealerships at Campbelltown and Ashmore, and a showroom upgrade at Volkswagen Southport.

4.9.3 Pro Forma Forecast Income Statement and Cash Flows for CY21F compared to CY20

Table 31 and Table 32 compare the Pro Forma Historical Income Statement, Pro Forma Forecast Income Statement, Cash Flows and key financial and operating metrics for CY20 and CY21F.

Table 31: Pro Forma Historical Income Statement, Pro Forma Forecast Income Statement and Cash Flows for CY21F compared to CY20

| A\$m | CY20 | CY21F | Change | % change |
|--|----------------|----------------|---------------|----------------|
| Revenue | 1,426.2 | 1,565.6 | 139.4 | 9.8% |
| New Vehicles | 926.3 | 1,030.5 | 104.2 | 11.3% |
| Used Vehicles | 226.9 | 254.9 | 28.0 | 12.3% |
| Aftermarket | 20.1 | 21.5 | 1.4 | 7.0% |
| Parts and accessories | 144.0 | 151.1 | 7.1 | 4.9% |
| Service | 74.1 | 76.2 | 2.1 | 2.8% |
| Finance and insurance | 23.2 | 24.4 | 1.3 | 5.5% |
| Other | 11.7 | 7.0 | (4.7) | (40.3%) |
| Cost of goods sold | (1,185.8) | (1,309.8) | (124.0) | 10.5% |
| Gross profit | 240.4 | 255.8 | 15.4 | 6.4% |
| Operating expenses | (171.5) | (178.7) | (7.1) | 4.2% |
| Employee benefits expenses | (122.5) | (129.7) | (7.2) | 5.8% |
| Advertising expenses | (7.0) | (7.2) | (0.2) | 3.4% |
| Other expenses | (42.0) | (41.8) | 0.3 | (0.6%) |
| EBITDA | 68.9 | 77.1 | 8.3 | 12.0% |
| Depreciation and amortisation | (18.0) | (17.9) | 0.1 | (0.4%) |
| EBIT | 50.9 | 59.2 | 8.3 | 16.4% |
| Floor plan interest | (5.2) | (5.3) | (0.1) | 2.2% |
| Net finance expense | (8.4) | (7.8) | 0.5 | (6.5%) |
| PBT | 37.3 | 46.1 | 8.8 | 23.5% |
| Income tax expense | (10.7) | (13.8) | (3.1) | 28.8% |
| NPAT | 26.6 | 32.2 | 5.7 | 21.3% |
| EBITDA | 68.9 | 77.1 | 8.3 | 12.0% |
| Movement in working capital | 28.2 | (6.9) | (35.1) | (124.6%) |
| Operating cash flow before floor plan interest | 97.0 | 70.2 | (26.8) | (27.6%) |
| Floor plan interest | (5.2) | (5.3) | (0.1) | 2.2% |
| Operating cash flow after floor plan interest | 91.8 | 64.9 | (26.9) | (29.3%) |
| Capital expenditure | (4.0) | (9.4) | (5.4) | 134.4% |
| Payment of lease liabilities | (17.0) | (18.4) | (1.4) | 8.4% |
| Net cash flow before corporate financing and taxation | 70.8 | 37.0 | (33.8) | (47.7%) |

Table 32: Key operating metrics for CY21F compared to CY20

| A\$m | CY20 | CY21F | Change | % change |
|------------------------------------|--------|--------|----------|----------|
| Sales metrics | | | | |
| New Vehicle units sold | 20,316 | 22,237 | 1,921 | 9.5% |
| Used Vehicle units sold | 7,453 | 8,390 | 937 | 12.6% |
| Financial metrics | | | | |
| Gross profit margin | 16.9% | 16.3% | (52 bps) | |
| EBITDA margin | 4.8% | 4.9% | 10 bps | |
| EBIT margin | 3.6% | 3.8% | 21 bps | |
| PBT margin | 2.6% | 2.9% | 33 bps | |
| Operating expenses as % of revenue | 12.0% | 11.4% | (62 bps) | |
| Operating cash flow conversion | 144.2% | 90.4% | (53.9%) | |

4.9.3.1 Revenue and EBITDA From CY20 to CY21F

Figure 51: CY20 to CY21F revenue bridge by product

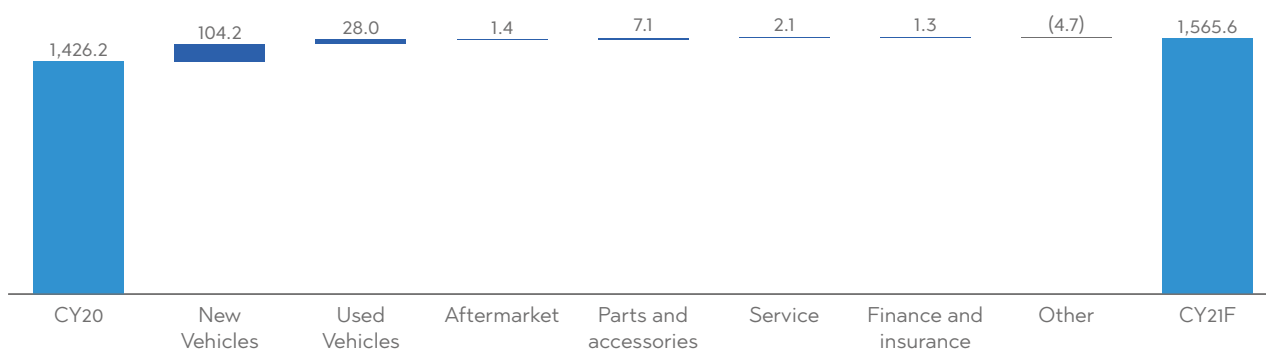
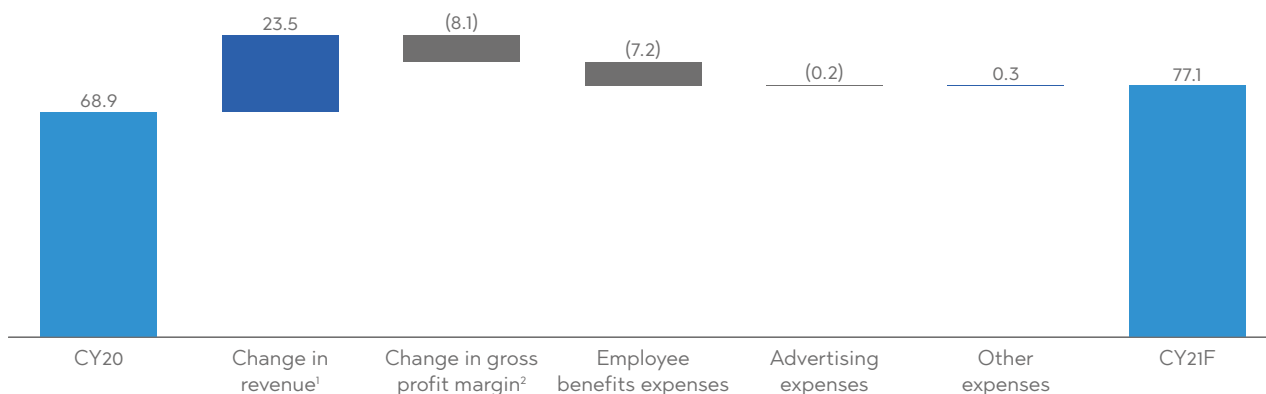


Figure 52: CY20 to CY21F EBITDA bridge



Notes:

1. Reflects change in revenue applied to CY20 gross profit margin.
2. Reflects change in gross profit margin applied to CY21F revenue.

Management discussion of changes between CY20 and CY21F is covered in commentary of FY21F to FY20 and 1H FY22F to 1H FY21 periods.

4.10 Sensitivity Analysis

The Forecast Financial Information is based on a number of estimates and assumptions that are subject to business, economic and competitive uncertainties and contingencies, many of which are beyond the control of Peter Warren, its Directors and management. These estimates are also based on assumptions with respect to future business developments which are subject to change.

Investors should be aware that future events cannot be predicted with certainty and as a result, deviations from the figures forecast in this Prospectus are to be expected. Set out below is a summary of the sensitivity of the impact on the Forecast Financial Information of changes to a number of key variables. The changes in the key variables as set out in the sensitivity analysis are intended to provide a guide only and are not intended to be indicative of the complete range of variations that may be experienced. Variations in actual performance could exceed the ranges shown.

Care should be taken in interpreting these sensitivities. In order to illustrate the likely impact on the Forecast Financial Information, the estimated impact of changes in each of the assumptions has been calculated in isolation from changes in the other assumptions. In practice, changes in assumptions may offset each other or be additive and it is likely that Peter Warren's management would respond to any adverse changes in one item to seek to reduce the net effect on Peter Warren's EBITDA and cash flow.

For the purpose of the analysis below, the effect of the changes in key assumptions on the CY21F pro forma EBITDA and pro forma NPAT is set out in Table 33 below.

Table 33: Sensitivity analysis on the impact on pro forma EBITDA and NPAT for CY21F

| | Notes | CY21F assumption | Sensitivity | EBITDA impact +/- (\$m) | NPAT impact +/- (\$m) |
|------------------------------------|-------|------------------|-------------|-------------------------|-----------------------|
| Revenue growth rate | 1 | 9.7% | 1.0% | 2.3 | 1.6 |
| Gross profit margin | 2 | 16.3% | 0.1% | 1.6 | 1.1 |
| New vehicle unit sales growth | 3 | 9.5% | 1.0% | 0.5 | 0.3 |
| Operating expenses as % of revenue | 4 | 11.4% | 0.1% | 1.6 | 1.1 |

Notes:

1. The revenue growth rate sensitivity demonstrates the impact of a change in the assumed growth rate of revenue by +/- 1.0 percentage point on Peter Warren's EBITDA and NPAT for CY21F. The calculation is based on CY21F revenues and on a tax-effected basis. A change in the forecast revenue growth rate of +/- 1.0% (i.e. to 10.7% or 8.7%) is likely to result in an EBITDA impact of +/- \$2.3 million and an NPAT impact of +/- \$1.6 million.
2. Gross profit margin is forecast to increase to 16.3% in CY21F. The sensitivity demonstrates the impact of a 10 basis points movement in the margin, calculated based on CY21F revenues and on a tax-effected basis.
3. New vehicle unit sales growth is forecast to increase to 9.5% in CY21F. The sensitivity demonstrates the impact of an increase or decrease in this growth rate of 1.0 percentage point. The EBITDA impact and NPAT impact reflects the average margin per new vehicle.
4. Operating expenses as % of revenue is forecast at 11.4% in CY21F and is 60 basis points below the previous year. A movement of +/- 10 basis points would have an impact of \$1.6 million on the EBITDA and an impact of \$1.1 million on the NPAT of Peter Warren based on CY21F revenues and on a tax-effected basis.

4.11 Financial Risk Management Framework

Peter Warren's activities are exposed 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 key executives with regard to the management of financial risk. Financial risk is managed centrally by Peter Warren's finance team. Peter Warren does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

4.11.1 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. Peter Warren is exposed to interest rate risk through its floor plan finance facilities, which are floating rate facilities.

4.11.2 Liquidity risk

Liquidity risk is the risk that Peter Warren 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 Peter Warren has access to an adequate amount of cash and credit facilities. Under the terms of its floor plan finance facilities, Peter Warren may be required to repay these facilities at short notice. This style of financing is industry standard and the majority of Peter Warren's facilities are provided by finance companies owned by the OEMs whose brands Peter Warren represents. These OEMs rely on dealerships to acquire their vehicles (which requires access to finance) and their captive finance companies rely on dealerships as a point of distribution for their retail finance products.

4.11.3 Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to Peter Warren. Peter Warren is exposed to counterparty credit risk arising from its operating activities, primarily relating to the sale of parts and accessories to trade customers and the sale of used vehicles to other dealers. Peter Warren 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 Peter Warren's exposure to bad debts has historically been negligible. Peter Warren is also exposed to counterparty credit risk arising from its financing activities where it deposits money with banks and financial institutions.

4.12 Critical Accounting Judgements and Estimates

Preparing financial statements in accordance with AAS 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 of this Prospectus.

4.13 Dividend Policy

The payment of a dividend by Peter Warren is at the discretion of the Directors and will be a function of a number of factors, including the general business environment, the operating results and the financial condition of Peter Warren, 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 Peter Warren, and any other factors the Directors may consider relevant.

Having regard to the factors outlined above, it is the Board's current intention to target a dividend payout ratio in the range of 60-70% of annual underlying NPAT. Depending on available profits and the financial position of Peter Warren, it is the intention of the Board to declare interim dividends in respect of half years ending December and final dividends in respect of full years ending June of each financial year.

The Directors currently anticipate that the first dividend to Shareholders will be determined in respect of the 1H FY22F period and will be paid in March 2022.

Peter Warren intends to frank dividends to the maximum extent possible and expects that sufficient franking credits will be available to pay fully franked dividends in relation to the Forecast Period.

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

The Directors intend to consider the establishment of a dividend reinvestment plan (**DRP**) under which any Shareholder may elect that the dividends payable by Peter Warren be reinvested in whole or in part by a subscription of Shares at a price to be determined by the Board from time to time. While the Directors intend to establish a DRP, it has been assumed the DRP will not be activated by the Directors during the Forecast Period.

Investors who are not residents of Australia and who acquire Shares may be subject to Australian withholding tax on dividends or other distributions paid in respect of the Shares. Prospective investors who are not residents of Australia should consult with their own tax advisers regarding the application of the Australian withholding or other taxes to their particular situations as well as any additional tax consequences resulting from purchasing, holding or disposing of the Shares. Taxation considerations for an Australian tax resident investor are set out in Section 9.16.



05

Key Risks

05.

Key Risks

This Section 5 describes some of the potential risks associated with an investment in Peter Warren.

An investment in Peter Warren is subject to risks both specific to us and our business activities, as well as general risks. Each of these risks could, either individually or in combination, if they eventuate, have a material adverse impact on our business, financial position, operating and financial performance and the value of the Shares. Some of the circumstances giving rise to these risks are partially or completely beyond our control and that of our Directors and senior management. There can be no guarantee that we will achieve our stated objectives or that any forward-looking statements or forecasts will eventuate. You should note that past performance may not be a reliable indicator of future performance.

You should note that the risks described in this Section 5 are not the only risks faced by us. Additional risks (including risks of which we and our Directors are currently unaware) also have the potential to have a material adverse effect on our business, financial position, operating and financial performance and the value of our Shares. The selection of risks has been based on an assessment of the 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 our senior management as at the date of the Prospectus, but there is no guarantee or assurance that the importance of risks will not change or other risks will not emerge.

Before deciding whether to invest in Peter Warren, you should read this Prospectus carefully and in its entirety, and satisfy yourself that you have a sufficient understanding of the actual and potential risks associated with such an investment. You should consider whether an investment in Peter Warren is suitable for you, having regard to your personal circumstances, investment objectives, financial circumstances, taxation position and particular needs. If you do not understand any part of this Prospectus or are in any doubt as to whether to invest in Peter Warren, you should seek professional advice from your stockbroker, accountant, lawyer, financial adviser or other independent professional adviser.

5.1 Specific risks to Peter Warren

5.1.1 Macro/retail environment

Peter Warren's business model is dependent on vehicles sales. Not only do vehicle sales directly generate revenue for the Company, but they also largely initiate other revenue streams (for example, a new vehicle sale may lead to vehicle servicing revenue). As vehicles are discretionary items for many of its customers, Peter Warren's financial performance is sensitive to the current state of, and future changes to, economic and business conditions, including levels of consumer spending, consumer sentiment, inflation, interest rates, exchange rates, access to consumer credit, insurance prices, government fiscal, monetary and regulatory policies and commodity prices. Prevailing economic and business conditions generally have a greater impact on consumer spending patterns in relation to discretionary items as opposed to essential items given that, by their nature, such items are discretionary. A deterioration in general economic and business conditions could cause consumers to reduce their level of spending on discretionary items such as vehicles, which may materially adversely impact the financial performance of Peter Warren. For example, a prolonged period of high oil prices could lead customers to defer vehicle purchases and/or reduce the use of private vehicles, which may materially adversely impact revenue generated from vehicle sales and vehicle servicing.

5.1.2 Vehicle affordability

The performance of the Company is dependent on the affordability of vehicles. Vehicles may become less affordable either directly due to increases in the costs associated with owning and operating them or indirectly if other living costs rise. For example, a rising interest rate could not only make vehicle financing more expensive (direct) but could also increase the cost of servicing other loans such as a home loan (indirect). This could deter customers from owning vehicles and, as a result, may materially adversely impact the financial performance of Peter Warren through lower vehicle sales.

5.1.3 OEM relationships and Dealership Agreements

Peter Warren has the right to sell new vehicles, OEM parts and service and repair certain OEM-branded vehicles pursuant to the Dealership Agreements. As revenue generated from these activities represent a major part of Peter Warren's revenue stream,¹³ the success of Peter Warren'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 develop, or if they do continue or develop, that these relationships will be successful. Key OEM relationships may fail to develop or 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 Peter Warren is unable to maintain its existing relationships or attract new OEM partners, its business, operating and financial performance could be materially adversely affected.

Failure by Peter Warren to comply with the terms of a Dealership Agreement or the breakdown of their relationship with an OEM, may result in the termination or non-renewal of one or more Dealership Agreements by the OEM. The Dealership Agreements, in some instances, may be terminated by the OEM without cause or on short notice periods (depending on the termination event or circumstances), generally between 30 and 90 days. Moreover, under the Dealership Agreements, Peter Warren is subject to various ongoing obligations and 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 OEMs and contributing to OEM marketing and sponsorship funds. There is a risk that Peter Warren will be unable to meet its obligations under the Dealership Agreements, which could result in OEMs terminating such agreements. Any termination or non-renewal of the Dealership Agreements will reduce the Company's access to an inventory of new vehicles and OEM parts, and may consequently have a material adverse effect on Peter Warren's business, operations and financial performance.

5.1.4 Bailment floor plan financing

The purchase of vehicles by Dealers is primarily funded through floor plan financing arrangements. The terms upon which floor plan finance can be obtained is a key driver of Dealer profitability as floor plan financing costs comprise a significant operational cost for Dealers.

Floor plan financing arrangements are generally up for renewal each year. Any change in the terms of the floor plan financing arrangements may impact Peter Warren'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 Peter Warren may materially adversely affect Peter Warren's operations and financial performance.

Floor plan financing may generally be terminated by the financier without cause or on short notice periods (depending on the termination event or circumstances), generally between 30 and 90 days. Peter Warren is also subject to various ongoing obligations under the floor plan financing arrangements, including Dealerships having to maintain adequate levels of working capital in the business as a form of security. There is a risk that Peter Warren will be unable to meet its obligations under its floor plan financing arrangements, which could result in financiers terminating such arrangements. Any termination or non-renewal of floor plan financing arrangements will impact Peter Warren's ability to fund inventory of new vehicles and consequently, may materially adversely affect Peter Warren's operations and financial performance.

In addition, there are certain change of control restrictions in certain financing documents which may be triggered by the change of control resulting from the IPO. Any failure to obtain consent from the relevant financiers in relation to the change of control may result in the financier terminating the relevant facility which could materially adversely affect Peter Warren's operations and financial performance if Peter Warren is unable to secure alternative financing in a timely manner or on terms acceptable to Peter Warren. The Group has notified the relevant financiers that the Offer may trigger a change of control. No financier has indicated to the Company an intention to take any action in response to the notification.

13. Revenue from new motor vehicle sales, sales of OEM parts and accessories, and Vehicle servicing represented approximately 80% of the Company's total revenue for FY20.

5.1.5 Change of control provisions and acquisitions of substantial interests in the Company

Dealership Agreements, floor plan financing arrangements and insurance distribution arrangements often contain change of control provisions which, following Listing, may be triggered by the acquisition of a substantial interest in Peter Warren.

Third parties could acquire a substantial interest in Peter Warren through acquiring Shares on the ASX, and this would be something largely outside of the Company's control. If the change of control provisions are triggered, consent of the relevant OEM, financier or insurer is required and the OEM, financier or insurer (as applicable) may seek to renegotiate the Dealership Agreement, floor plan financing arrangements or insurance distribution arrangements (as applicable) on terms less favourable to Peter Warren. In the event that the relevant consents are not obtained, there is a risk that the Dealership Agreement, floor plan financing arrangements or insurance distribution arrangements (as applicable) may be terminated. The termination of any Dealership Agreement, floor plan financing arrangements or insurance distribution arrangements may have a material adverse effect on Peter Warren's business, operations and financial performance.

5.1.6 CASE (Connected, Autonomous, Shared, Electric) developments

The innovations in relation to electric and connected and autonomous vehicles are expected to impact the Automotive Dealership industry over the next decade. New vehicles commonly offer new technology which connect with and help consumers understand a vehicle's maintenance schedule and service history. This trend enables customer service and retention through notifying Dealerships of customer developments. Should Peter Warren not action or service customers following notification, this may impact recurring business.

Over the longer term, autonomous vehicles may impact the dealership landscape. As OEMs shift to producing autonomous vehicles, brands which have historically been successful in the production of non-autonomous vehicles may struggle to maintain a competitive advantage, given the new technological requirements associated with autonomous vehicles. This shift may over the longer-term impact Peter Warren if the Company is not able to develop relationships with new OEMs.

Increased use and availability of ride sharing platforms as an alternative to car ownership or public transport may also adversely impact the sale of new and used vehicles. A significant portion of Peter Warren's revenue is attributable to vehicle sales. Any reduction to vehicle sales may therefore have a material impact on Peter Warren's financial performance.

Additionally, Peter Warren will need to re-skill showroom and workshop staff to adopt and understand new CASE developments. A lack of training, or employees not being equipped with the relevant skillset to respond to changes in the market could materially adversely impact sales.

5.1.7 Change in product mix

Consumer preferences are likely to change over time due to market structure, economic climate, consumer sentiment towards petrol and diesel vehicles and access to alternatives. It is expected that consumers will preference Volume or used cars during a more challenging economic climate, with preferences shifting to Luxury or new cars during a more favourable economic climate, due to the increased disposable income and access to capital.

Whilst Peter Warren's diversified offering and long term relationships with OEM's allow the Company the ability to manage changing preferences, it may however be limited by importing issues caused by external factors (e.g. COVID-19). Changes in consumer preferences may materially adversely impact Peter Warren under some circumstances should Peter Warren's OEM franchise mix not meet the needs of the consumer.

5.1.8 Significant reliance on leased properties

Peter Warren has a number of long term leases that do not correlate to the term length of specific Dealership Agreements. Some leases have a term in excess of the associated Dealership Agreement. There is a risk that Dealership Agreements may not be renewed and Peter Warren would have an obligation to continue to lease the site (although, typically, in these situations Peter Warren would change the franchise or be able to sub-lease or use the site for a different purpose).

There is a concentration of related party landlords in Peter Warren's lease portfolio (of the 33 leases in the portfolio, 10 leases have landlords that are associated with the Frizelle family, 8 leases have landlords that are associated with Paul Warren). In addition, approximately 24% of the lease arrangements are due to expire in June 2026, and approximately 33% of the lease arrangements are due to expire in June 2027. While the terms of those leases grant Peter Warren options to renew, the rent is subject to increase at that time.

There is a risk that Peter Warren may not be able to secure appropriate sites on commercially acceptable terms, either by exercising options to renew, or finding alternate sites. Due to the nature and size of the sites Peter Warren requires to operate its business and the geographic limitations under the Dealership Agreements, Peter Warren may need to accept less favourable terms (including increased rent) or terms that are more onerous than the prevailing market terms at the time.

Any failure to secure appropriate sites on acceptable terms may result in a material increase in operating costs and have a material adverse impact on Peter Warren's financial and operating performance.

5.1.9 Reliance on founders and key personnel

Peter Warren has an exceptionally high quality, founder-led management team with significant experience in, and knowledge of, the Australian automotive dealership industry. While the vast majority of the management team have been with the Company for an extensive period to date, the loss of key team members remains a risk to Peter Warren's business, operations and financial performance. Any loss, delay in replacement, or the failure to attract additional key individuals to key roles, could have a material adverse effect on Peter Warren and its ability to implement its business and growth strategies.

In addition to the loss of key personnel, Dealership Agreements typically contain restrictions and / or limitations to changes of the Dealership Principal, active management of a Dealership or key personnel. The removal, departure or loss of key personnel or changes to the active management of a Dealership, without the relevant OEM consent, may entitle the OEM to terminate the agreement and this could materially adversely impact Peter Warren's business, as discussed in Section 5.1.3 above.

5.1.10 Exposure to interest rates

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

More generally, an increase in interest rates will also lead to reduced affordability for vehicles (especially for those customers who purchase vehicles via financing) and potentially reduce sales of both new and used vehicles, which could materially adversely impact Peter Warren's financial performance through reduced revenue.

5.1.11 Maintenance of reputation

A range of events could have a material adverse impact on Peter Warren's reputation. Amongst alternate circumstances, deterioration in service and / or product quality, or failure to comply with legislation or regulation applicable to the business could cause the Company to suffer reputational damage. Certain reputational damage may be outside the control of Peter Warren, such as adverse impacts arising from the actions of OEMs or the vehicles manufactured by OEMs. Product defects, safety recalls or regulatory non-compliance on the OEMs' part may all result in loss of reputation and in turn unfavourable perceptions of Peter Warren may impact its relationships with long term customers, resulting in a fall in sales and revenue. Therefore, a loss of reputation in the eyes of Peter Warren's customers, counterparties or regulators may materially adversely affect Peter Warren's financial performance.

5.1.12 Acquisitions and expansion strategy

Peter Warren intends to grow its Dealership network through acquisitions and the development of greenfield Dealership opportunities. Such a growth strategy retains several risks, including failure to identify acquisition targets or greenfield opportunities, and inability to establish favourable terms for an acquisition. Realisation of these risks may limit Peter Warren's growth opportunities.

05. Key Risks

Certain Dealership Agreements also restrict Peter Warren from, without the prior consent of the OEM, engaging in similar business with another OEM. OEMs may refuse to provide this consent where Peter Warren seeks to acquire a business that sells products made by competing OEMs, which may limit Peter Warren's growth opportunities.

Further, completed acquisitions may not perform as anticipated. Failure of due diligence to identify pre-existing issues, or issues that arise from the integration of operations, may hinder acquisition success, which may materially adversely affect the financial performance of Peter Warren, its growth opportunities and its ability to pursue further acquisitions. Similarly, greenfield opportunities may not perform as anticipated.

While Peter Warren will endeavour to conduct all reasonable and appropriate due diligence on potential growth opportunities, acquisition and greenfield development opportunities may carry the risk of unsuccessful performance or execution. Peter Warren will seek to obtain all customary warranties and indemnities from vendors of the acquired assets, however, Peter Warren may not be able to obtain the appropriate warranties or indemnities, or further risks outside of due diligence may arise that are not covered under the warranties and indemnities within the relevant acquisition agreement. If an unforeseen liability arises in respect of which Peter Warren is not able to be indemnified, this may materially adversely affect the financial performance of Peter Warren. There can be no assurance that any future acquisitions will enhance the investment returns of Shareholders.

5.1.13 Impact of competition via the internet and new technologies

Peter Warren's business model may be adversely affected in a material way by increased competition via the internet and the emergence of new technologies that provide services which may affect the demand for new and used vehicles. Peter Warren 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 from Peter Warren.

In particular, Peter Warren's ability to sell used vehicles may be disrupted by the increased occurrence of direct private-to-private sales of used vehicles facilitated by the internet. If vehicle owners sell their vehicles direct to private purchasers through online platforms instead of trading in their vehicles to Peter Warren, the inventory of used vehicles available for sale by Peter Warren could decline. As a result, Peter Warren's financial performance may be materially adversely affected both directly through the reduction in the number of used 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 vehicles. Although Peter Warren's revenue from the sale of used vehicles is less than revenue from the sale of new vehicles, used vehicle sales are typically at a higher margin relative to new vehicles sales and the market for used vehicles is significantly larger in Australia (approximately 3.3 times the market size of new vehicles).

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

5.1.14 Dealership concentration

Peter Warren's Dealerships are currently all located in New South Wales and 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 Queensland may have a disproportionate effect on Peter Warren's business. For example, prolonged or repeated lockdowns in New South Wales and Queensland caused by COVID-19 may adversely impact the demand for vehicles as people become largely confined to their homes.

5.1.15 Information technology

Peter Warren has invested significantly in information technology systems which support its operations as outlined in Section 3.5.7. There is a risk that these systems may fail to perform as expected or be adversely impacted by a number of factors, some of which may be outside of Peter Warren's control. This includes data losses, computer system faults, internet and telecommunications or data network failures, fire, natural disasters, computer viruses and external malicious interventions such as hacking, ransomware or denial-of-service attacks. Any one or combination of these events may have a material adverse impact on Peter Warren's operations and financial performance as well as its reputation. For example, a data security breach in relation to Peter Warren's online vehicle servicing booking system may result in the unauthorised disclosure of customer personal information and cause significant reputational damage to the Company. Likewise, a denial-of-service attack on Peter Warren may disrupt its operations by causing its

websites and online platforms to become inaccessible to existing and potential customers. Any loss of income caused by such an interruption may not be recoverable and a significant or prolonged disruption may materially adversely impact Peter Warren's financial performance.

Peter Warren is also exposed to the risk of the failure of the systems of third-party IT service providers. Peter Warren's data management systems, websites, customer databases and associated systems are hosted on platforms provided by third party providers. A catastrophic failure in the systems of a third-party provider, even where disaster planning contingencies have been put in place by those third party providers, may have a materially adverse impact on the systems and operations of Peter Warren, cause data loss and impact sales. Any of these events, particularly if Peter Warren's insurances do not fully cover the risk, may materially adversely affect Peter Warren's financial performance or position.

5.1.16 Warranties and extended warranties

Peter Warren 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 Peter Warren to risks which it would not otherwise be exposed as a retailer as claims made under these warranties are not reimbursed by OEMs (in contrast to OEM warranties). 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 Peter Warren, may have a material adverse impact on Peter Warren's financial performance.

5.1.17 Competition

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

Peter Warren'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 Peter Warren's competitive position may materially adversely impact Peter Warren's financial performance.

5.1.18 Environmental compliance costs and liabilities

Unforeseen environmental issues may affect the sites used by Peter Warren. Vehicles emit hazardous fumes and contain dangerous substances and fluids such as brake fluid. While Peter Warren 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. The risk of environmental contamination is heightened at sites where vehicle servicing takes place as there is a greater exposure to the hazardous substances used in vehicles. Government environmental authorities may require Peter Warren to remediate such contamination and Peter Warren may be required to undertake such remediation at its own cost. Peter Warren may be liable to remedy sites affected by environmental issues even in circumstances where Peter Warren is not responsible for causing the environmental liability. The cost of such remediation could be substantial. In addition, if Peter Warren is not able to remediate the site properly, this may materially adversely impact Peter Warren's financial performance, particularly in the case of Peter Warren's larger multi-franchise sites.

Further, 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 Peter Warren, they may make a personal injury claim against Peter Warren. 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 such as a closure of the site on which the Dealership is located until the issue is remedied. Any loss of income caused by such an interruption to operations may not be recoverable.

In addition, climate change and the corresponding increase in the likelihood of events such as floods, hailstorms, droughts, fires, heatwaves and cyclones could impact Peter Warren by causing increased costs, closures, disruption to operations, damage to stock or premises, lack of access and impacts on supply, among other things. Such events may lead to an increase in operational costs or business interruption and may materially adversely impact Peter Warren's financial performance.

5.1.19 COVID-19

Events related to COVID-19 have resulted in significant market volatility. There is continued uncertainty as to the ongoing and future response of governments and authorities globally, and a further Australian economic downturn is possible. As such, the full impact of COVID-19 to consumer behaviour, OEMs, employees and the Company are not fully known. Given this, the impact of COVID-19 could potentially be materially adverse to the Company's financial and / or operational performance. Further, any government or industry measures may materially adversely affect Peter Warren's operations and are likely beyond Peter Warren's control.

5.1.20 COVID-19 State and Federal Government restrictions

Due to COVID-19, the State and Federal Governments have imposed social-distancing restrictions which have, and may, disrupt the operations of Peter Warren. There is a risk that social-distancing restrictions persist, potentially resulting in an increased reliance on technology to communicate with employees, which may impact on the ability to attract and motivate employees, in particular new team members.

Further, these restrictions may disrupt Peter Warren's Dealerships by impacting their ability to service customers in a timely manner or at all. For example, the ability to inspect vehicles in person, including going for a test drive, is an important step for many consumers in their path to purchasing a vehicle. If physical inspections are not possible or are less accessible because of social-distancing restrictions, it may become more difficult for Dealerships to sell vehicles and in turn result in lower revenue for the Company.

5.1.21 Supply chain

Factors outside the control of Peter Warren, for example COVID-19, may have a material adverse impact on Peter Warren's supply chain. Restrictions on imports and the manufacturing of cars by OEMs in foreign markets may restrict the supply of vehicles and create a backlog in demand, especially given that all new vehicles sold by Peter Warren are manufactured overseas. This may distort Peter Warren's near-term earnings profile and materially adversely impact the Company's financial performance.

5.1.22 Risk of litigation, claims, disputes and regulatory investigations

Peter Warren may be subject to litigation, claims, disputes and regulatory investigations in the course of its business including employment disputes, contractual disputes, indemnity claims, occupational health and safety claims, actions brought by other third parties, or criminal or civil proceedings. Peter Warren could face civil penalty proceedings, other legal or regulatory sanctions or reputational damage as a result of any failure to comply with applicable laws, regulations, or codes of conduct. This may have a material adverse effect on Peter Warren's financial and / or operational performance.

5.1.23 A workplace accident or incident may occur

Peter Warren's employees are at risk of workplace accidents and incidents given the inherent dangers of operating vehicles. Should an employee be injured in the course of their employment, Peter Warren may be liable for penalties or damages as a result. If Peter Warren was required to pay monetary penalties, this may materially adversely affect its financial position as well as the reputation of Peter Warren.

5.1.24 Exchange rates

All new vehicles sold by Peter Warren are stocked from overseas manufacturers, in particular from European or Japanese OEMs. Adverse movements in exchange rates may increase the price at which Peter Warren acquires new vehicle stock (if not absorbed by OEMs). These increased costs may be absorbed by Peter Warren, which would materially adversely impact its profitability, or be passed on to its customers, which may negatively impact demand for these vehicles. Accordingly, to the extent that adverse exchange rate movements are not absorbed by OEMs, this may have a material adverse impact on the overall financial performance of Peter Warren.

5.1.25 Integration of future acquisitions may not be successful

Peter Warren may consider future acquisitions where the Company believes that those acquisitions are complementary to Peter Warren's future growth strategy. There are a number of difficulties associated with acquisitions such as the integration of financial, operational and managerial resources. If these companies are not successfully integrated this may have a material adverse effect on Peter Warren's financial and operational performance.

In addition, while Peter Warren will conduct due diligence on any proposed acquisitions, there is no assurance that an acquisition will perform as forecast once fully integrated, or successfully achieve the desired objectives and synergies.

5.1.26 Inability to meet forecast financial performance

The Forecast Financial Information, including any Forecast Financial Information regarding the mix of sales volumes between each service offering, 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. Peter Warren may not achieve its forecast and or may achieve a different mix of earnings by service offering as a result of factors both known and unknown.

5.1.27 Existing Shareholders retain a significant stake in the Company post-Listing

Following Completion, the Existing Shareholders will hold approximately 49.3% of the issued capital of Peter Warren and will be able to exert significant influence over the Company, including in relation to the election of Directors, the appointment of new management and the potential outcome of matters submitted to the vote of Shareholders or which relate to transactions affecting the control of Peter Warren. There is a risk that the interests of these Shareholders may be different from the interests of other investors who acquire Shares under the Offer.

Moreover, 82.1 million Shares (which includes 5.2 million Shares to be acquired by the Warren Family Trust under the Offer), representing 49.3% of the issued capital of Peter Warren, will be subject to the escrow arrangements described in Section 9.7. Following the end of the Escrow Period, a significant sale of Shares by some or all of the Escrowed Shareholders, or the perception that such sales have occurred or might occur, may materially adversely affect the price of Shares. Alternatively, the absence of any sale of Shares by the Existing Shareholders may cause or contribute to a diminution in the liquidity of the market for the Shares.

5.1.28 Regulatory scrutiny and upcoming changes

The automotive dealership industry has been, and continues to be, the subject of regulatory scrutiny. The Hayne Royal Commission made a number of recommendations for improving consumer outcomes in the sale of insurance and consumer financing products, which will affect the caryard / car-dealer sector. ASIC has also undertaken sector-specific reviews focussing on the common sales practices for add-on insurance and warranty products. It is generally expected that the Hayne Royal Commission and ASIC recommendations will be implemented, however the speed of implementation has slowed due to COVID-19.

These changes may materially adversely impact Peter Warren's business, including how car insurance and car financing products are sold and how Peter Warren is remunerated. In particular:

- Industry wide deferred sales model and additional sales obligations for caryard add-on insurance distribution – In August 2020, ASIC commenced public consultation on a proposed product intervention order on the sale of add-on insurance and warranty products sold with vehicles. ASIC proposed the introduction of an industry-wide deferred sales model and additional sales obligations that will apply to caryard distributors of these products. While the proposed order has not yet been implemented, the Government has introduced an industry-wide deferred sales model for add-on insurance, which will come into effect on 5 October 2021 and in March 2021, ASIC commenced consultation on a draft regulatory guide for this deferred sales model and ASIC's proposal for the content, form and communication of information that must be given to customers to start the deferral period.
- Prohibition on commission-based remuneration structures for general insurance distributors – It is expected that the current exclusion for general insurance products from the prohibition on conflicted remuneration will be repealed, subject to an ASIC review planned to take place in 2022.

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- Repeal of point-of sale exemption for consumer credit distributors – The POS exemption from the requirement to hold an Australian credit licence is commonly used by caryard sellers of finance products. In summary, the POS exemption applies where a supplier of goods or services engages in a credit activity (such as introducing a borrower to a lender) primarily on the premises of the supplier and the credit provided will wholly or predominantly be used to pay for goods or services supplied by the supplier. The Hayne Commission recommended repealing the exemption due to concerns with the lack of regulatory oversight of entities relying on the exemption, the absence of responsible lending obligations on the part of the exempt entity and poor consumer outcomes experienced by borrowers. The industry generally expects that the Hayne Commission recommendation to repeal the POS exemption will be implemented.

5.1.29 Related party risk

The Company is party to various related party transactions and arrangements as disclosed in Section 6.7 of this Prospectus. These arrangements may result in conflicts of interest and there is a risk that the interests of a related party may influence the decision-making of Directors to the detriment of the interests of the Company's shareholders as a whole. To mitigate the financial effects of any conflicts of interest with respect to the Warwick Farm Acquisition, an independent valuation was obtained to determine the acquisition price under this transaction.

5.2 General risks

5.2.1 Price of shares and general investment risks

The price at which Shares are quoted on the ASX may increase or decrease due to a number of factors. These factors may cause the Shares to trade at prices above or below the price at which the Shares are being offered under this Prospectus. In particular, the events relating to COVID-19 have recently resulted in a decline in general economic conditions together with significant volatility to the market including the prices of shares trading on the ASX.

There is no assurance that the price of the Shares will increase following the quotation of the Company on the ASX, even if Peter Warren's operations and financial performance improves. Some of the factors which may affect the price of the Shares include:

- Fluctuations in the domestic and international market for listed stocks;
- General economic conditions, including interest rates, inflation rates, exchange rates, commodity and oil prices, changes to government fiscal, monetary or regulatory policies, legislation or regulation;
- Inclusion in or removal from market indices;
- Changes to government fiscal, monetary or regulatory policy, legislation or regulation;
- Acquisition and dilution;
- Pandemic risk;
- The nature of the markets in which Peter Warren operates; and
- General operational and business risks.

Other factors which may negatively affect investor sentiment and influence Peter Warren, specifically or the stock market more generally include acts of terrorism, an outbreak of international hostilities or tensions, fires, floods, storms, hail, earthquakes, labour strikes, civil wars, natural disasters, outbreaks of disease or other man-made or natural events. Peter Warren has a limited ability to insure against some of the risks mentioned above.

5.2.2 Trading in Shares may not be liquid

Once the Shares are quoted on the ASX, there can be no guarantee that an active trading market for the Shares will develop or that the price of the Shares will increase. There may be relatively few potential buyers or sellers of the Shares on the ASX at any one time which may make it difficult for investors to sell their Shares. If illiquidity arises, there is a real risk that Shareholders will be unable to realise their investment in the Company.

Certain Existing Shareholders will enter into voluntary escrow arrangements in relation to their retained Shares as described in Section 9.7. The absence of any sale of Shares by these Existing Shareholders during this period may cause, or at least contribute to, limited liquidity in the market for Shares.

Lower volumes of trading in Shares may increase the volatility of the market price of the Shares as, in such situations, significant price movement can be caused by trading a relatively small number of Shares. It may also affect the prevailing market price at which Shareholders are able to sell their Shares and result in Shareholders receiving a market price for their Shares that is less than the price that Shareholders paid.

5.2.3 Changes to laws and regulations

Peter Warren is subject to, and must comply with, a variety of laws and regulations in Australia in the ordinary course of its business. These laws and regulations include those that relate to fair trading and consumer protection, product safety, employment, taxation including luxury car tax, GST and stamp duty and customs and tariffs.

Changes to laws and regulations in these areas may materially adversely affect Peter Warren, including by increasing Peter Warren's costs either directly (such as an increase in the amount of tax the Company is required to pay), or indirectly (including by increasing the cost to the business of complying with legal requirements). Any such adverse effect may impact Peter Warren's future operating and / or financial performance.

5.2.4 Accounting standards

Australian Accounting Standards are set by the AASB and are outside the control of Peter Warren, its Directors, or its senior management team. The AASB may, from time to time, introduce new or refined Australian Accounting Standards in future periods, which may affect future measurement and recognition of key statement of income and balance sheet items, including sales and receivables.

There is also the risk that interpretations of existing Australian Accounting Standards, including those relating to the measurement and recognition of key statement of income and balance sheet items, including sales and receivables, 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 materially adversely affect the financial performance and position reported in Peter Warren's consolidated financial statements.

5.2.5 Exposure to changes in tax rules or their interpretation

Tax rules or their interpretation in relation to equity investments, divestments and other transactions entered into in the ordinary course of Peter Warren's business may change. In particular, both the level and basis of taxation may change.

In addition, from time to time the ATO will review the tax treatment of transactions entered into by Peter Warren. Any actual or alleged failure to comply with, or any change in the application or interpretation of tax rules applied by Peter Warren in respect of such transactions, could increase its tax liabilities or expose it to legal, regulatory or other actions.

In addition, an investment in the Shares involves tax considerations which may differ for each Shareholder. Each investor considering an investment in Peter Warren is encouraged to seek professional tax advice in connection with any investment in Peter Warren. Refer to Section 9.16 for additional taxation considerations.

5.2.6 Future capital needs

Peter Warren may be required in the future to raise capital through public or private financing or other arrangements. Such financing may not be available on acceptable terms, or at all, and a failure to raise capital when needed could harm the business. If Peter Warren cannot raise funds on acceptable terms, it may not be able to grow its business or respond to competitive pressures.

5.2.7 Risk of Shareholder dilution

In the future, Peter Warren may elect to issue Shares in connection with fundraisings, including raising proceeds for acquisitions Peter Warren may decide to make. Shareholder interests may be diluted and Shareholders may experience a loss in value of their equity if Peter Warren issues Shares as consideration for acquisitions, funds acquisitions through raising equity capital or if Peter Warren engages in fundraisings for any other reason, including the repayment of debt. While Peter Warren will be subject to the constraints of the ASX Listing Rules regarding the percentage of its capital 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.

5.2.8 No guarantee of future dividend payments

There is no guarantee that Peter Warren will generate sufficient cash flow from its operations in the future to pay dividends. Peter Warren's dividend policy is set out in Section 4.13. Further, Peter Warren expects future dividends to be franked to the maximum extent possible. However, there is no guarantee that Peter Warren will have sufficient franking credits in the future to fully frank dividends or that the imputation system will not be varied or abolished.

In addition, if a portion of Peter Warren's future earnings are derived from offshore operations, it may not be possible to fully frank dividends. 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.

5.2.9 Force majeure events may occur

Events may occur within or outside the Australian markets that negatively impact Peter Warren's financial performance, operations and / or the price of the Shares. These events include but are not limited to acts of terrorism, an outbreak of international hostilities, fires, floods, storms, hail, earthquakes, labour strikes, civil wars, natural disasters, outbreaks of disease or other natural or man-made events or occurrences that may have a material adverse effect on the Company's suppliers, the demand for products and / or the ability to conduct business. Peter Warren has only a limited ability to insure against some of these risks.

5.2.10 Epidemics and pandemics

In addition to the force majeure events mentioned in Section 5.2.9 above, a rapid spread of infectious disease to a large number of people within a short period of time may occur within or outside the countries in which Peter Warren operates. In particular, a pandemic similar in nature to the 2002-03 outbreak of Severe Acute Respiratory Syndrome (SARS), the 2009 swine flu outbreak or the 2019-20 COVID-19 (novel coronavirus pneumonia) outbreak may adversely affect general economic sentiment, the global economy, stock markets and other financial markets. COVID-19 is currently of significant concern to the worldwide community and has clouded the near and medium term outlook for the global economy. Financial markets have also been volatile as market participants and governments worldwide assess the risks associated with the coronavirus and global supply chains are being severely impacted across major industries. Measures introduced to limit transmission of the virus may have a negative impact on the global economy and economic growth. As a result of the global outbreak monetary policy has been eased to provide additional support to employment and economic activity. Given the evolving situation, it is difficult to predict the nature and extent of the risk and the impact on Peter Warren. The impact of the virus on consumer sentiment, demand and confidence generally could materially adversely affect Peter Warren's operations and / or financial performance.

5.2.11 Expected future events may not occur

Certain statements in this Prospectus constitute forward-looking statements, opinions and estimates. Such forward-looking statements, opinions and estimates rely on various contingencies and assumptions and involve known and unknown risks, uncertainties and other factors which may cause actual results, performance and achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements, opinions and estimates. The actual performance of the Company or the automotive industry may not be as expected and this may have a material adverse impact on the value of Shares.

Given these uncertainties, prospective investors should not place undue reliance on forward-looking statements. In addition, under no circumstances should forward-looking statements be regarded as a representation or warranty by Peter Warren or any other person referred to in this Prospectus that a particular outcome or future event is guaranteed.

5.2.12 No guarantee in respect of investment

The above list of risk factors should not be taken as an exhaustive list of the risks faced by Peter Warren or by investors in Peter Warren. The above factors, and others not specifically referred to above, may materially affect the financial performance of Peter Warren and the value of the Shares under the Offer. The Shares issued under the Offer carry no guarantee in respect of profitability, dividends, return of capital or the price at which they may trade on the ASX. Furthermore, there is no guarantee that the Shares will remain continuously quoted on the ASX, which could impact the ability of prospective Shareholders to sell their Shares.

Investors should consult their professional adviser before deciding whether to apply for Shares under the Offer.



06




Key People,
Interests and
Benefits

06.


Key People, Interests and Benefits

6.1 Board of directors



The Directors bring to the Board relevant experience and skills, including industry and business knowledge, financial management and corporate governance experience.

| Name | Expertise, experience and qualifications |
|--|--|
|  <p>John Ingram <i>Non-Executive Chair</i></p> | <p>John joined the Peter Warren Board in April 2021 as its Non-Executive Chair.</p> <p>John is an experienced director and chairman, currently also serving as the non-executive chairman of Nick Scali Limited and having previously been the managing director of Crane Group Limited, the non-executive chairman of Shriro Holdings Limited, a non-executive director of United Group Limited and a trustee director of Australian Super.</p> <p>John is also an Emeritus Councillor and a past National President of The Australian Industry Group.</p> |
|  <p>Paul Warren <i>Executive Director</i></p> | <p>Paul, the eldest son of the Company's founder, Peter Warren, is an Executive Director of the Company.</p> <p>Paul joined the Company in 1975 after completing a Bachelor of Business and has over 46 years' experience working in the automotive industry. In 1982, Paul took over the executive management of the business and has been instrumental in the commercial expansion of the Group since that time, integrating many acquisitions and developing strategies for the organic growth of the Group. As part of the Listing, Paul will hand over his CEO duties to Mark Weaver (see below for Mark's biography) but will remain as an Executive Director and continue to work with Mark on strategy and M&A whilst maintaining the Company's relationships with OEMs, financiers and large fleet customers.</p> <p>Paul's experience extends across all elements of the automotive industry including representation on various dealer councils, including currently serving as a board member of the Australian Automotive Dealer Association.</p> <p>Paul holds a Bachelor of Business from the University of Technology, Sydney.</p> |
|  <p>Catherine West <i>Non-Executive Director</i></p> | <p>Catherine joined the Peter Warren Board in April 2021 as a Non-Executive Director.</p> <p>Catherine has over 25 years legal, business affairs and strategy experience in the media, entertainment, telecommunications and medical sectors in Australia, the UK and Europe. She is currently a non-executive director of ASX-listed Nine Entertainment and Monash IVF Group. She is also a non-executive director of the National Institute of Dramatic Art (NIDA) Foundation, the Vice-President of the Sydney Breast Cancer Foundation at Chris O'Brien Lifehouse and a Governor of Wenona School.</p> <p>Catherine holds a Bachelor of Laws (Hons) and Bachelor of Economics degree from the University of Sydney and is a Graduate Member of the Australian Institute of Company Directors.</p> |

06. Key People, Interests and Benefits

| Name | Expertise, experience and qualifications |
|--|---|
|  <p data-bbox="165 734 328 831">Niran Peiris <i>Non-Executive Director</i></p> | <p>Niran joined the Peter Warren Board in April 2021 as a Non-Executive Director.</p> <p>Niran has an extensive background in financial services and insurance having been a Member of the Board of Management of Allianz SE, CEO of Allianz Australia and also having held a number of other executive level roles (including CFO) at Allianz and other Australian insurance companies. Prior to that he worked in accounting services firms as a tax specialist.</p> <p>Niran holds a Bachelor of Economics and a Bachelor of Laws from the University of Sydney.</p> |

6.2 Key Management

| Name | Expertise, experience and qualifications |
|---|---|
|  <p data-bbox="165 1294 336 1391">Mark Weaver <i>Chief Executive Officer</i></p> | <p>Mark is Peter Warren's Chief Executive Officer.</p> <p>Mark has over 15 years of Automotive experience across many facets of the industry including advisory, compliance, Mergers & Acquisitions and commercial operational roles. He previously was a Partner with Deloitte, spending 11 years focussed solely on the Automotive retail sector and working with many of the leading Automotive groups across Australia.</p> <p>Since joining the group in 2016, Mark has performed several executive roles from Dealer Principal to CEO and been forefront in the growth of the business in recent years whilst establishing platforms for future growth.</p> <p>Mark is a member of the Chartered Accountants Australia and New Zealand, a fellow of Association of Chartered Certified Accountants and a Chartered Tax Advisor.</p> |
|  <p data-bbox="165 1697 336 1861">Bernard Friend <i>Chief Financial Officer and Company Secretary</i></p> | <p>Bernard is Peter Warren's Chief Financial Officer and Company Secretary, responsible for the Company's accounting, finance, risk and compliance functions.</p> <p>Bernard has been with the Company since 1982 and has over 38 years' experience working in the automotive industry.</p> <p>Before joining Peter Warren, Bernard was an accountant at Horwath Chartered Accountants and, prior to that, the Australian Tax Office.</p> <p>Bernard is a Chartered Accountant and holds a Bachelor of Commerce from the University of New South Wales.</p> |

6.3 Interests and benefits

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

- Director 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 the Company; or
- Underwriter to the Offer or financial services licensee named in this Prospectus as a financial services licensee involved in the Offer,

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

6.3.1 Interests of advisers

The Company has engaged the following professional advisers in relation to the Offer:

- Jarden, Jefferies and Morgan Stanley have acted as Joint Lead Managers to the Offer and the fees payable to the Joint Lead Managers pursuant to the Underwriting Agreement are described in Section 9.6.1;
- Morgans and Morgan Stanley Wealth Management Australia Pty Ltd have acted as Co-Lead Managers to the Offer and the fees payable to the Co-Lead Managers are described in Section 9.6.1;
- Gilbert + Tobin has acted as Australian legal adviser to the Company in relation to the Offer. The Company has paid, or agreed to pay, approximately \$1,200,000 (excluding disbursements and GST) for these services up until the Prospectus Date. Further amounts may be paid to Gilbert + Tobin in accordance with its normal time-based charges;
- Deloitte Corporate Finance Pty Limited has acted as the Investigating Accountant in connection with the Offer and has performed work in relation to the Investigating Accountant's Report. The Company has paid, or agreed to pay, approximately \$750,000 (excluding disbursements and GST) for these services up until the Prospectus Date. Further amounts may be paid to Deloitte Corporate Finance Pty Limited in accordance with its normal time-based charges; and
- Deloitte Tax Services Pty Ltd has acted as the Australian taxation adviser in relation to the Offer. The Company has paid, or agreed to pay, approximately \$200,000 to Deloitte Tax Services Pty Ltd (excluding disbursements and GST) 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 the Company 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 7.1.3.

6.4 Directors interests and remuneration

6.4.1 Non-executive director remuneration

Under the Constitution, the Company in a general meeting may determine the maximum aggregate remuneration to be provided to or for the benefit of the Non-Executive Directors as remuneration for their services as a Director. Further, under the ASX Listing Rules, the total amount of fees paid to the Non-Executive Directors (subject to certain exceptions) must not exceed in aggregate in any financial year the amount fixed by the Company's members in a general meeting.

Initially, and until a different amount is determined, the maximum aggregate Directors' remuneration for the purposes of the ASX Listing Rules and the Constitution is \$1,000,000 per annum of which \$400,000 is currently utilised. This amount excludes, among other things, amounts payable to any executive Director under any executive services agreement with the Group or any special remuneration which the Board may grant to the Directors for special exertions or additional services performed by a Director for or at the request of the Company.

The following annual base fees are payable to Directors (with effect from Completion).

| Director fees | \$ | As at Completion |
|------------------------|-----------|-----------------------------------|
| Chair | \$200,000 | John Ingram (Non-Executive Chair) |
| Non-Executive Director | \$100,000 | Catherine West and Niran Peiris |

The following annual committee fees are payable to the Chair of the Audit and Risk Management Committee and People and Remuneration Committee (with effect from Completion).

| Committee fees | Chair fee (\$) | As at Completion |
|-------------------------------------|----------------|------------------|
| Audit and Risk Management Committee | \$20,000 | Niran Peiris |
| People and Remuneration Committee | \$20,000 | Catherine West |

6.4.2 Payments in connection with the Listing

On Listing, each of the Non-Executive Directors will receive a fee for services in connection with the IPO of \$50,000 (inclusive of any superannuation contributions required by law, if any) to be applied by the Company as a subscription payment for Shares at the Offer Price (**NED Shares**). The NED Shares will be subject to the Company's Securities Trading Policy.

6.4.3 Deeds of access, insurance and indemnity

The Company has entered into a deed of access, insurance and indemnity with each Director. Each deed contains the Director's right of access to certain books and records of the Company or Group Company for the period from the date of the deed until seven years after the Director ceases to hold office of the Company or Group Company. This seven-year period can be extended where certain proceedings or investigations commence before the seven-year period expires.

Pursuant to the Constitution, the Company may indemnify all Directors, executive officers, other officers and employees, past and present, against all liabilities incurred as an officer of the Company or Group Company to the extent permitted by law. Under the deed of access, insurance and indemnity, the Company must indemnify each Director against any liability that may arise from their position as an officer of the Company or Group Company, to the extent permitted by law. The deed provides that the Company must meet the full amount of any such liabilities, including legal costs that are reasonably incurred, charges and expenses.

Pursuant to the Constitution, the Company may arrange and maintain directors' and officers' insurance for its Directors to the extent permitted by law. Under the deed of access, insurance and indemnity, the Company must use reasonable endeavours to maintain such insurance with a reputable insurer for the period from the date of the deed until seven years after the Director ceases to hold office of the Company or Group Company. This seven-year period can be extended where certain proceedings or investigations commence before the seven-year period expires.

In this summary, "Group Company" means the Company, a subsidiary of the Company, any companies which are 50% or more owned directly or indirectly by any other Group Company, or any partnership or unincorporated joint venture in which any Group Company or a related body corporate of the Company has an interest of 50% or more.

6.4.4 Directors' interests in Shares and other securities

The Directors are not required by the Constitution to hold any Shares.

The Directors' interests in Shares and other securities in the Company as at the Prospectus Date and as at Completion are set out in the table below:

| Director | Interests held at the Prospectus Date | | Interests held at Completion | |
|--------------------------|---------------------------------------|--------------------|------------------------------|--------------------|
| | Shares (million) | Performance Rights | Shares (million) | Performance Rights |
| John Ingram | Nil | Nil | 0.02 | Nil |
| Paul Warren ¹ | 20.2 | Nil | 58.4 | Nil |
| Catherine West | Nil | Nil | 0.02 | Nil |
| Niran Peiris | Nil | Nil | 0.02 | Nil |

Notes:

1. Paul Warren has an interest in Shares through the Warren Family Trust (Paul Warren is a director and shareholder of the trustee and a beneficiary of the discretionary family trust) and has an interest in 33.1 million Shares that will be issued to WF Property in connection with the Warwick Farm Acquisition (Paul Warren is a director of that entity and a director and shareholder of its ultimately holding company, P W M Investments (1976) Pty Ltd (ACN 001 337 462)). Includes the 5.2 million Shares to be acquired by the Warren Family Trust under the Offer.

The Directors (and their associated entities) are entitled to apply for Shares under the Offer.

The above table, other than in relation to the NED Shares to be issued to John Ingram, Catherine West and Niran Peiris, does not take into account any Shares the Directors (and their associated entities) may acquire under the Offer (other than the 5.2 million Shares to be acquired by the Warren Family Trust under the Offer).

Prior to the date of this Prospectus, the Warren Family (alongside all Existing Shareholders) received the Pre-IPO Dividend (the amount in aggregate of the Pre-IPO Dividend paid to Existing Shareholders was \$66 million). Immediately following Completion, Warren Family Trust will receive a payment of approximately \$71.3 million following the redemption of Loan Notes it holds in accordance with their terms.

Other than the 5.2 million Shares to be acquired by the Warren Family Trust under the Offer, Shares acquired under the Priority Offer will not be subject to voluntary escrow arrangements. Final shareholdings held directly or indirectly by the Directors (and their associated entities) will be notified to ASX following Listing. The Shares recorded in the above table as held by Paul Warren will be subject to voluntary escrow arrangements as outlined in Section 9.7.

6.4.5 Other information about Directors' interests and benefits

Directors may also be reimbursed travel and other expenses incurred in attending to company affairs, including attending and returning from general meetings or meetings of the Board or committees of the Board. A Director who performs additional or special duties for the Company at the request of the Board may be paid such additional or special remuneration (as determined by the Board).

There are no retirement benefit schemes for Directors, other than statutory superannuation contributions.

6.4.6 Employee remuneration and incentive arrangements

The Company has established various remuneration and incentive arrangements to assist in the attraction, motivation and retention of management and employees of the Company and to align executive reward to the Company's objectives and the creation of shareholder value as set out below.

Briefly, the Board has determined that to align the interests of the Company's executive team with the goals of the Company and the creation of shareholder value, the remuneration packages of the CEO and the other senior executives of the Company should comprise the following components:

- Fixed annual cash reward (inclusive of superannuation, allowances, benefits and fringe benefits tax);
- Short term incentives, which may be settled in cash or equity as determined by the Board each year;
- Equity-based long term incentives; and
- A grant of performance rights to the CEO and CFO at Listing (**IPO Grant**).

Awards under the short term incentives and the vesting of equity under the long term incentives and IPO Grant will be subject to the achievement of performance criteria or hurdles set by the Board.

Details of any awards issued under the short term incentives or long term incentives will be published in the Company's annual report relating to the period in which they were issued.

Any additional persons covered by ASX Listing Rule 10.14 who become entitled to participate in an issue of awards under the short term incentives or long term incentives after the date of the Prospectus and who were not named in the Prospectus will not participate until approval is obtained under ASX Listing Rule 10.14.

6.4.7 Executive remuneration

The key management personnel of the Company are Paul Warren (Executive Director), Mark Weaver (Chief Executive Offer) and Bernard Friend (Chief Financial Officer). Their employment arrangements are set out below.

i. Paul Warren (Executive Director)

| Term | Description | | | | |
|--|--|------|------|--|--|
| Employer | Peter Warren Automotive Pty Ltd | | | | |
| Role | Executive Director | | | | |
| Fixed annual remuneration | <table><tbody><tr><td>FY21</td><td>FY22</td></tr><tr><td>Paul is entitled to receive annual fixed remuneration of \$787,500 (exclusive of superannuation). Paul's superannuation contributions are capped at the maximum contribution base as referred to in the <i>Superannuation Guarantee Administration Act 1992</i> (Cth).</td><td>Paul is entitled to receive annual fixed remuneration of \$431,250 (exclusive of superannuation). Paul's superannuation contributions are capped at the maximum contribution base as referred to in the <i>Superannuation Guarantee Administration Act 1992</i> (Cth).</td></tr></tbody></table> | FY21 | FY22 | Paul is entitled to receive annual fixed remuneration of \$787,500 (exclusive of superannuation). Paul's superannuation contributions are capped at the maximum contribution base as referred to in the <i>Superannuation Guarantee Administration Act 1992</i> (Cth). | Paul is entitled to receive annual fixed remuneration of \$431,250 (exclusive of superannuation). Paul's superannuation contributions are capped at the maximum contribution base as referred to in the <i>Superannuation Guarantee Administration Act 1992</i> (Cth). |
| FY21 | FY22 | | | | |
| Paul is entitled to receive annual fixed remuneration of \$787,500 (exclusive of superannuation). Paul's superannuation contributions are capped at the maximum contribution base as referred to in the <i>Superannuation Guarantee Administration Act 1992</i> (Cth). | Paul is entitled to receive annual fixed remuneration of \$431,250 (exclusive of superannuation). Paul's superannuation contributions are capped at the maximum contribution base as referred to in the <i>Superannuation Guarantee Administration Act 1992</i> (Cth). | | | | |

| Term | Description | | | | |
|---|--|--------|---------|-------|-------|
| Short term incentive (STI) | <p>FY21 Paul's maximum STI under the FY21 STI is \$1,771,875.</p> <p>FY22 Paul will be eligible to participate in the STI Plan at the discretion of the Board as outlined in Section 6.4.8. In respect of FY22, Paul's maximum STI will be \$242,578 subject to achievement of certain performance criteria as set out in Section 6.4.8.</p> <p>Paul's target and maximum award opportunity (as a percentage of annual fixed remuneration) is set out below in respect of FY22:</p> <table border="1"> <thead> <tr> <th>Target</th> <th>Maximum</th> </tr> </thead> <tbody> <tr> <td>26.3%</td> <td>56.3%</td> </tr> </tbody> </table> | Target | Maximum | 26.3% | 56.3% |
| Target | Maximum | | | | |
| 26.3% | 56.3% | | | | |
| Long term incentive (LTI) | <p>FY21 There is no LTI Plan for FY21.</p> <p>FY22 Paul will be eligible to participate in the Company's LTI Plan as outlined in Section 6.4.9. The Company intends to grant Paul Awards under the LTI Plan in 1HFY22. The value of the grant to Paul in relation to FY22 will be \$80,859. There is no opportunity to earn above this value. The number of FY22 LTI rights to be granted to Paul will be calculated by reference to the value of the relevant grant divided by the Black-Scholes value of the Right at the time of calculation (ignoring vesting conditions) based on the volume weighted average price of the Company's Shares over the 10 trading days prior to the 1st of July.</p> <p>Paul's FY22 LTI will have a vesting condition that is tied to earnings per share growth and a parallel service condition.</p> | | | | |
| Notice period, termination and termination payments | <p>Either Paul or Peter Warren Automotive Pty Ltd can terminate Paul's employment by giving the other party 12 months' notice in writing (or by Peter Warren Automotive Pty Ltd making payment in lieu of notice of part or all of Paul's notice period). Peter Warren Automotive Pty Ltd may summarily terminate Paul's employment in certain circumstances, including where Paul engages in serious misconduct.</p> <p>All payments on termination will be subject to the termination benefits cap under the Corporations Act.</p> | | | | |
| Non-solicitation/restrictions on future activities | <p>Paul's employment contract contains restraints that apply during his employment and for 12 months post-employment, including:</p> <ul style="list-style-type: none"> • Non-competition restraints; • Restrictions against soliciting Peter Warren Automotive Pty Ltd customers, contractors or suppliers; and • Restrictions against soliciting, employing or engaging any employees. <p>The non-competition restriction above purports to operate in Australia. The enforceability of the above restraints is subject to all usual legal requirements.</p> | | | | |

06. Key People, Interests and Benefits

ii. Mark Weaver (Chief Executive Officer)

| Term | Description | | | | |
|----------------------------|---|--------|---------|-----|-----|
| Employer | Peter Warren Automotive Pty Ltd | | | | |
| Role | Chief Executive Officer | | | | |
| Fixed annual remuneration | <p>FY21 Mark is entitled to receive annual fixed remuneration of \$525,000 (exclusive of superannuation). Mark's superannuation contributions are capped at the maximum contribution base as referred to in the <i>Superannuation Guarantee Administration Act 1992</i> (Cth).</p> <p>FY22 Mark is entitled to receive annual fixed remuneration of \$575,000 (exclusive of superannuation). Mark's superannuation contributions are capped at the maximum contribution base as referred to in the <i>Superannuation Guarantee Administration Act 1992</i> (Cth).</p> | | | | |
| Short term incentive (STI) | <p>FY21 Mark's maximum STI under the FY21 STI is \$590,625.</p> <p>FY22 Mark will be eligible to participate in the STI Plan at the discretion of the Board as outlined in Section 6.4.8. In respect of FY22, Mark's maximum STI will be \$431,250 subject to achievement of certain performance criteria as set out in Section 6.4.8.</p> <p>Mark's target and maximum award opportunity (as a percentage of annual fixed remuneration) is set out below in respect of FY22:</p> <table border="1"> <thead> <tr> <th>Target</th> <th>Maximum</th> </tr> </thead> <tbody> <tr> <td>35%</td> <td>75%</td> </tr> </tbody> </table> | Target | Maximum | 35% | 75% |
| Target | Maximum | | | | |
| 35% | 75% | | | | |
| Long term incentive (LTI) | <p>FY21 There is no LTI Plan for FY21.</p> <p>FY22 Mark will be eligible to participate in the Company's LTI Plan as outlined in Section 6.4.9. The Company intends to grant Mark Awards under the LTI Plan in 1HFY22. The value of the grant to Mark in relation to FY22 will be \$143,750. There is no opportunity to earn above this value. The number of FY22 LTI rights to be granted to Mark will be calculated by reference to the value of the relevant grant divided by the Black-Scholes value of the Right at the time of calculation (ignoring vesting conditions) based on the volume weighted average price of the Company's Shares over the 10 days prior to the preceding 1st of July.</p> <p>Mark's FY22 LTI will have a vesting condition that is tied to earnings per share growth and a parallel service condition.</p> | | | | |

| Term | Description |
|---|---|
| Notice period, termination and termination payments | <p>Either Mark or Peter Warren Automotive Pty Ltd can terminate Mark's employment by giving the other party 12 months' notice in writing (or by Peter Warren Automotive Pty Ltd making payment in lieu of notice of part or all of Mark's notice period). Peter Warren Automotive Pty Ltd may summarily terminate Mark's employment in certain circumstances, including where Mark engages in serious misconduct.</p> <p>All payments on termination will be subject to the termination benefits cap under the Corporations Act.</p> |
| Non-solicitation/restrictions on future activities | <p>Mark's employment contract contains restraints that apply during his employment and for 12 months post-employment, including:</p> <ul style="list-style-type: none"> • Non-competition restraints; • Restrictions against soliciting Peter Warren Automotive Pty Ltd customers, contractors or suppliers; and • Restrictions against soliciting, employing or engaging any employees. <p>The non-competition restriction above purports to operate in Australia. The enforceability of the above restraints is subject to all usual legal requirements.</p> |

iii Bernard Friend (Chief Financial Officer)

| Term | Description | | | | | | |
|---|---|---|--|--------|---------|-----|-----|
| Employer | Peter Warren Automotive Pty Ltd | | | | | | |
| Role | Chief Financial Officer | | | | | | |
| Fixed annual remuneration | <table border="0"> <tr> <td style="vertical-align: top;"> <p>FY21</p> <p>Bernard is entitled to receive annual fixed remuneration of \$525,000 (exclusive of superannuation). Bernard's superannuation contributions are capped at the maximum contribution base as referred to in the <i>Superannuation Guarantee Administration Act 1992</i> (Cth).</p> </td> <td style="vertical-align: top;"> <p>FY22</p> <p>Bernard is entitled to receive annual fixed remuneration of \$525,000 (exclusive of superannuation). Bernard's superannuation contributions are capped at the maximum contribution base as referred to in the <i>Superannuation Guarantee Administration Act 1992</i> (Cth).</p> </td> </tr> </table> | <p>FY21</p> <p>Bernard is entitled to receive annual fixed remuneration of \$525,000 (exclusive of superannuation). Bernard's superannuation contributions are capped at the maximum contribution base as referred to in the <i>Superannuation Guarantee Administration Act 1992</i> (Cth).</p> | <p>FY22</p> <p>Bernard is entitled to receive annual fixed remuneration of \$525,000 (exclusive of superannuation). Bernard's superannuation contributions are capped at the maximum contribution base as referred to in the <i>Superannuation Guarantee Administration Act 1992</i> (Cth).</p> | | | | |
| <p>FY21</p> <p>Bernard is entitled to receive annual fixed remuneration of \$525,000 (exclusive of superannuation). Bernard's superannuation contributions are capped at the maximum contribution base as referred to in the <i>Superannuation Guarantee Administration Act 1992</i> (Cth).</p> | <p>FY22</p> <p>Bernard is entitled to receive annual fixed remuneration of \$525,000 (exclusive of superannuation). Bernard's superannuation contributions are capped at the maximum contribution base as referred to in the <i>Superannuation Guarantee Administration Act 1992</i> (Cth).</p> | | | | | | |
| Short term incentive (STI) | <table border="0"> <tr> <td style="vertical-align: top;"> <p>FY21</p> <p>Bernard's maximum STI under the FY21 STI is \$708,750.</p> </td> <td style="vertical-align: top;"> <p>FY22</p> <p>Bernard will be eligible to participate in the STI Plan at the discretion of the Board as outlined in Section 6.4.8. In respect of FY22, Bernard's maximum STI will be \$210,000 subject to achievement of certain performance criteria as set out in Section 6.4.8.</p> <p>Bernard's target and maximum award opportunity (as a percentage of annual fixed remuneration) is set out below in respect of FY22:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="background-color: #0070c0; color: white;">Target</th> <th style="background-color: #0070c0; color: white;">Maximum</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">20%</td> <td style="text-align: center;">40%</td> </tr> </tbody> </table> </td> </tr> </table> | <p>FY21</p> <p>Bernard's maximum STI under the FY21 STI is \$708,750.</p> | <p>FY22</p> <p>Bernard will be eligible to participate in the STI Plan at the discretion of the Board as outlined in Section 6.4.8. In respect of FY22, Bernard's maximum STI will be \$210,000 subject to achievement of certain performance criteria as set out in Section 6.4.8.</p> <p>Bernard's target and maximum award opportunity (as a percentage of annual fixed remuneration) is set out below in respect of FY22:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="background-color: #0070c0; color: white;">Target</th> <th style="background-color: #0070c0; color: white;">Maximum</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">20%</td> <td style="text-align: center;">40%</td> </tr> </tbody> </table> | Target | Maximum | 20% | 40% |
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| Target | Maximum | | | | | | |
| 20% | 40% | | | | | | |

06. Key People, Interests and Benefits

| Term | Description |
|--|---|
| Long term incentive (LTI) | <p>FY21</p> <p>There is no LTI Plan for FY21.</p> <p>FY22</p> <p>Bernard will be eligible to participate in the Company's LTI Plan as outlined in Section 6.4.9. The Company intends to grant Bernard Awards under the LTI Plan in 1HFY22. The value of the grant to Bernard in relation to FY22 will be \$105,000. There is no opportunity to earn above this value. The number of rights to be granted to Bernard will be calculated by reference to the value of the relevant grant divided by the Black-Scholes value of the Right at the time of calculation (ignoring vesting conditions) based on the volume weighted average price of the Company's Shares over the 10 days prior to the preceding 1st of July.</p> <p>Bernard's FY22 LTI will have a vesting condition that is tied to earnings per share growth and a parallel service condition.</p> |
| Notice period, termination and termination payments | <p>Either Bernard or Peter Warren Automotive Pty Ltd can terminate Bernard's employment by giving the other party 12 months' notice in writing (or by Peter Warren Automotive Pty Ltd making payment in lieu of notice of part or all of Bernard's notice period). Peter Warren Automotive Pty Ltd may summarily terminate Bernard's employment in certain circumstances, including where Bernard engages in serious misconduct.</p> <p>All payments on termination will be subject to the termination benefits cap under the Corporations Act.</p> |
| Non-solicitation/restrictions on future activities | <p>Bernard's employment contract contains restraints that apply during his employment and for 12 months post-employment, including:</p> <ul style="list-style-type: none">• Non-competition restraints;• Restrictions against soliciting Peter Warren Automotive Pty Ltd customers, contractors or suppliers; and• Restrictions against soliciting, employing or engaging any employees. <p>The non-competition restriction above purports to operate in Australia. The enforceability of the above restraints is subject to all usual legal requirements.</p> |

6.4.8 Short-Term Incentives

All employees approved by the Board are eligible to participate in the Company's short term incentive plan (**STI Plan**).

The STI Plan award opportunities for FY22 are expected to be made in 1HFY22. The Company currently has an existing short term incentive plan (**Current STI**) that will be replaced by the STI Plan. The Current STI is a cash-based incentive only and will no longer be in effect after FY21 at which time the STI Plan will apply. Details of the Current STI for Paul Warren (Executive Director), Mark Weaver and Bernard Friend for FY21 are set out in Section 6.4.7 above.

Under the STI Plan, participants will be offered award opportunities calculated as a percentage of their total fixed annual remuneration each year, conditional upon the achievement of financial and non-financial metrics. The performance measures against each participant's short term incentive is assessed and their relevant weightings are tailored to a participant's role and are set by the Board each year. Actual short term awards in any given year may be below, at or above the target depending on the achievement of financial and non-financial criteria as set by the Board, in accordance with the terms of the STI Plan, which may be varied from time to time by the Board.

In FY22 it is expected that the participants under the STI Plan will be the CEO, the CFO, Paul Warren and other employees approved by the Board. Any award opportunity offered under the STI Plan will be calculated by reference to that person's total fixed annual remuneration. The target and maximum opportunity for the CEO, the CFO and Paul Warren upon achieving the relevant financial and non-financial criteria are expected to be as per the below table for FY22.

| % of total fixed annual remuneration | Target | Maximum |
|---|---------------|----------------|
| CEO | 35% | 75% |
| CFO | 20% | 40% |
| Paul Warren (Executive Director) | 26.3% | 56.3% |

Other selected employees will also be eligible to participate in the STI Plan and the maximum and target incentives for these employees will be determined by the Board.

The financial and non-financial metrics will be tested after the end of the measurement period (being a financial year). Where applicable, payments under the STI Plan will be made immediately after the release of the full year financial results to the ASX. Under the STI Plan, it is anticipated that 30% of any award due to executives from FY22 onwards will be deferred for 12 months in the form of restricted rights that will be subject to exercise restrictions for 12 months, however the Board has discretion in relation to the period of any applicable exercise restrictions. The number of restricted rights will be calculated by reference to the relevant dollar value of this portion of the STI divided by the Black-Scholes value of the restricted right at the time of calculation (ignoring vesting conditions) based on the volume weighted average price of the Company's Shares over the 10 days prior to the preceding 1st of July. Any remaining incentive award will be paid in cash via payroll subject to statutory deductions such as tax.

For FY22 the Board has determined that the financial criteria will be based of the Group NPAT (with an 80% weighting) and 20% will be assessed against individual measures including financial and strategic measures determined by the Board.

The measurement period for the FY22 STI will be the FY22 financial year. Unless otherwise determined by the Board, cessation of employment during the measurement period of STI Plans will result in forfeiture in full of the award opportunity.

For FY22 the deferred component will be in the form of restricted rights with a nil exercise price and the term of the right to exercise is anticipated to be 15 years from the grant date.

Awards under the STI Plan will also be subject to "inappropriate benefits" clauses, that include malus and claw back provisions and provide the Board discretion to cancel award opportunities in circumstances where an award would otherwise be viewed as inappropriate.

The Board has broad discretion under the STI Plan to increase or decrease awards at the time of determining outcomes to ensure outcomes are appropriate to the circumstances prevailing during the measurement period and to amend the plan rules to ensure outcomes are in accordance with the intended operation. The Board will also retain discretion to determine to settle awards in cash or deferred equity.

Shares acquired on exercise under the STI Plan may be restricted from dealing during the periods determined in the Company's Securities Trading Policy or due to the application of restrictions contained in the Corporations Act or any other applicable laws or due to restrictions contained in the Rights Plan or terms of the Invitation.

6.4.9 LTI Plan

The Company has established a long term incentive plan (**LTI Plan**) to assist in the motivation, retention and reward of eligible employees. The LTI Plan involves performance rights that are designed to align the interests of employees with the interests of Shareholders by providing an opportunity for employees to receive an equity interest in the Company when service and performance conditions linked to growing value for Shareholders, are met.

The Board anticipates that the first grant under the LTI Plan will occur in July 2021 for the purposes of delivering the long term component of FY22 remuneration packages.

Under the LTI Plan, eligible employees may be offered rights which may be subject to vesting and exercise conditions (**Rights**).

The Company may offer additional grants or rights including long term incentives to management and employees over time.

The key terms of the LTI Plan are as follows:

| Term | Description |
|--|--|
| Eligibility | All employees, excluding non-executive directors, as selected by the Board in its sole discretion, are eligible to participate in the LTI Plan. |
| Grants | Under the LTI Plan, invitations may be made to eligible employees of the Company from time to time, subject to the absolute discretion of the Board. The Company currently intends to make grants of Rights to the CEO, CFO, Paul Warren (Executive Director) and the Board may make grants of Rights to other employees approved by the Board. The terms of these grants will be determined by the Board prior to the grant being made in accordance with the LTI Plan. |
| Terms and conditions | The Board has discretion to set the terms and conditions (including conditions in relation to vesting, cash settlement, disposal restrictions or forfeiture) on which it will make invitations under and accordance with the LTI Plan and may set different terms and conditions which apply to different participants. The Board will determine the procedure for making invitations (including the terms and content of any offer or invitation or acceptance procedure) in accordance with the LTI Plan. |
| Term and Lapse | The term of the Rights is 15 years from the grant date unless a shorter period is specified in an invitation. Rights lapse automatically if not exercised prior to the end of the term or when there is no further opportunity for them to vest. |
| Vesting, Exercise Restrictions and Exercise | Rights will vest if and to the extent that any applicable vesting conditions specified in an invitation are satisfied (unless otherwise determined by the Board). Awards that are in the form of restricted rights are fully vested as at their grant date but not exercisable for a period of not less than 90 days (unless otherwise determined by the Board). |
| Settlement | The Board has discretion to settle the Rights that are exercised in the form of cash, Shares or restricted shares of equivalent value. If settled in Shares or restricted shares, settlement may be via market purchase or new issue, directly transferred to the participant, or via an employee share trust, at the Board's discretion. It is generally expected that exercised Awards will be settled in restricted shares. Any new issues will be registered on the ASX and subject to quotation. |

| Term | Description |
|---|---|
| Retesting | No retesting facility is available under the LTI Plan. |
| Amount Payable for Rights | No amount is payable by a participant for a grant since the value is intended to form part of an annual remuneration package set with reference to market benchmarks and the remuneration policies applicable at the time of an invitation being made. |
| Disposal Restrictions | <p>Rights may not be disposed of or transferred or otherwise dealt with (including being encumbered or made subject to any interest in favour of any other person) and will lapse immediately on purported disposal, transfer or dealing unless the transfer is effected by operation of law on death or legal incapacity to the participant's legal personal representative.</p> <p>Shares acquired on exercise of an Award may be restricted from dealing during the periods determined in the Company's Securities Trading Policy, the application of restrictions contained in the Corporations Act and other applicable law, or due to restrictions specified in an invitation.</p> |
| Cessation of Employment | <p>The Board will determine, subject to compliance with applicable law, the treatment of a Right if a participant ceases to be employed by a Group Company prior to the vesting of a Right, or a Right ceasing to be subject to any disposal restrictions as a term of the invitation at the time of cessation.</p> <p>It is anticipated that in the case of termination for cause or resignation where the notice period will not be served, all unvested rights will be forfeited, unless otherwise determined by the Board.</p> <p>It is anticipated that in the case of cessation of employment due to resignation with notice, redundancy or other circumstances specified by the Board, pro-rata forfeiture based on the period of the measurement period remaining will apply.</p> |
| Corporate Actions | The Board has discretion and will determine the impact of corporate events, including change of control, delisting, re-organisation of the capital of the Company, any capital return, share consolidation or share rights (subject to applicable regulations and ASX Listing Rules). |
| Inappropriate Benefits Clause | The LTI Plan include an inappropriate benefits clause that is intended to function as both a malus and clawback clause, in addition to covering fraud, misconduct, and any other actions that the Board deems resulted in harm to the Company's stakeholders. In such circumstances, the Board may determine that some or all unvested Awards are forfeited by a participant, if the benefit that would otherwise arise would be considered by the Board to be inappropriate. |
| Dividend and Voting Entitlements | <p>Rights do not carry dividend or voting entitlements.</p> <p>Shares and restricted shares received following exercise of an Award will be Shares that carry dividend and voting entitlements.</p> |
| Board Discretions | The Board has broad discretions under the LTI Plan, including to lapse or vest Awards at any time, to vary vesting conditions and/or their application, and to make amendments to the LTI Plan including to comply with applicable regulations, or to correct any errors (subject to applicable regulations and ASX Listing Rules). |

06. Key People, Interests and Benefits

| Term | Description |
|------------|---|
| Plan Limit | <p>No Rights may be issued to, or exercised by a participant if to do so would contravene the Corporations Act, the ASX Listing Rules or any relief or waiver granted by ASIC or the ASX that binds the Company in making any offer under the LTI Plan or otherwise in connection with the operation of the LTI Plan.</p> <p>The number of Rights which may be granted under the LTI Plan prior to approval of the LTI Plan by shareholders following listing will not exceed 5% of the total issued capital of the Company at the date of listing of the Company on the ASX, being Tuesday, 27 April 2021.</p> |

6.4.10 Grants under the LTI Plan

It is expected that invitations to apply for rights will be issued in 1HFY22 to the CEO, CFO and Paul Warren (Executive Director) and the Board may make grants of Rights to other employees approved by the Board in FY22. The Rights will be in the form of performance rights that will be subject to vesting and service conditions. Any grant of Rights to a participant will be on the terms generally described above and as set out in the table below.

| Term | Description |
|--------------------|--|
| Purpose | Long term variable remuneration |
| Grant Date | In 1HFY22 |
| Number of Awards | <p>The number of LTI Performance Rights to be granted will be calculated by reference to the maximum value of the relevant grant divided by the Black-Scholes value of the Right at the time of calculation (ignoring vesting conditions) based on the volume weighted average price of the Company's Shares over the 10 days prior to the preceding 1st of July.</p> <p>The value of the grants to the CEO, CFO and Paul Warren (Executive Director) in relation to FY22 are:</p> <ul style="list-style-type: none">• Mark Weaver (CEO) – \$143,750;• Bernard Friend (CFO) – \$105,000; and• Paul Warren (Executive Director) – \$80,859. <p>There is no ability for a participant to earn above the value of their respective grant.</p> <p>The above methodology will be used to calculate the number of Rights that will be issued to these employees.</p> |
| Acquisition price | Rights will be issued at no cost to the participant. |
| Exercise price | The exercise price of each Right will be nil. |
| Measurement period | The LTI Performance Rights to be granted in 1HFY22 will be subject to a 3-year performance period commencing on 1 July 2021 and ending on 30 June 2024. |
| Vesting conditions | The vesting conditions will be set by the Board for each participant. The vesting condition for the FY22 grant will be related to earnings per share with a parallel service condition. |

6.4.11 IPO Grant

The CEO and the CFO will be granted the following number of performance rights shortly following Listing:

| | |
|-----|--------|
| CEO | 99,137 |
| CFO | 90,517 |

These performance rights are intended to incentivise the CEO and CFO given that the grants under the LTI Plan will not be made until 1HFY22 and not vest until 30 June 2024.

These performance rights will be for a nil acquisition price and also have a nil exercise price.

The vesting conditions of the performance rights will be that the CEO and CFO remain employed by a Group Company until 31 December 2021 and the Board's subjective assessment of the delivery of financial forecasts in the Prospectus was at least "Meets Expectations" or better.

If either vesting condition is not satisfied, then the participants will forfeit their performance rights in full.

6.4.12 Loan shares

Mark Weaver holds shares that were issued pursuant to a limited recourse loan (**Loan Shares**). The Loan attaching to the Loan Shares is limited recourse and must be repaid out of any proceeds from the sale of the Loan Shares or distributions received in respect of the Loan Shares following Completion. If any Shares held by Mark Weaver are dealt with following Completion those Shares will be deemed to be Loan Shares and any proceeds from such sale will be applied to repay the loan. The Loan Shares will be subject to the Company's Securities Trading Policy and the escrow arrangements described in Section 9.7 of this Prospectus.

6.5 Corporate governance

This Section explains how the Board oversees the management of the Company's business. The Board is responsible for the overall corporate governance of the Company, including establishing and monitoring key performance goals. The Board monitors the operational and financial position and performance of the Company and oversees its business strategy, including approving the strategic goals of the Company and considering and approving an annual business plan (including a budget).

The Board is committed to maximising performance, generating appropriate levels of Shareholder value and financial return, and sustaining the growth and success of the Company. In conducting the Company's business with these objectives, the Board seeks to ensure that the Company is properly managed to protect and enhance Shareholder interests, and that the Company and its Directors, officers and personnel operate in an appropriate environment of corporate governance. Accordingly, the Board has created a framework for managing the Company, including adopting relevant internal controls, risk management processes and corporate governance policies and practices which it believes are appropriate for the Company's business and which are designed to promote the responsible management and conduct of the Company.

The Company is seeking a listing on the ASX. The ASX Corporate Governance Council has developed and released its fourth edition of the Corporate Governance Principles and Recommendations for Australian listed entities in order to promote investor confidence and to assist companies in meeting stakeholder expectations. The ASX Recommendations are not prescriptions, but guidelines. However, under the ASX Listing Rules, the Company will be required to provide a statement in its annual report disclosing the extent to which it has followed the ASX Recommendations in the reporting period. Where the Company does not follow a recommendation, it must identify the recommendation that has not been followed and give reasons for not following it and must also disclose what (if any) alternative governance practices it adopted instead of the recommendation during that period.

Prior to Completion, copies of the Company's key policies and practices and the charters for the Board and each of its committees will be available at www.pwah.com.au.

6.5.1 The Board of Directors

The name and biographical details of the current members of the Board of Directors are contained in Section 6.1.

Each Director has confirmed to the Company that he or she anticipates being available to perform his or her duties as a Non-Executive Director or Executive Director without constraint having regard to their other commitments.

The Board considers an independent Director to be a Non-Executive Director who is free of any interest, position, association or relationship that might influence, or reasonably be perceived to influence, his or her capacity to bring an independent judgement to bear on issues before the Board and to act in the best interests of the Company and its security holders generally. The Board will consider the materiality of any given relationship on a case-by-case basis and has adopted guidelines to assist in this regard. The Board reviews the independence of each Director in light of interests disclosed to the Board from time to time. In assessing independence, the Board will have regard to the ASX Recommendations.

The Board Charter sets out guidelines of materiality for the purpose of determining independence of Directors in accordance with the ASX Recommendations and has adopted a definition of independence that is based on that set out in the ASX Recommendations.

John Ingram, Catherine West and Niran Peiris are considered to be independent directors.

Paul Warren is currently considered by the Board not to be independent on the basis that he is employed in an executive capacity by the Company and is and will continue to be a significant shareholder post-Listing through his associated entities (as set out in Section 6.4.4).

The current structure and composition of the Board and its committees has been determined having regard to the nature and size of the Company's operations, the skill set of the Company's directors both individually and collectively, and the best interests of Shareholders. The Board is responsible for reviewing and determining the composition and performance of the Board and its committees and ensuring that adequate succession plans are in place. Independent advice will be sought where appropriate.

As at the date of this Prospectus, the Company will be compliant with the ASX Recommendations except as set out in the table below:

| ASX Recommendation | Summary of position of Peter Warren |
|---|---|
| <p>Recommendation 2.1</p> <p>The board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <p>(i) has at least three members, a majority of whom are independent directors; and</p> <p>(ii) is chaired by an independent director; and disclose</p> <p>(iii) the charter of the committee;</p> <p>(iv) the members of the committee;</p> <p>(v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.</p> | <p>As the Board only consists of four members, the Board has determined not to establish a nomination committee as the Board considers that such a committee is not necessary and would be burdensome at this time given such role a committee would play and the Board's current size and composition.</p> <p>The Board considers that it collectively has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively in considering the matters that would otherwise be considered by that committee. The Board will keep this matter under review and, if deemed desirable or necessary, may constitute a nomination committee at an appropriate time in the future.</p> |

6.5.2 Board charter

The Board may from time to time establish appropriate committees to assist in the discharge of its responsibilities. The Board has established an Audit and Risk Management Committee and a People and Remuneration Committee.

Other committees may be established by the Board as and when required. The Board retains ultimate accountability to Shareholders in discharging its duties.

i. Audit and Risk Management Committee

The role of the Audit and Risk Management Committee is to assist the Board in fulfilling its responsibilities for corporate governance and overseeing the Company's financial reporting, internal control structure, risk management systems and internal and external audit functions. This includes confirming the quality and reliability of the financial information prepared by the Company, working with the external auditor on behalf of the Board and reviewing non-audit services provided by the external auditor to confirm they are consistent with maintaining external audit independence.

The Audit and Risk Management Committee provides recommendations to the Board and reports on the status and management of the risks to the Company. The purpose of the Committee's risk management process is to assist the Board in relation to risk management policies, procedures and systems and assist in identifying, assessing and appropriately managing risks.

The Company will comply with the recommendations set by the ASX Corporate Governance Council in relation to the composition and operation of the Committee. The Committee will comprise of Niran Peiris (Chair), John Ingram and Catherine West.

ii. People and Remuneration Committee

The role of the People and Remuneration Committee is to assist the Board in fulfilling its responsibilities for corporate governance and overseeing the Company's people and remuneration strategies and policies.

This includes reviewing and making recommendations to the Board on remuneration packages and policies related to the Directors and senior executives. The People and Remuneration Committee is also responsible for assisting the Board in administering short term and long term incentive plans (including any equity plans). In addition, the Committee is responsible for reviewing the composition and performance of the Board.

The Company will comply with the recommendations set by the ASX Corporate Governance Council in relation to the composition and operation of the Committee. The Committee will comprise of Catherine West (Chair), John Ingram and Niran Peiris.

6.5.3 Corporate governance policies

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

i. Disclosure Policy

Once listed on ASX, the Company will need to comply with the continuous disclosure requirements of the ASX Listing Rules and the Corporations Act. The Company will be required to disclose to ASX any information concerning the Company which is not generally available and which a reasonable person would expect to have a material effect on the price or value of the Company's Shares were that information to be generally available. The Company is committed to observing its disclosure obligations. As such, this policy sets out certain procedures and measures which are designed to ensure that the Company complies with its continuous disclosure obligations. Information will be communicated to Shareholders through the lodgement of all relevant financial and other information with the ASX, and continuous disclosure announcements will be made available on the Company website, www.pwah.com.au.

06. Key People, Interests and Benefits

ii. Shareholder Communication Policy

The Board's aim is to ensure that Shareholders are informed in a timely and readily accessible manner of all major developments affecting the state of affairs of the Company. Information will be communicated to Shareholders through the lodgement of information with ASX as required by the Company's continuous disclosure obligations and publishing information on the Company's website at www.pwah.com.au. The website will contain information about the Company, including periodic releases, key policies, the terms of reference of Board committees and other information relevant to Shareholders. All announcements made to the market and any other relevant information will be posted on the website following release to ASX.

iii. Securities Trading Policy

The Company has adopted a securities trading policy which will apply to the Company's Directors, senior management and any other person designated by the Board from time to time. This policy is designed to explain the types of conduct in relation to dealings in Shares that are prohibited under the Corporations Act and to establish procedures in relation to such persons' dealings in the Shares. Subject to certain exceptions, the securities trading policy defines certain "blackout periods" during which trading in Shares by the Company's Directors, officers, employees, contractors and people close to them is prohibited.

iv. Code of Conduct

The Board recognises the need to observe the highest standards of corporate practice and business conduct. Accordingly, the Board has adopted a code of conduct which sets out the standards of ethical behaviour that the Company expects from its Directors, officers, employees, contractors, consultants and managers. The Company will carry on business honestly and fairly, acting only in ways that reflect well on the Company in strict compliance with all laws and regulations.

v. Diversity and Inclusion Policy

The workforce of the Company is made up of individuals with diverse skills, backgrounds, perspectives and experiences, and this diversity is recognised, valued and respected. The Diversity and Inclusion policy aims to align the Company's business operations with the positive outcomes that can be achieved through a diverse workforce that recognises and utilises the contribution of diverse skills and talents amongst its Board, management and employees.

vi. Whistleblower Protection Policy

The Company has adopted a whistleblower policy to encourage its employees, suppliers, contractors, customers, tenderers and other persons who have business dealings with the Company to raise any concerns and report instances of unethical, illegal, socially irresponsible or fraudulent conduct, where there are reasonable grounds to suspect such conduct, without fear of intimidation, disadvantage or reprisal. The whistleblower policy sets out the Company's commitment to investigating all matters reported in an objective and fair manner as soon as possible after the matter has been reported. The Board will be informed of any material concerns raised under the whistleblower policy that call into question the culture of the Company.

vii. Anti-bribery and Corruption Policy

The Company is committed to operating in a manner consistent with the laws and regulations of the jurisdictions in which its businesses operate, including those relating to bribery and corruption. Accordingly, the Board has adopted an anti-bribery and corruption policy which sets out the responsibilities of the Company and its employees or other personnel or representatives in observing and upholding the prohibition on bribery and related improper conduct and provides information and guidance on how to recognise and deal with instances of bribery and corruption. The Board will be informed of any material breaches of the anti-bribery and corruption policy.

6.6 Director disclosure

On 23 February 2021, ASIC announced that it had referred Allianz Australia Insurance Limited (**Allianz**) and AWP Australia Pty Ltd (**AWP**) to the Commonwealth Director of Public Prosecutions (**CDPP**) for contraventions of section 1041E of the Corporations Act. Allianz was charged with seven counts, and AWP with one count, of making false or misleading statements regarding the sale of Allianz' domestic and international travel insurance products between 2016 and 2018 (**Relevant Period**). Niran Peiris was a director of Allianz during the Relevant Period and also served as Allianz' managing director from 2013 to 2017. However, there has been no allegation of any wrongdoing or claim made against Mr Peiris by ASIC or the CDPP. The other directors have considered the circumstances surrounding this matter and Mr Peiris' role with Allianz and are of the view that his involvement as a director, including as the managing director, of Allianz during the Relevant Period in no way impacts on his duties, fitness and contribution as a director of Peter Warren.

6.7 Related party arrangements

Other than as disclosed below or elsewhere in this Prospectus, the Company is not party to any material related party arrangements.

6.7.1 Warwick Farm Acquisition

The Company has entered into a binding agreement to purchase Warwick Farm from the Warren Family for \$120 million (to be paid 80% in Shares at the Offer Price and 20% in cash using the proceeds of the Offer) (**Warwick Farm Acquisition**). An independent valuation was undertaken by Cushman & Wakefield (Valuations) Pty Ltd to support the purchase price.

Subject to the satisfaction of certain conditions, completion of the Warwick Farm Acquisition is expected to occur on the day after the Settlement Date. For a summary of the material terms of the Warwick Farm Acquisition, please see Section 9.8.1.

The ASX has confirmed that the Company may rely on an exception from obtaining shareholder approval under ASX Listing Rule 10.1 for the Warwick Farm Acquisition (see Section 9.15.2 for further details).

6.7.2 Related party leases

The Company operates part of its business from premises leased from the Warren Family (**Related Party Leases**). The aggregate annual rent payable under these Related Party Leases in FY20 was approximately \$5,233,693 (excluding GST). Please see Section 9.11.2 for a summary of the material terms of the Related Party Leases.

For the purposes of Chapter 2E of the Corporations Act, the Directors, other than Paul Warren, consider each Related Party Lease to be on arm's length terms.

The ASX has confirmed that the Company may rely on an exception from obtaining shareholder approval under ASX Listing Rule 10.1 for the Related Party Leases (see Section 9.15.2 for further details).

6.7.3 Peter Warren Toyota

Sublease

The Company subleases part of Warwick Farm to the Warren Family. The Warren Family carries on the Peter Warren Toyota business (a car dealership business owned by the Warren Family) from these leased premises. As part of the Warwick Farm Acquisition, the Company has renewed this sublease for a term of 12 months commencing on the completion date of the Warwick Farm Acquisition with rolling options to renew for a further 12 months at a time, unless either party gives 9 months prior notice of non-renewal. In accordance with an independent market rent review undertaken by Jones Lang LaSalle Advisory Services Pty Ltd, the initial rent payable is \$746,450 (excluding GST) per annum, increasing if renewed by the greater of 3% and CPI per annum thereafter.

06. Key People, Interests and Benefits

Toyota SSA

Peter Warren Automotive also provides shared services to WF Automotive (an entity controlled by the Warren Family) for the benefit of Peter Warren Toyota and (for a limited sub-set of services only) PWA Regional under a shared services agreement (**Toyota SSA**). The services provided under the Toyota SSA include management and administrative support services such as corporate governance, IT, payroll and vehicle-related management functions such as vehicle receiving, stock control, parts management and fleet sales. Peter Warren Automotive does provide some commitments regarding the quality of the services provided and an indemnity under the Toyota SSA, however such provisions cover subject matter that is typical to be addressed in this way for such an agreement. The Toyota SSA contains limitations and exclusions of liability for the benefit of Peter Warren Automotive that are typical for an agreement of this nature.

The Toyota SSA expires on 31 March 2024. In addition to other customary termination rights, the Toyota SSA may be terminated by either party for convenience on 6 months' notice, but not so as to terminate before 1 January 2022.

Fees under the shared services agreement are charged on a cost-plus margin basis. In FY20, the Group was paid approximately \$5,299,921 for these shared services. Peter Warren Automotive also provides certain other services to Peter Warren Toyota, which were previously undocumented, however going forward these will be provided under the Toyota SSA. Approximately \$1,169,421 was paid to Peter Warren Automotive for those services in FY20.

For the purposes of Chapter 2E of the Corporations Act, the Directors, other than Paul Warren, consider the Toyota SSA to be on arm's length terms.

The ASX has confirmed that the Company may rely on an exception from obtaining shareholder approval under ASX Listing Rule 10.1 in respect of the Toyota SSA or the sublease described above (see Section 9.15.2 for further detail).

6.7.4 Warren Family Office

Leaseback

As part of the Warwick Farm Acquisition, the Company has granted a leaseback of certain office space located at Warwick Farm to the Warren Family Office.

The initial term of the lease commences on the settlement of the Warwick Farm Acquisition and expires on 29 June 2026. The sublease has 2 options for a further term of 5 years each. In accordance with an independent market rent review undertaken by Jones Lang LaSalle Advisory Services Pty Ltd, the initial rent payable is \$70,975 (excluding GST) per annum, increasing by the greater of 3% and CPI per annum thereafter. The rent is reviewed to market at the commencement of the option terms.

For the purposes of Chapter 2E of the Corporations Act, the Directors, other than Paul Warren, consider the leaseback to be on arm's length terms.

Warren Family Office SSA

Peter Warren Automotive provides some IT related services to WF Property (an entity controlled by the Warren Family) for the Warren Family Office under a shared services agreement.

The shared services agreement is on arms' length terms. Peter Warren Automotive does provide some commitments regarding the quality of the services provided and an indemnity under the shared services agreement, however such provisions cover subject-matter that is typical to be addressed in this way for such an agreement. The shared services agreement contains limitations and exclusions of liability for the benefit of Peter Warren Automotive that are typical for an agreement of this nature.

The shared services agreement is for a fixed term and expires on 29 June 2026.

Fees under the shared services agreement are charged on a cost-plus margin basis. The WF Property is expected to pay approximately \$4,800 excluding GST in FY22 for these services pursuant to that agreement.



07

Details of
the Offer

07.

Details of the Offer

7.1 Description of the Offer

This Prospectus relates to an initial public offering of new Shares by the Company and the sale of Existing Shares by SaleCo at an Offer Price of \$2.90 per Share. A total of 89.7 million Shares will be available under the Offer. These Shares will be available for investors under the Broker Firm Offer, the Institutional Offer and the Priority Offer.

The Shares offered under this Prospectus will represent approximately 53.8% of the Shares on issue at Completion of the Offer (including 5.2 million Shares to be acquired by the Warren Family Trust under the Offer). The Offer is expected to raise approximately \$227.4 million from the issue of New Shares by the Company and for the Company's benefit and approximately \$32.6 million from the sale of Existing Shares by SaleCo.

The total number of Shares on issue at Completion will be 166.6 million and all Shares will, once issued, rank equally with each other.

The Shares held by certain of the Existing Shareholders will be subject to escrow arrangements described in Section 9.7 of this Prospectus.

The Offer has been fully underwritten by the Joint Lead Managers. A summary of the Underwriting Agreement including the events which would entitle the Joint Lead Managers to terminate the Underwriting Agreement is set out in Section 9.6.

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 following components:

- The **Broker Firm Offer**, which is an offer to Australian resident retail clients of Brokers who have received a firm allocation of Shares from their Broker (see Section 7.3);
- The **Priority Offer**, which is open to selected investors in Australia nominated by the Company (see Section 7.4); and
- The **Institutional Offer**, which consists of an offer to Institutional Investors in Australia and certain other jurisdictions around the world, made under this Prospectus (see Section 7.7).

The Broker Firm Offer and the Priority Offer are collectively referred to as the "**Retail Offer**".

No general public offer of Shares will be made under the Offer. Members of the public wishing to apply for Shares under the Offer must do so through a Broker with a firm allocation of Shares under the Broker Firm Offer. The allocation of Shares between the Broker Firm Offer, the Priority Offer, and the Institutional Offer will be determined by agreement between Peter Warren and the Joint Lead Managers, having regard to the allocation policies outlined in Section 7.3.4, Section 7.4.4 and Section 7.7.2.

7.1.2 Purpose of the Offer

The purpose of the Offer is to:

- Provide funding and financial flexibility for general corporate purposes, including to support the Company's growth strategy and future growth opportunities;
- Allow Existing Shareholders to realise part of their investment in Peter Warren through the sale of Existing Shares through SaleCo;
- Broaden Peter Warren's shareholder base and provide a liquid market for Shares;
- Provide Peter Warren with the benefits of an increased brand profile that arises from being a publicly listed entity; and
- Pay transaction costs.

7.1.3 Sources and uses of funds

The proceeds of the Offer received by the Company will be applied as described in Figure 53. The Offer is expected to raise gross proceeds of approximately \$260.0 million. The proceeds of the Offer received by SaleCo in respect of the sale of Shares by it will be paid to SaleCo and paid by SaleCo to the Selling Shareholders.

Figure 53: Sources and uses of funds

| Sources of funds | \$ million | Uses of funds | \$ million |
|---|--------------|---|--------------|
| Peter Warren | | | |
| Cash proceeds received by Peter Warren under the Offer from the issue of Shares | 227.4 | Transaction costs ¹ | 14.2 |
| | | Warwick Farm Acquisition ² | 24.0 |
| | | Southport Acquisition ³ | 82.3 |
| | | Transaction costs associated with Property Acquisitions | 11.3 |
| | | Redemption of Loan Notes | 95.6 |
| SaleCo | | | |
| Cash proceeds received under the Offer from the sale of Shares by SaleCo | 32.6 | Payments to Selling Shareholders | 32.6 |
| Total sources | 260.0 | Total uses | 260.0 |

Notes:

1. Transaction costs includes the fees payable to advisers as referred to in Section 6.3.1, as well as other costs such as registry fees, ASX listing fees and other adviser fees.
2. Purchase price for the Warwick Farm Acquisition is \$120.0 million, with approximately \$24.0 million (20% of the purchase price) to be funded by cash consideration, and the remaining \$96.0 million (80% of the purchase price) to be funded by Shares at the Offer Price.
3. Purchase price for the Southport Acquisition is approximately \$82.3 million with 100% of the purchase price to be funded by cash consideration.

The Board retains the right to vary these uses of funds, acting in the best interests of Shareholders and as circumstances require.

7.1.4 Pro forma historical statement of financial position

The Company's Pro Forma Historical Statement of Financial Position following Completion, including details of the pro forma adjustments, is set out in Section 4.6.

7.1.5 Shareholding structure of Peter Warren

The Company's ownership structure on the Prospectus Date and following Completion of the Offer is set out in Figure 54 below.

Figure 54: Ownership structure

| Shareholder ^{1,2} | Prospectus Date | | Completion | |
|--|------------------|---------------|------------------|---------------|
| | Shares (million) | % | Shares (million) | % |
| Warren Family ³ | 20.2 | 36.6% | 58.4 | 35.1% |
| Quadrant Funds | 26.9 | 48.9% | 15.7 | 9.4% |
| Frizelle Family ⁴ | 6.1 | 11.1% | 6.1 | 3.7% |
| Perks Shareholder | 1.4 | 2.6% | 1.4 | 0.9% |
| Mark Weaver ⁵ | 0.4 | 0.7% | 0.4 | 0.2% |
| Bernard Friend ⁶ | 0.1 | 0.1% | 0.1 | 0.0% |
| New Shares to be issued under the Offer and Existing Shares to be sold under the Offer | – | – | 84.5 | 50.7% |
| Total | 55.0 | 100.0% | 166.6 | 100.0% |

Notes:

- Shareholders may hold their interests in Shares directly, or through entities associated with them (e.g. through holdings by companies or trusts).
- Refer also to Section 6 for further information on interests and benefits (including Directors' interests in Shares).
- The Warren Family have an interest in the shares held by the Warren Family Trust (Paul Warren is a director and shareholder of the trustee and a beneficiary of the discretionary family trust). In addition, the Warren Family will have an interest in Shares that will be issued to WF Property in connection with the Warwick Farm Acquisition, consideration for which is to be paid 80% in Shares at the Offer Price and 20% in cash using the proceeds of the Offer (Paul Warren is a director of that entity and a director and shareholder of its ultimately holding company, P W M Investments (1976) Pty Ltd (ACN 001 337 462)), which are included in the table above. Includes the 5.2 million Shares to be acquired by The Warren Family Trust under the Offer.
- The Frizelle Family have an interest in the shares held by Wildash (a family discretionary trust).
- Mark Weaver holds shares directly and has an interest in the shares held by Malima Australia Pty Limited (ACN 645 591 215) as trustee for the Malima Family Trust (Mark Weaver is a director and the sole shareholder of the trustee and a beneficiary of the family trust).
- Bernard Friend has an interest in the shares held by Restdrum Pty Limited (ACN 066 891 272) as trustee for The Friend Family Trust (Bernard Friend is a director and shareholder of the trustee and a beneficiary of the discretionary family trust).

The Share numbers presented in Figure 54 have been rounded up. This also excludes any Shares that may be acquired by Directors (or their associated entities), key management or other employees under the Offer (other than 5.2 million Shares to be acquired by the Warren Family Trust under the Offer). At Completion, 49.3% of the Shares will be subject to voluntary escrow arrangements (including the 5.2 million Shares to be acquired by the Warren Family Trust under the Offer). In the opinion of the Company, the free float of Shares at the time of Listing on the Official List will be no less than 20% of Shares on issue at that time. See Section 9.7 for further information.

7.1.6 Control implications of the Offer

The Directors do not expect any single Shareholder to control the Company on Completion (based on the definition of "control" in Section 50AA of the Corporations Act).

7.1.7 Potential effect of the Offer on the future of Peter Warren

The Directors believe that on Completion, Peter Warren will have sufficient working capital from the funds raised from the Offer and its operations to carry out its stated objectives in this Prospectus.

7.2 Terms and conditions of the Offer

Figure 55: Terms and conditions of the Offer

| | |
|--|---|
| What is the type of security being offered? | Shares (being fully paid ordinary shares in the issued capital of Peter Warren). |
| What are the rights and liabilities attached to the security being offered? | A description of the Shares, including the rights and liabilities attaching to them, is set out in Section 7.11. |
| What is the consideration payable for the Shares? | Successful applicants under the Offer will pay the Offer Price, being \$2.90 per Share. |
| What is the Offer period? | <p>The Retail Offer will open at 8:30am (Sydney time) on Thursday, 15 April 2021 and will close at 5:00pm (Sydney time) on Tuesday, 20 April 2021.</p> <p>The key dates, including details of the Offer Period, are set out on page 03 of this Prospectus. The timetable is indicative only and may change. Unless otherwise indicated, all times are stated in Sydney, Australia time. The Company and SaleCo, in consultation with the Joint Lead Managers, reserve the right to vary both of the above 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 or bids, 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.</p> <p>No Shares will be issued on the basis of this Prospectus later than the expiry date of 13 months after the Prospectus Date.</p> |
| What are the cash proceeds to be raised under the Offer? | Approximately \$260.0 million will be raised if the Offer proceeds (comprising \$227.4 million from the issue of New Shares by Peter Warren for Peter Warren's benefit and \$32.6 million for the sale of Existing Shares held by SaleCo). |
| Is the Offer underwritten? | The Joint Lead Managers have fully underwritten the Offer pursuant to the Underwriting Agreement. Details are provided in Section 9.6. |
| Who is the Lead Manager for the Offer? | The Joint Lead Managers are Jarden, Jefferies and Morgan Stanley. |

07. Details of the Offer

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|--|--|
| What is the minimum and maximum application size under the Retail Offer? | <p>The minimum application size for investors in the Broker Firm Offer is \$2,000 and the Priority Offer is \$1,000 worth of Shares and in each case in multiples of \$500 worth of Shares thereafter. There is no maximum value of Shares that may be applied for under the Broker Firm Offer or the Priority Offer.</p> <p>Peter Warren and SaleCo, along with the Joint Lead Managers, reserve the right to treat any Applications in the Broker Firm Offer that are from persons who they believe may be Institutional Investors, as bids in the Institutional Offer or to reject or scale back Applications. Peter Warren and SaleCo, along with the Joint Lead Managers, also reserve the right to aggregate any Applications believed to be multiple applications from the same person.</p> |
| What is the allocation policy? | <p>The allocation of Shares between the Institutional Offer and Retail Offer (including the Broker Firm Offer and the Priority Offer) was determined by agreement between the Company and the Joint Lead Managers, having regard to the allocation policies outlined in Section 7.3.4, Section 7.4.4 and Section 7.7.2 of this Prospectus.</p> <p>With respect to the Broker Firm Offer, it is a matter for the Brokers as to how they allocate Shares among their retail clients.</p> <p>The allocation of Shares under the Priority Offer is at the absolute discretion of the Company, provided that the allocations do not exceed \$4.5 million worth of Shares.</p> <p>Peter Warren, along with the Joint Lead Managers, have absolute discretion regarding the allocation of Shares to Applicants under the Offer and may reject an Application, or allocate fewer Shares than the number or equivalent dollar amount applied for, in our absolute discretion. Peter Warren and SaleCo, in conjunction with the Joint Lead Managers, also reserve the right to aggregate any Applications that they believe may be multiple Applications from the same person.</p> |
| When will I receive confirmation that my Application has been successful? | <p>It is expected that initial holding statements will be dispatched by standard post on or about Monday, 3 May 2021.</p> <p>Refunds (without interest) to Applicants who make an Application and are scaled back (or otherwise receive Shares having a lesser value than the amount of Application Monies they have paid) will be made as soon as possible after Completion of the Offer.</p> |
| Will the Shares be quoted? | <p>Peter Warren will apply within seven days of the Prospectus Date to the ASX for admission to the Official List and quotation of Shares on ASX (which is expected to be under the code "PWR").</p> <p>Completion is conditional on the ASX approving this application. If approval is not given within three months after such application is made (or any longer period permitted by law), the Offer will be withdrawn and all Application Monies received will be refunded (without interest) as soon as practicable in accordance with the requirements of the Corporations Act.</p> <p>Peter Warren will be required to comply with the ASX Listing Rules, subject to any waivers obtained by us from time to time.</p> <p>The ASX takes no responsibility for this Prospectus or the investment to which it relates. The fact that Peter Warren may be admitted to the Official List is not to be taken as an indication of the merits of Peter Warren or the Shares offered for sale.</p> |

| | |
|---|---|
| <p>When are the Shares expected to commence trading?</p> | <p>It is expected that trading of the Shares on the ASX will commence on or around Tuesday, 27 April 2021 on a deferred settlement basis.</p> <p>Shares are expected to commence trading on the ASX on a normal settlement basis on or around Monday, 3 May 2021.</p> <p>It is the responsibility of each Applicant to confirm their holding before trading Shares. Applicants who sell Shares before they receive an initial holding statement do so at their own risk. Peter Warren, SaleCo, their respective Directors and officers along with the Share Registry and the Joint Lead Managers disclaim all liability, whether in negligence or otherwise, to persons who sell Shares before receiving their holding statement, whether on the basis of a confirmation of allocation provided by any of them or a Broker or from the Peter Warren Offer Information Line.</p> |
| <p>Are there any escrow arrangements?</p> | <p>Yes. Details are provided in Section 9.7.</p> |
| <p>Has any ASIC relief or ASX waiver been sought or obtained?</p> | <p>Yes. Details are provided in Section 9.15.1.</p> |
| <p>Are there any taxation considerations for Australian investors?</p> | <p>Yes. Refer to Section 9.16.</p> |
| <p>Are there any brokerage, commission or stamp duty considerations?</p> | <p>No brokerage, commission or stamp duty is payable by Applicants on acquisition of Shares under the Offer.</p> <p>See Section 9.6.1 for details of various fees payable by Peter Warren to the Joint Lead Managers and by the Joint Lead Managers to certain Brokers (on behalf of the Company).</p> |
| <p>What should I do with any enquiries?</p> | <p>All enquiries in relation to this Prospectus should be directed to the Peter Warren Offer Information Line on 1800 426 150 from 8:30am until 5:30pm (Sydney time) Monday to Friday (excluding public holidays).</p> <p>All enquiries in relation to the Broker Firm Offer should be directed to your Broker.</p> <p>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 stockbroker, solicitor, accountant, financial adviser or other independent professional adviser before deciding whether to invest.</p> |

7.3 Broker Firm Offer

7.3.1 Who may apply

The Broker Firm Offer is open to persons who have received a firm allocation of Shares from their Broker and who have a registered address in Australia and are not located in the United States. If you have received an invitation to participate from your Broker, you will be treated as eligible to become a Broker Firm Offer Applicant under the Broker Firm Offer. 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 allocation of 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 Application Monies to the Share Registry.

Applicants under the Broker Firm Offer should contact their Broker to request a Prospectus and Broker Firm Offer Application Form, or download a copy at <https://events.miraql.com/peterwarren-ipo>. 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 for the Retail Offer (5:00pm (Sydney time) on Tuesday, 20 April 2021) or any earlier closing date as determined by your Broker.

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

If you are an investor applying under the Broker Firm Offer, you should complete and lodge your Broker Firm Offer Application Form with the Broker from whom you received your firm allocation of Shares. 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 reverse of the Application Form.

The minimum Application under the Broker Firm Offer is \$2,000 worth of Shares and in multiples of \$500 worth of Shares thereafter. There is no maximum value of Shares that may be applied for under the Broker Firm Offer. Peter Warren, SaleCo 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 in the Broker Firm Offer. Any amount applied for in excess of the amount allocated to you, will be refunded by your Broker in full (without interest). Peter Warren and SaleCo 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 their discretion in compliance with applicable laws.

Peter Warren, SaleCo, 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 8:30am (Sydney time) on Thursday, 15 April 2021 and will close at 5:00pm (Sydney time) on Tuesday, 20 April 2021. Peter Warren, SaleCo and the Joint Lead Managers may elect to close the Offer or any part of it early, extend the Offer or any part of it, or accept late Applications either generally or in particular cases. The Offer, or any part of it, may be closed at any earlier 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. Please contact your Broker for instructions.

7.3.3 How to pay

Applicants under the Broker Firm Offer must pay their Application Monies in accordance with instructions provided by that Broker.

7.3.4 Allocation policy

The allocation of Shares to the Broker Firm Offer, and the identity and level of participation of Brokers participating in the Broker Firm Offer, have been determined by agreement between the Joint Lead Managers, Peter Warren and SaleCo. Shares that have been allocated to Brokers for allocation to their Australian resident clients will be issued or transferred to the Applicants nominated by those Brokers (subject to the right of Peter Warren, SaleCo and the Joint Lead Managers 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 Peter Warren, SaleCo or the Joint Lead Managers) will be responsible for ensuring that retail clients who have received a firm allocation from them receive the relevant Shares. Applicants under the Broker Firm Offer should 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 Peter Warren Offer Information Line or confirmed your allocation through a Broker.

Peter Warren, SaleCo, their respective directors and officers, the Joint Lead Managers and the Share Registry disclaim all liability, whether in negligence or otherwise, if you sell Shares before receiving your holding statement, even if you obtained details of your holding from the Peter Warren Offer Information Line or confirmed your firm allocation of Shares through a Broker.

7.3.5 Acceptance of applications

An application under the Broker Firm Offer is an offer by you to the Company and SaleCo 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 document) 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 in respect of the full amount, or any amount lower than that specified in the Application Form, without further notice to the applicant. Acceptance of an application will give rise to a binding contract on allocation of Shares to successful applicants conditional on Settlement and the quotation of Shares on the ASX on an unconditional basis.

The Company, SaleCo 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 the Company believes is ineligible to participate in the Broker Firm Offer, or to waive or correct any errors made by the applicant in completing their application.

The final allocation of Shares to applicants in the Broker Firm Offer will be at the Company's absolute discretion and the Company may reject an application, or allocate fewer Shares than the number or equivalent dollar amount applied for.

7.3.6 Application monies

Application Monies received under the Broker Firm Offer will be held in a special purpose account until Shares are issued or transferred to successful applicants. Applicants under the Broker Firm Offer whose applications are not accepted, or who are allocated a lesser dollar amount of Shares than the amount applied for, will be mailed (or otherwise in the Company's discretion provided with) a refund (without interest) of all or part of their Application Monies, as applicable. 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.

7.4 Priority Offer

7.4.1 Who may apply

The Priority Offer is open to investors who have received an invitation to participate in the Priority Offer from Peter Warren and who have a registered address in Australia and are not located in the United States. If you have been invited by Peter Warren to participate in the Priority Offer, you will be treated as an Applicant under the Priority Offer in respect of those Shares that are allocated to you and you will receive a personalised invitation to apply for Shares in the Priority Offer.

7.4.2 How to apply

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

By making an Application, you declare that you were given access to this Prospectus (or any supplementary or replacement prospectus), together with an Application Form. The Corporations Act prohibits any person from passing an Application Form to another person unless it is included in, 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 \$1,000 worth of Shares and in multiples of \$500 worth of Shares thereafter. There is no maximum number or value of Shares that may be applied for under the Priority Offer.

Applications must be received by the Share Registry on or before the Closing Date for the Retail Offer (5:00pm (Sydney time) on Tuesday, 20 April 2021).

7.4.3 How to pay

Payment must be made in Australian dollars and via BPAY®, and must otherwise be made in accordance with the instructions provided on your personalised invitation. Application monies must be received by the Share Registry by 5:00pm (Sydney time) on Tuesday, 20 April 2021. It is your responsibility to ensure that your BPAY® payment is received by the Share Registry by no later than 5:00pm (Sydney time) on Tuesday, 20 April 2021. 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.

7.4.4 Allocation policy

Eligible Employees will receive a guaranteed minimum allocation of \$1,000 of Shares under the Priority Offer subject to an aggregate total guaranteed allocation of \$1 million for Eligible Employees. To the extent that applications from Eligible Employees in relation to the guaranteed allocation exceed that amount, the guaranteed allocation may be scaled back at the absolute discretion of the Board. Eligible Employees may apply for additional Shares in excess of that guaranteed allocation in multiples of \$500, subject to the aggregate total allocation under the Priority Offer.

The aggregate number of Shares offered under the Priority Offer will not exceed \$4.5 million worth of Shares in aggregate (inclusive of the \$1 million aggregate total guaranteed allocation to Eligible Employees). Subject to the guaranteed allocation to Eligible Employees described above, the allocation of Shares to Applicants under the Priority Offer will be made at the absolute discretion of Peter Warren. Peter Warren may reject an Application, or allocate a lesser dollar amount of Shares than the amount applied for, in its absolute discretion.

7.5 Acceptance of Applications under the Retail Offer

An Application under the Retail Offer (which incorporates the Broker Firm Offer, and the Priority Offer) is an offer by you to Peter Warren and SaleCo to apply for Shares in the dollar amount specified on the Application Form at the Offer Price on the terms and conditions set out in this Prospectus (including any supplementary or replacement document) and the Application Form. To the extent permitted by law, an Application by an Applicant may not be varied and is irrevocable.

By making an Application, you declare that you were given access to this 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 paper copy of this Prospectus or the complete and unaltered electronic version of this Prospectus.

An Application may be accepted by Peter Warren or SaleCo in respect of the full amount specified on the Application Form, or any amount lower than that, without further notice to the Applicant. Peter Warren and SaleCo reserve the right to decline any Application (in whole or in part) if they believe any provisions or procedures in this Prospectus, the Application Form or other laws or regulations may not be complied with in relation to the Application, or for any other reason.

Peter Warren, SaleCo 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. In addition, Peter Warren, SaleCo and the Joint Lead Managers reserve the right to aggregate any Applications which they believe may be multiple Applications from the same person or reject or scale back any Applications (or aggregation of Applications) which they believe may be from an Institutional Investor, or are for more than \$250,000 worth of Shares.

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 the ASX.

7.6 Application monies

Application Monies received under the Retail Offer will be held in a special purpose account until Shares are issued to Successful Applicants. Applicants under the Retail Offer whose Applications are not accepted, or who are allocated a lesser dollar amount of Shares than the amount applied for, will receive a refund (without interest) of all or part of their Application Monies, as applicable. 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 Peter Warren. You should ensure that sufficient funds are held in the relevant account(s) to cover the amount of your BPAY[®] payment or electronic funds transfer. If the amount of your BPAY[®] payment or electronic funds transfer is less than the amount specified on the Application Form, you may be taken to have applied for such lower dollar amount of Shares.

7.7 Institutional Offer

7.7.1 Invitations to bid

The Institutional Offer consisted of an invitation to certain institutional investors in Australia and a number of other eligible jurisdictions outside the United States to bid for an allocation of Shares at the Offer Price. The Joint Lead Managers separately advised Institutional Investors of the application procedures for the Institutional Offer.

7.7.2 Allocation policy under the Institutional Offer

The allocation of Shares among bidders in the Institutional Offer was determined by agreement between the Joint Lead Managers, Peter Warren and SaleCo. Peter Warren, the Joint Lead Managers and SaleCo 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:

- The 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 listing on the ASX;
- The Company's desire to establish a wide spread of institutional Shareholders;
- The overall level of demand under the Broker Firm Offer, Priority Offer and the Institutional Offer;
- The likelihood that particular bidders will be long term Shareholders; and
- Any other factors that the Company, the Joint Lead Managers and SaleCo considered appropriate, in the Company's sole discretion.

7.8 Restrictions on distributions

No action has been taken to register or qualify this Prospectus, the Shares that are subject of the Offer, or otherwise to permit a public offering of the Shares, in any jurisdiction outside Australia.

The Offer does not constitute an offer or invitation in any jurisdiction in which, or to any person to whom, such an offer or invitation would be unlawful. This Prospectus may not be released or distributed in the United States, and may only be distributed to persons to whom the Offer may lawfully be made in accordance with the laws of any applicable jurisdiction.

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus 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 does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States. In particular, the Shares have not been, and will not be, registered under the U.S. 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 U.S. Securities Act and any other applicable U.S. securities laws.

Each Applicant under the Retail Offer, as well as each person to whom the Institutional Offer is 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 U.S. Securities Act or the securities laws of any state or other jurisdiction of the United States and may not be offered, sold or resold in the United States except in transactions exempt from, or not subject to, the registration requirements of the U.S. Securities Act and any other applicable U.S. securities laws;
- It is not in the United States or a U.S. 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; 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, the registration requirements of the U.S. Securities Act and in compliance with all applicable laws in the jurisdiction in which Shares are offered and sold.

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, the Share Registry or a Broker receives an Application Form (including electronically), 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 and the Joint Lead 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 or particular needs (including financial and tax issues) of the Applicant(s);

-
- Declared that the Applicant(s) is/are a resident of Australia (except as applicable to the Institutional 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.

7.9 Discretion regarding the Offer

Peter Warren and SaleCo may withdraw the Offer at any time before the issue or transfer 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).

Peter Warren, SaleCo and the Joint Lead Managers 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 (subject to the terms of any guaranteed allocations referred to in this Prospectus) allocate a lesser number of Shares than that applied for.

7.10 ASX Listing, registers and holding statements, and deferred settlement trading

7.10.1 Application to the ASX for listing and quotation of Shares

Peter Warren will apply to the ASX for admission to the Official List and quotation of Shares on the ASX within seven days of the Prospectus Date (which is expected to be under the code “PWR”).

The ASX takes no responsibility for this Prospectus or the investment to which it relates. The fact that the ASX may admit Peter Warren to the Official List is not to be taken as an indication of the merits of Peter Warren or the Shares offered under this Prospectus.

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), the Offer will be withdrawn and all Application Monies received by Peter Warren will be refunded (without interest) as soon as practicable in accordance with the requirements of the Corporations Act.

From the date of listing on the ASX, Peter Warren will be required to comply with the ASX Listing Rules, subject to any waivers obtained by Peter Warren from time to time (including those described in Section 9.15.1).

7.10.2 CHESS and issuer sponsored holdings

Peter Warren will apply to participate in Clearing House Electronic Subregister System (**CHESS**) and must 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 affected in an electronic form.

When the Shares become approved financial products under the ASX Settlement Operating Rules, holdings will be registered in one of two sub-registers, being an electronic CHESS sub-register or an issuer sponsored sub-register. 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 sub-register. All other Shares will be registered on the issuer sponsored sub-register.

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 Securityholder Reference Number (**SRN**) of issuer sponsored holders. Shareholders will subsequently receive statements showing any changes to their holding. 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 sub-register or through the Share Registry in the case of a holding on the issuer sponsored sub-register. Peter Warren and the Share Registry may charge a fee for these additional issuer sponsored statements.

7.10.3 Conditional and deferred settlement trading and selling Shares on-market

It is expected that trading of the Shares on ASX, on a conditional and deferred basis, will commence on or about Tuesday, 27 April 2021.

Trades occurring on the ASX before Settlement will be conditional on Settlement occurring.

If the Offer is withdrawn before shares have commenced trading on an unconditional basis, all contracts for the sale of Shares on ASX will be cancelled and any Application Monies received will be refunded (without interest) as soon as possible.

Conditional and deferred settlement trading will continue until the Company has advised the ASX that Settlement has occurred and that the Company and SaleCo have issued and transferred Shares to successful Applicants under the Offer, which is expected to be prior to market open on Friday, 30 April 2021. Unconditional and normal settlement trading is expected to commence on or about Monday, 3 May 2021.

If Settlement has not occurred within 14 days (or such longer period as the ASX allows) after the day Shares are first quoted on the ASX, the Offer and all contracts arising on acceptance of the Offer will be cancelled and of no further effect and all Application Monies will be refunded (without interest). In these circumstances, all purchases and sales made through the ASX participating organisations during the conditional trading period will be cancelled and of no effect.

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, Successful Applicants do so at their own risk. The Company, SaleCo, the Share Registry, the Joint Lead Managers and the Co-Lead Managers disclaim all liability, whether in negligence or otherwise, if a Shareholder sells Shares before receiving a holding statement, even if the Shareholder obtained details of their holding from the Peter Warren Offer Information Line or confirmed their firm allocation through a Broker.

Shares are expected to commence trading on the ASX on a normal settlement basis on Monday, 3 May 2021.

7.11 Summary of rights and liabilities attaching to Shares and other material provisions of the Constitution

The rights and liabilities attaching to ownership of Shares are:

- Detailed in the Constitution which may be inspected during normal business hours at the registered office of the Company; and
- In certain circumstances, regulated by the Corporations Act, the ASX Listing Rules, the ASX Settlement Operating Rules and all other applicable laws and regulations.

A summary of the significant rights, liabilities and obligations attaching to Shares and a description of other material provisions of the Constitution is 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 Peter Warren is admitted to the Official List.

7.11.1 Voting at a general meeting

At a general meeting of Peter Warren, 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. On a poll, every member (or his or her proxy, attorney or representative) is entitled to vote for each fully paid Share held and in respect of each partly paid Share, is entitled to a fraction of a vote equivalent to the proportion which the amount paid up (not credited) on that partly paid Share bears to the total amounts paid and payable (excluding amounts credited) on that Share. Amounts paid in advance of a call are ignored when calculating the proportion. The Chairperson does not have a casting vote.

7.11.2 Meetings of members

Every Shareholder is entitled to receive notice of and, except in certain circumstances, attend and vote at general meetings of Peter Warren and to receive all notices, accounts and other documents required to be sent to Shareholders under the Constitution, Corporations Act and ASX Listing Rules. At least 28 days' notice of a meeting must be given to Shareholders.

7.11.3 Dividends

Subject to the Corporations Act, the Constitution and any special terms and conditions of issue, the Directors may, from time to time, pay, resolve to pay, rescind or amend a decision to pay a dividend or declare any interim, special or final dividend as, in their judgement, the financial position of the Company justifies.

The Directors may fix the amount, time and method of payment of the dividends. The payment, resolution to pay, or declaration of a dividend does not require any confirmation by a general meeting.

7.11.4 Transfer of Shares

Subject to the Constitution and to any restrictions attached to any Share or classes of shares, Shares may be transferred by proper ASTC transfer (effected in accordance with the ASX Settlement Operating Rules, Corporations Regulations and ASX Listing Rules) or by a written transfer in any usual form or in any other form approved by the Board and permitted by the Corporations Act and ASX Listing Rules. The Directors may, in circumstances permitted under the ASX Listing Rules or ASX Settlement Rules, decline to register a transfer of Shares or apply a holding lock to prevent a transfer of Shares. If the Directors decline to register a transfer, the Company must give the party lodging the transfer written notice of the refusal and the reason for refusal.

7.11.5 Issue of further Shares

Subject to the Constitution, the ASX Listing Rules, the ASX Settlement Operating Rules and any special rights conferred on the holders of any shares or class of shares, the Directors may issue shares, reclassify or convert shares, cancel or otherwise dispose of shares, or grant options over unissued shares to any person and they may do so at such times and on the conditions they think fit. The shares may be issued with preferred, deferred or special rights, or special restrictions about dividends, voting, return of capital, participation in the property of the Company on a winding up or otherwise as the Directors see fit.

7.11.6 Preference shares

Peter Warren may issue preference shares, including preference shares which are, or at the option of Peter Warren or a holder are, liable to be redeemed or converted into Shares. The rights attaching to preference shares are those set out in the Constitution.

7.11.7 Winding up

If the Company is wound up, then subject to the Constitution and to the rights or restrictions attached to a class of shares, any surplus assets must be divided among the Company's members in proportion to the shares held by them (irrespective of the amounts paid or credited as paid on the shares), less any amounts which remain unpaid on these shares at the time of distribution.

7.11.8 Sale of Non-marketable parcels

In accordance with the Corporations Act, the ASX Listing Rules and the ASX Settlement Operating Rules, and provided that the procedures set out in the Constitution are followed, the Company may sell the Shares of a Shareholder who holds less than a marketable parcel of those Shares. A marketable parcel of Shares is defined in the ASX Listing Rules and is generally a holding of Shares with a market value of at least \$500.

7.11.9 Proportional takeover provisions

The Constitution contains provisions requiring Shareholder approval in relation to any proportional takeover bid. These provisions will cease to apply unless renewed by Shareholders passing a special resolution by the third anniversary of either the date those provisions were adopted or the date those rules were last renewed.

7.11.10 Variation of class rights

Subject to the Corporations Act and the terms of issue of a class of shares, wherever the capital of the Company is divided into different classes of shares, the rights attached to any class of shares may be varied with:

- The written consent of the holders of at least three quarters of the issued shares in the particular class; or
- The sanction of a special resolution passed at a separate meeting of the holders of shares in that class.

7.11.11 Dividend reinvestment plan

The Constitution contains a provision allowing Directors, on the terms and conditions they think fit, to implement, amend, suspend or terminate a dividend reinvestment plan (under which any Shareholder or any class of shareholders may elect that the dividends payable by the Company be reinvested by a subscription for Shares in the Company).

7.11.12 Directors – appointment and retirement

Under the Constitution, the number of Directors shall be a minimum of three Directors and a maximum of nine Directors or such lower number as the Directors determine, provided Peter Warren resolves to authorise such determination at a general meeting. Directors are elected or re-elected by resolution by shareholders at general meetings of Peter Warren.

The Directors may also appoint a Director to fill a casual vacancy on the Board or in addition to the existing Directors, who (other than the managing director) will then hold office until the next annual general meeting of the Company and is then eligible for election at that meeting.

No Director (other than the managing director) may hold office without re-election after three years or beyond the third annual general meeting following the meeting at which the Director was last elected or re-elected (whichever is later).

7.11.13 Directors – voting

Questions arising at a meeting of Directors will be decided by a majority of votes of the Directors present at the meeting and entitled to vote on the matter.

In the case of an equality of votes on a resolution, the chair of the meeting does not have a second or casting vote and the proposed resolution is taken as having been lost.

A written resolution of the Board may be passed without holding a meeting of the Board, if all of the Directors sign or assent to the resolution (other than Directors permitted not to vote on the resolution in accordance with the terms of the Constitution).

7.11.14 Powers and duties of Directors

The Directors are responsible for managing the business of Peter Warren and may exercise to the exclusion of Peter Warren in general meeting all the powers of Peter Warren which are not required by law or by the Constitution to be exercised by Peter Warren in general meeting.

7.11.15 Directors' and officers' indemnity

The Company, to the extent permitted by law, indemnifies each person who is a current or former Director, executive officer, officer or auditor of the Company, and such other officers or former officers of the Company or its related bodies corporate as the Directors in each case determine, against any losses or liability incurred by that person as an officer or auditor of the Company or of a related body corporate of the Company including, but not limited to, a liability for negligence or for legal costs.

The Company, to the extent permitted by law, may enter into and pay premiums on a contract insuring any person who is a current or former Director, executive officer, officer, employee or auditor of the Company, and such other officers or former officers of the Company or its related bodies corporate as the Directors in each case determine, against any liability incurred by the person as an officer or auditor of the Company or of a related body corporate of the Company including, but not limited to, a liability for negligence or for legal costs.

The Company has entered into deeds of access, insurance and indemnity with each Director. These are summarised in Section 6.4.3.

7.11.16 Amendment

The Constitution may be only amended in accordance with the Corporations Act, which requires a special resolution passed by at least 75% of Shareholders present (in person or by proxy, attorney or representative) and entitled to vote on the resolution at a general meeting of Peter Warren. The Company must give at least 28 days' written notice of its intention to propose a resolution as a special resolution.

7.12 Escrow arrangements

Upon Completion of the Offer, the Quadrant Funds, the Warren Family, the Frizelle Family, Bernard Friend, Mark Weaver and the Perks Shareholder will be subject to voluntary escrow arrangements (other than any Shares acquired by them, or entities related to them, under the Offer at the Offer Price).

The Escrowed Shareholders have entered into voluntary escrow arrangements which prevent them from disposing of their Escrowed Shares during the relevant Escrow Period (subject to relevant exceptions). See Section 9.7 for details on escrow arrangements.



08 Investigating Accountant's Report

08.

Investigating Accountant's Report

Deloitte.

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The Directors
Peter Warren Automotive Holdings Limited
13 Hume Highway
Warwick Farm NSW 2170

The Directors
Peter Warren Automotive SaleCo Limited
13 Hume Highway
Warwick Farm NSW 2170

6 April 2021

Dear Directors,

INVESTIGATING ACCOUNTANT'S REPORT ON HISTORICAL, PRO FORMA HISTORICAL, FORECAST AND PRO FORMA FORECAST FINANCIAL INFORMATION OF PETER WARREN AND FINANCIAL SERVICES GUIDE

Introduction

This report has been prepared at the request of the Directors of Peter Warren Automotive Holdings Limited (the Company) and Peter Warren Automotive SaleCo Limited (SaleCo) for inclusion in the prospectus (Prospectus) to be issued by the Company and SaleCo in respect of the initial public offering of fully paid ordinary shares in the Company by way of issue by the Company and transfer by SaleCo (the Offer) and the Company's subsequent listing 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 (Cth) (Corporations Act) for the issue of this report.

Capitalised terms used in this report have the same meaning as defined in the glossary of the Prospectus.

Scope

Statutory Historical Financial Information

Deloitte Corporate Finance Pty Limited has been engaged by the Directors of the Company and SaleCo to review the following information of the Company:

- the statutory historical consolidated statements of profit or loss for the financial years ended 30 June 2019 and 30 June 2020 and the half-years ended 31 December 2019 and 31 December 2020;
- the statutory historical consolidated statements of cash flows for the financial years ended 30 June 2019 and 30 June 2020 and the half-years ended 31 December 2019 and 31 December 2020; and
- the statutory historical consolidated statement of financial position as at 31 December 2020,

as set out in Section 4.3, 4.5 and 4.6.1 of the Prospectus (together the Statutory Historical Financial Information).

The Statutory 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.

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The Statutory Historical Financial Information for the full year has been derived from the special purpose financial report of the Company for the year ended 30 June 2020 (including comparative financial information for the year ended 30 June 2019 restated for AASB16 Leases), which was audited by Deloitte Touche Tohmatsu in accordance with the Australian Auditing Standards. Certain reclassifications have been made to the statutory financial information. Deloitte Touche Tohmatsu issued an unmodified audit opinion on the financial reports.

The Statutory Historical Financial Information for the half-year has been derived from the general purpose financial report of the Company for the half-year ended 31 December 2020 (including comparative financial information for the half-year ended 31 December 2019), which was reviewed by Deloitte Touche Tohmatsu in accordance with the Australian Auditing Standards. Deloitte Touche Tohmatsu issued an unmodified review conclusion on the financial report.

The Statutory 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.

Pro forma Historical Financial Information

Deloitte Corporate Finance Pty Limited has been engaged by the Directors of the Company and SaleCo to review the pro forma historical financial information of the Company, being:

- the pro forma historical consolidated statements of profit or loss for the financial years ended 30 June 2020 and 30 June 2019 and the half-years ended 31 December 2020 and 31 December 2019;
- the pro forma historical consolidated statements of cash flows for the financial years ended 30 June 2020 and 30 June 2019 and the half-years ended 31 December 2020 and 31 December 2019; and
- the pro forma historical consolidated statement of financial position as at 31 December 2020,

as set out in Section 4.3, 4.5 and 4.6.1 of the Prospectus (the Pro forma Historical Financial Information).

The Pro forma Historical Financial Information has been derived from the Statutory Historical Financial Information after adjusting for the effects of pro forma adjustments described in section 4.3, 4.5 and 4.6.1 of the Prospectus (the Pro Forma Adjustments).

The stated basis of preparation is the recognition and measurement principles contained in Australian Accounting Standards applied to the Statutory Historical Financial Information and the events or transactions to which the Pro Forma Adjustments relate, as described in section 4.2.3, as if those events or transactions had occurred as at the date of the Statutory 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, and/or cash flows.

Forecast Financial Information

Deloitte Corporate Finance Pty Limited has been engaged by the Directors of the Company and SaleCo to review:

- The statutory forecast consolidated statements of profit or loss and the statutory forecast consolidated statements of cash flows of the Company for the year ending 30 June 2021 and the half-year ending 31 December 2021 as set out in Section 4.3 and 4.5 of the Prospectus (the Statutory Forecast Financial Information or Statutory Forecasts). The Director's best-estimate assumptions underlying the Statutory Forecast Financial Information are described in Section 4.8 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;
- the pro forma forecast consolidated statements of profit or loss and the pro forma forecast consolidated statements of cash flows of the Company for the year ending 30 June 2021, the half-year ending 31 December 2021 and the 12 months ending 31 December 2021 as set out in Section 4.3 and 4.5 of the Prospectus (the Pro forma Forecast Financial Information or Pro forma Forecasts). As set out in Section 4.2.4 of the Prospectus 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 Section 4.2.4 of the Prospectus (the Pro forma Adjustments). 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 relate, as if those events or transactions had occurred as at 1 January 2021. 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 year ending 30 June 2021, the half-year ending 31 December 2021 and the 12 months ending 31 December 2021.

(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 and cash flows of the Company for the year ending 30 June 2021, the half-year ending 31 December 2021 and the 12 months ending 31 December 2021. There is a considerable degree of subjective judgement involved in preparing forecasts since they relate to events and transactions that have not yet occurred and may not occur. Actual results are likely to be different from the Forecast Financial Information since anticipated events or transactions frequently do not occur as expected and the variation may be material.

The Directors' best estimate assumptions on which the Forecast Financial Information is based relate to future events and /or transactions that management expect to occur and actions that management expect to take and are also subject to uncertainties and contingencies, which are often outside the control of 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. The limited assurance conclusion expressed in this report has been formed on the above basis.

Opinion

Prospective investors should be aware of the material risks and uncertainties relating to an investment in the Company, which are detailed in 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 4.10 of the Prospectus. The sensitivity analysis set out in Section 4.10 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 Forecasts 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 Statutory Historical Financial Information and the Pro forma Historical Financial Information, including the selection and determination of pro forma adjustments made to the Statutory 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 Statutory 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 Statutory 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 Engagement (ASAE) 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*.

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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:

Statutory Historical Financial Information

- a review of the derivation of the Statutory Historical Financial Information from the audited financial report of the Company for the year ended 30 June 2020 (including comparative financial information for the year ended 30 June 2019 restated for AASB16 Leases) and the reviewed financial report for the half-year ended 31 December 2020 (including comparative financial information for half-year ended 31 December 2019));
- analytical procedures on the Statutory Historical Financial Information;
- a review of the application of the stated basis of preparation, as described in the Prospectus, to the Statutory Historical Financial Information for consistency of application over the period;
- a review of the work papers, accounting records and other documents of the Company and the work papers of its auditors; and
- enquiry of the Directors, management and others in relation to the Statutory Historical Financial Information.

Pro forma Historical Financial Information

- consideration and review of work papers, accounting records and other documents, including those dealing with the derivation of Statutory Historical Financial Information from the audited financial report for the financial year ended 30 June 2020 (including comparative financial information for the year ended 30 June 2019 restated for AASB16 Leases) and the half-year ended 31 December 2020 (including comparative financial information for half-year ended 31 December 2019);
- consideration of the appropriateness of the Pro forma Adjustments;
- enquiry of Directors, management, personnel and advisors;
- 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 the work papers of its auditors; and
- a review of accounting policies adopted and used by the Company, as disclosed in the Prospectus for consistency of application.

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;
- review of the compilation of the 12 months ending 31 December 2021 by adding the half-year ending 31 December 2021 to the year ending 30 June 2021 and deducting the half-year ended 31 December 2020; and
- consideration of the Pro forma Adjustments applied to the Statutory Forecast Financial Information in preparing the Pro forma Forecast Financial Information.



Conclusions

Statutory 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 Statutory Historical Financial Information, as described in Section 4.3, 4.5 and 4.6.1 of the Prospectus, and comprising:

- the statutory historical consolidated statements of profit or loss for the financial years ended 30 June 2019 and 30 June 2020 and the half-years ended 31 December 2019 and 31 December 2020;
- the statutory historical consolidated statements of cash flows for the financial years ended 30 June 2019 and 30 June 2020 and the half-years ended 31 December 2019 and 31 December 2020; and
- the statutory historical consolidated statement of financial position as at 31 December 2020,

are not prepared or presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in Section 4.2.3 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 prepared and presented fairly in all material respects, in accordance with the stated basis of preparation as described in Section 4.2.3 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 and presentation 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 4.8 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
- (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 4.8 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, applied to the Statutory Forecast and the Pro forma Adjustments as if those adjustments had occurred as at 1 January 2021
- (iii) the Pro forma Forecast Financial Information itself is unreasonable.

Deloitte.

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

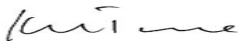
Deloitte Corporate Finance Pty Limited does not have any interest in the outcome of this Offer other than the preparation of this report and participation in the due diligence procedures for which normal professional fees will be received.

Deloitte Tax Services Pty Ltd has provided Australian tax services in connection with the Offer for which normal professional fees will be received. These services include preparation of a tax due diligence report, preparation of a tax structure paper and review of disclosures in the Prospectus related to the Australian tax treatment for investors participating in the Offer.

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)



Tara Hynes
Authorised Representative of
Deloitte Corporate Finance Pty Limited
(AFSL Number 241457)

Financial Services Guide (FSG)

What is an FSG?

An FSG is designed to provide information about the supply of financial services to you.

Deloitte Corporate Finance Pty Limited (DCF) (AFSL 241457) provides this FSG to you, so you know how we are remunerated and who to contact if you have a complaint.

Who supplies the financial services?

We provide this FSG to you where you engage us to act on your behalf when providing financial services.

Alternatively, we may provide this FSG to you because our client has provided financial services to you that we delivered to them.

The person who provides the financial service to you is our Authorised Representative (AR) and DCF authorises the AR to distribute this FSG. Their AR number and contact details are in the document that 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.

General financial product advice

We provide general advice when we have not taken into account your personal objectives, financial situation or needs, and you would not expect us to have done so. In this situation, you should consider whether our general advice is appropriate for you, having regard to your own personal objectives, financial situation or needs.

If we provide advice 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.

Personal financial product advice

When we give you advice that takes into account your objectives, financial situation and needs, we will give you a Statement of Advice to help you understand our advice, so you can decide whether to rely on it.

How are we remunerated?

Our fees are usually determined on a fixed fee or time cost basis plus 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.

Apart from these fees, DCF, our directors and officers, and 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

The Deloitte member firm in Australia (Deloitte Touche Tohmatsu) controls DCF. 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. However, we may provide professional services to issuers of financial products in the ordinary course of business.

What should you do if you have a complaint?

Please contact us about a concern:

The Complaints Officer
PO Box N250
Grosvenor Place
Sydney NSW 1220
complaints@deloitte.com.au
Phone: +61 2 9322 7000

If an issue is not resolved to your satisfaction, you can lodge a dispute with the Australian Financial Complaints Authority (AFCA). AFCA provides fair and independent financial services dispute resolution free to consumers.

www.afca.org.au
1800 931 678 (free call)
Australian Financial Complaints Authority Limited
GPO Box 3 Melbourne VIC 3001

What compensation arrangements do we have?

Deloitte Australia holds professional indemnity insurance that covers the financial services we provide. This insurance satisfies the compensation requirements of the Corporations Act 2001 (Cth).



09

Additional Information

09. Additional Information

9.1 Registration

Peter Warren was incorporated in Victoria on 2 November 2016 as a private company limited by shares and was converted to a public company limited by shares on 23 March 2021. The Company changed its name to Peter Warren Automotive Holdings Limited on 23 March 2021.

SaleCo was incorporated in Victoria on 11 March 2021.

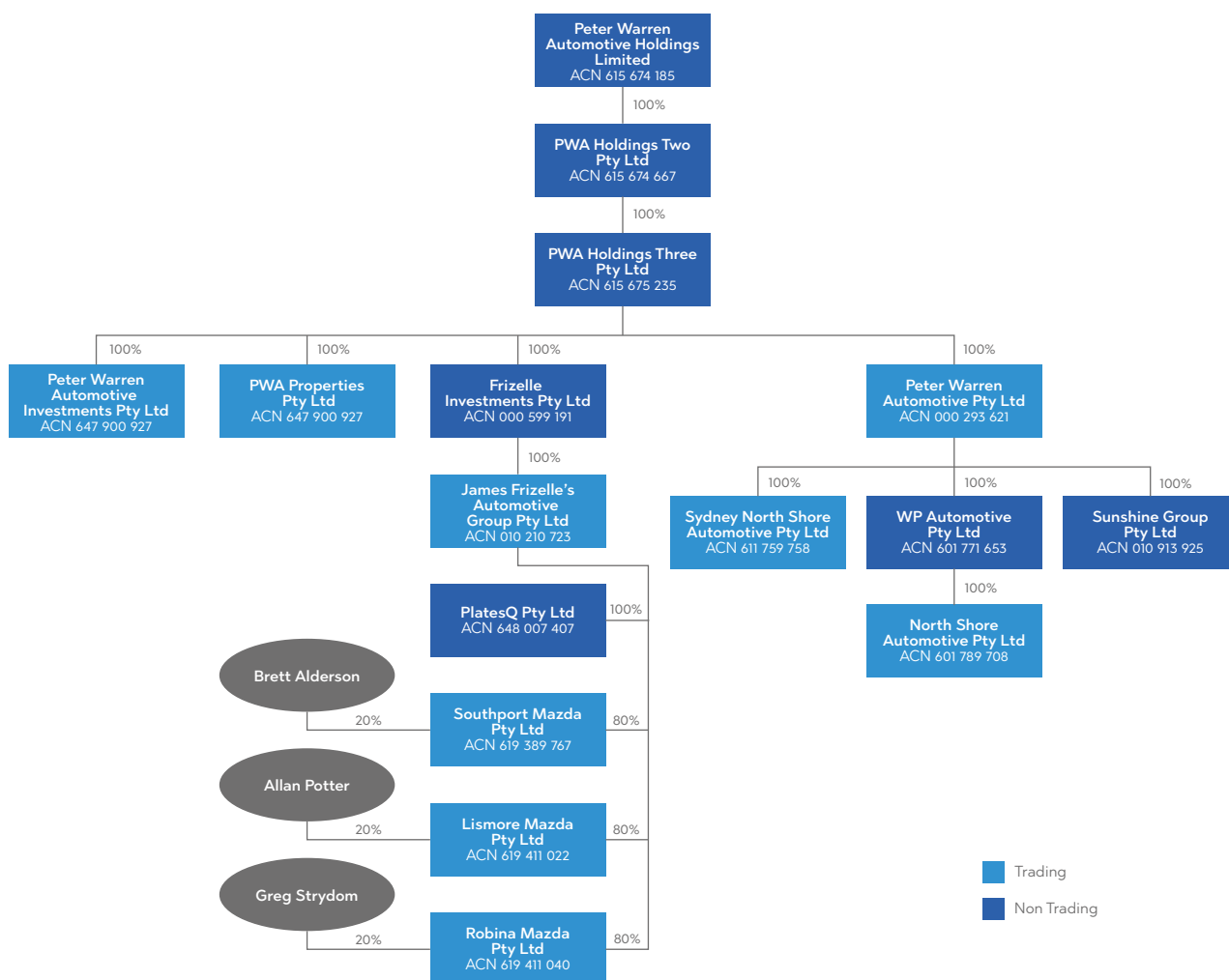
9.2 Company tax status and financial year

The Company is and will be subject to tax at the Australian corporate tax rate on its taxable income.

The Company's financial year for taxation purposes ends on 30 June.

9.3 Corporate structure

The following diagram shows the corporate structure of the Group Companies following Completion of the Offer:



As a condition of Mazda's OEM licence, the three Mazda entities (Southport Mazda Pty Ltd, Lismore Mazda Pty Ltd and Robina Mazda Pty Ltd) in the Group are 80% owned by the Group (through James Frizelle's Automotive) and 20% owned by the Dealer Principal of the relevant dealership (typically the manager of that dealership). For more information in relation to these arrangements see Section 9.10.

9.4 Sale of Shares by SaleCo

SaleCo, a special purpose vehicle, has been established to facilitate the sale of Existing Shares by the Selling Shareholders.

Each of the Selling Shareholders has entered into a deed poll in favour of SaleCo under which the relevant Selling Shareholder has agreed to sell to SaleCo some or all of their Existing Shares, which will be sold by SaleCo into the Offer, free from encumbrances and third party rights.

The Existing Shares which SaleCo acquires from the Selling Shareholders will be transferred to Successful Applicants at the Offer Price. The price payable by SaleCo for these Existing Shares is the Offer Price. The Company will also issue Shares to Successful Applicants under the Offer.

SaleCo has no material assets, liabilities or operations other than its interests in and obligations under the Underwriting Agreement and the deeds described above. The shareholders of SaleCo are Paul Warren, John Ingram, Catherine West and Niran Peiris, who are also the directors of the Company. The Company has agreed to provide such resources and support as are necessary to enable SaleCo to discharge its functions in relation to the Offer and has indemnified SaleCo in respect of costs of the Offer. The Company has indemnified SaleCo and the shareholders and officers of SaleCo for any loss which they may incur as a consequence of the Offer.

9.5 Pre-IPO Dividend

Prior to the date of this Prospectus, Existing Shareholders received Pre-IPO Dividend (the amount in aggregate paid to Existing Shareholders was equal to \$66 million).

9.6 Underwriting Agreement

The Offer is fully underwritten by the Joint Lead Managers pursuant to an underwriting agreement dated on or about the date of the Prospectus between the Joint Lead Managers, the Company and SaleCo (**Underwriting Agreement**). Under the Underwriting Agreement, the Joint Lead Managers have agreed to arrange, manage and underwrite the Offer.

9.6.1 Fees and expenses

The Company and SaleCo must pay to the Joint Lead Managers in accordance with the Underwriting Agreement:

- An underwriting fee equal to 3.00%; and
- A management and selling fee equal to 0.25%,

of the Offer proceeds.

The Company may, in its absolute discretion, pay to one or more of the Joint Lead Managers an incentive fee of up to 0.50% of the Offer proceeds.

In addition to the fees described above, the Company and SaleCo have agreed to reimburse the Joint Lead Managers for certain agreed costs and expenses incurred by the Joint Lead Managers in relation to the Offer.

The Joint Lead Managers must pay, on behalf of the Company and in their respective proportions (as set out in the Underwriting Agreement), any fees, commissions or rebates due to any co-lead managers or Brokers appointed by the Joint Lead Managers.

The Co-Lead Managers will receive a fee based on the value of each of their final broker allocations under the Offer (Broker Firm Allocation) calculated as (1.5% x Broker Firm Allocation), payable to each of the Co-Lead Managers. In addition, Morgans will receive a fixed base fee of \$150,000. The Company may, in its absolute discretion, pay to one or more of the Co-Lead Managers an incentive fee of up to \$150,000 (which would be a deduction of any incentive fee paid to one or more of the Joint Lead Managers).

9.6.2 Termination events not subject to materiality

A Joint Lead Manager may, at any time after the date of the Underwriting Agreement until 4.00pm on the Completion date, terminate the Underwriting Agreement without cost or liability by notice to the Company and SaleCo and the other Joint Lead Manager if any of the following events occur:

- A statement in any of the Offer documents is or becomes misleading or deceptive or is likely to mislead or deceive, or a matter required to be included is omitted from an Offer document;
- There occurs a new circumstance that arises after this Prospectus is lodged that would have been required to be included in this Prospectus if it had arisen before lodgement and is in the opinion of that Joint Lead Manager, materially adverse from the point of view of an investor;
- The Company or SaleCo are, in the reasonable opinion of the Joint Lead Managers required under sections 719 or 728 to lodge a supplementary prospectus, and fail to lodge a supplementary prospectus with ASIC within the time period reasonably required by the Joint Lead Managers or the Company or SaleCo lodge a supplementary prospectus in a form and substance that has not been approved by the Joint Lead Managers in accordance with the Underwriting Agreement;
- At any time the S&P/ASX 200 Index falls to a level that is 87.5% or less of the level as at the close of trading on the last trading day before the date of the close of the bookbuild and is below that level at the close of trading:
 - for 3 consecutive Business Days during any time after the date of the agreement; or
 - on the Business Day immediately prior to the Settlement Date;
- Any escrow deed entered into by an Escrowed Shareholder is withdrawn, varied, terminated, rescinded, altered, amended or breached or failed to be complied with;
- The Sale Deed Poll is withdrawn, varied, terminated, rescinded, altered or amended, breached or failed to be complied with;
- The Company, SaleCo or any of their respective directors or officers (as those terms are defined in the Corporations Act) engage, or have engaged, in any fraudulent conduct or activity whether or not in connection with the Offer;
- Approval (or approval subject to customary conditions) is refused or not granted to the Company's admission to the Official List or to quotation of all the Shares within the specified timeframe, or the ASX withdraws, qualifies (other than by customary conditions) or withholds such approval;
- Any of the following notifications are made in respect of the Offer:
 - ASIC gives notice of an intention to hold a hearing under section 739(2) or ASIC issues an order (including an interim order) under sections 739 or 1324B of the Corporations Act and that order becomes public or is not withdrawn within 2 Business Days of when it was made, or if it is made within 2 Business Days of the Settlement Date, it has not been withdrawn by the Settlement Date;
 - An application is made by ASIC for an order under Part 9.5 in relation to the Offer or an Offer document and that application becomes public or is not withdrawn within 2 Business Days of when it was made, or if it is made within 2 Business Days of the Settlement Date, it has not been withdrawn by the Settlement Date; or
 - ASIC commences any investigation or hearing under Part 3 of the Australian Securities and Investments Commission Act 2001 (Cth) (ASIC Act) in relation to the Offer or an Offer document and that investigation or hearing becomes public or is not withdrawn within 2 Business Days of when it was made, or if it is made within 2 Business Days of the Settlement Date, it has not been withdrawn by the Settlement Date;
- Any person (other than a 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 a Joint Lead Manager) gives a notice under section 730 of the Corporations Act in relation to this Prospectus;
- The Company or SaleCo does not provide a closing certificate as and when required by the Underwriting Agreement;

09. Additional Information

- If 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 are not capable of being performed in accordance with their terms (in the reasonable opinion of the Joint Lead Managers) or if all or any part of any of those contracts:
 - Is terminated, withdrawn, rescinded, avoided or repudiated;
 - 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, withdrawn, rescinded, avoided, repudiated or of limited force and affect, or its performance is or becomes illegal;
- The Company or SaleCo 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 Group Company becomes insolvent, or there is an act or omission which is likely to result in a Group Company becoming insolvent;
- An event specified in the timetable up to and including the Settlement Date is delayed by more than 2 Business Days (other than a delay agreed to between the parties, or required as a result of ASIC extending the period under section 727(3) of the Corporations Act);
- The Company is prevented from allotting and issuing (as applicable) the Offer Shares, or SaleCo is prevented from transferring the Sale Shares, within the time required by the timetable, the Offer documents, the Listing Rules, by applicable laws, an order of a court of competent jurisdiction or a government agency;
- The Company:
 - Alters the issued capital of the Company or a Group Company; or
 - Disposes or attempts to dispose of a substantial part of the business or property of the Company or a Group Company (except as required to give effect to the capital structure disclosed in the pathfinder version of this Prospectus and this Prospectus),
- without the prior written consent of the Joint Lead Managers;
- If a regulatory body withdraws or revokes; or amends, any regulatory approvals required for the Company or SaleCo to perform their obligations under this agreement or to carry out the transactions contemplated by the Offer documents;
- 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 government agency which makes it illegal for a Joint Lead Manager to satisfy an obligation under this document, or to market, promote or settle the Offer;
- Any of the CEO, the Chair of the Company or any director vacate their office or there is any change in the persons holding the offices that they hold on the date of this agreement;
- Any of the following occur:
 - A director or proposed director named in the pathfinder version of this Prospectus or this Prospectus of the Company or SaleCo is charged with an indictable offence relating to any financial or corporate matter;
 - Any government agency commences any public action against the Company or SaleCo or any of their respective directors in their capacity as a director of the Company or SaleCo (as applicable), or announces that it intends to take action; or
 - Any director or proposed director named in the pathfinder version of this Prospectus or Prospectus of the Company or SaleCo is disqualified from managing a corporation under sections 206B, 206C, 206D, 206E or 206F of the Corporations Act;
- In the reasonable opinion of that Joint Lead Manager, a statement in any of the Offer documents or any public or other media statements made by, or on behalf of and within the knowledge of the Company or SaleCo (**Public Information**) 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 or the Public Information (including, without limitation, having regard to the Provisions of Part 6D.2 of the Corporations Act);

9.6.3 Termination events subject to materiality

A Joint Lead Manager may, at any time after the date of the Underwriting Agreement until 4.00pm on the Completion date (without any cost or liability by notice to the Company, SaleCo and the other Joint Lead Manager), terminate the Underwriting Agreement without any cost or liability by notice to the Company, SaleCo and the other Joint Lead Manager if any of the following events occur and the Joint Lead Manager has reasonable grounds to believe the event:

- Has or is likely to have a materially adverse effect on the success, settlement, outcome 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 Shares will trade at on the ASX following the Offer, or the willingness of investors to subscribe for Shares under the Offer, or
- Will, or is likely to, give rise to a liability of the Joint Lead Manager under, or a contravention by the Joint Lead Manager or its affiliates or the Joint Lead Manager or its affiliate being involved in a contravention of, any applicable law:
 - In the reasonable opinion of the Joint Lead Managers, there are not, or there ceases to be, reasonable grounds for any statement or estimate in the Offer documents which relate to a future matter;
 - Any statement or estimate in the Offer documents which relate to a future matter is, in the reasonable opinion of the Joint Lead Managers, unlikely to be met in the projected timeframe (including in each case financial forecasts);
 - If 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 are not capable of being performed in accordance with their terms (in the reasonable opinion of the Joint Lead Managers) or if all or any part of any of those contracts is breached;
 - There is any other change in the CEO or the board of directors;
- The due diligence report, verification material or any other information provided by or on behalf of the Company or SaleCo 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), untrue, incorrect, misleading or deceptive, including by way of omission;
- An event occurs which is, or is likely to give rise to an adverse change in the assets, liabilities, financial position or performance, profits, losses or prospects of the Company or 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 the Public Information;
- There is introduced, or there is a public announcement of a proposal to introduce, into the Parliament of Australia or any State of Australia a new law, or the Reserve Bank of Australia, or any Commonwealth or State authority or ASIC, adopts or announces a proposal to adopt a new policy (other than a law or policy which has been announced prior to the date of this agreement) any of which does or is likely to prohibit or regulate the Offer, capital markets or stock markets;
- There is a contravention by the Company, SaleCo or any other Group Company of the Corporations Act, the Competition and Consumer Act 2010 (Cth), ASIC Act (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 (and all regulations under that act), the Listing Rules or any other applicable law or regulation;
- A representation, warranty, undertaking or obligation contained in this agreement on the part of the Company or SaleCo (whether severally or jointly) is breached, becomes not true or correct or is not performed;
- The Company or SaleCo defaults (whether severally or jointly) on 1 or more of its obligations under the Underwriting Agreement;
- The Company varies any term of its constitution without the prior written consent of the Joint Lead Managers;
- The commencement of legal proceedings against the Company, SaleCo, any other Group Company or against any director of the Company, SaleCo or any other Group Company in that capacity; or
- Any regulatory body commences any enquiry or public action against a Group Company or makes any adverse finding or ruling in relation to a Group Company;

09. Additional Information

- 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, the People's Republic of China, Hong Kong, Singapore, the United States of America and the United Kingdom, or the declaration by any of these countries of a new national emergency, or a major escalation of a national emergency by any of these countries, or a major terrorist act is perpetrated in any of those countries, or any diplomatic, military, commercial or political establishment of any of these countries;
- A statement in any closing certificate is false, misleading, inaccurate or untrue or incorrect;
- A general moratorium on commercial banking activities in Australia, New Zealand, the People's Republic of China, Hong Kong, Singapore, the United States of America or the United Kingdom 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;
- Trading in all securities quoted or listed on ASX, New York Stock Exchange, London Stock Exchange, Hong Kong Stock Exchange or the Tokyo Stock Exchange is suspended or limited in a material respect for 1 day (or a substantial part of 1 day) on which that exchange is open for trading; or
- There is a difference between the information contained in the pathfinder version of this Prospectus and the information required to be contained in this Prospectus.

9.6.4 Representations, warranties, undertakings and other terms

The Underwriting Agreement contains certain standard representations, warranties and undertakings by the Company and SaleCo to the Joint Lead Managers.

The representations and warranties given by the Company and SaleCo relate to matters such as conduct of the Company and SaleCo, power and authorisations, information provided by the Company and SaleCo, financial information, information in this Prospectus, the conduct of the Offer, compliance with laws, the ASX Listing Rules and other legally binding requirements.

The Company also provides additional representations and warranties in connection with matters including, but not limited to, in relation to its assets, litigation, non-disposal of Escrowed Shares, entitlements of third parties, tax, insurance, authorisations and eligibility for Listing.

The Company's undertakings include, among other things, that it will not, during the period following the date of the Underwriting Agreement until 120 days after Shares have been issued under the Offer, issue (or agree to issue) any Shares or securities without the prior written consent of the Joint Lead Managers, subject to certain exceptions.

9.6.5 Indemnity

Subject to certain customary exclusions (including fraud, wilful misconduct, bad faith, recklessness or gross negligence), the Company and SaleCo agree to keep the Joint Lead Managers and certain affiliated parties indemnified from losses suffered in connection with the Offer.

9.7 Voluntary escrow arrangements

9.7.1 Escrowed Shareholders

The following Existing Shareholders are subject to voluntary escrow arrangements with respect to their Shares held on Completion:

| Shareholder | Number of Escrowed Shares on Completion of the Offer (million) | Escrowed Shares (as a % of Shares on issue on Completion of the Offer) |
|------------------------------|--|--|
| Warren Family ¹ | 58.4 | 35.1% |
| Quadrant Funds | 15.7 | 9.4% |
| Frizelle Family ² | 6.1 | 3.7% |
| Perks Shareholder | 1.4 | 0.9% |
| Mark Weaver ³ | 0.4 | 0.2% |
| Bernard Friend ⁴ | 0.1 | 0.0% |
| Total | 82.1 | 49.3% |

Notes:

1. The Warren Family has an interest in the shares held by The Warren Family Trust (Paul Warren is a director and shareholder of the trustee and a beneficiary of the discretionary family trust). In addition, the Warren Family will have an interest in Shares that will be issued to WF Property in connection with the Warwick Farm Acquisition, consideration for which is to be paid 80% in Shares at the Offer Price and 20% in cash using the proceeds of the Offer (Paul Warren is a director of that entity and a director and shareholder of its ultimately holding company, P W M Investments (1976) Pty Ltd (ACN 001 337 462)) which are included in the table above. Includes the 5.2 million Shares to be acquired by The Warren Family Trust under the Offer.
2. The Frizelle Family has an interest in the shares held by Wildash (a family discretionary trust).
3. Mark Weaver holds shares directly and has an interest in the shares held by Malima Australia Pty Limited (ACN 645 591 215) as trustee for the Malima Family Trust (Mark Weaver is a director and the sole shareholder of the trustee and a beneficiary of the family trust).
4. Bernard Friend has an interest in the shares held by Restdrum Pty Limited (ACN 066 891 272) as trustee for The Friend Family Trust (Bernard Friend is a director and shareholder of the trustee and a beneficiary of the discretionary family trust).

Each Escrowed Shareholder has agreed to enter into a voluntary escrow deed in respect of their Shareholding on Completion of the Offer (other than Shares acquired under the Offer except in the case of the 5.2 million Shares to be acquired by the Warren Family Trust under the Offer, which will be the subject of voluntary escrow arrangements), which prevents them from disposing of their respective Escrowed Shares for the applicable Escrow Period (as described below).

The restriction on disposing is broadly defined in the voluntary escrow deed outlined in this Section 9.7. It restricts the Escrowed Shareholder from, amongst other things, selling, assigning, transferring or otherwise disposing of any legal, beneficial or economic interest in the Escrowed Shares, creating or agreeing to create a security interest over the Escrowed Shares, doing, or omitting to do, any act if the act or omission would have the effect of transferring effective ownership or control of any of the Escrowed Shares, or agreeing to do any of those things.

9.7.2 Escrow Period

The Escrowed Shares will be subject to voluntary escrow arrangements until the release of the Company's first half financial results for FY22 in relation to 49.3% of the Escrowed Shares (approximately February 2022).

9.7.3 Restrictions on dealing

During the Escrow Period, Escrowed Shareholders whose Shares remain subject to escrow may deal in any of their Escrowed Shares to the extent that the dealing:

- For the Escrowed Shareholder to accept a bona fide takeover bid in respect of all or a proportion of the Shares, provided 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 bid relate, have accepted an offer under the takeover bid; or
- The transfer or cancellation of the Escrowed Shares as part of a scheme of arrangement under Part 5.1 of the Corporations Act, provided that the scheme of arrangement has received all necessary approvals, including such necessary court and Shareholder approvals,

provided, in each case, that if for any reason any or all Escrowed Shares are not transferred or cancelled in accordance with such a takeover bid or scheme of arrangement (including because the takeover bid does not become unconditional), then the Escrowed Shareholder agrees that the restrictions applying to the Escrowed Shares under the voluntary escrow deed will continue to apply.

9.8 Property Acquisitions

The Company has entered into binding agreements to purchase the following properties on which it operates its business:

- Warwick Farm from the Warren Family; and
- 11 properties located in Southport, Queensland as set out in Section 9.8.2 below from James Frizelle.

9.8.1 Warwick Farm Acquisition

As outlined in Section 6.7.1, the Company has entered into a binding agreement to purchase Warwick Farm from the Warren Family for \$120,000,000 (to be paid 20% in cash, funded from the Offer proceeds, and 80% in Shares at the Offer Price). An independent market valuation of Warwick Farm was undertaken by Cushman & Wakefield (Valuations) Pty Ltd to support the purchase price.

Completion of the Warwick Farm Acquisition is conditional on:

- The Company receiving all necessary approvals under FATA relevant to the purchase or a change in status occurring which has the result that such approval is not required; and
- Completion of the IPO and Listing occurring.

Subject to the satisfaction of these conditions, the Warwick Farm Acquisition will complete on the Settlement Date. If these conditions are not satisfied within six months after the date the contract for sale was entered into (being, the date of this Prospectus), then, unless that date is extended, the sale contract will terminate.

Warranties

The vendor has provided the usual warranties for a contract of this type and can be summarised in the following categories:

- **(Capacity)** the vendor has legal capacity to enter into the contract and is not insolvent;
- **(Information in the vendor's possession)** the vendor has not knowingly and intentionally withheld any material information that a reasonable purchaser would consider material;
- **(Easements and other interests)** except as disclosed in the contract, the vendor does not know of any unregistered easements, interests or underground fuel tanks affecting the property;
- **(Leases, licences and rights to occupy)** except as disclosed in the contract, there are no current leases, licences or other rights of occupation which affect the property;
- **(Environmental risk)** generally, the vendor is not in breach of any environmental law in relation to the property and has complied with all work notices from council;
- **(Contamination)** there is no contamination present in, on, under or migrating through the property which comprises a non-compliance with any environmental law or is required to be notified to a government agency under such law;

-
- **(Litigation)** there is no current or pending litigation in relation to the vendor or the property and there are no material disputes between the vendor and any third party in relation to the property;
 - **(Fire safety and compliance)** all improvements on the property comply with all laws and regulations in respect of workplace health and safety, sprinklers and fire alarms;
 - **(Notices from government agencies)** except as disclosed in the contract, the vendor has not received any notice from any government agency for any breach affecting the property; and
 - **(Agent)** the vendor has not granted any agency to any real estate agent.

The Company provides limited warranties under the contract. The warranties provided by the Company are mainly in relation to GST.

Indemnities

The vendor indemnifies the Company for the following material events:

- Any loss, cost or claim suffered or incurred by the Company to the extent it arises from any contamination on, in or under or emanating from the property prior to completion. This indemnity will remain fully effective from the date of completion until the date that is 2 years after completion and the vendor will not be liable for a claim unless the amount is more than \$100,000; and
- All claims arising from breach of any of the vendor warranties whether discovered before or after completion. The Company's right to make a claim against the vendor for a breach of warranty may only be made in the first 2 years after completion and the vendor will not be liable for a claim unless the amount is more than \$100,000.

The Company does not provide any material indemnities to the vendor.

For the purposes of Chapter 2E of the Corporations Act, the Directors, other than Paul Warren, consider the Warwick Farm Acquisition to be on arm's length terms.

9.8.2 Southport Acquisition

The Company has entered into a binding agreement to purchase the following properties located in Southport, Queensland (an auto mall-style location similar to Warwick Farm) from James Frizelle for an aggregate all-cash purchase price of \$82,336,000:

- 57 High Street;
- 59 – 61 High Street;
- 62 – 72 High Street;
- 63 – 67 High Street;
- 74 – 78 High Street;
- 25 Bay Street;
- 20 Rawlins Street;
- 22 Rawlins Street;
- 24 Rawlins Street;
- 29 Rawlins Street; and
- 31 Rawlins Street,

(together, the **Southport Acquisition**).

Peter Warren believes that the contract price falls within the market valuation range for those properties.

09. Additional Information

Conditions

Completion of the Southport Acquisition is conditional on:

- The Company receiving all necessary approvals under the FATA relevant to the purchase or a change in status occurring which has the result that such approval is not required; and
- Completion of the IPO and the Company being admitted to the Official List of ASX (unless waived by the Company).

Subject to the satisfaction (or waiver) of these conditions, the Southport Acquisition will complete on the Settlement Date. If these conditions are not satisfied (or waived) by 30 June 2021, then, unless that date is extended, the sale contract will terminate.

Warranties

The warranties provided by the vendor can be summarised in the following categories:

- **(Litigation)** there is no current litigation by any person claiming an estate or interest in the property);
- **(Unsatisfied judgement)** there is no unsatisfied judgement, order or writ of execution which affects the property;
- **(Court order)** there is no order of a court or other authority affecting the vendor from completing the contract;
- **(Notice from authority)** no notice has been issued by an authority where the property may be rendered liable to forfeiture to the government;
- **(Solvency)** the vendor is not in administration or liquidation;
- **(Capacity)** the vendor is the registered owner of the land;
- **(Environment)** except as disclosed in the contract, there is no notifiable activity being conducted on the property and the vendor is not aware of any circumstances that may lead to the land being classified as contaminated under the *Environmental Protection Act 1994* (Qld); and
- **(Adjustable items)** at completion, all written statements of rates, taxes, outgoings, rents and profits not capable of discovery by public record and any written statement disclosing names and postal addresses of any tenant or occupier of the land will be correct.

The Company provides limited warranties under the contract. The warranties provided mainly relate to GST and its withholding obligations

Indemnities

The standard provisions of the contract contain few indemnities in favour of both the Company and the vendor which is common for contracts of this type.

9.9 Finance arrangements

Certain members of the Peter Warren Group have financing arrangements with various financiers. Set out below is a general summary of the financing arrangements.

There are change of control restrictions in certain financing arrangements. The Group has notified the financier that the Offer may trigger a change of control and the financier has acknowledged this notice. No financier has indicated to the Company an intention to take any action in response to the notification.

Obligations and liabilities under the financing arrangements are secured and guaranteed.

9.9.1 St. George Bank – A Division of Westpac Banking Corporation (St. George)

St. George has provided financial accommodation to the Group.

Key commercial terms

The key terms of the St. George financing arrangements are summarised below.

| Facility | Purpose | Facility Limit | Repayment |
|--|--|----------------|--|
| Bailment Facility | Bailment facility for goods to be sold to customers through the dealership business. | \$50,000,000 | Repayment on demand. |
| Capital Advance Facility – Variable Rate (Used Vehicles) | Purchase of used vehicle inventory. | \$7,500,000 | Repayment on demand. |
| Master Asset Finance Facility | Lease/hire/ finance the purchase of various plant and equipment, including vehicles. | \$1,500,000 | As specified in the relevant goods schedule. |
| Corporate MasterCard Credit Card Facility | Corporate credit card facility. | \$50,000 | N/A |

Securities and guarantees

The St. George financing arrangements are secured by various security arrangements, including general security agreements granted by certain members of the Peter Warren Group, an unlimited cross guarantee and indemnity given by certain members of the Peter Warren Group and right of entry deeds.

Facility fees

Fees payable in connection with all the St. George facilities include legal fees, stamp duty, ASIC fees, security interest registration fees and land title office charges.

Fees payable in connection with the St. George Bailment Facility include a bailment fee, which is calculated by applying the BBSY rate plus a margin per annum to the average daily bailment account balance for that bailment period.

Fees payable in connection with the St. George Corporate MasterCard Credit Card Facility include an annual service fee (per card) of \$150.00.

Interest

The St. George Capital Advance Facility attracts a variable rate of interest, comprising BBSY plus a margin, which is payable monthly.

A fixed interest rate applies to the St. George Corporate MasterCard Credit Card Facility.

Default interest is payable on overdue amounts under the St. George facilities.

Undertakings

The terms of the St. George facilities include positive and negative covenants given by James Frizelle's Automotive which relate to it and its subsidiaries and which are usual for facilities of their nature, including:

- Restrictions on providing financial accommodation, paying dividends, making distributions or providing loans other than in the ordinary course of ordinary business without consent;
- Financial undertakings related to ensuring that capital is not reduced or made capable of being called up only in certain circumstances;
- Undertakings related to the conduct of the business;
- Undertakings related to perfecting security interests on the PPSA; and
- Undertakings to provide consolidated financial statements, management accounts, cashflow statements and financial reports.

09. Additional Information

Events of default and review events

The terms of the St. George facilities contain events of default which are usual for facilities of a similar nature.

There are no review events specified under the St. George facilities.

9.9.2 Toyota Finance Australia Limited (Toyota Finance)

Toyota Finance has provided financial accommodation to Peter Warren Automotive.

Key commercial terms

The key terms of the Toyota Finance financing arrangements are set out below.

| Borrower | Facility | Purpose | Facility Limit | Facility End Date | Repayments |
|-------------------------|----------------------------------|---------------------------|----------------|--|--------------------------|
| Peter Warren Automotive | Uncommitted Charge Plan Facility | To purchase used vehicles | \$9,000,000 | The earlier of: (a) the date which is 12 months after the date of the agreement (or any later date specified by Toyota Finance); and (b) the date of termination or expiry of any bailment plan with Toyota Finance. | On the facility end date |

Securities and guarantees

The Toyota Finance financing arrangements are secured by various security arrangements, including a general security agreement, a guarantee and indemnity given by certain members of the Peter Warren Group and right of entry deeds.

Facility fees

Fees payable in connection with the Toyota Finance financing arrangements include legal fees, stamp duty and GST.

Interest

The Toyota Finance Uncommitted Charge Plan Facility Agreement attracts a variable rate of interest, comprising the Toyota Wholesale Rate plus a margin, which is payable monthly.

Default interest is payable on overdue amounts under the Toyota Finance financing arrangements.

Undertakings

The terms of Toyota Finance financing arrangements include positive and negative covenants given by Peter Warren Automotive which relate to it and its subsidiaries and which are usual for facilities of their nature, including:

- Undertakings to provide accounts and other financial information;
- Restrictions on making any payment or distribution to or for the benefit of its shareholders (subject to certain exceptions, including in the ordinary course of business out of trading profits where there is no subsisting event of default under the relevant facility);
- Restrictions on disposing of assets and granting security over assets;
- Undertakings in relation to core business; and
- Undertakings to do all things necessary to maintain corporate existence in good standing.

Representations and warranties

The terms of the Toyota Finance financing arrangements include representations and warranties usual for facilities similar to the Toyota Finance financing arrangements.

Events of default and review events

The terms of the Toyota Finance financing arrangements contain events of default which are usual for facilities of a similar nature.

There are no review events specified under the Toyota Finance financing arrangements.

9.9.3 Floor plan financing arrangements

Certain members of the Peter Warren Group have floor plan financing arrangements with various financiers. Set out below is a general summary of the floor plan financing arrangements.

9.9.3.1 St. George

St. George has granted floor plan facilities to James Frizelle's Automotive. The total limit under these floor plan financing arrangements is \$66,900,000.

9.9.3.2 Toyota Finance

Toyota Finance has granted floor plan facilities to Peter Warren Automotive. The total limit under these floor plan financing arrangements is \$94,450,000.

9.9.3.3 Mercedes-Benz Financial Services

Mercedes-Benz Financial Services has granted floor plan facilities to Peter Warren Automotive. The total limit under these floor plan financing arrangements is \$101,600,000.

9.9.3.4 AAAF

AAAF has granted floor plan facilities to James Frizelle's Automotive, Southport Mazda Pty Ltd, Lismore Mazda Pty Ltd and Robina Mazda Pty Ltd. The total limit under these floor plan financing arrangements is \$51,800,000.

Under these floor plan facilities, no payment or distribution may be made to or for the benefit of the shareholders of any Group entity (subject to certain exceptions, including in the ordinary course of business out of trading profits where there is no subsisting event of default under the relevant facility).

9.9.3.5 Volkswagen Financial Services

Volkswagen Financial Services has granted floor plan facilities to James Frizelle's Automotive. The total limit under these floor plan financing arrangements is \$52,300,000.

9.10 Mazda Shareholders' Agreements

Under the terms of the Mazda Dealership Agreements, the Dealer Principal of each Mazda dealership (typically the manager of the dealership) is required to retain 20% of the issued shares in the relevant Mazda dealership entity (being each of, Southport Mazda Pty Ltd, Lismore Mazda Pty Ltd and Robina Mazda Pty Ltd). Accordingly, each of the Mazda entities has entered into Shareholders' Agreements with the relevant Dealer Principal to record the terms on which the shareholders have agreed to regulate each of their participation in the management of the Mazda dealerships (**Mazda Shareholders' Agreements**).

The Mazda Shareholders' Agreements prohibit the Dealer Principal from dealing with the shares other than by way of a permitted transfer (essentially a transfer required or consented to by James Frizelle's Automotive). Additionally, the Mazda Shareholders' Agreements include provisions covering events of default, including the termination or cessation of the employment arrangements of a Dealer Principal. If a Dealer Principal causes an event of default, James Frizelle's Automotive will have the right to acquire all of the securities held by the defaulting Dealer Principal.

09. Additional Information

9.11 Lease arrangements

9.11.1 Third party leases

Peter Warren operates part of its business from premises leased or licensed from a number of third parties. Each fixed term 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 details of the leases are described in the table below.

| Location | Lessee | Term (including any options to extend) | Expiry |
|---|--|---|--------------------|
| New South Wales | | | |
| 418-430 Military Rd, Mosman | North Shore Automotive Pty Ltd | Initial term – 5 years Tenant has one option to renew for 5 years | 30 November 2024 |
| 426-430 Military Rd, Mosman | North Shore Automotive Pty Ltd (Sublessee) | Initial term – 5 years, 5 months, and 1 day Tenant has one option to renew for 5 years | 30 November 2024 |
| 742-748 Pacific Hwy, Chatswood | North Shore Automotive Pty Ltd | Initial term – 5 years Tenant has one option to renew for 5 years | 30 November 2024 |
| 555 Pacific Hwy, Artarmon | Sydney North Shore Automotive Pty Limited | Initial term – 9 years Tenant has one option to renew for 3 years | 30 June 2026 |
| 22 Cleg St, Artarmon | Sydney North Shore Automotive Pty Limited (as Sublessee) | Initial term – 9 years and 364 days Sublessee has one option to renew for 3 years | 29 June 2026 |
| 8 Yarmouth Pl, Narellan | Peter Warren Automotive | Initial term – 5 years Tenant has one option to renew for 5 years | 24 February 2022 |
| 217-223 Keen St, Lismore | James Frizelle's Automotive | Month-to-month | On 30 days' notice |
| 478 River St, West Ballina | James Frizelle's Automotive | Month-to-month | On 30 days' notice |
| 476 River St, West Ballina | James Frizelle's Automotive | Month-to-month | On 30 days' notice |
| 88 Industry Dr, Tweed Heads South | James Frizelle's Automotive | Month-to-month | On 30 days' notice |
| Queensland | | | |
| Ground and Mezzanine Floors, 290 Nerang-Southport Rd, Southport | Peter Warren Automotive | Initial term – 20 years Tenant has no current option to renew | 28 February 2024 |
| 74 Kortum Dr, Burleigh Heads | James Frizelle's Automotive | Month-to-month agreement | On 30 days' notice |

9.11.2 Related party leases

As outlined in Section 6.7.2, the Company operates part of its business from premises leased from the Warren Family. The material terms of these leases are summarised in the table below. The rent payable under these leases will increase by the greater of CPI and 3% per annum commencing on 1 July of that year.

| Location | Commencement date | Term | Commencement rent per annum | Expiry |
|---|-------------------|--------------------------|-----------------------------|--------------------|
| 12 and 15 Yarmouth Pl, Smeaton Grange* | 1 July 2016 | 10 years | \$700,000 | 30 June 2026 |
| 7 Exchange Pde, Smeaton Grange* | 1 July 2016 | 10 years | \$126,000 | 30 June 2026 |
| 9094 Warren Rd, Smithfield | 1 July 2016 | 10 years | \$200,000 | 30 June 2026 |
| 36 & 38 Blaxland Rd, Campbelltown and 5 & 7 Badgally Rd, Campbelltown | 1 July 2016 | 10 years | \$440,000 | 30 June 2026 |
| 66-76 Dickson Ave, Artarmon* | 1 July 2018 | 5 years | \$1,366,500 | 30 June 2023 |
| 1 Expo Court, Ashmore and 4-6 Expo Crt, Ashmore | 1 July 2016 | 10 years | \$606,000 | 30 June 2026 |
| 179 Nerang St, Southport* | 1 July 2016 | 10 years | \$240,000 | 30 June 2026 |
| 6/7 Hinde St, Ashmore | 1 July 2016 | 10 years | \$54,000 | 30 June 2026 |
| 111 Newbridge Rd, Chipping Norton* | 1 July 2017 | 5 years | \$120,000 | 30 June 2022 |
| 110 Minnie St, Southport | 1 July 2018 | Month-to-month agreement | \$18,000 | On 30 days' notice |
| 187 Nerang Rd, Ashmore | 22 July 2019 | Month-to-month agreement | \$195,851.16 | On 30 days' notice |

* Rent payable subject to market review upon exercise of options to renew.

9.11.3 Frizelle Family leases

In addition to the leases above, Peter Warren also operates its businesses from premises leased from the Frizelle Family. The details of these leases are described in the table below.

| Location | Lessee | Term (including any options to extend) | Expiry |
|--|--|---|--|
| New South Wales | | | |
| 62-74 Industry Dr, 125-127 Minjungbal Dr, and 2 Machinery Dr, South Tweed Heads | James Frizelle's Automotive | Initial term – 10 years Tenant has two options to renew for 5 years | 30 June 2027 |
| 2-6 Cook St, South Lismore | James Frizelle's Automotive | Initial term – 10 years Tenant has two options to renew for 5 years | 30 June 2027 |
| 7 Snow St, Lismore | James Frizelle's Automotive Group Pty Ltd | Initial term – 10 years Tenant has two options to renew for 5 years | 30 June 2027 |
| Queensland | | | |
| 1-3 Newheath Dr, Arundel (also known as 108-148 Kingston Dr, Arundel) | James Frizelle's Automotive | Initial term – 10 years Tenant has two options to renew for 5 years | Stage 1: 12 November 2027 Stage 2: 15 February 2028 Stage 3: 4 March 2028 |
| 6 Anne St, Southport | James Frizelle's Automotive | Initial term – 10 years Tenant has two options to renew for 5 years | 30 June 2027 |
| 3389 & 3395 Pacific Hwy, Springwood | James Frizelle's Automotive | Initial term – 10 years Tenant has two options to renew for 5 years | 30 June 2027 |
| 40-44 Brabham Crt, Robina | James Frizelle's Automotive | Initial term – 10 years Tenant has two options to renew for 5 years | 30 June 2027 |
| 342 & 354 Brisbane Rd, Arundel | James Frizelle's Automotive | Initial term – 10 years Tenant has two options to renew for 5 years | 30 June 2027 |
| 92-96 Marine Pde, Southport | James Frizelle's Automotive | Initial term – 3 years Tenant has two options to renew for 3 years | 30 June 2020 (holding over on a month-to-month basis) |
| 7-13 Nind St, Southport | James Frizelle's Automotive | Month-to-month agreement | On 30 days' notice |

9.12 Other material contracts

9.12.1 Dealership Agreements

The Group has entered into Dealership Agreements with the OEMs for each Dealership that a Group Company operates. Dealership Agreements relate to Peter Warren's rights to acquire, distribute, service and repair vehicles for an OEM. Although each Dealership Agreement is with an individual OEM, the Dealership Agreements are 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 the Group has entered into.

Franchising Code of Conduct

All the 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 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 OEMs may appoint other Dealers to, or may itself sell, distribute, service or repair vehicles within each Dealers' prime market area (**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 initial term of the Dealership Agreements is usually between three and five years. A number of the Dealership Agreements continue on a rolling term after expiry of the initial term and/or are subject to renewal on the satisfaction of specified conditions. Approximately half of the Dealership Agreements may be terminated for convenience at any time during the term upon the OEM giving between reasonable notice (30 to 90 days) and 24 months' notice (as applicable) in writing to the dealer as well as reasons for the termination. The Group has received confirmation from each OEM which has a right to termination for convenience that the OEM does not intend to exercise this right in respect of the IPO.

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 OEM and not be implemented unless and until the OEM has provided its consent. 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 at the end of a notice period (usually 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 OEM 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.

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 OEM and not implemented unless and until the OEM approves the change.

9.12.2 Shared services agreement – Peter Warren Toyota

The Toyota SSA is a related party arrangement. See Section 6.7.3 for a summary of the key terms of the Toyota SSA.

9.13 Litigation and claims

The Company may, from time to time, be party to litigation and other claims and disputes incidental to the conduct of its business, including employment disputes, contractual disputes, indemnity claims and occupational and personal claims. Such litigation, claims and disputes, including the costs of settling claims and operational impacts, could materially adversely affect the Company's business, operating and financial performance.

As far as the Directors are aware, there is no current or threatened civil litigation, arbitration proceeding or administrative appeal, or criminal or Governmental prosecution of a material nature in which the Company is directly or indirectly concerned which is likely to have a material adverse impact on the business or financial position of the Company.

9.14 Ownership restrictions

9.14.1 Corporations Act

The takeover provisions in Chapter 6 of the Corporations Act restrict acquisitions of shares in listed companies, and unlisted companies with more than 50 members, if the acquirer's (or another party's) voting power would increase to above 20%, or would increase from a starting point that is above 20% and below 90%, unless certain exceptions apply. The Corporations Act also imposes notification requirements on persons having voting power of 5% or more in the Company either themselves or through an associate.

9.14.2 *Foreign Acquisitions and Takeovers Act 1975 (Cth)* and Federal Government Foreign Investment Policy

Generally, the FATA applies to acquisition of shares and voting power in a company of 20% or more by a single foreign person and its associates (**Substantial Interest**), or 40% or more by two or more unassociated foreign persons and their associates (**Aggregate Substantial Interest**). Where a foreign person holds a Substantial Interest in the Company or foreign persons hold an Aggregate Substantial Interest in the Company, the Company will itself be a "foreign person" for the purposes of FATA.

Where an acquisition of a Substantial Interest or Aggregate Substantial Interest meets certain criteria, the acquisition must be notified to the Federal Treasurer (through the Foreign Investment Review Board (**FIRB**)) and may not occur without the prior approval of the Federal Treasurer or a statutory period has expired without the Federal Treasurer objecting. An acquisition of a Substantial Interest or an Aggregate Substantial interest meeting certain criteria, without such approval may lead to divestment orders (amongst other things) if the Treasurer determines that the acquisition is contrary to the national interest.

In addition, under the FATA, acquisitions of a direct investment in a company by a foreign government investor (which is defined broadly to include investors such as public pension funds or university investment funds) must be notified to the Federal Treasurer (through FIRB) for prior approval, irrespective of the value of the investment. A direct investment will typically include an investment of 10% or more of the shares (or other securities or equivalent interest or voting power) in an Australian company but may also include an investment of less than 10% where the investor is building a strategic stake in the target or obtains potential influence or control over the target (including the target board).

9.15 Regulatory relief

9.15.1 ASIC exemptions and relief

ASIC has granted the following exemptions from and modifications to, the Corporations Act:

- An exemption from compliance with section 1020B(2) of the Corporations Act relating to short selling to permit sale of Shares during the period of conditional trading on ASX;
- Relief to extend the benefit of ASIC Class Order 14/1000 to the grant of rights under the LTI Plan; and
- Relief under section 741(1)(a) of the Corporations Act from the application of section 707(3) of the Corporations Act to permit the “on-sale” of certain Shares offered other than under this Prospectus.

9.15.2 ASX confirmations

ASX has provided the following confirmations in respect of the following ASX Listing Rules:

- Confirmation that the Company may undertake deferred and conditional settlement trading of Shares, subject to certain conditions to be approved by the ASX;
- Confirmation that the Company has a structure and operations acceptable to ASX for admission to the Official List for the purposes of Listing Rule 1.1 (Condition 1);
- Confirmations that Listing Rule 10.1 will not apply in relation to certain related party transactions entered into prior to the IPO;
- Confirmation that Listing Rule 10.11 will not apply in relation to an agreement to issue shares to a related party;
- Confirmations in respect of Listing Rule 7.1 in connection with the STI Plan, LTI Plan and NED Shares;
- Confirmations in respect of Listing Rules 10.11 and 10.14 in connection with the STI Plan, LTI Plan and NED Shares;
- Confirmations in respect of Listing Rule 10.14 in connection with the STI Plan, LTI Plan; and
- Confirmation that a waiver from Condition 12 of ASX Listing Rule 1.1 in respect of performance rights and share rights to be issued under the IPO Grant, STI Plan and LTI Plan with an exercise price that is less than 20 cents is not required.

The ASX has provided a confirmation that upon receipt of a formal listing application, ASX would be likely to grant a waiver from Listing Rule 10.14 in connection with the initial grant of Rights to Paul Warren.

The Company has sought (and as at the Prospectus Date has not yet received) the following confirmations from ASX in respect of the following ASX Listing Rules:

- confirmation that a waiver from Listing Rule 10.11 is not required in relation to the initial grant of Rights to Paul Warren in FY22; and
- confirmation in respect of Listing Rule 6.1 in connection with the STI Plan, LTI Plan and IPO Grant.

9.16 Taxation considerations

9.16.1 Taxation considerations generally

The following comments provide a general summary of the Australian income tax, capital gains tax, goods and services tax and stamp duty issues for Shareholders who acquire Shares under this Prospectus.

The categories of Shareholders 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 Shareholders who are insurance companies, banks, Shareholders that hold their Shares on revenue account or carry on a business of trading in shares or Shareholders who are exempt from Australian tax. Additionally, this summary does not cover the consequences for Shareholders 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 as at the Prospectus Date (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 Shareholders' specific circumstances, Shareholders should obtain independent advice on the taxation implications of holding or disposing of Shares, taking into account their specific circumstances (including whether they are an Australian tax resident).

9.16.2 Dividends paid on Shares – Australian tax residents

Individuals and complying superannuation entities

Where dividends on a Share are distributed, those dividends should constitute assessable income of an Australian tax resident Shareholder. Australian tax resident Shareholders who are individuals or complying superannuation entities should include the dividend in their assessable income in the year they derive the dividend. If the Shareholder satisfies the "qualified person" rules (refer to further comments below), the Shareholder should also include any franking credit attached to the dividend in their assessable income. However, such a Shareholder 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 Shareholder's taxable income. Where the tax offset exceeds the income tax payable on the Shareholder's taxable income in an income year, the Shareholder should be entitled to a tax refund equal to the amount of the excess.

Where a dividend is unfranked, the Shareholder should generally be taxed at their prevailing tax rate on the dividend received with no tax offset.

Corporate Shareholders

Corporate Shareholders are also 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.

An Australian tax resident corporate Shareholder should be entitled to a credit in its own franking account to the extent of the franking credit attached to the distribution received. This allows the corporate shareholder to pass on the benefit of the franking credits to its own Shareholder(s) on the payment of dividends.

Where franking credits received by a corporate Shareholder exceed the income tax payable by that Shareholder, the excess cannot give rise to a refund, but may be able to be converted into carry forward tax losses.

Trusts and partnerships

Shareholders who are trustees (other than trustees of complying superannuation entities) or partnerships should generally 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 Shareholders 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 Shareholder.

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 Shareholders seek independent advice on the tax consequences arising in these circumstances.

Qualified person rules

The benefit of franking credits can be denied where a Shareholder does not satisfy the qualified person rules, in which case the Shareholder 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, a Shareholder must satisfy the holding period rule or, if necessary, the related payment rule.

The holding period rule requires a Shareholder 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 Shareholder acquires the Shares, and ending on the 45th day after 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 may have the effect of diminishing the economic exposure associated with holding the Shares (for example, certain option and derivative arrangements, or agreements to sell the Shares).

Under the related payment rule, a different testing period applies where the Shareholder or an associate of the Shareholder has made, or is under an obligation to make, a related payment in relation to the dividend. A related payment is one where a Shareholder or their associate effectively passes on the benefit of the dividend to another person.

The related payment rule requires the Shareholder to have held the Shares at risk for the 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 the Shares become ex-dividend. Practically, the related payment rule should not impact Shareholders who do not pass the benefit of the dividend to another person. Shareholders 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 Shareholder may satisfy the qualified person rules on an alternative basis, provided that the Shareholder satisfies the small holding exemption. This exemption should generally be satisfied where the Shareholder 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 a Shareholder indirectly (for example, via an interposed trust). It is recommended that Shareholders in such situations seek independent taxation advice.

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 Shareholders 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.

Shareholders should seek independent tax advice regarding the dividend washing rules, and consider the impact of these rules, having regard to their own personal circumstances.

9.16.3 Disposal of Shares – Australian tax residents

The disposal of a Share by a Shareholder 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 Shareholder 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 Shareholder 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. Shareholders 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, with certain exceptions) 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 Shareholder 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).

If the Shareholder who realises the capital loss is the trustee of a trust (other than the trustee of a complying superannuation entity), the capital loss should not flow through to its beneficiaries, but may be offset against capital gains realised in the same income year or future income years.

9.16.4 Dividends paid on Shares – non-Australian tax residents

Shareholders who are not tax resident in Australia should generally be subject to Australian dividend withholding tax with respect to any unfranked dividends paid. Australian dividend withholding tax should be imposed at a flat rate of 30% on the amount of the dividend that is unfranked unless the Shareholder is tax resident in a country that has concluded a double tax treaty with Australia.

If that is the case, and the Shareholder is otherwise able to rely on the double tax treaty, the rate of Australian dividend withholding tax may be reduced (typically to 15%), depending on the terms of the double tax treaty.

Dividends paid which are fully franked should not be subject to Australian dividend withholding tax.

9.16.5 Disposal of Shares – non-Australian tax residents

The disposal of a Share by a Shareholder 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 to Section 9.16.3 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”. Broadly, a Share should constitute taxable Australian property if both of the following requirements are satisfied:

- The Shareholder (together with any associates of the Shareholder) holds an interest of at least 10% in the Company 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
- The Company is land rich for Australian income tax purposes (broadly, because more than 50% of the value of the Company’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 a Shareholder 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 a Shareholder who is not tax resident in Australia realises a capital gain from the disposal of a Share that constitutes taxable Australian property, the Shareholder should ordinarily be required to lodge an Australian income tax return including the capital gain. In such circumstances, the Shareholder 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 any available capital losses, subject to certain loss recoupment tests being satisfied. The amount of the capital gain, after application of any available capital losses, should be subject to Australian income tax at the Shareholder’s marginal tax rate.

A capital loss should initially be realised by a Shareholder 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 to Section 9.16.3 for further details). However, as with capital gains, a capital loss should be disregarded by the Shareholder 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.

9.16.6 GST

Shareholders should not be liable for GST from acquiring or disposing of any Shares. Shareholders 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 Shareholders in this respect.

9.16.7 Stamp duty

No stamp duty should be payable by Shareholders on the acquisition of Shares. Under current stamp duty legislation, no stamp duty should ordinarily be payable by Shareholders on any subsequent transfer of Shares whilst the Company remains listed.

Shareholders should seek their own advice as to the impact of stamp duty in their own particular circumstances.

9.16.8 Tax file number

Australian tax resident Shareholders may, if they choose, notify the Company of their tax file number, Australian Business Number or a relevant exemption from withholding tax with respect to dividends. In the event that the Company is not so notified, pursuant to the withholding rules, tax should be automatically deducted at the highest marginal rate (including where relevant, the Medicare levy) from unfranked dividends and/or other applicable distributions. However, Australian tax resident Shareholders may be able to claim a tax credit/rebate (as applicable) in respect of the tax deducted in their income tax returns.

Shareholders who are not tax resident in Australia should generally be entitled to an exemption from the TFN withholding rules. This means that mandatory TFN withholding may not be required by the Company with respect to unfranked dividends or other relevant distributions paid to such Shareholders, irrespective of whether those Shareholders have notified the Company of their TFN or ABN.

9.17 Consents to be named and disclaimers of responsibility

Each of the parties listed below in this Section 9.17, 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 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:

- Each of Jarden, Jefferies and Morgan Stanley has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as Joint Lead Manager to the Offer in the form and context in which it is named.
- Each of Morgans and Morgan Stanley Wealth Management Australia Pty Ltd has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as Co-Lead Manager to the Offer in the form and context in which it is named.
- Gilbert + Tobin has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as Australian legal adviser (other than in relation to taxation matters) to the Company and SaleCo 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 lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as Investigating Accountant to the Company in relation to the Financial Information in the form and context in which it is named and to the inclusion of its Investigating Accountant's Report on the Financial Information set out in Section 4 in the form and context in which it appears in this Prospectus.
- Deloitte Tax Services Pty Ltd has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as tax adviser to the Company in the form and context in which it is so named.

09. Additional Information

- Link Market Services Limited has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as Share Registry of the Company 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 the Company. Link Market Services Limited has not authorised or caused the issue of, and expressly disclaims and takes no responsibility for, any part of the Prospectus.
- Cushman & Wakefield (Valuations) Pty Ltd has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as independent property valuer to the Company in relation to Warwick Farm, in the form and context in which it is so named.
- Jones Lang LaSalle Advisory Services Pty Ltd has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as independent market rent valuer to the Company in relation to the sublease and lease described in Sections 6.7.3 and Section 6.7.4, in the form and context in which it is so named.

The Company has included statements in this Prospectus made by, attributed to or based on statements by the following parties:

- Think with Google article, “With car shoppers more willing to buy online, auto marketers must bridge the divide” (September 2020);
- Deloitte Motor Industry Services Dealership Benchmarks (2017 to 2021);
- Deloitte Insights article “Electric Vehicles, Setting a course for 2030” (28 July 2020);
- Datium Insights-Moody’s Analytics Used Vehicle Price Index for Australia (3 February 2021);
- BCG article, “Will consumers finally be able to buy new cars online?” (11 September 2020); and
- Electric Vehicle Council report, “State of Electric Vehicles” (August 2020).

The inclusion of statements made by, attributed to or based on statements made by these parties has not been consented to by the relevant party for the purposes of section 729 of the Corporations Act and are included in this Prospectus by the Company on the basis of *ASIC Corporations (Consent to Statements) Instrument 2016/72* relief from the Corporations Act for statements used from books, journals or comparable publications.

9.18 Description of the syndicate

Jarden, Jefferies and Morgan Stanley are the Joint Lead Managers to the Offer.

9.19 Selling restrictions

This Prospectus 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 the Shares may not be offered or sold, in any country outside Australia except to the extent permitted below.

Canada (British Columbia, Ontario and Quebec provinces)

This document constitutes an offering of New Shares only in the Provinces of British Columbia, Ontario and Quebec (the **Provinces**), only to persons to whom New Shares may be lawfully distributed in the Provinces, and only by persons permitted to sell such securities. This document is not a prospectus, an advertisement or a public offering of securities in the Provinces. This document may only be distributed in the Provinces to persons who are “accredited investors” within the meaning of National Instrument 45-106 – *Prospectus Exemptions*, of the Canadian Securities Administrators.

No securities commission or authority in the Provinces has reviewed or in any way passed upon this document, the merits of the New Shares or the offering of the New Shares and any representation to the contrary is an offence.

No prospectus has been, or will be, filed in the Provinces with respect to the offering of New Shares or the resale of such securities. Any person in the Provinces lawfully participating in the offer will not receive the information, legal rights or protections that would be afforded had a prospectus been filed and receipted by the securities regulator in the applicable Province. Furthermore, any resale of the New Shares in the Provinces must be made in accordance with applicable Canadian securities laws. While such resale restrictions generally do not apply to a first trade in a security of a foreign, non-Canadian reporting issuer that is made through an exchange or market outside Canada, Canadian purchasers should seek legal advice prior to any resale of the New Shares.

The Company as well as its directors and officers may be located outside Canada and, as a result, it may not be possible for purchasers to effect service of process within Canada upon the Company or its directors or officers. All or a substantial portion of the assets of the Company and such persons may be located outside Canada and, as a result, it may not be possible to satisfy a judgment against the Company or such persons in Canada or to enforce a judgment obtained in Canadian courts against the Company or such persons outside Canada.

Any financial information contained in this document has been prepared in accordance with Australian Accounting Standards and also comply with International Financial Reporting Standards and interpretations issued by the International Accounting Standards Board. Unless stated otherwise, all dollar amounts contained in this document are in Australian dollars.

Statutory rights of action for damages and rescission.

Securities legislation in certain Provinces may provide a purchaser with remedies for rescission or damages if an offering memorandum contains a misrepresentation, provided the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's Province. A purchaser may refer to any applicable provision of the securities legislation of the purchaser's Province for particulars of these rights or consult with a legal adviser.

Certain Canadian income tax considerations.

Prospective purchasers of the New Shares should consult their own tax adviser with respect to any taxes payable in connection with the acquisition, holding or disposition of the New Shares as there are Canadian tax implications for investors in the Provinces.

Language of documents in Canada.

Upon receipt of this document, each investor in Canada hereby confirms that it has expressly requested that all documents evidencing or relating in any way to the sale of the New Shares (including for greater certainty any purchase confirmation or any notice) be drawn up in the English language only. *Par la réception de ce document, chaque investisseur canadien confirme par les présentes qu'il a expressément exigé que tous les documents faisant foi ou se rapportant de quelque manière que ce soit à la vente des valeurs mobilières décrites aux présentes (incluant, pour plus de certitude, toute confirmation d'achat ou tout avis) soient rédigés en anglais seulement.*

Cayman Islands

No offer or invitation to subscribe for New Shares may be made to the public in the Cayman Islands or from within the Cayman Islands.

China

This document has not been approved by, nor registered with, any competent regulatory authority of the People's Republic of China (excluding, for purposes of this paragraph, Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan). Accordingly, the New Shares may not be offered or sold, nor may any invitation, advertisement or solicitation for New Shares be made from, within the PRC. This document does not constitute an offer of New Shares within the PRC.

The New Shares may not be offered or sold to legal or natural persons in the PRC other than to: (i) "qualified domestic institutional investors" as approved by a relevant PRC regulatory authority to invest in overseas capital markets; (ii) sovereign wealth funds or quasi-government investment funds that have the authorisation to make overseas investments; or (iii) other types of qualified investors that have obtained all necessary PRC governmental approvals, registrations and/or filings (whether statutorily or otherwise).

09. Additional Information

European Union

This document has not been, and will not be, registered with or approved by any securities regulator in the European Union. Accordingly, this document may not be made available, nor may the New Shares be offered for sale, in the European Union except in circumstances that do not require a prospectus under Article 1(4) of Regulation (EU) 2017/1129 of the European Parliament and the Council of the European Union (the **Prospectus Regulation**).

In accordance with Article 1(4)(a) of the Prospectus Regulation, an offer of New Shares in the European Union is limited to persons who are “qualified investors” (as defined in Article 2(e) of the Prospectus Regulation).

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 New Shares have not been and will not be offered or sold in Hong Kong other than to “professional investors” (as defined in the SFO and any rules made under that ordinance).

No advertisement, invitation or document relating to the New 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 New Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors. No person allotted New 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.

Malaysia

No approval from, or recognition by, the Securities Commission of Malaysia has been or will be obtained in relation to any offer of New Shares. The New Shares may not be offered, sold or issued in Malaysia except pursuant to, and to persons prescribed under, Schedules 5 and 6 of the Malaysian Capital Markets and Services Act.

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* (the **FMC Act**). The New 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.

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 no. 75. 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. The New Shares may not be offered or sold, directly or indirectly, in Norway except to “professional clients” (as defined in the Norwegian Securities Trading Act).

Singapore

This document and any other materials relating to the New 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 New Shares, may not be issued, circulated or distributed, nor may the New 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 (the **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 “institutional investor” (as defined in the SFA) or (ii) an “accredited investor” (as defined in the SFA). If you are not an investor falling within one of these categories, 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 New 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 New Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

Switzerland

The New Shares may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange or on any other stock exchange or regulated trading facility in Switzerland. Neither this document nor any other offering or marketing material relating to the New Shares constitutes a prospectus or a similar notice, as such terms are understood under art. 35 of the Swiss Financial Services Act or the listing rules of any stock exchange or regulated trading facility in Switzerland.

Neither this document nor any other offering or marketing material relating to the New Shares may be publicly distributed or otherwise made publicly available in Switzerland. The New Shares will only be offered to investors who qualify as “professional clients” (as defined in the Swiss Financial Services Act). This document is personal to the recipient and not for general circulation in Switzerland.

No offering or marketing material relating to the New Shares has been, nor will be, filed with or approved by any Swiss regulatory authority or authorised review body. In particular, this document will not be filed with, and the offer of New Shares will not be supervised by, the Swiss Financial Market Supervisory Authority (FINMA).

United Arab Emirates

This document does not constitute a public offer of securities in the United Arab Emirates and the New Shares may not be offered or sold, directly or indirectly, to the public in the UAE. Neither this document nor the New Shares have been approved by the Securities and Commodities Authority (**SCA**) or any other authority in the UAE.

This document may be distributed in the UAE only to “qualified investors” (as defined in the SCA Board of Directors’ Chairman Decision No. 37 RM of 2019, as amended) and may not be provided to any person other than the original recipient. No marketing of the New Shares has been, or will be, made from within the UAE other than in compliance with the laws of the UAE and no subscription for any securities may be consummated within the UAE.

No offer or invitation to subscribe for New Shares is valid, or permitted from any person, in the Abu Dhabi Global Market or the Dubai International Financial Centre.

09. Additional Information

United Kingdom

Neither 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 New Shares.

The New Shares may not be offered or sold in the United Kingdom by means of this document or any other document, except in circumstances that do not require the publication of a prospectus under section 86(1) of the FSMA. This document is issued on a confidential basis in the United Kingdom to “qualified investors” within the meaning of Article 2(e) of the UK Prospectus Regulation. This document may not be distributed 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 New 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 investment to which this document relates is available only to relevant persons. Any person who is not a relevant person should not act or rely on this document.

9.20 Governing law

This Prospectus and the contracts that arise from the acceptance of the Applications and bids under the Prospectus are governed by the laws applicable in New South Wales and each Applicant submits to the exclusive jurisdiction of the courts of New South Wales.

9.21 Statement of Directors

This Prospectus is authorised by each Director of the Company and SaleCo who consents to its lodgement with ASIC and its issue.

The Directors have made enquiries and nothing has come to their attention to suggest that, as at the date of this Prospectus, the Company is not continuing to earn profit from continuing operations.



10 Glossary

10.

Glossary

| Term | Meaning |
|--------------------------------|--|
| 1H FY20 | half financial year ended 31 December 2019. |
| 1H FY21 | half financial year ended 31 December 2020. |
| 1H FY22F | half financial year ending 31 December 2021. |
| A\$, AUD\$, Dollar or \$ | Australian dollars unless otherwise stated. |
| AAAF | Australian Alliance Automotive Finance Pty Limited (ACN 002 407 703). |
| AAS and AASB | Australian Accounting Standards and Australian Accounting Standards Board. |
| AASB 16 | Australian Accounting Standard AASB 16 <i>Leases</i> . |
| ABN | Australian Business Number. |
| ABS | Australian Bureau of Statistics. |
| Accounting Standards | accounting standards, principles and practices applying by law or otherwise generally accepted and consistently applied in Australia. |
| ACL | Australian Consumer Law. |
| ACN | Australian Company Number. |
| Acquired Properties | properties acquired under the Property Acquisitions. |
| AEST | Australian Eastern Daylight Time. |
| AFSL | Australian Financial Services Licence. |
| Aftermarket | the non-OEM products for sale by automotive dealers. |
| Aggregate Substantial Interest | has the definition given in Section 9.14.2. |
| Applicant | a person who submits an Application. |
| Application | an application made to subscribe for Shares offered under this Prospectus. |
| Application Form | the application form attached to or accompanying this Prospectus and any supplementary or replacement prospectus (including the electronic form provided by an online application facility). |
| Application Monies | the amount of money accompanying an Application Form submitted by an Applicant. |
| ASAE | Australian Standard on Assurance Engagements. |
| ASAE 3450 | Australian Standard on Assurance Engagements ASAE 3450 <i>Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information</i> . |
| ASIC | the Australian Securities and Investments Commission. |
| ASTC | ASX Settlement Pty Limited. |
| ASX | ASX Limited (ABN 98 008 624 691) or, as the context requires, the financial market operated by it. |

| Term | Meaning |
|--|---|
| ASX Listing Rules or Listing Rules | the listing rules of ASX. |
| ASX Recommendations | the fourth edition of ASX Corporate Governance Council's Corporate Governance Principles and Recommendations. |
| ASX Settlement Operating Rules | the settlement rules of ASX as amended, varied or waived from time to time. |
| ATO | Australian Taxation Office. |
| Auto Mall | a location with a large number of dealerships and service facilities, providing consumers with greater choice than a single dealership alternative. |
| Automotive Dealership or Dealership | a business that sells new or used 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. |
| BBSY | for a period, the bid rate of the 1-month Bank Bill Swap Reference Rate appearing on page "BBSY" on the Reuters Monitor System at approximately 10:15am AEST on the first business day of the month (or such later date that St. George decides). If there is no such rate for that period, or the basis on which BBSY is calculated or displayed is changed, BBSY will be the rate St. George determines acting in good faith and in a commercially reasonable manner. |
| Board or Board of Directors | the board of Directors of the Company. |
| Broker | any ASX participating organisation selected by the Joint Lead Managers and the Company to act as a Broker to the Offer. |
| Broker Firm Offer | the offer of Shares under this Prospectus to Australian resident retail clients of Brokers who have received a firm allocation from their Broker. |
| Broker Firm Offer Applicant | a person who submits an Application under the Broker Firm Offer. |
| Business Day | a day on which trading takes place on the stock market of ASX. |
| CAGR | compound annual growth rate. |
| capital expenditure | includes investment in property and equipment including leasehold improvements, acquisitions, and investments in software and licence assets. |
| Captive Financier | an OEM who provides financing services for a customer wishing to purchase a vehicle. |
| CASE developments | Connected, Autonomous, Shared and Electric developments. |
| CEO | Chief Executive Officer. |
| CFO | Chief Financial Officer. |
| CGT | capital gains tax. |
| CHESS | Clearing House Electronic Subregister System, operated in accordance with the ASX Listing Rules and the ASX Settlement Operating Rules. |

10. Glossary

| Term | Meaning |
|---|---|
| Closing Date | the date on which the Offer is expected to close, being Tuesday, 20 April 2021 in respect of the Retail Offer. These dates may be varied without prior notice. |
| Co-Lead Managers | Morgans and Morgan Stanley Wealth Management Australia Pty Ltd. |
| Company, we, us, our or Peter Warren | Peter Warren Automotive Holdings Limited (ACN 615 674 185) |
| Completion | the date on which Shares are issued or transferred to successful applicants in accordance with the terms of the Offer. |
| Constitution | the Company's constitution as at the Prospectus Date. |
| COO | Chief Operating Officer. |
| Corporations Act | the <i>Corporations Act 2001</i> (Cth). |
| COVID-19 | the 2019-20 coronavirus pandemic. |
| CRM | customer relationship management. |
| Current STI | has the definition given in Section 6.4.8. |
| CY20 | twelve month period ending 31 December 2020. |
| CY21F | twelve month period ending 31 December 2021. |
| Dealer | a person or entity that manages and operates one or more Dealerships. |
| Dealer Licence | a licence to operate a Dealership, as granted by the relevant Australian state or territory authorities. |
| Dealer Principal | an employee of a Dealer who is responsible for the overall management of the Dealership. |
| Dealership Agreement | the agreement between a Dealer and an OEM to operate a Dealership for that brand in a specific area. |
| Directors | the directors of the Company. |
| DMS | data management system. |
| DRIVE | Company values of develop, reward, investment, value and empower. |
| DRP | dividend reinvestment plan. |
| EBIT | earnings before interest and tax. |
| EBITDA | earnings before interest, tax, depreciation and amortisation. |
| EFT | electronic funds transfer. |
| Eligible Employees | permanent, fixed term and casual employees of the Company as at the Prospectus Date who are based in Australia (provided that they remain so employed and have not given, or been given, notice to terminate their employment as at the Prospectus Date). |
| Employee Costs | presented as all personnel and related costs (including salaries, wages, share based payments, payroll tax, superannuation, leave entitlements and other related on-costs). |

| Term | Meaning |
|--------------------------------|---|
| Escrow Period | the period from Completion of the Offer until 4.15pm (AEST) on the day that the first half financial results for FY22 are submitted to the ASX for release to the market (approximately February 2022). This period is subject to certain exceptions as outlined in Section 9.7. |
| Escrowed Shareholders | Existing Shareholders that have entered into a voluntary escrow deed with the Company in relation to their Shares, as described in Section 9.7. |
| Escrowed Shares | each of the Shares held by the Escrowed Shareholders at Completion of the Offer. |
| Existing Shares | the Shares held by the Existing Shareholders. |
| Existing Shareholders | those persons holding Shares as at the Prospectus Date. |
| Exposure Period | the seven day period after the Prospectus Date, which may be extended by ASIC for up to an additional seven days. |
| FATA | Foreign Acquisitions and Takeovers Act 1975 (Cth). |
| FCC | Franchising Code of Conduct (a mandatory code under the Competition and Consumer Act 2010 (Cth). |
| Financial Information | Historical Financial Information and Forecast Financial Information collectively described in Section 4. |
| FINMA | the Swiss Financial Market Supervisory Authority. |
| the FMC Act | <i>Financial Markets Conduct Act 2013</i> . |
| Forecast Financial Information | Statutory Forecast Financial Information and Pro Forma Forecast Financial Information. |
| FPO | the <i>Financial Services and Markets Act 2000</i> (Financial Promotions) Order 2005. |
| Frizelle Family | members of, and entities associated with or controlled by, the Frizelle family including James Frizelle, Rebecca Frizelle and Brett Frizelle. |
| FSMA | the <i>Financial Services and Markets Act 2000</i> . |
| FY19 | financial year ended 30 June 2019. |
| FY20 | financial year ended 30 June 2020. |
| FY21F | financial year ending 30 June 2021. |
| GIFT | Company values of Growth, Integrity, Focus and Teamwork. |
| Gross Profit | revenue less cost of goods sold (including service labour). |
| Group or Peter Warren Group | the Company and its subsidiaries. |
| GST | goods and services tax. |
| Hayne Royal Commission | Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry. |
| HIN | Holder Identification Number for CHESS. |

10. Glossary

| Term | Meaning |
|-----------------------------------|--|
| Historical Financial Information | Statutory Historical Financial Information and Pro Forma Historical Financial Information. |
| IASB | International Accounting Standards Board. |
| IFRS | International Financial Reporting Standards. |
| Industry Data | statistics, data and other information relating to markets, market sizes, market shares, market positions and other industry data pertaining to the Company's business and markets. |
| Institutional Investors | <p>investors who are:</p> <ul style="list-style-type: none"> Persons in Australia who are wholesale clients under section 761G of the Corporations Act and either "professional investors" or "sophisticated investors" under sections 708(11) and 708(8) of the Corporations Act; and Institutional investors in certain other jurisdictions, as agreed by the Company and the Joint Lead Managers to whom offers of Shares may lawfully 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 discretion to comply), <p>provided that in each case such investors are not in the United States.</p> |
| Institutional Offer | the invitation to Institutional Investors under this Prospectus to acquire Shares, as described in Section 7.7. |
| Investigating Accountant | Deloitte Corporate Finance Pty Limited. |
| Investigating Accountant's Report | the report provided by Deloitte Corporate Finance Pty Limited in Section 8. |
| IPO Grant | a one-off share grant to key executives and non-executive directors as part of the Offer, as described in Section 4.3.3. |
| IPO or Offer | the offer under this Prospectus of new Shares and the sale of a proportion of the Existing Shares in the Company by SaleCo. |
| IT | information technology. |
| ITAA 1997 | the <i>Income Tax Assessment Act 1997</i> (Cth). |
| James Frizelle | means JEF Legacy Pty Ltd (ACN 639 567 561) as trustee for the James Frizelle Property Trust and James Ernest Frizelle in his personal capacity. |
| James Frizelle's Automotive | James Frizelle's Automotive Group Pty Ltd (ACN 010 210 723). |
| Jarden | Jarden Australia Pty Limited (ABN 33 608 611 687). |
| Jefferies | Jefferies (Australia) Pty Ltd (ABN 76 623 059 898). |
| Joint Lead Managers | Jarden, Jefferies and Morgan Stanley. Joint Lead Manager means any one of them. |
| KPI | key performance indicators. |
| LCT | luxury car tax, as described in Section 2.4.6. |

| Term | Meaning |
|----------------------------------|---|
| Listing | the commencement of trading in Shares on the Official List of the ASX. |
| Loan Notes | the loan notes that were issued at the time of the Quadrant Funds' initial investment into the Company in 2017, and then in connection with the acquisition of Frizelle Automotive in July 2017, as described in Section 4.6.3.1. |
| Loan Shares | the shares issued pursuant to a limited recourse loan, as described in Section 6.4.12. |
| LTI Plan | long-term incentive plan, as described in Section 6.4.9. |
| Luxury | a vehicle brand that falls within the Luxury segment defined in Table 2. |
| Mercedes-Benz Financial Services | Mercedes-Benz Financial Services Australia Pty Ltd (ACN 074 134 517). |
| Morgan Stanley | Morgan Stanley Australia Securities Limited (ABN 55 078 652 276). |
| Morgans | Morgans Financial Limited (ACN 010 669 726). |
| NCCP Act | <i>National Consumer Credit Protection Act 2009</i> (Cth). |
| NED Shares | a form of shares, as described in Section 6.4.2. |
| Net cash flow | the difference between the cash inflows and outflows during a given period. |
| non-IFRS financial measures | as described in Section 4.2.6. |
| North Shore Automotive | North Shore Automotive Pty Ltd (ACN 601 789 708). |
| NPAT | net profit after tax. |
| OEM | Original Equipment Manufacturer. |
| Offer | the offer of Shares under this Prospectus. |
| Offer Information Line | 1800 426 150 between 8:30am and 5:30pm (Sydney time), Monday to Friday excluding public holidays. |
| Offer Period | the period commencing from the opening date of the Offer and ending on the applicable Closing Date. |
| Offer Price | \$2.90 per Share. |
| Official List | the official list of ASX. |
| Official Quotation | quotation on the official list of ASX. |
| Opening Date | the opening date for receipt of Application Forms under this Prospectus being Thursday, 15 April 2021. |
| operating cash flow conversion | the ratio of operating cash flow after floor plan interest as a percentage of EBITDA after taking into account floor plan interest. |
| Option | an option to acquire a Share. |

10. Glossary

| Term | Meaning |
|---|---|
| Original Prospectus | the Prospectus issued by the Company and SaleCo dated 6 April 2021, which was lodged with ASIC on that date and is replaced by this Prospectus. |
| PBT | profit before the impact of tax. |
| Perks Shareholder | SGP Pty. Ltd. (ACN 065 382 943) as trustee for SGP Family Trust and DMP & Associates Pty. Limited (ACN 065 387 939) as trustee for David Perks Family Trust. |
| Peter Warren Automotive | Peter Warren Automotive Pty Ltd (ACN 000 293 621). |
| Peter Warren Toyota | a car dealership business carried on by WF Automotive and which is co-located with the Group's own dealerships at Warwick Farm and the regional car dealerships operated by PWA Regional (also an entity related to the Warren Family). |
| PMA | prime market area. |
| POS | point of sale. |
| PPSA | Personal Property Securities Act 2009 (Cth). |
| PRC | People's Republic of China. |
| Pre-IPO Dividend | payment of dividend to Existing Shareholders (in aggregate an amount equal to \$66 million). |
| Prestige | a vehicle brand that falls within the Prestige segment defined in Table 2. |
| Priority Offer | the component of the Offer under which investors who have received a personalised invitation are invited to apply for Shares, as described in Section 7.4. |
| Pro Forma Adjustments | pro forma adjustments as described in Section 4.3.3, 4.5.2 and 4.6.1. |
| Pro Forma Financial Information | Pro Forma Historical Financial Information and Pro Forma Forecast Financial Information, collectively. |
| Pro Forma Forecast Cash Flows | pro forma forecast consolidated statements of cash flows for the financial years ending 30 June 2021 (FY21F), the twelve-month period ending 31 December 2021 (CY21F) and half-year ending 31 December 2021 (1H FY22F). |
| Pro Forma Forecast Financial Information | Pro Forma Forecast Income Statements and Pro Forma Forecast Cash Flows, collectively. |
| Pro Forma Forecast Income Statements | pro forma forecast consolidated statements of profit or loss for financial year ending 30 June 2021 (FY21F), the twelve-month period ending 31 December 2021 (CY21F), and for the half-year ending 31 December 2021 (1H FY22F). |
| Pro Forma Historical Cash Flows | pro forma historical consolidated statements of cash flows for the financial half-years ended 31 December 2019 (1H FY20) and 31 December 2020 (1H FY21), and financial years ended 30 June 2019 (FY19) and 30 June 2020 (FY20). |
| Pro Forma Historical Financial Information | Pro Forma Historical Income Statements, Pro Forma Historical Cash Flows, and Pro Forma Historical Statement of Financial Position, collectively. |
| Pro Forma Historical Income Statements | pro forma historical consolidated statements of profit or loss for the financial half-years ended 31 December 2019 (1H FY20) and 31 December 2020 (1H FY21), and financial years ended 30 June 2019 (FY19) and 30 June 2020 (FY20). |

| Term | Meaning |
|--|--|
| Pro Forma Historical Statement of Financial Position | pro forma historical consolidated statement of financial position as at 31 December 2020. |
| Profit/(loss) before tax | net profit/(loss) before income tax expenses. |
| Proper ASTC transfer | has the meaning given in regulation 1.0.02 of the <i>Corporations Regulations 2001</i> (Cth). |
| Property Acquisitions | the acquisition of the Warwick Farm (New South Wales) and Southport (Queensland) automotive dealership properties, which Peter Warren currently leases, from the Warren Family and Frizelle Family, respectively. |
| Prospectus | this document (including the electronic form of this Prospectus) and any supplementary or replacement prospectus in relation to this document. |
| Prospectus Date | the date on which the Original Prospectus was lodged with ASIC, being Tuesday, 6 April 2021. |
| Prospectus Regulation | Article 1(4) of Regulation (EU) 2017/1129 of the European Parliament and the Council of the European Union. |
| PWA Properties | PWA Properties Pty Ltd (ACN 647 900 927), a wholly-owned subsidiary of the Company. |
| PWA Regional | PWA Regional Automotive Pty Limited (ACN 606 124 994). |
| the Provinces | the provinces of British Columbia, Ontario and Quebec. |
| Quadrant Funds | Quadrant Private Equity No. 5A Pty Limited (ACN 612 568 304) as trustee for Quadrant Private Equity No. 5A, Quadrant Private Equity No. 5B Pty Limited (ACN 612 569 712) as trustee for Quadrant Private Equity No. 5B and Quadrant Private Equity No. 5C Pty Limited (ACN 612 569 105) as trustee for Quadrant Private Equity No. 5C. |
| RBA | Reserve Bank of Australia. |
| Related Bodies Corporate | has the meaning given to it by section 50 the Corporations Act. |
| Related Party Leases | leases under which premises are leased from the Warren Family, as described in Section 6.7.2. |
| Retail Offer | the Broker Firm Offer and the Priority Offer, as described in Sections 7.3 and 7.4. |
| Revenue | presented net of applicable goods and sales tax (GST), returns, refunds, chargebacks and discounts. |
| Rights | rights under the LTI Plan, as described in Section 6.4.9. |
| Road Vehicle Standards Act | Road Vehicle Standards Act 2018, as amended. |
| Sale Deed Poll | sale deed poll executed by each Selling Shareholder in favour of the Company and SaleCo in respect of the offer for sale of some or all of that Selling Shareholder's Existing Shares to SaleCo. |
| SaleCo | Peter Warren Automotive SaleCo Limited (ACN 648 605 341). |
| SaleCo Directors | the directors of SaleCo. |
| SCA | the United Arab Emirates Securities and Commodities Authority. |

10. Glossary

| Term | Meaning |
|---|---|
| Selling Shareholders | Existing Shareholders who will sell Existing Shares through SaleCo, being the Quadrant Funds only. |
| Settlement | the settlement in respect of the Shares the subject of the Offer occurring under the Underwriting Agreement and associated settlement support arrangements. |
| Settlement Date | the date on which Settlement occurs. |
| SFA | Securities and Futures Act. |
| SFO | the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong. |
| Share | a fully paid ordinary share in the capital of the Company and, where the context permits, means the Shares the subject of the Offer. |
| Share Registry | Link Market Services Limited (ACN 083 214 537). |
| Shareholders | the holders of Shares. |
| Significant Accounting Policies | as described in Appendix A. |
| Southport Acquisition | the properties located in Southport, Queensland being acquired from James Frizelle, as described in Section 9.8.2. |
| SRN | Securityholder Reference Number. |
| Statutory Financial Information | Statutory Historical Financial Information and Statutory Forecast Financial Information, collectively. |
| Statutory Forecast Cash Flows | statutory forecast consolidated statements of cash flows for financial year ending 30 June 2021 (FY21F) and for the half-year ending 31 December 2021 (1H FY22F). |
| Statutory Forecast Financial Information | Statutory Forecast Income Statements and Statutory Forecast Cash Flows for the financial year ending 30 June 2021 (FY21F) and for the half-year ending 31 December 2021 (1H FY22F), collectively. |
| Statutory Forecast Income Statements | statutory forecast consolidated statements of profit or loss for the financial year ending 30 June 2021 (FY21F) and for the half-year ending 31 December 2021 (1H FY22F). |
| Statutory Historical Cash Flows | statutory historical consolidated statements of cash flows for the half-years ended 31 December 2019 (1H FY20) and 31 December 2020 (1H FY21), and for the financial years ended 30 June 2019 (FY19) and 30 June 2020 (FY20). |
| Statutory Historical Financial Information | Statutory Historical Income Statements, Statutory Historical Cash Flows, and Statutory Historical Statement of Financial Position, collectively. |
| Statutory Historical Income Statements | statutory historical statements of profit or loss for the half-years ended 31 December 2019 (1H FY20) and 31 December 2020 (1H FY21), and for the financial years ended 30 June 2019 (FY19) and 30 June 2020 (FY20). |
| Statutory Historical Statement of Financial Position | statutory historical consolidated statement of financial position as at 31 December 2020. |
| STI | short-term incentive. |

| Term | Meaning |
|--------------------------------------|--|
| STI Plan | short-term incentive plan, as described in Section 6.4.8. |
| Substantial Interest | has the definition given in Section 9.14.2. |
| Successful Applicant | an Applicant who is issued or transferred Shares under the Offer. |
| SUV | sports utility vehicle. |
| TFN | Tax File Number. |
| TOFA Regime | the Taxation of Financial Arrangements regime in Division 230 of the ITAA 1997. |
| Toyota Finance | Toyota Finance Australia Limited (ACN 002 435 181). |
| Toyota SSA | has the meaning given to that term in Section 6.7.3. |
| U.S. Securities Act | U.S. Securities Act of 1933, as amended. |
| Underwriting Agreement | the underwriting agreement dated on or about the date of this Prospectus between the Company and the Joint Lead Managers, as described in Section 9.6. |
| Volkswagen Financial Services | Volkswagen Financial Services Australia Pty Limited (ACN 097 071 460). |
| Volume | a vehicle brand that falls within the Volume segment defined in Table 2. |
| Warren Family | members of, and entities associated with or controlled by, the Warren family including Paul Warren. |
| Warren Family Office | the family office of the Warren Family. |
| Warren Family Office SSA | the shared services agreement described in Section 6.7.4. |
| Warren Family Trust | the Warren Family Pty Ltd (ACN 077 816 883) in its capacity as trustee for Peter Warren Family Trust. |
| Warwick Farm | the property located at 13 Hume Highway, Warwick Farm NSW 2170. |
| Warwick Farm Acquisition | the purchase of Warwick Farm from the Warren Family. |
| WF Automotive | WF Automotive Pty Ltd, an entity controlled by the Warren Family. |
| WF Property | WF Property Holdings Pty Ltd (ACN 000 245 849), an entity controlled by the Warren Family. |
| Wildash | Wildash (Qld) Pty Ltd (ACN 601 220 099) as trustee for Wildash Investment Trust (ABN 23 438 267 082). |
| Working Capital | third party receivables, inventory, payables, employee benefits, floor plan finance facilities and some non-cash balance sheet items. |



APPENDIX A: Significant Accounting Policies

Appendix A:

Significant Accounting Policies

The principal accounting policies adopted in the preparation of the Financial Information are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

Significant accounting policies

Basis of preparation

The Financial Information has been prepared on the basis of historical costs. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars.

These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

New or amended Accounting Standards and Interpretations adopted

The Company has adopted all of the new, revised or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for each reporting period.

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Company for the annual reporting period ended 31 December 2020. The Company's assessment of the impact of these new or amended Accounting Standards and Interpretations is on-going.

Basis of consolidation

The consolidated Financial Information incorporates the financial statements of the PWA Group and entities controlled by the Company referred to as ('the Group'). Control is achieved when the Group:

- Has power over the investee;
- Is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the period are included in the consolidated profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity (in other reserves) and attributed to owners of the Group.

Revenue recognition

Revenue from contracts with customers

Revenue is measured at the fair value of consideration receivable, net of any discounts, rebates and incentives. It is recognised to the extent that the transfer of promised goods or services to a customer has been satisfied and the revenue can be reliably measured.

New, demonstrator and used vehicles

Revenue from the sale of vehicles is recognised when the obligation to transfer the goods to the customer has been satisfied, which is generally at the time of delivery of the vehicle.

Parts and services

Revenue from the sale of parts is recognised at the point in time when the buyer obtains control of the goods, which is generally at the time of delivery of the goods. Revenue from the rendering of services to the customer is considered to have been satisfied over the period of time the service has been undertaken.

Aftermarket accessories and other revenue

Aftermarket accessories relate to items fitted at the dealership and include products such as window tinting, mud flaps and paint protection. Aftermarket accessories and other revenue are recognised at the point in time when they are delivered to the customer.

Finance and insurance revenue

Where the Group acts as an agent on behalf of a principal in relation to finance, insurance and similar products, the associated commission income is recognised within revenue in the period in which the related finance or insurance product is sold and receipt of payment can be assured.

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other income

JobKeeper amounts have been recognised as government grants and recognised as other income once there is reasonable assurance the Group will comply with any conditions attached.

Commercial income and rebates

Volume related and vehicle specific bonuses and rebates are credited to the carrying value of inventory to which they relate. Once the inventory is sold, the amount is then recognised in profit or loss as part of cost of sales. Bonuses and rebates are recognised when the right to receive the rebate is established or when it is assessed as probable that the required threshold linked to the rebate will be achieved.

Income tax

The Company and all its wholly-owned Australian resident entities are part of a tax-consolidated group under Australian taxation law. Peter Warren Automotive Holdings Limited is the head entity in the tax-consolidated group. Tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group using the 'separate taxpayer within group' approach by reference to the carrying amounts in the separate financial statements of each entity and the tax values applying under tax consolidation. Current tax liabilities and assets and deferred tax assets arising from unused tax losses and relevant tax credits of the members of the tax-consolidated group are recognised by the Group (as head entity in the tax-consolidated group).

Due to the existence of a tax funding arrangement between the entities in the tax-consolidated group, amounts are recognised as payable to or receivable by the Group and each member of the group in relation to the tax contribution amounts paid or payable between the head entity and the other members of the tax-consolidated group in accordance with the arrangement. Where the tax contribution amount recognised by each member of the tax-consolidated group for a particular period is different to the aggregate of the current tax liability or asset and any deferred tax asset arising from unused tax losses and tax credits in respect of that period, the difference is recognised as a contribution from (or distribution to) equity participants.

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Contract assets and liabilities

AASB 15 uses the terms 'contract asset' and 'contract liability' to describe what is commonly known as 'accrued revenue' and 'deferred revenue'. Contract receivables represent receivables in respect of which the Group's right to consideration is unconditional subject only to the passage of time. Contract receivables are non-derivative financial assets accounted for in accordance with the Group's accounting policy for non-derivative financial assets. Contract assets represent the Group's right to consideration for services provided to customers for which the Group's right remains conditional on something other than the passage of time. Contract liabilities arise where payment is received prior to work being performed. Contract assets and contract liabilities are recognised and measured in accordance with this accounting policy.

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current. Deferred tax assets and liabilities are always classified as non-current.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the statement of cash flows presentation purposes, cash and cash equivalents also includes bank overdrafts, which are shown within borrowings in current liabilities on the statement of financial position.

Trade other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The Group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance.

Inventories

New and demonstrator vehicles

New and demonstrator vehicles are stated at the lower of cost and net realisable value. Costs are assigned on the basis of specific identification.

Used vehicles

Used vehicles are stated at the lower of cost and net realisable value on a unit-by-unit basis. Cost comprises of purchase and delivery costs, net of rebates and discounts received or receivable. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

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 based on weighted average cost. Cost comprises of purchase and delivery costs, net of rebates and discounts received or receivable.

Other inventory

Other inventory includes work in progress and are stated at cost. Costs are assigned to individual customers on the basis of specific identification. Cost includes labour incurred to date and consumables utilised during the service.

Financial assets

Other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

Financial assets at amortised cost

A financial asset is measured at amortised cost only if both of the following conditions are met: (i) it is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and (ii) the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

Impairment of financial assets

The Group recognises a lifetime loss allowance for expected credit losses (**ECL**) on receivables. The ECL on receivables is estimated based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument.

The Group writes off a receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings. Receivables written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment over their expected useful lives as follows:

| | |
|------------------------|--|
| Plant & equipment | 3 – 15 years |
| Furniture & fittings | 3 – 15 years |
| Vehicles | 4 – 8 years |
| Leasehold Improvements | Over the shorter of the useful life or term of lease |

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date. An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Group. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of-use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

Business Combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value which is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred, and the equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Appendix A: Significant Accounting Policies

Goodwill is measured as the excess of the sum of the consideration transferred over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the excess is recognised immediately in profit or loss as a bargain purchase gain. Goodwill arises on the acquisition of a business and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

Impairment of non-financial assets

Goodwill is not subject to amortisation and is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial period and which are unpaid.

Due to their short-term and long term nature they are either measured at amortised cost and are not discounted (short term), or recognised at the present value of the trade payments to be made over the credit term period, discounted using a market rate of interest (long term).

Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers (**CODM**). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Loans and borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount and any consideration paid is recognised in profit or loss.

Vehicles secured under bailment plans are provided to the Group under bailment agreements with floor plan loan providers. The Group obtains title to the vehicles immediately prior to sale. Vehicles financed under bailment plans are recognised as inventory with the corresponding floor plan liability owing to the finance providers. Floor plan finance facilities are available for drawdown by specified dealerships on a vehicle by vehicle basis, with repayment as it relates to an individual vehicle required immediately after the vehicle is sold.

Finance costs

Finance costs are expensed in the period in which they are incurred.

Employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service.

Defined contribution superannuation expense

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Provisions

Provisions are recognised when the Group has a present (legal or constructive) obligation as a result of a past event, it is probable 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 of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Government grants

Government grants, including JobKeeper in the current period, are recognised in profit or loss on a gross basis as 'other income' over the period necessary to match them with the costs that they are intended to compensate.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Comparatives

Certain prior year amounts have been reclassified for consistency with current period presentation. This includes the transfer of \$2,273,000 from 'other payables and accruals' to 'employee benefits provision'.

Critical accounting judgements, estimates and assumptions

The preparation of the Financial Information requires management to make judgements, estimates and assumptions that affect the reported amounts in the Financial Information. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances.

The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements estimates and assumptions that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Goodwill

The Group tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill has suffered any impairment, in accordance with the accounting policy stated above. The recoverable amounts of cash-generating units (or groups of cash generating units) have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

Vehicle inventory valuation and provisioning

In determining the amount of write-downs required for demonstrator and used vehicle inventory, management makes judgements based on the expected net realisable value of that inventory based on historical experience and taking into account known market conditions such as current supply volumes and COVID-19.

Lease term

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the Group's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The Group reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.



Grid for Broker Code

Grid for Adviser Code

Broker Firm Offer Application Form

This is an Application Form for Shares in Peter Warren Automotive Holdings Limited ABN 57 615 674 185 (Company) under the Broker Firm Offer on the terms set out in the Replacement Prospectus lodged with the Australian Securities and Investments Commission on 13 April 2021 (or any other supplementary or replacement prospectus) (Prospectus). You may apply for a minimum of \$2,000 Shares and multiples of \$500 thereafter. This Application Form and your cheque or bank draft must be received by your Broker by the deadline set out in their offer to you.

If you are in doubt as to how to deal with this Application Form, please contact your accountant, lawyer, stockbroker or other professional adviser. The Prospectus contains information relevant to a decision to invest in Shares and you should read the entire Prospectus carefully before applying for Shares. By applying under the Broker Firm Offer, you make the acknowledgments, declarations, representations and warranties set out in the Prospectus. Defined terms in the Prospectus have the same meaning in this Application Form. The Corporations Act 2001 (Cth) prohibits any person from passing on this Application Form (whether in paper or electronic form) unless it is attached to or accompanied by a complete and unaltered copy of the Prospectus (whether in paper or electronic form).

Shares applied for [] at **A\$2.90** B A\$ [] Application Monies

(minimum \$2,000, thereafter in multiples of \$500)

PLEASE COMPLETE YOUR DETAILS BELOW (refer overleaf for correct forms of registrable names)

Applicant #1

Surname/Company Name

C []

Title First Name Middle Name

Joint Applicant #2

Surname

[]

Title First Name Middle Name

Designated account e.g. <Super Fund> (or Joint Applicant #3)

[]

TFN/ABN/Exemption Code

First Applicant

Joint Applicant #2

Joint Applicant #3

D []

TFN/ABN type – if NOT an individual, please mark the appropriate box Company Partnership Trust Super Fund

PLEASE COMPLETE ADDRESS DETAILS

PO Box/RMB/Locked Bag/Care of (c/-)/Property name/Building name (if applicable)

E []

Unit Number/Level Street Number Street Name

Suburb/City or Town State Postcode

Email address (only for purpose of electronic communication of shareholder information)

[]

CHESS HIN

F X []

If you have a Broker Sponsored account and would like your securities to be allocated to this account, it is important that you enter your HIN at this step. Failure to do so will result in your securities being allocated to a new Issuer Sponsored account. You will not be able to change this until after the stock exchange listing takes place and you will need to request your broker to do this for you.

G Telephone Number where you can be contacted during Business Hours Contact Name (PRINT)

Cheques or bank drafts should be drawn up according to the instructions given by your Broker.

H Cheque or Bank Draft Number BSB Account Number

Total Amount **A\$** []

LODGEMENT INSTRUCTIONS

You must return your application so it is received by your Broker by the deadline set out in their offer to you.

Your Guide to the Application Form

Please complete all relevant white sections of the Application Form in BLOCK LETTERS, using black or blue ink. These instructions are cross-referenced to each section of the form.

The Shares to which this Application Form relates are Peter Warren Automotive Holdings Limited ("PWR") Shares. Further details about the Shares are contained in the Replacement Prospectus dated 13 April 2021 (**Prospectus**) issued by Peter Warren Automotive Holdings Limited. The Prospectus will expire no later than 13 months after date of issue. While the Prospectus is current, Peter Warren Automotive Holdings Limited will send paper copies of the Prospectus, any supplementary document and the Application Form, free of charge on request.

The Australian Securities and Investments Commission requires that a person who provides access to an electronic application form must provide access, by the same means and at the same time, to the relevant Prospectus. This Application Form is included in the Prospectus. By lodging the Application Form, the Applicant agrees that this Application for Shares in Peter Warren Automotive Holdings Limited is upon and subject to the terms of the Prospectus and the Constitution of Peter Warren Automotive Holdings Limited, agrees to take any number of Shares that may be issued to the Applicant(s) pursuant to the Prospectus and declares that all details and statements made are complete and accurate.

The Prospectus contains important information about investing in the Shares. You should read the Prospectus before applying for Shares.

- A** Insert the number of Shares you wish to apply for. The Application must be for a minimum of \$2,000 Shares and thereafter in multiples of \$500. You may be issued all of the Shares applied for or a lesser number.
- B** Insert the relevant amount of Application Monies. To calculate your Application Monies, multiply the number of Shares applied for by the issue price. Amounts should be in Australian dollars. Please make sure the amount of your cheque or bank draft equals this amount.
- C** Write the full name you wish to appear on the register of Shares. This must be either your own name or the name of a company. Up to three joint Applicants may register. You should refer to the table below for the correct registrable title.
- D** Enter your Tax File Number (TFN) or exemption category. Business enterprises may alternatively quote their Australian Business Number (ABN). Where applicable, please enter the TFN or ABN for each joint Applicant. Collection of TFN(s) and ABN(s) is authorised by taxation laws. Quotation of TFN(s) and ABN(s) is not compulsory and will not affect your Application. However, if these are not provided, Peter Warren Automotive Holdings Limited will be required to deduct tax at the highest marginal rate of tax (including the Medicare Levy) from payments.
- E** Please enter your postal address for all correspondence. All communications to you from Peter Warren Automotive Holdings Limited and the Share Registry will be mailed to the person(s) and address as shown. For joint Applicants, only one address can be entered.
- F** If you are already a CHESS participant or sponsored by a CHESS participant, write your Holder Identification Number (HIN) here. If the name or address recorded on CHESS for this HIN is different to the details given on this form, your Shares will be issued to Peter Warren Automotive Holdings Limited's issuer sponsored subregister.
- G** Please enter your telephone number(s), area code and contact name in case we need to contact you in relation to your Application.
- H** Please complete the details of your cheque or bank draft in this section. The total amount of your cheque or bank draft should agree with the amount shown in section B.
- If you receive a firm allocation of Shares from your Broker make your cheque payable to your Broker in accordance with their instructions.

CORRECT FORMS OF REGISTRABLE NAMES

Note that ONLY legal entities are allowed to hold Shares. Applications must be in the name(s) of natural persons or companies. At least one full given name and the surname is required for each natural person. The name of the beneficiary or any other non-registrable name may be included by way of an account designation if completed exactly as described in the examples of correct forms below.

| Type of Investor | Correct Form of Registration | Incorrect Form of Registration |
|---|--|--|
| Individual Use given names in full, not initials | Mrs Katherine Clare Edwards | K C Edwards |
| Company Use Company's full title, not abbreviations | Liz Biz Pty Ltd | Liz Biz P/L or Liz Biz Co. |
| Joint Holdings Use full and complete names | Mr Peter Paul Tranche & Ms Mary Orlando Tranche | Peter Paul & Mary Tranche |
| Trusts Use the trustee(s) personal name(s) | Mrs Alessandra Herbert Smith <Alessandra Smith A/C> | Alessandra Smith Family Trust |
| Deceased Estates Use the executor(s) personal name(s) | Ms Sophia Garnet Post & Mr Alexander Traverse Post <Est Harold Post A/C> | Estate of late Harold Post or Harold Post Deceased |
| Minor (a person under the age of 18 years) Use the name of a responsible adult with an appropriate designation | Mrs Sally Hamilton <Henry Hamilton> | Master Henry Hamilton |
| Partnerships Use the partners' personal names | Mr Frederick Samuel Smith & Mr Samuel Lawrence Smith <Fred Smith & Son A/C> | Fred Smith & Son |
| Long Names | Mr Hugh Adrian John Smith-Jones | Mr Hugh A J Smith Jones |
| Clubs/Unincorporated Bodies/Business Names Use office bearer(s) personal name(s) | Mr Alistair Edward Lilley <Vintage Wine Club A/C> | Vintage Wine Club |
| Superannuation Funds Use the name of the trustee of the fund | XYZ Pty Ltd <Super Fund A/C> | XYZ Pty Ltd Superannuation Fund |

Put the name(s) of any joint Applicant(s) and/or account description using < > as indicated above in designated spaces at section C on the Application Form.

Corporate Directory

Company's registered office

Peter Warren Automotive Holdings Limited

13 Hume Highway, Warwick Farm
Sydney NSW 2170

Joint Lead Managers

Jarden Australia Pty Ltd

Level 24, 60 Martin Place
Sydney NSW 2000

Jefferies (Australia) Pty Ltd

Level 22, 60 Martin Place
Sydney NSW 2000

Morgan Stanley Australia Securities Limited

Level 26, Chifley Tower 2 Chifley Square
Sydney NSW 2000

Co-Lead Manager

Morgans Corporate Limited

Level 29, 123 Eagle Street
Brisbane QLD 4000

Morgan Stanley Wealth Management Australia Pty Ltd

Level 26, Chifley Tower 2
Chifley Square
Sydney NSW 2000

Legal Adviser

Gilbert + Tobin

Level 35, Tower 2
International Towers Sydney
200 Barangaroo Avenue
Sydney NSW 2000

Investigating Accountant

Deloitte Corporate Finance Pty Limited

Level 9, Grosvenor Place
25 George Street
Sydney NSW 2000

Tax Adviser

Deloitte Tax Services Pty Ltd

Level 9, Grosvenor Place
225 George Street
Sydney NSW 2000

Auditor

Deloitte Touche Tohmatsu

Level 9, Grosvenor Place
225 George Street
Sydney NSW 2000

Share Registry

Link Market Services Limited

Level 12, 680 George Street
Sydney NSW 2000

Offer Information Line

1800 426 150 between 8:30am and 5:30pm
Sydney time, Monday to Friday

Offer website

<https://events.miraql.com/peterwarren-ipo>

Websites

www.pwah.com.au

www.peterwarren.com.au

www.frizellesunshine.com.au



Peter Warren
Automotive
Holdings

www.pwah.com.au