



Peter Warren
Automotive
Holdings

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5 June 2023

Market Announcements Office
ASX Limited

General Meeting

Acquisition of Toyota dealership located at Warwick Farm NSW and the Toyota and Volkswagen dealerships located in Bathurst NSW

Attached are the following documents for the General Meeting set by Peter Warren Automotive Holdings Limited (ASX:PWR) for Thursday 6 July 2023:

1. Chairman's letter to shareholders
2. Notice of Meeting which includes:
 - a. Voting Form
 - b. Independent Expert's Report

These documents are given to the ASX under listing rule 3.17.

For more
information:

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Authorised for release by the Board.

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MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

5 June 2023

Letter to Shareholders

**Peter Warren Automotive Holdings Limited (Peter Warren or the Company)
General Meeting**

Dear Shareholders,

You are invited to participate in a general meeting of the Company to be held on Thursday, 6 July 2023 at 2.00 pm (Sydney time). The meeting will be at Gilbert + Tobin's offices at Level 35, Tower Two, International Towers Sydney, 200 Barangaroo Avenue, Barangaroo NSW 2000.

The notice of meeting and explanatory notes and further details are provided on the Company's website at <https://www.pwah.com.au/site/investor-centre>. I urge you to read their contents carefully.

Purpose of meeting

Transactions

Shareholder approval is being sought in connection with the following transactions (**Transactions**):

Peter Warren Toyota

- (a) the acquisition of the business and assets of Peter Warren Toyota (**WF Toyota**) owned and carried on by WF Automotive Pty Ltd (**WF Automotive**) for a combination of cash and scrip in a newly incorporated entity (being Warwick Farm Automotive Pty Limited (**NewCo**)). Following the acquisition of WF Toyota, Peter Warren (through Peter Warren Automotive Pty Ltd (**PWA**)) will hold 80% of NewCo with the remaining 20% held by WF Automotive. WF Automotive is owned by The Warren Family Pty Limited as trustee for The Peter Warren Family Trust (**WF Related Party Acquisition**); and

PWA Regional

- (b) the acquisition of all the shares in PWA Regional Automotive Pty Limited (**PWA Regional**) held by The Warren Family Pty Limited as trustee for The Peter Warren Family Trust for cash (**PWA Regional Related Party Acquisition**) and the acquisition of 15% of the shares in PWA Regional held by an entity associated with the Dealer Principal (being LPB Corp Pty Ltd (ACN 162 821 203) as trustee of The Gilchrist Family Trust (**Dealer Principal Shareholder**)) (**PWA Regional DP Acquisition**). The PWA Regional Related Party Acquisition and the PWA Regional DP Acquisition together being the **PWA Regional Acquisitions**. Following the PWA Regional Acquisitions, PWA Regional will be owned 95% by Peter Warren (through PWA) and 5% by the Dealer Principal Shareholder.

Ancillary Transactions

Shareholder approval is also being sought in connection with the following transactions (**Ancillary Transactions**):

Peter Warren Toyota

- (c) at the same time as completion of the acquisition of WF Toyota, PWA and WF Automotive as shareholders of NewCo will enter into a shareholders' agreement with respect to the governance of NewCo (**NewCo Shareholders' Agreement**);
- (d) the existing shared services provided by PWA to WF Automotive will continue post completion, on substantively the same terms, as services provided by PWA to NewCo. This will be effected by the amendment and novation of the shared services agreement between PWA and WF Automotive, from WF Automotive to NewCo (**NewCo Shared Services Agreement**);
- (e) the existing sub-lease of the Peter Warren Toyota site, from PWA to WF Automotive will be terminated and PWA will licence that site to NewCo on substantially the same financial terms under the NewCo Shared Services Agreement (**NewCo Warwick Farm Licence**).
- (f) a new shared services agreement will also be put in place between WF Automotive and PWA to provide for limited services to be provided by PWA to WF Automotive in connection with the winding down of WF Automotive (**WF Automotive Shared Services Agreement**); and

PWA Regional

- (g) at the same time as completion of the acquisition of PWA Regional, PWA and the Dealer Principal Shareholder as shareholders of PWA Regional will enter into a shareholders' agreement with respect to the governance of PWA Regional (**PWA Regional Shareholders' Agreement**);
- (h) entry into a new lease by PWA Regional in respect of the premises located at 4 Corporation Avenue, Robin Hill NSW 2795 and 8 Corporation Avenue (**4 & 8 Corporation Avenue Lease**) owned by WF Property Holdings Pty Ltd ACN 000 245 849; and
- (i) entry into a new shared services agreement with respect to the ongoing operation of PWA Regional on substantively the same terms on which PWA is currently providing services to PWA Regional (**PWA Regional Shared Services Agreement**).

Specifically, Shareholder approval is being sought under Chapter 2E of the Corporations Act and ASX Listing Rule 10.1 for:

- (a) the WF Related Party Acquisition; and
- (b) the PWA Regional Related Party Acquisition.

Specifically, Shareholder approval is being sought under Chapter 2E of the Corporations Act for:

- (a) the NewCo Shareholders' Agreement;
- (b) the NewCo Shared Services Agreement (including the NewCo Warwick Farm Licence);
- (c) the WF Automotive Shared Services Agreement; and

(d) the 4 & 8 Corporation Avenue Lease.

The PWA Regional Shareholders' Agreement and the PWA Regional Shared Services Agreement are not related party transactions and Shareholder approval is not being sought for these arrangements.

PWA Regional and WF Toyota are dealerships which sell Toyota and Volkswagen automobiles.

The Warren Family Pty Limited as trustee for The Peter Warren Family Trust, the major shareholder and seller in the PWA Regional Related Party Acquisition is an entity associated with, or controlled by, Mr Paul Warren. The Dealer Principal Shareholder (an entity associated with Shane Gilchrist) will have a 5% shareholding in PWA Regional following the acquisition which is expected to increase to 10% by 2028 and 20% by 2033.

WF Automotive, owner of the business and assets of WF Toyota is also an entity associated with, or controlled by, Mr Paul Warren (being The Warren Family Pty Limited as trustee for The Peter Warren Family Trust). WF Property Holdings Pty Ltd ACN 000 245 849 the landlord under the 4 & 8 Corporation Avenue Lease is an entity associated with, or controlled by, Mr Paul Warren.

Mr Paul Warren is a director of the Company and has a substantial holding.

The entry into the 4 & 8 Corporations Avenue Lease will occur prior to completion of the acquisitions of PWA Regional and WF Toyota, however, having regard to the fact that these are conditions precedent to the PWA Regional Acquisitions, and that the Company has had visibility over the terms of these arrangements, the Company is seeking shareholder approval for the entry into these leases.

Acquisition is fair and reasonable

An independent expert, engaged by the Company, has provided a report which examines the Transactions to assist non-associated shareholders with their assessment of the merits of the acquisition, and their decision whether to approve it. The independent expert has concluded that the Transactions are both **fair and reasonable** to shareholders who are not associated with the sellers. A copy of that report is included with the notice of meeting for your consideration.

Directors' interest in the proposed acquisition

Mr Paul Warren, a director of the Company, is also a director of one of the sellers and has control of that seller.

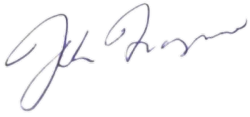
Due to his relationship with that seller, Mr Paul Warren will not be making any recommendation to shareholders on the proposed acquisition.

Recommendation and voting intentions of your directors

All directors, other than Mr Paul Warren, recommend that shareholders vote in favour of the resolutions to approve the Transactions and Ancillary Transactions, and intend to vote all their shares (and shares they control) in favour of the resolutions.

Attending the general meeting

Information on how to attend and participate in the meeting is set out in the notice of meeting. On behalf of the Board, I thank you for your consideration of the resolutions.

A handwritten signature in blue ink, appearing to read 'John Ingram', is positioned above the printed name.

John Ingram
Non-Executive Chair
Peter Warren Automotive Holdings Limited

Peter Warren Automotive Holdings Limited
ABN 57 615 674 185

Notice of General Meeting

A General Meeting of Peter Warren Automotive Holdings Limited (**Company**) will be held on Thursday, 6 July 2023 at 2.00 pm (Sydney time).

The meeting will be held at Gilbert + Tobin's offices at Level 35, Tower Two, International Towers Sydney, 200 Barangaroo Avenue, Barangaroo NSW 2000.

BUSINESS OF GENERAL MEETING

1. Approval of Transactions

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

That approval be given for the purposes of Chapter 2E of the Corporations Act, ASX Listing Rule 10.1 and all other purposes for the Company (or its Related Bodies Corporate) to:

- *acquire the business and assets of WF Toyota (including the issue of the scrip consideration equating to 20% of the shares in Warwick Farm Automotive Pty Limited to WF Automotive) on the terms and conditions summarised in the Explanatory Notes; and*
- *acquire 80% of the issued share capital of PWA Regional from The Warren Family Pty Limited as trustee for The Peter Warren Family Trust on the terms and conditions summarised in the Explanatory Notes.*

2. Approval of Ancillary Transactions

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

That approval be given for the purposes of Chapter 2E of the Corporations Act and all other purposes for the Company (or its Related Bodies Corporate) to:

- *enter into the lease with respect to the premises located at 4 & 8 Corporations Avenue, Robin Hill NSW 2795 on the terms and conditions summarised in the Explanatory Notes;*
- *enter into the NewCo Shareholders Agreement on the terms and conditions summarised in the Explanatory Notes;*
- *novate the NewCo Shared Services Agreement to NewCo on the terms and conditions summarised in the Explanatory Notes; and*
- *enter into the WF Automotive Shared Services Agreement on the terms and conditions summarised in the Explanatory Notes.*

ADDITIONAL INFORMATION

Independent Expert's Report

Shareholders should consider the Independent Expert's Report included as an **Annexure** to this Notice of General Meeting. The Independent Expert has considered that the Transactions are **fair and reasonable** to Shareholders not associated with the counterparties to the Transactions.

Voting Exclusion

The Company will disregard any votes cast in favour of the Resolutions by or on behalf of:

- the counterparties to the transaction and any other person who will obtain a material benefit as a result of the Transactions or Ancillary Transactions (other than a benefit solely by reason of being a Shareholder); or
- any of their associates.

However, this does not apply to a vote cast in favour of the Resolutions by:

- a person as proxy or attorney for a person who is entitled to vote on the Resolutions, in accordance with directions given to the proxy or attorney to vote on the Resolutions in that way;
- the Chair of the General Meeting as proxy or attorney for a person who is entitled to vote on the Resolutions, in accordance with a direction given to the Chair to vote on the Resolutions as the Chair decides; or

- a Shareholder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided that the following conditions are met:
 - the beneficiary provides written confirmation to the Shareholder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolutions; and
 - the Shareholder votes on the Resolutions in accordance with directions given by the beneficiary to the Shareholder to vote in that way.

In addition to the above, certain related parties of the Company (and their associates) are prohibited from voting on the Resolutions (in any capacity) in accordance with section 224 of the Corporations Act, unless they are voting as a directed proxy on behalf of a Shareholder who is entitled to vote.



By Order of the Board
5 June 2023
Victor Cuthell
Company Secretary

VOTING

1. Poll

In accordance with clause 5.10 of the Company's constitution, the Chair intends to call a poll in respect of the Resolutions. The results of the voting on the Resolutions will be announced to the ASX promptly after the General Meeting.

2. Entitlement to Vote

You will be eligible to vote at the General Meeting if you are a registered holder of ordinary shares in the Company as at 7.00 pm (Sydney time) on Tuesday, 4 July 2023. A Shareholder who is entitled to attend and vote at the General Meeting may do so by:

- attending the meeting in person;
- casting a direct vote prior to the General Meeting; or
- appointing a proxy or representative to vote on their behalf.

3. Direct Voting

In accordance with clause 5.11 of the Company's constitution, the Board has determined that Shareholders entitled to attend and vote at the General Meeting may do so without attending the General Meeting or appointing a proxy. Voting in this manner is referred to as a 'direct vote'.

Direct Voting prior to the General Meeting

If you do not attend the General Meeting in person, you may cast a direct vote prior to the General Meeting by following the instructions set out in the enclosed Voting Form. Direct votes must be lodged at least 48 hours before the General Meeting commences (i.e. no later than 2:00 pm (Sydney time) on Tuesday, 4 July 2023).

Voting during the General Meeting

Shareholders attending the General Meeting in person may cast a vote during the General Meeting in real time.

4. Proxies and Representatives

If you are a Shareholder entitled to attend and vote at the General Meeting, you may appoint a proxy to attend and vote on your behalf. You may direct the proxy how to vote.

To appoint a proxy, you must follow the instructions set out in the Voting Form. Proxy appointments must be received at least 48 hours before the General Meeting commences (i.e. No later than 2.00 pm (Sydney time) on Tuesday, 4 July 2023). Proxies must be received before that time and by one of the following methods:

Online: www.linkmarketservices.com.au
(preferred method)

By email: registrars@linkmarketservices.com.au

By post: Peter Warren Automotive Holdings Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235
Australia

By delivery in person: Link Market Services Limited*
Tower 6, Level 21, Parramatta Square, 8-10 Darcy Street, Parramatta NSW 2150

* during business hours Monday to Friday (9:00am to 5:00pm (AEDT))

If a proxy is appointed by a Shareholder under power of attorney, the original or a certified copy of the power of attorney must also be received by the Company's share registry at least 48 hours before the General Meeting commences.

If you are entitled to cast two or more votes, you may appoint either one or two proxies. To appoint a second proxy, follow the instructions on the Voting Form. A proxy may be an individual or a body corporate but need not be a Shareholder of the Company.

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

5. Undirected Proxies

An undirected proxy may be voted as the proxy chooses. The Chair intends to vote all available proxies in favour of the Resolutions.

SHARE REGISTRY'S CONTACT DETAILS

Link Market Services

Telephone: 1300 554 474 (Australia)

Telephone: +61 1300 554 474 (Overseas)

EXPLANATORY NOTES

These Explanatory Notes are included in, and form part of, the Notice of General Meeting dated 5 June 2023.

OVERVIEW OF TRANSACTIONS

On 17 May 2023, the Company announced that certain subsidiaries of the Company (as detailed below), have entered into agreements to:

- (a) acquire the business and assets of Peter Warren Toyota (**WF Toyota**) owned and carried on by WF Automotive Pty Ltd (**WF Automotive**) for a combination of cash and scrip in a newly incorporated entity (being Warwick Farm Automotive Pty Limited (**NewCo**)). Following the acquisition of WF Toyota, Peter Warren (through PWA) will hold 80% of NewCo with the remaining 20% held by WF Automotive. WF Automotive is owned by The Warren Family Pty Limited as trustee for The Peter Warren Family Trust (**WF Related Party Acquisition**); and
- (b) acquire:
 - (i) all the shares in PWA Regional Automotive Pty Limited (**PWA Regional**) held by The Warren Family Pty Limited as trustee for The Peter Warren Family Trust for cash (**PWA Regional Related Party Acquisition**); and
 - (ii) 15% of the shares in PWA Regional held by the Dealer Principal Shareholder (**PWA Regional DP Acquisition**). The PWA Regional Related Party Acquisition and the PWA Regional DP Acquisition together being the **PWA Regional Acquisitions**. Following the PWA Regional Acquisitions, PWA Regional will be owned 95% by Peter Warren (through PWA) and 5% by the Dealer Principal Shareholder.

The above proposed items being the **Transactions**.

In connection with the WF Related Party Acquisition, a new shareholders agreement between PWA and WF Automotive will be entered into with respect to the governance of NewCo (**NewCo Shareholders' Agreement**) and the existing shared services agreement with respect to the operation of WF Automotive between WF Automotive and PWA will be amended and novated from WF Automotive to NewCo (**NewCo Shared Services Agreement**). The existing sub-lease of the Peter Warren Toyota site, from Peter Warren to WF Automotive will be terminated and Peter Warren will licence that site to NewCo on substantially the same economic terms under the NewCo Shared Services Agreement (**NewCo Warwick Farm Licence**). A new shared services agreement will also be put in place between WF Automotive and PWA to provide for limited services to be provided by PWA to WF Automotive in connection with the winding down of WF Automotive (**WF Automotive Shared Services Agreement**).

In connection with the PWA Regional Acquisitions, PWA and the Dealer Principal Shareholder as shareholders of PWA Regional will enter into a shareholders' agreement with respect to the governance of PWA Regional. PWA Regional will enter into a new lease in relation to premises located at 4 Corporation Avenue, Robin Hill NSW 2795 and 8 Corporation Avenue (**4 & 8 Corporation Avenue Lease**), owned by WF Property Holdings Pty Ltd ACN 000 245 849. PWA Regional will also enter into a new shared services agreement with PWA in respect to the ongoing operation of PWA Regional which will be on substantively the same terms on which it is currently obtaining shared services from PWA (**PWA Regional Shared Services Agreement**). Peter Warren obtained an independent market rent assessment in relation to the premises which are the subject of the 4 & 8 Corporation Avenue Lease from Cushman & Wakefield (Valuations) Pty Ltd to support the rental quantum under the 4 & 8 Corporation Avenue Lease.

The above proposed items being the **Ancillary Transactions**.

The Transactions and Ancillary Transactions are consistent with the Company's current core business of operating a diversified portfolio of automotive brands. The Transactions and Ancillary Transactions are expected to provide additional scale to, and increase the geographic footprint of, the Company's existing business as well as providing opportunities for future growth.

The Company is seeking:

- (a) Shareholder approval for the purposes of Chapter 2E of the Corporations Act, ASX Listing Rule 10.1 and all other purposes in respect of the Transactions; and
- (b) Shareholder approval for the purposes of Chapter 2E of the Corporations Act, and all other purposes in respect of the Ancillary Transactions.

Shareholder approval is required for the Transactions and Ancillary Transactions as counterparties to the Transactions are entities associated with, or controlled by, Mr Paul Warren. Mr Paul Warren is a Director of the Company and has a Substantial Holding in the Company.

ABOUT PETER WARREN AUTOMOTIVE HOLDINGS LIMITED

Peter Warren Automotive Holdings is a dealership group operating in Australia for over 60 years. During this time the Company has built a reputation amongst customers, OEMs and the broader automotive industry as a trusted automotive dealership group.

The Company 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. With a dealership network of 26 automotive manufacturer brands across the volume, prestige, and luxury segments, spanning 25 locations along the eastern seaboard of Australia, the Company runs 79 franchise operations, operates 28 franchises across nine locations in Sydney, including its flagship Warwick Farm dealership, 42 franchises across ten locations in south-east Queensland and northern New South Wales, and 9 franchise operations across six locations in Melbourne Victoria.

ABOUT WF AUTOMOTIVE AND PWA REGIONAL

PWA Regional

PWA Regional was incorporated as a proprietary limited company on 7 July 2015 and operates a dealership portfolio trading under the business names of Bathurst Volkswagen, Bathurst Toyota and Bathurst Automotive Direct.

PWA Regional employs a total of 54 employees, comprised of 48 full-time, 3 part-time and 3 casual employees. The key employee is Shane Gilchrist, the Dealer Principal of the Bathurst dealership.

WF Automotive

WF Automotive was incorporated as a proprietary limited company on 3 February 2017 and trades under the business name, Peter Warren Toyota. WF Automotive employs a total of 58 employees, comprised of 54 full-time and 4 part-time employees and currently operates the WF Toyota business, located at Warwick Farm, New South Wales. Formerly part of the broader Peter Warren Automotive Holdings Group, WF Automotive was carved out prior to Quadrant Fund 5's investment in the Peter Warren Group in 2016 and subsequently was not part of the Peter Warren group on listing on the ASX.

As outlined in the Prospectus issued by the Company on 13 April 2021, the Company (through PWA) 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 (**Existing Toyota SSA**). The services provided under the Existing 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. The Existing Toyota SSA is in effect for a term of 3 years expiring on 31 March 2024. In addition to other customary termination rights, the Existing Toyota SSA may be terminated by either party for convenience on 6 months' notice, but not so as to terminate before 1 January 2022. Following completion of the Transactions and Ancillary Transactions, the Existing Toyota SSA will cease to apply and a new shared services will be entered into which will govern the post-completion arrangements (being the WF Automotive Shared Services Agreement).

SUMMARY OF THE TRANSACTIONS AND ANCILLARY TRANSACTIONS

Pursuant to the Transactions:

- (a) the Company's subsidiary (Warwick Farm Automotive Pty Limited (**NewCo**)) will acquire the business and assets of WF Toyota from WF Automotive Pty Ltd. Following completion of the Transaction, WF Automotive, owned by The Warren Family Pty Limited as trustee for The Peter Warren Family Trust will own 20% of NewCo; and
- (b) the Company's subsidiary (Peter Warren Automotive Pty Limited) will acquire 95% of PWA Regional from the Warren Family Pty Limited as trustee for The Peter Warren Family Trust and LPB Corp Pty Ltd as trustee of The Gilchrist Family Trust. Following completion of the Transaction, the Dealer Principal Shareholder, LPB Corp Pty Ltd as trustee of The Gilchrist Family Trust, will retain 5% of PWA Regional.

Pursuant to the Ancillary Transactions:

- (a) the Company's subsidiary (Peter Warren Automotive Pty Ltd) will enter into a shareholders' agreement with respect to the ongoing governance of NewCo, enter into a shareholders' agreement with respect to the ongoing governance of PWA Regional, amend and novate the existing shared services agreement that is in place with WF Automotive Pty Ltd to NewCo and put in place two new shared services arrangements with respect to each of WF Automotive Pty Ltd and PWA Regional and enter into NewCo Warwick Farm Licence and the 4 & 8 Corporations Avenue Lease.

The seller of WF Toyota and proposed 20% shareholder of NewCo, WF Automotive Pty Ltd, is an entity that is controlled by, or associated, with Mr Paul Warren.

The major shareholder of PWA Regional, the Warren Family Pty Limited as trustee for The Peter Warren Family Trust is an entity that is controlled by, or associated with, Mr Paul Warren.

The landlord of the 4 & 8 Corporation Avenue Lease, WF Property Holdings Pty Ltd ACN 000 245 849, is an entity that is controlled by, or associated, with Mr Paul Warren.

Mr Paul Warren is a Director of the Company and has a Substantial Holding in the Company.

A summary of the material terms of the Transactions and Ancillary Transactions as they relate to the related party of the Company are set out below.

Material Terms of the Transactions

WF Automotive Related Party Acquisition

Material Term	Description
Summary	Pursuant to the WF Automotive Related Party Acquisition, a subsidiary of Peter Warren, Warwick Farm Automotive Pty Limited (NewCo), will acquire all the business and assets of WF Toyota from WF Automotive.
Purchase Price	<p>Approximately \$29,468,416 (Aggregate Purchase Price). 80%, or \$23,574,733, of the purchase price is to be paid in cash. 5,893,683 shares in NewCo will be issued to WF Automotive, equalling the value of the remaining 20% of the purchase price. The initial purchase price payable on completion will be 90% of the Aggregate Purchase Price (split 80% and 20% between cash and shares). The remainder of the purchase price will be paid at the same time as the adjustment mechanism noted below (with either an off-set or increase to the Aggregate Purchase Price depending on the results of the adjustment review).</p> <p>The purchase price will be proportionally adjusted post-completion in accordance with any change in the value of the net assets of WF Automotive.</p>
Conditions Precedent	<p>Completion of the WF Automotive Related Party Acquisition is subject to a number of condition precedents. As at the date of the Notice of General Meeting, the following conditions remain outstanding:</p> <ul style="list-style-type: none"> the WF Automotive Related Party Acquisition and the PWA Regional Acquisitions being approved by the shareholders of Peter Warren for the purposes of the Corporations Act and the ASX Listing Rules; NewCo having entered into a dealership agreement with Toyota Motor Corporation Australia Limited on terms acceptable to NewCo acting reasonably; NewCo having entered into a bailment agreement with Toyota Finance Australia Limited (TFAL) on terms acceptable to NewCo acting reasonably; Anthony Warren and NewCo having entered into an employment contract on terms acceptable to NewCo; and NewCo having put in place point of sale financing agreements between TFAL and NewCo.
Pre-Completion Steps	Following satisfaction or waiver of all conditions precedent and prior to completion of the Transaction, Peter Warren Automotive Pty Ltd (the existing sole shareholder of NewCo) will transfer 2 Ordinary Shares in the capital of NewCo to WF Automotive Pty Ltd such that, at the time of the acquisition, NewCo is owned 80:20 by Peter Warren Automotive Pty Ltd and WF Automotive Pty Ltd.
Completion	<p>If:</p> <ul style="list-style-type: none"> the conditions precedent are satisfied before 11.00am on 5 July 2023, completion will take place on the date that is 2 business days after the conditions precedent are satisfied; and in all other circumstances, completion will take place on 1 August 2023 unless otherwise agreed by the parties, <p>with the calculation date being 11:59pm on the day prior to completion.</p>

PWA Regional Related Party Acquisition

Material Term	Description
Summary	<p>Pursuant to the PWA Regional Related Party Acquisition, Peter Warren (through PWA) will acquire all of the shares in PWA Regional held by The Warren Family Pty Limited as trustee for The Peter Warren Family Trust. As noted above, Peter Warren (through PWA) will also acquire 15% of the shares in PWA Regional held by the Dealer Principal Shareholder.</p> <p>The Warren Family Pty Limited currently holds 80% of the shares in PWA Regional.</p> <p>Following the acquisition, Peter Warren will hold 95% of the issued shares in PWA Regional and the Dealer Principal Shareholder (LPB Corp Pty Ltd as trustee of The Gilchrist Family Trust) will hold 5%.</p>
Purchase Price	Approximately \$19,087,704 million, subject to a customary post-completion Net Asset adjustments in relation to the acquisition of 95% of the shares in PWA Regional. The proportion of the purchase price payable to the Warren Family Pty Limited as trustee for The Peter Warren Family Trust is approximately \$16,073,755.54.

Material Term	Description
Conditions Precedent	<p>Completion of the PWA Regional Related Party Acquisition is subject to a number of condition precedents. As at the date of the Notice of General Meeting, the following conditions remain outstanding:</p> <ul style="list-style-type: none"> the PWA Regional Acquisitions and the WF Automotive Related Party Acquisition being approved by the shareholders of Peter Warren for the purposes of the Corporations Act and ASX Listing Rules; execution of the 4 & 8 Corporation Avenue Lease, on terms acceptable to PWA; Shane Gilchrist and PWA Regional having entered into an employment contract on terms acceptable to PWA; Volkswagen Group Australia Pty Ltd (Volkswagen) having provided its written consent, in a form acceptable to PWA, acting reasonably, to the PWA Regional Acquisitions the purpose of the Volkswagen (Passenger Vehicles) Dealership Agreement and Volkswagen (Commercial Vehicles) Dealership Agreement between Volkswagen and PWA Regional (including confirmation that the first right of refusal in favour of Volkswagen does not apply); Volkswagen Financial Services Australia Pty Limited (VWFS) having provided its written consent, in a form acceptable to PWA, acting reasonably, that VWFS consents to the PWA Regional Acquisitions for the purposes of the bailment agreement between VWFS and PWA Regional; and TFAL having provided its written consent, in a form acceptable to PWA, acting reasonably, that TFAL consents to the PWA Regional Acquisitions for the purposes of the bailment facilities provided by TFAL to PWA Regional.
Completion	<p>If:</p> <ul style="list-style-type: none"> the conditions precedent are satisfied before 11.00am on 5 July 2023, completion will take place on the date that is 2 business days after the conditions precedent are satisfied, with the calculation date the being 11:59pm on 30 June 2023; and in all other circumstances, completion will take place 1 August 2023, with the calculation date being 11:59pm on 31 July 2023
Properties	<p>The acquisition will result in Peter Warren (through PWA) obtaining a leasehold interest in the following properties:</p> <ul style="list-style-type: none"> 4 Corporation Avenue, Robin Hill 2795 Folio Identifier 7/791515 6 Corporation Avenue, Robin Hill 2795 Folio Identifier 80/856538 7 Corporation Avenue, Robin Hill 2795 Folio Identifier 18/792283 8 Corporation Avenue, Robin Hill 2795 Folio Identifier 81/856538 <p>The premises at each of 4 & 8 Corporation Avenue are those the subject of the related party lease to be put in place on Completion of the acquisition.</p>

Material Terms of the Ancillary Transactions

NewCo Shareholders' Agreement

Material Term	Description
Summary	<p>The NewCo Shareholders' Agreement is on substantially the same terms as the existing arrangements that the Peter Warren group has with respect to its Mazda Dealership Agreements as disclosed in the Prospectus issued by Peter Warren Automotive Holdings Limited dated 13 April 2021 (Prospectus) at section 9.10. There are a small number of differences which include:</p> <p>Board</p> <p>Under the NewCo Shareholders' Agreement, the Dealer Principal Shareholder (which is initially WF Automotive Pty Ltd with the associated manager being Anthony Warren) is entitled to appoint one director to the Board (and PWA is entitled to appoint two directors). The directors are entitled to such number of votes as equates to the shareholding of their appointing shareholder (being 80% for PWA and 20% for WF Automotive Pty Ltd).</p> <p>Restraint</p> <p>The restraint applies while the Dealer Principal Shareholder is a shareholder and continues for a maximum period of 36 months following the date on which the Dealer Principal Shareholder ceases to hold shares and covers a maximum geographical area spanning a 50km radius from Warwick Farm.</p> <p>The NewCo Shareholders' Agreement retains the restrictions on disposal of shares by the Dealer Principal Shareholder and the provisions in relation to events</p>

Material Term	Description
	of default, including the termination or cessation of the employment of the Dealer Principal. If the Dealer Principal Shareholder causes an event of default, Warwick Farm Automotive Pty Ltd has the right to acquire all of the securities held by the defaulting Dealer Principal Shareholder.

NewCo Shared Services Agreement

Material Term	Description
Summary	<p>The NewCo Shared Services Agreement is the result of amending and novating the existing shared services agreement that is in place between PWA and WF Automotive as disclosed in the Prospectus at section 6.7.3.</p> <p>The existing shared services agreement has been amended to remove coverage of the services provided to the PWA Regional business, as this is now dealt with under the PWA Regional Shared Services Agreement and to include the NewCo Warwick Farm Licence (described below).</p> <p>The term of the NewCo Shared Services Agreement expires on 30 June 2026 with automatically renews for successive 1-year terms, unless terminated by either party by providing 6 months' notice.</p> <p>The fees charged for the services rendered under the NewCo Shared Services Agreement are charged by PWA on a cost-plus margin basis (being the same basis as under the existing shared services arrangements that the Peter Warren group has in place).</p>
NewCo Warwick Farm Licence	<p>As part of the WF Automotive Related Party Acquisition, the existing sub-lease of the Peter Warren Toyota site, from Peter Warren to WF Automotive (WF Sub-lease) (as disclosed in the Prospectus at section 6.7.3), will be terminated and Peter Warren will licence that site to NewCo on substantially the same economic terms under the NewCo Shared Services Agreement</p> <p>Consistent with the rent payable under the existing WF Sub-lease (which was the subject of an independent market rent review prior to Peter Warren's listing on the ASX), the initial licence charge payable by NewCo to PWA is \$836,102.15 (excluding GST) per annum, increasing by the greater of 3% and CPI per annum.</p>

WF Automotive Shared Services Agreement

Material Term	Description
Summary	<p>The WF Automotive Shared Services Agreement is a new shared services agreement being put in place to facilitate the winding up of the operations of WF Automotive following completion of the asset sale.</p> <p>The term of the NewCo Shared Services Agreement expires on the date that is 6 months after the date of signing with an option for the parties to extend for successive terms of between 1 – 3 months on mutual agreement of the parties.</p> <p>The fees charged by PWA for the services rendered under the WF Automotive Shared Services Agreement are \$15,000 per month.</p>

4 & 8 Corporations Avenue Lease

Material Term	Description
Summary	<p>Landlord: WF Property Holdings Pty Ltd ACN 000 245 849; Tenant: PWA Regional Automotive Pty Ltd ACN 606 124 994 Properties:</p> <ul style="list-style-type: none"> • 4 Corporation Avenue, Robin Hill NSW 2795; and • 8 Corporation Avenue, Robin Hill NSW 2795. <p>Term: 5 years. Option: 2 x 5 years. Rent: \$549,755.16 per annum excluding GST (being \$45,812.93 (excluding GST) per month).</p>

Costs of the Transactions and Ancillary Transactions

The Company expects to incur transaction costs of approximately \$800,000 in connection with the Transaction and Ancillary Transactions, predominately comprising taxes and stamp duty, valuation costs, legal and other professional fees (including the costs associated with the preparation of the Independent Expert's Report).

These costs will be paid to parties unrelated to the counterparties to the Transactions and Ancillary Transactions.

Funding the Transactions

The Transactions will be funded through a combination of incremental facilities with Toyota Financial Australia Limited and existing cash reserves. The facilities include a new capital loan of \$25 million and new revolving loan of \$20 million.

A new bailment facility with Toyota Finance Australia Limited is expected to be put in place in connection with the WF Related Party Acquisition. The existing bailment facilities with Toyota Finance Australia Limited and Volkswagen Financial Services Australia Pty Limited are expected to stay on foot in connection with the PWA Regional Related Party Acquisition.

Anticipated Financial Impact of the Transaction

The acquisition of the assets and business of the Dealerships, are expected to be immediately EPS accretive after funding costs.

Timetable for Completion of the Acquisition

The Company anticipates completion of the Transactions and Ancillary Transactions will be in accordance with the following timetable:

Event	Date
Notice of General Meeting dispatched to Shareholders	Monday, 5 June 2023
General Meeting to approve the Transactions and Ancillary Transactions	Thursday, 6 July 2023
Completion of the Transactions and Ancillary Transactions	Friday, 7 July 2023

The above dates are indicative only and are subject to change.

ADVANTAGES, DISADVANTAGES AND RISKS OF THE TRANSACTIONS AND ANCILLARY TRANSACTIONS

Advantages

Benefits to the Company from the Transactions and Ancillary Transactions are anticipated to include the following:

- An expansion of the Company's franchise offering with the introduction of Toyota to the existing stable of brands. The acquisitions will improve the volume offering by adding multiple franchises of Australia's top selling brands.
- The addition of the Toyota brand, will provide significant further diversification of the Company's existing portfolio across Australia and a reduction in the Company's exposure to any one existing brand.
- The acquisitions are expected to be immediately EPS accretive after funding costs.
- The acquisitions will contribute to an increase in market share at the group's largest operation at Warwick Farm.
- An extension of the Company's regional representation strategy, adding the Central West NSW region to the pre-existing Northern NSW operations.
- An opportunity to leverage the Company's scale to capture synergies.
- The transactions will involve the retention of incumbent senior management and operational teams.
- The transactions include a substantial order bank of undelivered vehicles representing approximately 9 months of current sales, for which no additional premium is being paid.

Disadvantages

Disadvantages for the Company from the Transactions and Ancillary Transactions could include the following:

- The timing of the Transactions and Ancillary Transactions coincides with a time where market conditions for the automotive retail industry are strong.
- The Company will borrow up to 100% of the Purchase Price (and association acquisition costs) from external financier(s) at a time when interests rates are high. However, this is mitigated by the Company having a low level of gearing, and the fact that the cost of debt is significantly lower than other funding sources.
- Acquisition costs of approximately \$1 million will be incurred in relation to the Transactions and Ancillary Transactions. These costs would, however, be incurred irrespective of whether the transactions involved a related party.
- There is an ongoing requirement that the relevant Dealer Principal (or its associated entity) hold equity in NewCo and PWA Regional (as applicable).
- The transactions will result in the Company ceasing to generate revenue from leases and shared services

associated with the business at Warwick Farm.

Potential Risks Associated with the Transactions and Ancillary Transactions

While not an exhaustive list, the following potential risk factors may arise from the Transactions and Ancillary Transactions:

- An inability to successfully integrate the Dealerships into the Company's existing operations may create additional costs, and have a negative impact on the financial return for the Company.
- The automotive retail industry may be adversely impacted by supply chain disruptions associated with the impacts of COVID-19 and other external factors, which may create a sustained period of short supply for new vehicles.

INDEPENDENT EXPERT'S REPORT

The Independent Expert has prepared the Independent Expert's Report, a copy of which is included as an Annexure to the Notice of General Meeting, which sets out an independent examination of the Transactions, to assist non-associated Shareholders to assess the merits of, and to decide whether to approve, the Resolution in respect of the Transactions. The Independent Expert has concluded that the Transactions are fair and reasonable to Shareholders not associated with the counterparties to the Transactions.

Shareholders are urged to carefully consider the Independent Expert's Report, including the assumptions, qualifications and disclaimers on which the Independent Expert's conclusions are based.

ASX LISTING RULE 10.1

ASX Listing Rule 10.1 provides that a listed company must not acquire or agree to acquire, a substantial asset from, or dispose of or agree to dispose of, a substantial asset to:

- a related party;
- a child entity;
- a person who is, or was at any time in the six months before the relevant transaction, a substantial (10%+) holder in the company;
- an associate of a person referred to above; or
- a person whose relationship with the company, or a person referred to above, is such that, in ASX's opinion, the transaction should be approved by shareholders,

unless it obtains the approval of its shareholders.

The Transactions falls within ASX Listing Rule 10.1, as:

- The Warren Family Pty Limited as trustee for The Peter Warren Family Trust is the counterparty to the PWA Regional Acquisition and is an entity associated with, or controlled by Mr Paul Warren - who is a Director and has a Substantial Holding, and is therefore both related parties and substantial (10%+) holders for the purposes of the ASX Listing Rules;
- WF Automotive Pty Ltd is the counterparty to the WF Related Party Acquisition and is an entity associated with, or controlled by Mr Paul Warren - who is a Director and has a Substantial Holding, and is therefore both related parties and substantial (10%+) holders for the purposes of the ASX Listing Rules;
- the above transactions involve the acquisition of a "substantial asset" for the purposes of the ASX Listing Rules (as the Purchase Price payable by the Company is 5% or more of the equity interests of the Company, as set out in the most recent annual report).

It therefore requires the approval of Shareholders under ASX Listing Rule 10.1.

If the Resolutions are passed, the Company will be able to proceed with the Transactions, which is anticipated to have the advantages summarised above. If the Resolutions are not passed, the Company will not be able to proceed with the Transactions, but will have incurred transaction costs associated with the Transactions. In those circumstances, the Company will continue to invest in organic growth and pursue other identified strategic acquisition opportunities.

CHAPTER 2E OF THE CORPORATIONS ACT

Section 208 of the Corporations Act provides that the giving of a financial benefit by a public company to a related party requires shareholder approval, unless an exception applies.

The Transactions and Ancillary Transactions fall within section 208 of the Corporations Act, as:

- The Warren Family Pty Limited as trustee for The Peter Warren Family Trust is the counterparty to the PWA Regional Acquisition and is an entity associated with, or controlled by Mr Paul Warren - who is a Director of the Company;

- WF Automotive Pty Ltd is the counterparty to the WF Related Party Acquisition, the NewCo Shareholders' Agreement and the WF Automotive Shared Services Agreement and is an entity associated with, or controlled by Mr Paul Warren - who is a Director of the Company;
- WF Property Holdings Pty Ltd ACN 000 245 849 the landlord of the 4 & 8 Corporation Avenue Lease is an entity associated with, or controlled by Mr Paul Warren - who is a Director of the Company; and
- the above transactions with a related party constitutes the giving of a financial benefit for the purposes of section 229 of the Corporations Act.

It therefore requires the approval of Shareholders under Chapter 2E of the Corporations Act, unless a relevant exception applies. Relevantly, in accordance with section 210 of the Corporations Act, shareholder approval is not needed to give a financial benefit on terms that:

- would be reasonable in the circumstances, if the company and the related party were dealing at arm's length; or
- are less favourable to the related party than the terms referred to above.

The Board considers that the Transactions and Ancillary Transactions are on arm's length terms, such that the exception will apply. However, it has nevertheless determined that it is appropriate for Shareholders to approve the Transactions and Ancillary Transactions for the purposes of Chapter 2E of the Corporations Act.

Identify of the Related Party and Nature of the Financial Benefit

Related Parties	Nature of Relationship	Nature of Financial Benefit
The Warren Family Pty Limited as trustee for The Peter Warren Family Trust	Paul Warren is a director and shareholder of The Warren Family Pty Limited and a beneficiary of the discretionary family trust (the Peter Warren Family Trust)	The Warren Family Pty Limited as trustee for The Peter Warren Family Trust is a seller under the PWA Regional Related Party Acquisition and will receive its proportion of the purchase price (being A\$16,073,755.54).
WF Automotive Pty Ltd	The sole shareholder of WF Automotive Pty Ltd is The Warren Family Pty Limited as trustee for The Peter Warren Family Trust. Paul Warren is a director and shareholder of The Warren Family Pty Limited and a beneficiary of the discretionary family trust (the Peter Warren Family Trust).	WF Automotive Pty Ltd is the seller under the WF Related Party Acquisition and will receive the purchase price (being a combination of cash and shares in NewCo. WF Automotive Pty Ltd is also the counterparty to the NewCo Shareholders' Agreement, the NewCo Shared Services Agreement and the WF Automotive Shared Services Agreement.
WF Property Holdings Pty Ltd	Paul Warren is a director of WF Property Holdings Pty Ltd and a director and shareholder of its ultimately holding company, P W M Investments (1976) Pty Ltd (ACN 001 337 462).	WF Property Holdings Pty Ltd is the landlord under the 4 & 8 Corporation Avenue Lease and will receive the rent under that arrangement going forward.

Directors' Interests in the Transactions and Ancillary Transactions

Mr Paul Warren, a Director, has disclosed the above connections with the counterparties to the Transactions and Ancillary Transactions to the Board.

The Board (other than Mr Paul Warren) have resolved that Mr Paul Warren:

- should not participate in Board discussions or decisions relating to the Transactions and Ancillary Transactions; and
- should abstain from making or participating in any recommendation to Shareholders in relation to the Transactions and Ancillary Transactions.

Accordingly, Mr Paul Warren has not participated in discussions or decisions of the Board in relation to the Transactions and Ancillary Transactions, and will continue to abstain from any such discussions or decisions.

The Company will disregard any votes cast by the entities associated with or controlled by Mr Paul Warren on the Resolutions (except where the vote is cast as a directed proxy on behalf of a Shareholder who is eligible to vote on the Resolutions).

Otherwise, the Directors have no interest in the Transactions and Ancillary Transactions, other than as Shareholders.

Directors' Recommendation

Based on the Directors' consideration and assessment of the Transactions and Ancillary Transactions, and taking into account the advantages, disadvantages and risks described above, and considering the opinion of the Independent Expert, the Directors (other than Mr Paul Warren) unanimously recommend that Shareholders vote in favour of the Resolutions.

All Directors (other than Mr Paul Warren) intend to vote all their shares (and shares they control) in favour of the Resolutions.

GLOSSARY

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

4 & 8 Corporations Avenue Lease	means the new lease proposed to be entered into with respect to the premises located at 4 & 8 Corporation Avenue, Robin Hill NSW 2795
Ancillary Transactions	means the entry into the NewCo Shareholders' Agreement, amendment and novation of the NewCo Shared Services Agreement, entry into the WF Automotive Shared Services Agreement, entry into the PWA Regional Shareholders' Agreement, entry into the 4 & 8 Corporation Avenue Lease and entry into the PWA Regional Shared Services Agreement
ASX Listing Rules	means the listing rules of ASX Limited.
Board	means the Board of Directors of the Company.
Chair	means the chair of the General Meeting.
Company	means Peter Warren Automotive Holdings Limited.
Corporations Act	means the <i>Corporations Act 2001</i> (Cth).
Dealer Principal	Shane Gilchrist or Anthony Warren (as applicable).
Dealer Principal Shareholder	means LBP Corp Pty Ltd as trustee for the Gilchrist Family Trust (an entity associated with the Dealer Principal, Shane Gilchrist) or WF Automotive Pty Ltd (an entity associated with the Dealer Principal, Anthony Warren) (as applicable).
Director	means a director of the Company.
Explanatory Notes	means these explanatory notes, which form a part of the Notice of General Meeting.
General Meeting	means the general meeting of Shareholders to be held on Thursday, 6 July 2023 at 2.00 pm (Sydney Time).
Independent Expert	means Pitcher Partners Sydney Corporate Finance Pty Ltd.
Independent Expert's Report	means the report prepared by the Independent Expert in respect of the Transactions, a copy of which is included as an Annexure to the Notice of General Meeting.
NewCo	means Warwick Farm Automotive Pty Limited.
NewCo Shared Services Agreement	means the shared services agreement between WF Automotive Pty Ltd and Peter Warren Automotive Pty Ltd to be amended and novated to NewCo in relation to NewCo.
NewCo Shareholders' Agreement	means the shareholders agreement to be entered into between WF Automotive Pty Ltd and Peter Warren Automotive Pty Ltd in relation to the governance of NewCo
NewCo Warwick Farm Licence	means the licence to be granted by PWA to NewCo in relation to the Peter Warren Toyota site
Notice of Meeting	means the notice of meeting for the General Meeting.
PWA	means Peter Warren Automotive Pty Ltd.
PWA Regional	means PWA Regional Automotive Pty Limited.
PWA Regional Acquisitions	means the PWA Regional DP Acquisition and the PWA Regional Related Party Acquisitions.
PWA Regional DP Acquisition	means the acquisition of 15% of the shares in PWA Regional by Peter Warren Automotive Pty Ltd from the Dealer Principal Shareholder.
PWA Regional Related Party Acquisition	means the acquisition of 80% of the shares in PWA Regional by Peter Warren Automotive Pty Ltd from The Warren Family Pty Limited as trustee for The Peter Warren Family Trust.

PWA Regional Shared Services Agreement	means the new shared services agreement to be entered into in relation PWA Regional between the Dealer Principal Shareholder and Peter Warren Automotive Pty Ltd.
PWA Regional Shareholders' Agreement	means the shareholders' agreement to be entered into in relation PWA Regional between the Dealer Principal Shareholder and Peter Warren Automotive Pty Ltd.
Related Body Corporate	has the meaning given in the Corporations Act.
Resolutions	means the resolutions to approve certain of the Transactions and Ancillary Transactions, as set out in the Notice of Meeting.
Share	means a fully paid ordinary share in the capital of the Company.
Shareholder	means a holder of a Share.
Substantial Holding	has the meaning given in the Corporations Act.
Transactions	means the WF Related Party Acquisition, the PWA Regional Related Party Acquisition and the PWA Regional DP Acquisition.
WF Automotive	means WF Automotive Pty Ltd.
WF Automotive Related Party Acquisition	means the acquisition of WF Toyota for a combination of cash and scrip in NewCo from The Warren Family Pty Limited as trustee for The Peter Warren Family Trust.
WF Automotive Shared Services Agreement	means the shared services agreement in relation to WF Automotive to be entered into between and Peter Warren Automotive Pty Ltd and WF Automotive Pty Ltd.
WF Sub-lease	means the existing sub-lease of the Peter Warren Toyota site, from Peter Warren to WF Automotive.
WF Toyota	means the business and assets of Peter Warren Toyota.



LODGE YOUR VOTE



ONLINE

www.linkmarketservices.com.au



BY MAIL

Peter Warren Automotive Holdings Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 Australia



BY FAX

+61 2 9287 0309



BY HAND

Link Market Services Limited
Parramatta Square, Level 22, Tower 6,
10 Darcy Street, Parramatta NSW 2150



ALL ENQUIRIES TO

Telephone: 1300 554 474

Overseas: +61 1300 554 474



X99999999999

VOTING FORM

I/We being a member(s) of Peter Warren Automotive Holdings Limited and entitled to attend and vote hereby appoint:

STEP 1 Please mark either A or B

A

VOTE DIRECTLY

elect to lodge my/our
vote(s) directly (mark box)



in relation to the General Meeting of the Company to be held at **2:00pm (Sydney time) on Thursday, 6 July 2023**, and at any adjournment or postponement of the Meeting.

You should mark either "for" or "against" for each item. Do not mark the "abstain" box.

OR

B

APPOINT A PROXY

the Chair of the
Meeting (mark
box)

OR if you are **NOT** appointing the Chair of the Meeting as your proxy, please write the name of the person or body corporate you are appointing as your proxy

or failing the person or body corporate named, or if no person or body corporate is named, the Chair of the Meeting, as my/our proxy to act on my/our behalf (including to vote in accordance with the following directions or, if no directions have been given and to the extent permitted by the law, as the proxy sees fit) at the General Meeting of the Company to be held at **2:00pm (Sydney time) on Thursday, 6 July 2023 at Gilbert & Tobin Level 35, Tower Two, International Towers, Sydney, 200 Barangaroo Avenue, Barangaroo NSW 2000 (the Meeting)** and at any postponement or adjournment of the Meeting.

The Chair of the Meeting intends to vote undirected proxies in favour of each item of business.

VOTING DIRECTIONS

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the Meeting.

Please read the voting instructions overleaf before marking any boxes with an

Resolutions

For Against Abstain*

1 Approval of Transactions

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
--------------------------	--------------------------	--------------------------

2 Approval of Ancillary Transactions

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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* If you mark the Abstain box for a particular Item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED

Shareholder 1 (Individual)

Sole Director and Sole Company Secretary

Joint Shareholder 2 (Individual)

Director/Company Secretary (Delete one)

Joint Shareholder 3 (Individual)

Director

This form should be signed by the shareholder. If a joint holding, either shareholder may sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the *Corporations Act 2001* (Cth).

STEP 3

PWR PRX2301E



HOW TO COMPLETE THIS SHAREHOLDER VOTING FORM

YOUR NAME AND ADDRESS

This is your name and address as it appears on the Company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your shares using this form.**

VOTING UNDER BOX A

If you ticked the box under Box A you are indicating that you wish to vote directly. Please only mark either "for" or "against" for each item. Do not mark the "abstain" box. If you mark the "abstain" box for an item, your vote for that item will be invalid.

If no direction is given on all of the items, or if you complete both Box A and Box B, your vote may be passed to the Chair of the Meeting as your proxy.

Custodians and nominees may, with the Share Registrar's consent, identify on the Voting Form the total number of votes in each of the categories "for" and "against" and their votes will be valid.

If you have lodged a direct vote, and then you attend the Meeting, your attendance will cancel your direct vote.

The Chair's decision as to whether a direct vote is valid is conclusive.

VOTING UNDER BOX B – APPOINTMENT OF PROXY

If you wish to appoint the Chair of the Meeting as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chair of the Meeting as your proxy, please write the name of that individual or body corporate in Step 1. A proxy need not be a shareholder of the Company.

DEFAULT TO CHAIR OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chair of the Meeting, who is required to vote those proxies as directed. Any undirected proxies that default to the Chair of the Meeting will be voted according to the instructions set out in this Voting Form.

VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Voting Form may be obtained by telephoning the Company's share registry or you may copy this form and return them both together.

To appoint a second proxy you must:

- on each of the first Voting Form and the second Voting Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and
- return both forms together.

SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided:

Individual: where the holding is in one name, the holder must sign.

Joint Holding: where the holding is in more than one name, either shareholder may sign.

Power of Attorney: to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate "Certificate of Appointment of Corporate Representative" must be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the Company's share registry or online at <https://investorcentre.linkgroup.com>.

LODGEMENT OF A VOTING FORM

This Voting Form (and any Power of Attorney under which it is signed) must be received at an address given below by **2:00pm (Sydney time) on Tuesday, 4 July 2023**, being not later than 48 hours before the commencement of the Meeting. Any Voting Form received after that time will not be valid for the scheduled Meeting.

Voting Forms may be lodged using the reply paid envelope or:



ONLINE

<https://investorcentre.linkgroup.com>

Login to the Link website using the holding details as shown on the Proxy Form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, shareholders will need their "Holder Identifier" - Securityholder Reference Number (SRN) or Holder Identification Number (HIN).



BY MOBILE DEVICE

Our voting website is designed specifically for voting online. You can now lodge your proxy by scanning the QR code adjacent or enter the voting link <https://investorcentre.linkgroup.com> into your mobile device. Log in using the Holder Identifier and postcode for your shareholding.

QR Code



To scan the code you will need a QR code reader application which can be downloaded for free on your mobile device.



BY MAIL

Peter Warren Automotive Holdings Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235
Australia



BY FAX

+61 2 9287 0309



BY HAND

delivering it to Link Market Services Limited*
Parramatta Square
Level 22, Tower 6
10 Darcy Street
Parramatta NSW 2150

*During business hours Monday to Friday (9:00am - 5:00pm)

**IF YOU WOULD LIKE TO ATTEND AND VOTE AT THE GENERAL MEETING, PLEASE BRING THIS FORM WITH YOU.
THIS WILL ASSIST IN REGISTERING YOUR ATTENDANCE.**



Peter Warren Automotive Holdings Limited

Independent Expert Report



June 2023

5 June 2023

The Independent Directors
Peter Warren Automotive Holdings Limited
13 Hume Highway
Warwick Farm NSW 2170

Dear Independent Directors

INDEPENDENT EXPERT REPORT

Introduction

On 17 May 2023, Peter Warren Automotive Holdings Limited ("*Peter Warren*" or "*the Company*") announced the acquisition of a majority share in three New South Wales ("*NSW*") dealerships for total consideration of \$45m ("*Consideration*"), representing both goodwill and net assets. These acquisitions comprise the following:

Peter Warren Toyota at Warwick Farm

- a. Peter Warren Toyota at Warwick Farm ("*WF Toyota*") to be acquired from WF Automotive Pty Ltd ("*WF Automotive*") by a newly incorporated entity (being Warwick Farm Automotive Pty Limited ("*NewCo*").

Following the acquisition of WF Toyota, Peter Warren (through subsidiary Peter Warren Automotive Pty Ltd ("*PWA*") will own 80% of WF Toyota through NewCo ("*WF Sale Interest*") via a share subscription of \$23.6m in NewCo, with the remaining 20% of NewCo held by WF Automotive (the vendor). WF Automotive is owned by The Warren Family Pty Limited as trustee for The Peter Warren Family Trust ("*Warren Family*"). The effective acquisition of the WF Sale Interest is referred to as the "*WF Acquisition*".

The purchase price for NewCo's acquisition of WF Toyota (excluding used cars) is \$29.5m comprising \$23.6m in cash and 5.9m ordinary shares in NewCo. In addition, the purchase price for NewCo's acquisition of WF Toyota's used cars is estimated to be \$2.1m. The purchase price will be adjusted post-completion in accordance with any change in the value of the net assets of WF Toyota.

Bathurst Toyota and Volkswagen

- b. Bathurst Toyota and Volkswagen dealerships ("*Bathurst Dealerships*") are owned by PWA Regional Automotive Pty Limited ("*PWA Regional*"). Peter Warren (through subsidiary PWA) is to acquire a 95% shareholding in PWA Regional ("*Bathurst Sale Shares*") as follows:

- i. 80% of the shares held by the Warren Family for cash; and
- ii. 15% of the shares held by LPB Corp Pty Ltd as trustee of The Gilchrist Family Trust ("*Dealer Principal Shareholder*") for cash.

The purchase price for Bathurst Sale Shares is \$19.7 million. The purchase price will be adjusted post-completion in accordance with any change in the value of the net assets of PWA Regional. The acquisition of the Bathurst Sale Shares is referred to as the "*Bathurst Acquisition*".

Following the Bathurst Acquisition, PWA Regional will be owned 95% by Peter Warren (through PWA) and 5% by the Dealer Principal Shareholder.

Adelaide Brisbane Melbourne Newcastle Perth Sydney

Pitcher Partners is an association of independent firms. *Pitcher Partners Sydney Corporate Finance Pty Ltd, ABN 77 122 561 184, AFSL 516413. Liability limited by a scheme approved under Professional Standards Legislation. Pitcher Partners is a member of the global network of Baker Tilly International Limited, the members of which are separate and independent legal entities.*

For reference purposes:

- The WF Sale Interest and Bathurst Sale Shares are together referred to as the Total Sale Interest.
- The WF Acquisition and Bathurst Acquisition are together referred to as the Proposed Transaction.
- WF Toyota and Bathurst Dealerships are together referred to as the Target Dealerships.

The Consideration is broken down below:

	\$m
WF Sale Interest	25.3
NewCo share subscription	23.6
Used cars (\$2.1m x 80%)	1.7
Bathurst Sale Shares	19.7
Total Sale Interest	45.0

The Proposed Transaction will be funded through a combination of incremental facilities and existing cash reserves. The facilities include a new capital loan of \$25m and new revolving loan of \$20m.

Purpose of report

Chapter 10 of the ASX Listing Rules requires a company to obtain the prior approval of non-associated shareholders ("*Non-associated Shareholders*") if the company proposes to acquire or dispose of a substantial asset from a related party or a substantial holder.

The Proposed Transaction falls within ASX Listing Rule 10.1, as:

- WF Automotive is the counterparty to the WF Acquisition and is an entity associated with or controlled by Mr Paul Warren who is a director and has a substantial holding in Peter Warren; and
- The Warren Family is the counterparty to the Bathurst Acquisition and is an entity associated with or controlled by Mr Paul Warren.

The Proposed Transaction constitutes the acquisition of a substantial asset from related parties and a substantial holder for the purpose of ASX Listing Rule 10.1.

ASX Listing Rule 10.5.10 requires the Notice of Meeting be accompanied by a report from an independent expert stating whether the transaction is fair and reasonable to the non-associated shareholders.

In addition, section 208 of the Corporations Act provides that a company must obtain shareholder approval before giving a financial benefit to a related party, unless a relevant exception applies. While the Board considers that the Proposed Transaction is at arm's length terms, such that an exception will apply, it has nevertheless determined that it is appropriate for Non-associated Shareholders to approve the Proposed Transaction for the purposes of Chapter 2E of the Corporations Act.

Accordingly, the Independent Directors of Peter Warren have engaged Pitcher Partners Sydney Corporate Finance Pty Ltd ("*Pitcher Partners*") to prepare a report stating, whether in its opinion, the Proposed Transaction is fair and reasonable to the Non-associated Shareholders.

A copy of the report will be incorporated in the Peter Warren's Notice of Meeting and Explanatory Memorandum to be provided to Non-associated Shareholders by the Company. The report should not be quoted or referred to or utilised for any other purpose unless written consent has been provided by Pitcher Partners.

Sources of information

Appendix 2 to this report sets out details of information referred to and relied upon by Pitcher Partners during the course of preparing this report and forming our opinion.

Basis of assessment

In preparing our report we have had regard to the guidelines set out in the Australian Securities & Investments Commission (“ASIC”) Regulatory Guide 111 “Content of expert reports” (“RG111”) which provides guidance on the preparation of independent expert’s reports and the interpretation of “fair and reasonable”.

Under RG 111, a proposed related party transaction is “fair” if the value of the financial benefit to be provided by the entity to the related party is equal to or less than the value of the assets being acquired by the entity. RG 111 considers a proposed related party transaction to be “reasonable” if it is fair. It might also be “reasonable” if, despite being “not fair”, the expert believes there are sufficient reasons for shareholders to vote for the proposal.

Summary of opinion

As the Consideration is within our assessed range of values for the Total Sale Interest, in our opinion the Proposed Transaction is fair to the Non-associated Shareholders of Peter Warren.

After forming an opinion that the Proposed Transaction is fair and after considering the advantages and disadvantages of the Proposed Transaction to the Non-associated Shareholders of Peter Warren, in our opinion the Proposed Transaction is also reasonable to the Non-associated Shareholders.

Limitations on scope

Pitcher Partners has been engaged to prepare an independent expert’s report setting out whether in its opinion the Proposed Transaction is fair and reasonable to the Non-associated Shareholders. Pitcher Partners has not been engaged to provide a recommendation to Non-associated Shareholders in relation to the Proposed Transaction, the responsibility for which lies with the Independent Directors. Non-associated Shareholders should carefully assess the Notice of Meeting and Explanatory Memorandum.

This report is general financial product advice only and has been prepared without taking into account the objectives, financial situation or needs of individual shareholders. How a shareholder votes on the Proposed Transaction (if at all) is a matter for individual shareholders based on their views as to value, their expectations about future market conditions and their particular circumstances including risk profile, liquidity preference, investment strategy, portfolio structure and tax position. In particular, taxation consequences may vary from shareholder to shareholder.

Accordingly, before acting in relation to their investment, shareholders should consider the appropriateness of the opinion having regard to their own objectives, financial situation or needs. Shareholders who are in doubt as to the action they should take in relation to the Proposed Transaction should consult their own professional adviser.

Pitcher Partners has prepared a Financial Services Guide as required by the Corporations Act, 2001. The Financial Services Guide is included at the beginning of the full report.

This letter is a summary of Pitcher Partners’ opinion. The full report from which this summary has been extracted is attached and should be read in conjunction with this summary. The opinion is made as at the date of this letter and reflects circumstances and conditions as at that date.

Yours sincerely

Pitcher Partner Sydney Corporate Finance Pty Ltd



Alan Max
Director



Steven Bragg
Director

Financial Services Guide

This Financial Services Guide was prepared on 5 June 2023.

1. Pitcher Partners Sydney Corporate Finance Pty Ltd

Pitcher Partners Sydney Corporate Finance Pty Ltd ("*Pitcher Partners*") is licensed as an Australian Financial Services Licensee, Licence No. 516413.

Pitcher Partners may provide the following financial services to wholesale and retail clients:

- Financial product advice for the following classes of financial products:
 - a. Deposit and payment products including:
 - i. Basic deposit products;
 - ii. Deposit products other than basic deposit products; and
 - iii. Non-cash payment products;
 - b. Debentures, stocks or bonds issued or proposed to be issued by a government;
 - c. Interests in managed investment schemes excluding investor directed portfolio services; and
 - d. Securities;(collectively "Authorised Financial Products") and
- Deal in a financial product by:
 - a. Arranging for another person to issue, acquire, vary or dispose of a financial product in respect of the following classes of financial products:
 - i. Interests in managed investment schemes excluding investor directed portfolio services; and
 - ii. Securities; and
 - b. Applying for, acquiring, varying or disposing of a financial product on behalf of another person in respect of the following classes of products:
 - i. Deposit and payment products including:
 - 1. Basic deposit products;
 - 2. Deposit products other than basic deposit products; and
 - 3. Non-cash payment products;
 - ii. Debentures, stocks or bonds issued or proposed to be issued by a government;
 - iii. Interests in managed investment schemes excluding investor directed portfolio services; and
 - iv. Securities.

2. Financial Services Guide

The Corporations Act 2001 (Cth) requires Pitcher Partners to provide this Financial Services Guide ("*FSG*") in connection with its provision of an Independent Expert's Report ("*Report*") which is included in the Notice of Meeting issued by Peter Warren Automotive Holdings Limited ("*Peter Warren*").

3. General financial product advice

The financial product advice provided in our Report is known as "general advice" because it does not take into account your personal objectives, financial situation or needs. You should consider whether the general advice contained in our Report is appropriate for you, having regard to your own personal objectives, financial situation or needs. You may wish to obtain personal financial product advice from the holder of an Australian Financial Services Licence to assist you in this assessment.

4. Remuneration

The fees we charge for preparing reports are usually determined on an hourly basis, however they may be a fixed amount or derived using another basis. We may also seek reimbursement of any out-of-pocket expenses incurred in providing the services.

Fee arrangements are agreed and confirmed in a letter of engagement with the party or parties who engage us.

Neither Pitcher Partners, nor its directors or officers, nor any related bodies corporate and their directors and officers, receives any other fees, commissions or other benefits in connection with preparing and providing this report.

All of our 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 arising directly as a result of the services provided to you. We do not pay commissions or provide any other benefits to any parties or person for referring customers to us in connection with the reports that we are licensed to provide.

Pitcher Partners' shareholders (including any shareholders of a related body corporate) will also receive a benefit based on Pitcher Partners' ongoing overall performance.

5. Independence

Pitcher Partners is required to be independent of Peter Warren.

Neither Pitcher Partners, any related entities, any Director thereof, nor any individual involved in the preparation of the Report have any financial interest in the outcome of the General Meeting of Peter Warren, other than a fee in connection with the preparation of our Report for which professional fees in the order of \$175,000 (excluding GST) will be received.

No pecuniary or other benefit, direct or indirect, has been received by Pitcher Partners, any related entities, their Directors or employees, or related bodies corporate for or in connection with the preparation of this Report.

6. Complaints resolution

Pitcher Partners is only responsible for its Report and this FSG. Complaints or questions about the Prospectus should not be directed to Pitcher Partners which is not responsible for that document.

If you have a complaint about Pitcher Partners' Report or this FSG:

- a. You can contact the Complaints Manager of Pitcher Partners on (02) 9221 2099 or send a written complaint to GPO Box 1615, Sydney NSW 2001 or PPSCFComplaints@pitcher.com.au. We will try to resolve your complaint quickly, fairly and within prescribed timeframes.
- b. If you do not get a satisfactory outcome, you have the right to complain to the Australian Financial Complaints Authority at GPO Box 3 Melbourne VIC 3001, email at info@afca.org.au or call on 1800 931 678 (free call). AFCA provides fair and independent financial services complaint resolution that is free to consumers.

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1. Details of the Proposed Transaction

1.1. Transaction overview

On 17 May 2023, Peter Warren Automotive Holdings Limited (“Peter Warren” or “the Company”) announced the acquisition of a majority share in three New South Wales (“NSW”) dealerships for total consideration of \$45m (“Consideration”), representing both goodwill and net assets. These acquisitions comprise the following:

Peter Warren Toyota at Warwick Farm

- a. Peter Warren Toyota at Warwick Farm (“WF Toyota”) to be acquired from WF Automotive Pty Ltd (“WF Automotive”) by a newly incorporated entity (being Warwick Farm Automotive Pty Limited (“NewCo”).

Following the acquisition of WF Toyota, Peter Warren (through subsidiary Peter Warren Automotive Pty Ltd (“PWA”)) will own 80% of WF Toyota through NewCo (“WF Sale Interest”) via a share subscription of \$23.6m in NewCo, with the remaining 20% of NewCo held by WF Automotive (the vendor). WF Automotive is owned by The Warren Family Pty Limited as trustee for The Peter Warren Family Trust (“Warren Family”). The effective acquisition of the WF Sale Interest is referred to as the “WF Acquisition”.

The purchase price for NewCo’s acquisition of WF Toyota (excluding used cars) is \$29.5m comprising \$23.6m in cash and 5.9m ordinary shares in NewCo. In addition, the purchase price for NewCo’s acquisition of WF Toyota’s used cars is estimated to be \$2.1m. The purchase price will be adjusted post-completion in accordance with any change in the value of the net assets of WF Toyota.

Bathurst Toyota and Volkswagen

- b. Bathurst Toyota and Volkswagen dealerships (“Bathurst Dealerships”) are owned by PWA Regional Automotive Pty Limited (“PWA Regional”). Peter Warren (through subsidiary PWA) is to acquire a 95% shareholding in PWA Regional (“Bathurst Sale Shares”) as follows:
- 80% of the shares held by the Warren Family for cash; and
 - 15% of the shares held by LPB Corp Pty Ltd as trustee of The Gilchrist Family Trust (“Dealer Principal Shareholder”) for cash.

The purchase price for Bathurst Sale Shares is \$19.7 million. The purchase price will be adjusted post-completion in accordance with any change in the value of the net assets of PWA Regional. The acquisition of the Bathurst Sale Shares is referred to as the “Bathurst Acquisition”.

Following the Bathurst Acquisition, PWA Regional will be owned 95% by Peter Warren (through PWA) and 5% by the Dealer Principal Shareholder.

For reference purposes:

- The WF Sale Interest and Bathurst Sale Shares are together referred to as the Total Sale Interest.
- The WF Acquisition and Bathurst Acquisition are together referred to as the Proposed Transaction.
- WF Toyota and Bathurst Dealerships are together referred to as the Target Dealerships.

The Consideration is broken down below:

	\$m
WF Sale Interest	25.3
NewCo share subscription	23.6
Used cars (\$2.1m x 80%)	1.7
Bathurst Sale Shares	19.7
Total Sale Interest	45.0

The Proposed Transaction will be funded through a combination of incremental facilities and existing cash reserves. The facilities include a new capital loan of \$25m and new revolving loan of \$20m.

1.2. WF Acquisition

Further details in connection with the WF Acquisition are outlined below:

- A new shareholders deed between PWA and WF Automotive will be entered into with respect to the governance of NewCo.
- The existing shared services agreement with respect to the operation of WF Automotive between WF Automotive and PWA will be amended and novated from WF Automotive to NewCo (“NewCo Shared Services Agreement”).
- A new shared services agreement will also be put in place between WF Automotive and PWA to provide for limited services to be provided by PWA to WF Automotive in connection with the winding down of WF Automotive.
- The existing sub-lease of the Warwick Farm Toyota site, from Peter Warren to WF Automotive will be terminated and Peter Warren will licence that site to NewCo on substantially the same economic terms under the NewCo Shared Services Agreement.

Completion of the WF Acquisition is subject to a number of condition precedents. As at the date of this report, we understand the following conditions remain outstanding:

- WF Acquisition and the Bathurst Acquisition being approved by the shareholders of Peter Warren for the purposes of the Corporations Act and the ASX Listing Rules;
- NewCo having entered into a dealership agreement with Toyota Motor Corporation Australia Limited;
- NewCo having entered into a bailment agreement with Toyota Finance Australia Limited (“TFAL”);
- NewCo having obtained a motor dealer’s license and motor vehicle repairer’s license;
- Anthony Warren and NewCo having entered into an employment contract; and
- NewCo having put in place point of sale financing agreements between TFAL and NewCo.

1.3. Bathurst Acquisition

Further details in connection with the Bathurst Acquisition are outlined below:

- PWA and the Dealer Principal Shareholder as shareholders of PWA Regional will enter into a shareholders’ deed with respect to the governance of PWA Regional (“PWA Regional Shareholders Deed”).
- PWA Regional will enter into a new lease in relation to premises located at 4 Corporation Avenue, Robin Hill NSW 2795 and 8 Corporation Avenue (“4 & 8 Corporation Avenue Lease”), owned by an entity associated with Mr Paul Warren.

- PWA Regional will also enter into a new shared services agreement with PWA in respect to the ongoing operation of PWA Regional which will be on substantively the same terms on which it is currently obtaining shared services from PWA (“PWA Regional Shared Services Agreement”).

Completion of the Bathurst Acquisition is subject to a number of condition precedents. As at the date of this report, we understand the following conditions remain outstanding:

- Bathurst Acquisition and the WF Acquisition being approved by the shareholders of Peter Warren for the purposes of the Corporations Act and ASX Listing Rules;
- Execution of the 4 & 8 Corporation Avenue Lease;
- Shane Gilchrist (Dealer Principal) and PWA Regional having entered into an employment contract;
- Volkswagen Group Australia Pty Ltd (“Volkswagen”) having provided its written consent to the Bathurst Acquisition for the purpose of the Volkswagen (Commercial Vehicles) Dealership Agreement and Volkswagen (Passenger Vehicles) Dealership Agreement between Volkswagen and PWA Regional;
- Volkswagen Financial Services Australia Pty Limited (“VWFS”) having provided its written consent to the Bathurst Acquisition for the purposes of the bailment agreement between VWFS and PWA Regional; and
- TFAL consents to the Bathurst Acquisition for the purposes of the uncommitted revolving working capital facility provided by TFAL to PWA Regional.

2. Basis of assessment

2.1. ASX Listing Rules

Chapter 10 of the ASX Listing Rules requires the approval from the non-associated shareholders ("*Non-associated Shareholders*") of a company if the company proposes to acquire or dispose of a substantial asset from a related party or a substantial holder.

ASX Listing Rule 10.2 states that an asset is substantial if its value, or the value of the consideration, is 5% or more of the equity interest of the entity as set out in the latest financial statements provided to the ASX. Under ASX Listing Rule 19, a related party includes the directors of a company and the directors' controlled entities, as well as an entity that controls the company and its directors.

The Proposed Transaction fall within ASX Listing Rule 10.1, as:

- WF Automotive is the counterparty to the WF Acquisition and is an entity associated with or controlled by Mr Paul Warren who is a director and has a substantial holding in Peter Warren; and
- The Warren Family is the counterparty to the Bathurst Acquisition and is an entity associated with or controlled by Mr Paul Warren.

The Proposed Transaction constitutes the acquisition of a substantial asset from related parties and substantial holder for the purpose of ASX Listing Rule 10.1.

ASX Listing Rule 10.5.10 requires that the Notice of Meeting be accompanied by a report from an independent expert stating whether the transaction is fair and reasonable to the Non-associated Shareholders.

Accordingly, the Independent Directors of Peter Warren have engaged Pitcher Partners to prepare a report stating, whether in its opinion, the Proposed Transaction is fair and reasonable to the Non-associated Shareholders.

2.2. Corporations Act

Section 208 of the Corporations Act provides that a company must obtain shareholder approval before giving a financial benefit to a related party. The Proposed Transaction falls within section 208 of the Corporations Act, as the counterparties are related parties and the Proposed Transaction constitutes the giving of a financial benefit for the purposes of section 229 of the Corporations Act.

The Proposed Transaction therefore requires the approval of Non-associated Shareholders under Chapter 2E of the Corporations Act unless a relevant exception applies. In accordance with section 210 of the Corporations Act, shareholder approval is not required to give a financial benefit on terms that would be reasonable in the circumstances, if the company and the related party were dealing at arm's length, or the financial benefit is less favourable to the related party than these terms.

While the Board considers that the Proposed Transaction is on arm's length terms such that the exception will apply, the Board has nevertheless determined that it is appropriate for Non-associated Shareholders to approve the Proposed Transaction for the purposes of Chapter 2E of the Corporations Act.

Section 219 of the Corporations Act provides that the Explanatory Statement is required to set out, amongst other things, all information that is reasonably required by shareholders in order to decide whether or not it is in the company's interest to pass the proposed resolution and is known to the company or to any of its directors.

2.3. ASIC Regulatory Guide 111

In preparing our report we have had regard to the guidelines set out in the Australian Securities & Investments Commission ("*ASIC*") Regulatory Guide 111 ("*RG 111*"). The ASX Listing Rules do not define the term "fair and reasonable".

RG 111 establishes certain guidelines in respect of independent expert's reports prepared for the purposes of the Corporations Act. Under RG 111, a proposed related party transaction asset acquisition is "fair" if the value of the financial benefit being offered by the entity to the related party is equal to or less than the value of the assets being acquired.

RG 111 considers a proposed related party transaction to be "reasonable" if it is fair. It might also be "reasonable" if, despite being "not fair", the expert believes there are sufficient reasons for shareholders to vote for the proposal.

Based on the above, Pitcher Partners has determined whether the Proposed Transaction is fair to the Non-associated Shareholders by comparing the value of the Consideration to the value of the Total Sale Interest.

In preparing our IER, we have also considered the requirements of:

- ASIC Regulatory Guide 112 Independence of experts ("*RG 112*"); and
- Accounting Professional & Ethical Standards Board professional standard APES 225 Valuation Services ("*APES 225*").

This engagement is a Valuation Engagement as defined by APES 225.

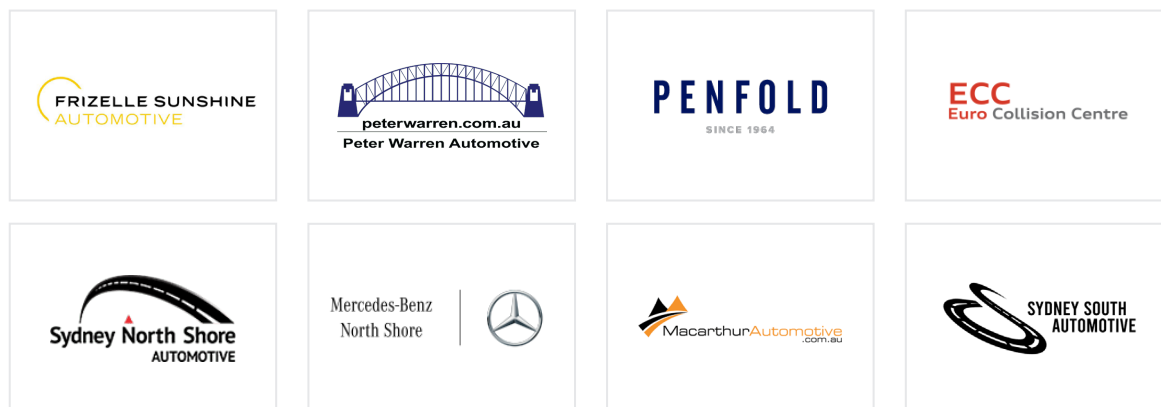
Our procedures and enquiries do not include verification work nor constitute an audit or a review engagement in accordance with standards issued by the Auditing and Assurance Standards Board. Accordingly, we express no opinion on the reliability of the information supplied to us.

3. Background to Peter Warren

3.1. Overview of Peter Warren Automotive

Peter Warren is an automotive dealership group with a rich heritage that has been operating in Australia for over 60 years. Peter Warren has approximately 2,000 full time equivalent employees and is headquartered in Warwick Farm, Sydney.

The Company operates 79 franchise operations across 25 dealership locations in NSW, Queensland (“QLD”), and Victoria (“VIC”). The Company represents 26 Original Equipment Manufacturers (“OEM”) across the Volume, Prestige, Luxury and other (truck, camper, accessories and aftermarket, and roadside assistance franchises) segments and operates under the following 8 banners:



Key events in Peter Warren’s history are summarised below:

Year	Commentary
1958	Peter Warren opens its first dealership, a small used car yard located beside Liverpool Railway Station, South-West Sydney.
1959	Acquires its first new car franchise with Volkswagen.
1966	Acquires the Ford franchise in Fairfield, followed by the Ford franchise in Liverpool.
1979	Acquires and opens Sydney’s first automotive mall: a 10-acre multi-offering flagship site at Warwick Farm, NSW. The Company continues to operate from this site today. Now spanning across 22 acres, the site is Peter Warren’s headquarters and home to 13 franchises and one of the largest parts distribution centres in Sydney.
1989	Expands into QLD market after acquiring the Gold Coast Ford franchise. Further Gold Coast dealerships were subsequently opened under the ‘Sunshine Automotive’ brand, including Kia and Volvo franchises, as well as luxury market offerings such as Aston Martin and McLaren franchises.
2002	Growing dealerships into Campbelltown and subsequently Narellan, offering 11 brands over two new locations.
2015	Expands into North Sydney with the acquisition of two Mercedes franchises in Chatswood and Mosman.
2016	Quadrant Private Equity (“Quadrant”) purchases an equity interest in Peter Warren.
2017	Combines with the QLD-based “James Frizelle Automotive” which was rebranded Frizelle Sunshine Automotive.
	Peter Warren listed on the Australian Securities Exchange on 27 April 2021.
2021	In December 2021, the Company acquired the Melbourne-based family dealership Penfold Motor Group, expanding its footprint to VIC and providing Peter Warren with immediate scale in the second biggest market in the country.
2022	Quadrant sells 9% stake to local Sydney dealership group, Suttons.
2023	The Company operates 79 franchise operations and represents 26 OEMs across the Volume, Prestige, Luxury and other segments.

3.2. Business operations

3.2.1. Geographical representation

The Company has strategically positioned itself to operate key brands in prime locations across NSW, QLD and VIC. Examples include the following:

- Warwick Farm is Peter Warren's largest site. The 22-acre site is a home to 13 new car franchises and 4 used vehicle outlets.
- In Queensland, the Company has a similar multi-brand location at Southport on the Gold Coast which hosts 8 new car brands. Additional locations are located at Robina, Arundel, Ashmore and Springwood.
- In Victoria, the Company recently acquired Penfold Motor Group and operates 6 new car brands from locations in the South East suburbs of Burwood, Doncaster and Frankston.
- The Company currently owns 4 of the 11 Mercedes sites in the Greater Sydney region, in key areas such as Mosman and Chatswood.
- Other major sites are in the Macarthur region and northern NSW (Tweed Heads, Lismore, and West Ballina).

3.2.2. Brand Representation by Geography

The Company currently has a dealership network representing OEM brands across the Volume, Prestige, Luxury and other (truck, camper, accessories & aftermarket, and roadside assistance franchises) segments, as illustrated below:

States	Volume	Prestige	Luxury	Other
New South Wales	<ul style="list-style-type: none"> • Kia • Hyundai • Ford • Isuzu Ute • Suzuki 	<ul style="list-style-type: none"> • Mazda • Volkswagen • Honda • Renault • Skoda • Jeep • Ram • Peugeot • Fiat Professional 	<ul style="list-style-type: none"> • Mercedes Benz • Jaguar • Land Rover • Volvo 	<ul style="list-style-type: none"> • Isuzu Trucks • Opposite Lock • NRMA
Queensland	<ul style="list-style-type: none"> • Kia • Hyundai • Ford • Isuzu Ute 	<ul style="list-style-type: none"> • Mazda • Volkswagen • Renault • Skoda • Jeep • Ram 	<ul style="list-style-type: none"> • Ferrari • Aston Martin • McLaren • Audi • Jaguar • Land Rover • Volvo 	<ul style="list-style-type: none"> • Isuzu Trucks • Opposite Lock • Patriot Campers
Victoria	<ul style="list-style-type: none"> • Hyundai • Isuzu Ute • Suzuki 	<ul style="list-style-type: none"> • Mazda • Volkswagen 	<ul style="list-style-type: none"> • Audi 	

Source: Peter Warren.

The Proposed Transaction adds the following brands by geography:

States	Volume	Prestige	Luxury	Other
Warwick Farm (NSW)	<ul style="list-style-type: none"> • Toyota 			
Bathurst (NSW)	<ul style="list-style-type: none"> • Toyota 	<ul style="list-style-type: none"> • Volkswagen 		

Source: Peter Warren.

3.2.3. Business Model

The Company generates 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 parts and accessories, service, aftermarket and finance and insurance products. Peter Warren's business model is centred on six key revenue streams:

Revenue Streams	Description	FY22 Revenue (%)
New Vehicles	<ul style="list-style-type: none"> • Sale of new vehicles 	67%
Used Vehicles	<ul style="list-style-type: none"> • Sale of used vehicles 	14%
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 	11%
Service	<ul style="list-style-type: none"> • Ongoing vehicle maintenance • OEM warranty repairs • Internal reconditioning of used vehicles for sale 	5%
Aftermarket	<ul style="list-style-type: none"> • Aftermarket products are OEM and non-OEM products for sale by automotive dealers • Aftermarket products include window tinting, extended warranties, roof racks, tow bars and other accessories generally available at point of sale 	1%
Finance and Insurance	<ul style="list-style-type: none"> • Sale of third-party finance and insurance products to customers 	2%

Source: Peter Warren.

New Vehicles

In the new vehicle category, the Company has broad representation across Volume, Prestige and Luxury segment brands. Peter Warren represents 5 Volume, 9 Prestige and 8 Luxury brands, as well as Isuzu Trucks. Peter Warren represents 17 of the top 30 brands in Australia, with those brands representing 48% market share nationally. Importantly the Company represents (by market share¹):

- 3 of the top 5 Volume OEMs,
- 4 of the top 5 Prestige OEMs;
- 3 of the top 5 Luxury OEMs; and
- The number one truck brand.

Used Vehicles

Peter Warren operates its used vehicle department as a vital component of the overall service offering to its customers vehicle ownership lifecycle. The Company also operates under its own Automotive Direct banner group reselling used vehicles both at Warwick Farm and at Macarthur Automotive Narellan. The Company sources used vehicles for resale via several channels including trade-ins (existing and new customers), wholesalers (auctions and fleets), OEMs and private sellers. Approximately 22% of all of Peter Warren's used vehicle leads are sourced from internal channels, including the Company's websites and live chat portals, while other used vehicle leads are sourced from external channels including OEMs and third parties.

¹ VFACTS – December 2022.

Parts and Accessories

The sale of vehicle parts and accessories is important to the Company in generating recurring revenue streams. The parts division's largest customer is Peter Warren's own service workshop network at its dealerships. Separately, the trade distribution business is run from three dedicated distribution centres located at Warwick Farm (NSW), Burwood (VIC) and Arundel (QLD). These centres operate a fleet of vehicles performing multi-franchise and high frequency parts deliveries to third-party operators including the smash repair market and other dealers.

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 for 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 new car purchase opportunities.

Aftermarket

Peter Warren offers aftermarket products and services such as aftersales vehicle accessories, as well as a range of other aftermarket services. Aftermarket products offer customers the ability to personalise their vehicle, and the diversity in customisation options can lead to higher customer conversion and engagement. Peter Warren typically offers these products at the point of sale of new and used vehicles. Given its scale, the Company manages several key suppliers to find the right product for each customer.

Finance and Insurance

Customers typically have multiple financing options available to them in the market, including:

- Captive OEM Financing;
- Banks; and
- Independents.

Captive OEM Financing accounts for the majority of Peter Warren revenue in the finance and insurance products revenue category. Volkswagen Financial Services, Mercedes-Benz Financial Services and Toyota Financial Services generate the largest proportion of the Company'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. Management estimates that in Australia 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.

3.2.4. Growth Strategy through Three Primary Pillars

The Company executes its growth strategy through the following "Three Primary Pillars":

Three Pillars	Details
Organic growth	Expansion of current operations in the sale of new and used vehicles and the provision of complementary services including: <ul style="list-style-type: none">• New car bundling• Retail life cycle• Operational efficiencies• Car sales growth• Refining sales mix
Acquisition opportunities	Pursue new acquisition opportunities with a disciplined approach to screening based on strategic rationale, location and value focussing on the east coast of Australia.
Evolve property portfolio	Ownership or long-term leases of key strategic properties, providing flexibility and expansion potential.

Source: Peter Warren.

The Proposed Transaction is an initiative in executing the "Acquisition opportunities" strategic pillar.

3.3. Financial performance

The financial performance of Peter Warren for FY20, FY21, FY22 and 2023H1 is summarised below:

Consolidated statement of profit and loss and other comprehensive income				
	2020	2021	2022	2023H1
	\$'000	\$'000	\$'000	\$'000
Revenue				
New and demonstrator vehicles	887,443	1,095,273	1,147,426	667,480
Used vehicles	221,529	239,058	230,013	136,012
Aftermarket accessories	18,814	22,884	23,281	13,277
Finance and insurance	22,709	27,821	28,118	14,750
Parts Revenue	145,402	153,638	180,387	110,374
Service Revenue	70,481	73,512	86,654	50,885
Total Revenue (A)	1,366,378	1,612,186	1,695,879	992,778
Other Income (B)	24,698	22,797	15,414	6,265
Total Revenue (A + B)	1,391,076	1,634,983	1,711,293	999,043
Cost of Sales	(1,155,756)	(1,329,123)	(1,368,820)	(803,010)
Gross Profit	235,320	305,860	342,473	196,033
Operating Expenses	(169,780)	(203,769)	(219,807)	(125,419)
EBITDA	65,540	102,091	122,666	70,614
Depreciation and amortisation	(24,981)	(24,006)	(26,371)	(15,136)
EBIT	40,559	78,085	96,295	55,478
Floorplan Interest	(6,854)	(4,003)	(4,148)	(3,285)
Other net finance expense	(21,728)	(19,285)	(11,303)	(8,953)
Profit before tax (PBT)	11,977	54,797	80,844	43,240
Income tax expense	(3,069)	(17,251)	(24,331)	(13,081)
Profit before tax (PAT)	8,908	37,546	56,513	30,159

Source: Annual Reports and 2023H1 Half-year report.

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 WF Toyota dealership and the Bathurst Dealerships.
- Cost of sales includes servicing labour.
- Operating expenses include employee benefits expense, advertising, insurance and motor vehicle expenses. Included in 2022 results are flood damage expenses totalling \$5.1m which affected the northern NSW operations.
- Depreciation and amortisation include depreciation of property, plant, and equipment and right of use assets.
- Floorplan interest reflects the interest expense on the floorplan facilities from vehicle financiers which are used to finance the new and used vehicle inventory held by the dealerships.
- Other net finance expense reflects interest expense on lease liabilities and Loan Notes (2020) and Capital Loan (2022) 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

Financial highlights

	2020	2021	2022	2023H1 (Annualised)
Revenue Growth %	N/A	17.5%	4.7%	16.8%
Gross Margin %	16.9%	18.7%	20.0%	19.6%
Percentage of Revenue ratios				
Operating Expenses %	12.2%	12.5%	12.8%	12.6%
EBITDA %	4.7%	6.2%	7.2%	7.1%
EBIT %	2.9%	4.8%	5.6%	5.6%
PBT %	0.9%	3.4%	4.7%	4.3%

We make the following observations in relation to the above financial performance of Peter Warren:

- Revenue Growth:** The Company has demonstrated strong revenue growth from FY20 to 2023H1 (annualised). This was primarily driven by an increase in new and used car sales (9% increase in units) in FY21, the contribution of Penfold for seven months in 2022 and a record high order book in 2023H1. This growth was partly offset by the impacts of COVID-19 lockdowns, variability in new vehicle supply and the impact on sales revenue from the shift to an agency model for some brands.
- Gross Margin:** Gross margin increased from FY20 (16.9%) to FY22 (20%), stabilising at 19.6% in 2023H1. This was a result of stronger volumes and an improved gross profit per unit with a minor impact of moving to the agency model for some brands. Maintaining gross margins is a key focus for the Company, with a proportion of the remuneration of sales staff tied to gross margin performance.
- Operating Expenses:** Operating expenses % has been relatively stable over the last three financial years and 2023H1 ranging between 12.2% to 12.8% of revenue. During this period there was an ongoing focus on operating efficiencies and improvements in technology, including enhancements to digital capabilities to improve the way the Company engages with its customers. The Penfolds acquisition has increased operating expenses from FY22 including non-recurring acquisition costs.
- EBITDA:** EBITDA % has grown from 4.7% in 2020 to 7.2% and 7.1% in 2022 and 2023H1, respectively. EBITDA growth exceeds revenue growth. Several factors contributed to this earnings result, including:
 - Existing businesses in NSW & QLD performed well, delivering organic growth with improved sales volumes, including a focus on growing sustainable income streams.
 - Contribution from the recently acquired Penfold Motor Group (acquired in December 2021) performing above expectations.
- PBT:** PBT was \$80.8m for 2022, increasing from \$12.0m in FY20. The FY22 PBT % of 4.7% increased from 3.4% in 2021 and 0.9% in 2020. This increase was a result of the below:
 - EBITDA changes explained above.
 - Floorplan interest expense decreased significantly from \$6.9m in FY20 to \$4.1m in 2022. This is due to the reduction in inventory as supply chain constraints impacted new vehicle supply caused by COVID 19.
 - Other net finance expense decreased from \$21.7m in 2020 to \$11.3m in FY22 as the Warwick Farm & Southport properties were acquired during the IPO (April 2021) and were previously leased. The cost of leases is reflected in depreciation and interest expenses in accordance with accounting standard AASB 16 Leases.

3.4. Financial position

Consolidated statement of financial position				
	2020 \$'000	2021 \$'000	2022 \$'000	2023H1 \$'000
Assets				
Cash and cash equivalents	74,686	42,923	52,177	20,725
Inventories	217,062	225,265	273,386	333,754
Trade and other receivables	55,766	56,807	56,098	53,528
Other current assets	9,279	6,747	18,029	20,440
Total current assets	356,793	331,742	399,690	428,447
Property, plant and equipment	25,000	229,837	247,025	248,093
Right-of-use assets	204,196	118,120	192,237	188,427
Intangibles				
Goodwill	140,121	145,621	238,606	238,606
Other	-	-	3,693	3,317
Intangibles Total	140,121	145,621	242,299	241,923
Other non-current assets	17,935	21,582	20,191	19,610
Total non-current assets	387,252	515,160	701,752	698,053
Total Assets	744,045	846,902	1,101,442	1,126,500
Liabilities				
Trade and other payables	55,882	63,362	94,201	71,227
Borrowings				
Floorplan	204,770	181,859	200,587	253,805
Short term portion	-	-	7,000	7,000
Total short-term borrowings	204,770	181,859	207,587	260,805
Lease liabilities	14,482	11,549	15,563	16,345
Other current liabilities	19,003	32,617	33,392	25,279
Total current liabilities	294,137	289,387	350,743	373,656
Borrowing	88,222	-	58,917	55,417
Lease liabilities	228,048	135,145	209,460	206,980
Other non-current liabilities	3,662	2,913	3,367	3,343
Total non-current liabilities	319,932	138,058	271,744	265,740
Total liabilities	614,069	427,445	622,487	639,396
Net assets	129,976	419,457	478,955	487,104

Source: Annual Reports and 2023H1 Half-year report.

We make the following observations in relation to the historical financial position of Peter Warren:

- **Inventory** includes new and used vehicles, spare parts and accessories, work in progress, petrol/oil and grease. Inventory increased significantly from 2021 to 2022 and 2023H1 as a result of the Penfolds acquisition and an easing in vehicle supply chains.
- **Other current assets** include prepayments and term deposits. Prepayments increased due to acquisitions and insurance. Term deposits are maintained as security over the Group's bank guarantees and to cover landlord deposits on leased properties.
- **Property, plant and equipment** includes land, buildings, leasehold improvements, plant and equipment, Company-used motor vehicles and construction in progress. Land and buildings are shown at fair value, based on annual assessment by the Directors supported by periodic valuations by external independent valuers, less depreciation for buildings. Property, Plant and Equipment increased substantially in FY21 with the acquisition of the Warwick Farm & Southport properties on IPO.
- **Right-of-use ("ROU") assets** reflects the capitalised lease premises costs and related accumulated depreciation. The \$86m reduction in assets in FY21 represented the impact from acquiring the Warwick Farm and Southport properties, whilst the increase in FY22 was a direct result of the Penfolds acquisition.
- **Intangibles** include goodwill and customer relationships at cost less accumulated amortisation. Intangibles increased from \$145 million in 2021 to \$242 million in 2022 mainly due to the acquisition of Penfold Motor Group.
- **Other current liabilities** include customer deposits and receipts in advance, GST payable and accruals
- **Borrowings** include Capital Loan, bailment finance and equitable mortgage agreement ("EMA") vehicle funding. EMA vehicle funding tracks the movements in inventory as it is secured against used vehicle inventory. In FY22, the Group obtained a new \$96m debt facility which had utilised \$62.4 million at 2023H1. The facility is secured against the Company's Warwick Farm property.
- **Net assets** increased over the historical period significantly from \$130m in FY20 to \$487m. The large increase in net assets from 2020 to 2021 was due to Peter Warren issuing shares on IPO which was used to settle loan notes, and to acquire the Warwick Farm and Southport properties.

3.5. Capital structure

Peter Warren currently has 171,920,586 ordinary shares on issue. We set out below the top 20 beneficial shareholders as at 5 May 2023:

Security Holders	No. of Shares	% of total shares issued
Mr Paul H Warren	63,602,171	37.0
SMA Motors Pty Limited	15,705,197	9.1
Regal Funds Mgt	14,172,556	8.2
Perpetual Investments	9,963,429	5.8
Mr Brett J Frizelle	7,620,221	4.4
Airlie Funds Mgt	7,263,063	4.2
UBS Securities (Transition)	4,262,154	2.5
First Sentier Investors - Australian Emerging Companies	3,648,259	2.1
OC Funds Mgt	3,557,206	2.1
Ellerston Capital	3,478,603	2.0
Construction and Building Industry Super - Cbus	3,139,402	1.8
1851 Capital	2,760,418	1.6
Pie Funds Mgt	2,141,948	1.2
Eley Griffiths Group	2,015,465	1.2
IFM Investors	1,914,862	1.1
UBS Securities	1,726,992	1.0
Perennial Value Mgt	1,556,275	0.9
Mr Alan G Johnstone	1,552,719	0.9
Mr Gregory A Johnstone	1,552,719	0.9
Dimensional Fund Advisors	1,416,780	0.8
Total Top 20 Holders	153,050,439	89.0
Total Remaining Holders	18,870,147	11.0
Total Shares	171,920,586	100.0

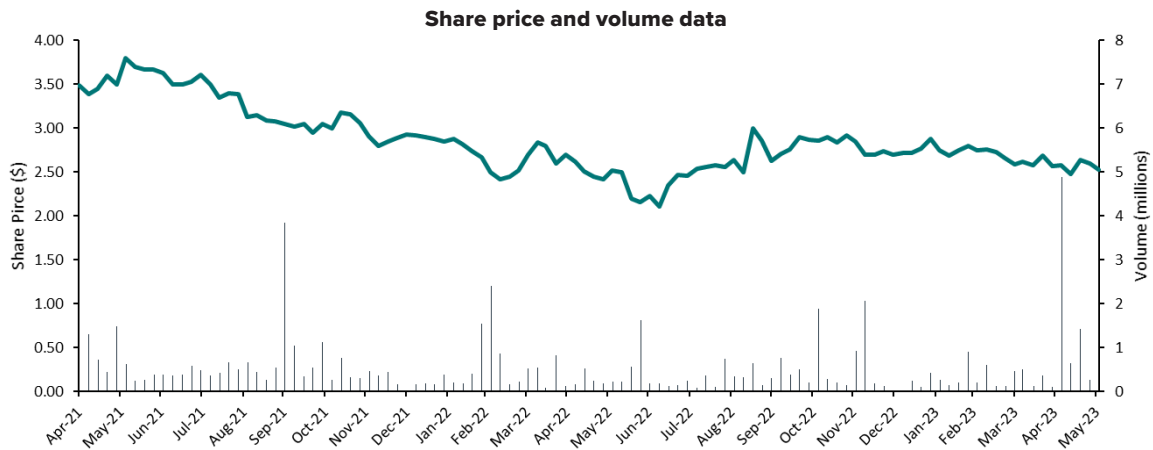
Source: Management.

The top 20 beneficial shareholders hold approximately 89% of the total shares, which results in the Company's shares being relatively illiquid.

Peter Warren also has 565,014 performance rights on issue. The performance rights have been issued to key management personnel and convert into ordinary shares on satisfaction of financial, strategic and operational vesting conditions.

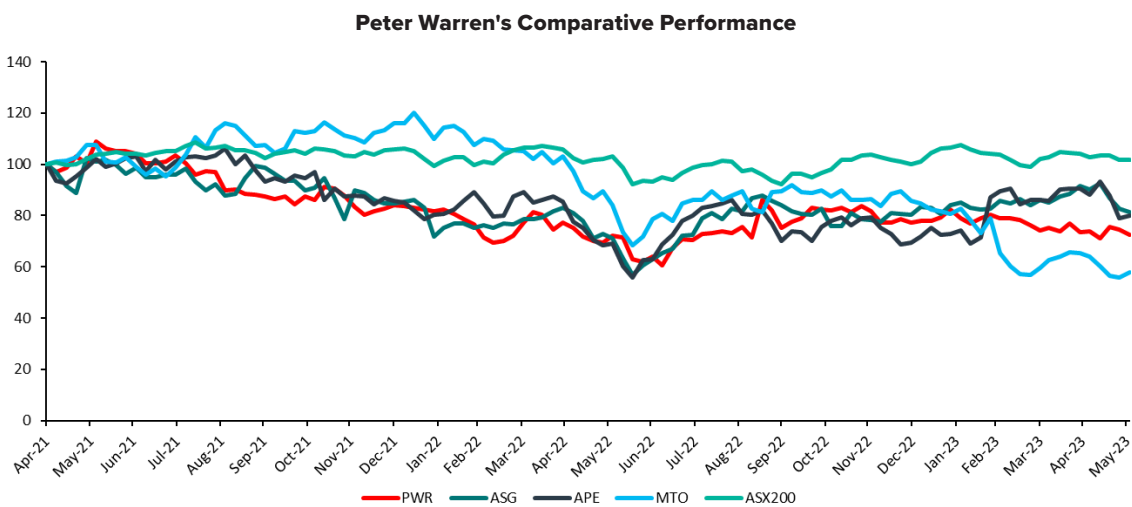
3.6. Share Price Analysis

The graph below illustrates the share price and weekly volume of trades in Peter Warren ordinary shares from 27 April 2021 to 2 June 2023.



Source: S&P Capital IQ.

The graph below compares the relative share price of Peter Warren to the ASX200 index and ASX-listed automotive companies Autosports Group (ASX:ASG), Eagers Automotive (ASX:APE) and MotorCycle Holdings (ASX:MTO). The period covered is from 27 April 2021 to 2 June 2023.



Source: S&P Capital IQ.

Note: The share prices and index have been set at a base value of 100 as at 27 April 2021 to track their comparative performance.

We observe the following in relation to Peter Warren's share price history:

- Over the selected period, all selected automotive companies have underperformed the ASX200.
- MotorCycle Holdings follows a slightly different trend to other observed companies due to its focus on motorcycles rather than vehicles.

Peter Warren's initial public offering ("IPO") occurred on 27 April 2021. The IPO price of \$2.90 increased by 19% to close at \$3.46 on 27 April 2021. This 19% has not been reflected in the share price performance graphs above for consistency of comparable performance.

4. Target Dealerships

4.1. Overview of Target Dealerships

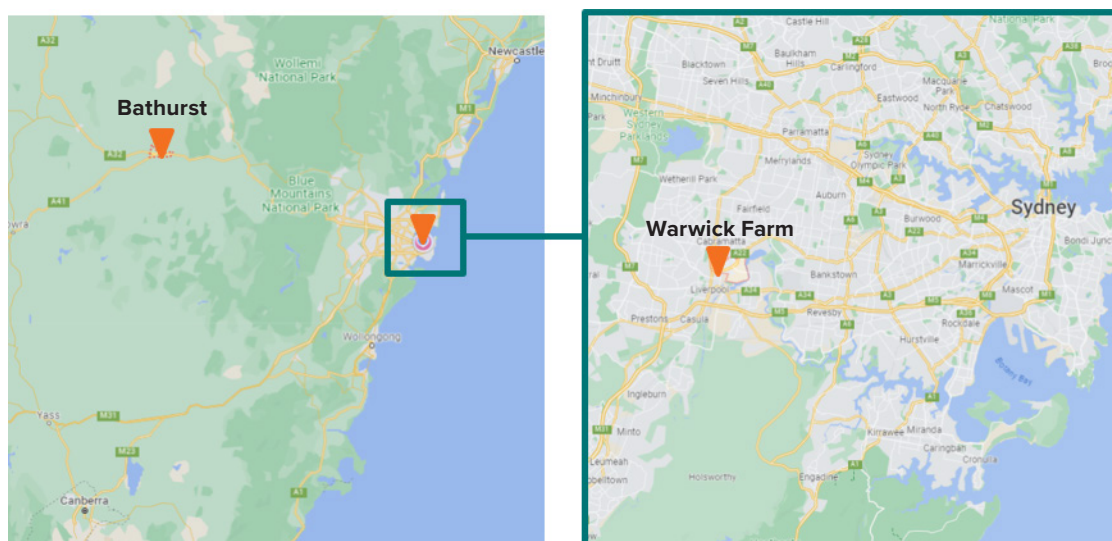
The Target Dealerships operate in different areas of NSW:

- WF Toyota – operates as part of Peter Warren's 22-acre auto mall site located in Warwick Farm NSW.
- Bathurst Dealerships - operate from a 1,900 sqm contiguous leased site located in Bathurst in NSW Central West.

Toyota is the common brand represented by both Target Dealerships. Toyota has been the number one brand in Australia by units sold for the last 20 years². Peter Warren does not currently represent Toyota in its portfolio.

The Bathurst Dealerships also have a Volkswagen franchise. Peter Warren currently has six Volkswagen dealerships as part of its Frizelle Sunshine Automotive operations in Southern QLD and Northern NSW, and Penfold Motors in VIC.

Both premises include new car showrooms, used car lots, parts warehousing and service centres.



Source: Google Maps.

The Target Dealerships have a history of strong performance across the Toyota network. At December 2022, the Target Dealerships continued their history of strong performance with Warwick Farm placed in the Top 10 dealers in NSW by units sold. Bathurst was also in the Top 10 regional dealers in NSW³ by units sold.

4.2. Recent History of Target Dealerships Ownership

Until 2016, WF Toyota and the Bathurst Dealerships were within the brand portfolio of the then unlisted Peter Warren, however they were divested in 2016 when Quadrant acquired an equity interest in Peter Warren.

Dealership agreements with OEM's generally contain change of control provisions requiring OEM approval for certain levels of change in beneficial owners. In 2016, at the point of Quadrant taking a stake in the Company, we are advised that Toyota did not provide approval for the Quadrant investment, requiring Peter Warren to separate ownership of these dealerships from the remainder of the Peter Warren structure. While structurally separated, Peter Warren, WF Toyota and the Bathurst Dealerships remained under Warren Family ownership.

In 2022, Quadrant divested its equity interest in Peter Warren following the Company's IPO in 2021. This provided the Company with the opportunity to reacquire the Toyota dealerships within the Target Dealerships.

² VFACTS December 2003 - 2022.

³ Toyota NSW Sales Rankings 31 December 2022.

The current and proposed ownership of the Target Dealerships are set out below:

	Current		Proposed	
	Warren Family	Dealer Principal	Peter Warren	Dealer Principal
WF Toyota ¹	100%	N/A	80%	20%
Bathurst Dealerships	80%	20%	95%	5%

Note 1: Warren family member is the Dealer Principal of WF Toyota.

The Warren Family currently holds a 100% interest and 80% interest in WF Automotive and PWA Regional respectively.

Upon completion of the Proposed Transaction, Peter Warren would hold:

- 80% of NewCo with the Warren Family effectively retaining the remaining 20% interest representing the Dealer Principal; and
- 95% of PWA Regional with the Dealer Principal Shareholder retaining the remaining 5% interest. Under the PWA Regional Shareholders' Deed, this shareholding is expected to increase to 10% by 2028 and 20% by 2033.

4.3. Legal relationships

The structural and legal relationships between Peter Warren and the Target Dealerships are discussed under the headings below.

Common Ownership

Paul Warren is a director of Peter Warren and the Warren Family is a substantial shareholder of Peter Warren. See section 3.5 Capital Structure.

Shared Services Agreement

Peter Warren provides shared services to WF Automotive for the benefit of WF Toyota and (for a limited subset 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, human resources, and vehicle-related management functions such as vehicle receiving, stock control, parts management, and fleet sales. The Toyota SSA is in effect for a term of three years and expires on 31 March 2024.

Fees under the shared services agreement are charged on a cost-plus basis (FY22: \$6.9m & FY21: \$6.5m).

Sublease

Peter Warren subleases part of the Warwick Farm site to the Warren Family to operate WF Toyota (FY22: \$0.7m, FY21: \$1.0m). The sublease is in effect for a term of 5 years and expires on 29 June 2026.

Franchise Agreements

The Target Dealerships have material contractual relationships with Toyota and Volkswagen in the form of franchise agreements.

Franchise agreements are a contract under which the franchisor (Toyota and Volkswagen) grants the franchisee (WF Automotive and PWA Regional) the right to sell the products and services identified or associated with the franchisor's brand.

As the Bathurst Acquisition is a share purchase, the existing dealer agreement will transfer with PWA Regional to the purchaser Peter Warren. The current expiry of the existing PWA Regional dealer agreement is 2027.

WF Toyota will be acquired in the form of an asset purchase in a newly created entity, NewCo. As such, a new dealer agreement for NewCo will be put into place. The new dealer agreement expiry will roll over from the existing agreement with WF Toyota which expires in 2024. The expectation is this dealer agreement will then be renewed for an additional 5 to 7 years based on facility assessments and other criteria at that time. This new dealer agreement for NewCo is expected to be materially aligned to the existing dealer agreement in place with WF Toyota and the PWA Regional dealer agreement mentioned above.

There are likely to be inclusions of additional special conditions that relate to public company ownership that are commensurate with normal industry terms and conditions.

Typically, in an acquisition of a dealership subject to a franchise arrangement, the purchaser assumes multiple renewal periods on the basis the franchisor's criteria will continue to be met and the franchisor must show cause for non-renewal, being not meeting the criteria set forth in the franchise dealer agreement or a breach of contract.

4.4. Market share

In calendar 2022, the brands to be acquired under Proposed Transaction account for the following market share of new vehicle sales volume in Australia⁴:

National Market Shares (Volume)	
Toyota	21.4%
Volkswagen	2.9%

The Target Dealerships' Toyota franchises outperformed the national market shares in calendar 2022 as follows:

Bathurst (PWA Regional)

Bathurst PMA 2022 Average Market Share	
Toyota	29.8%
Volkswagen	2.4%

The Bathurst Dealership performs well above the national Toyota average share of 21.4% by some margin. This could be due to the Toyota product range that resonates with regional customers due to the Light Commercial Vehicles (LCV) and 4x4 vehicle line-up. After the acquisition Peter Warren would sell approximately one in every three vehicles into the Bathurst PMA.

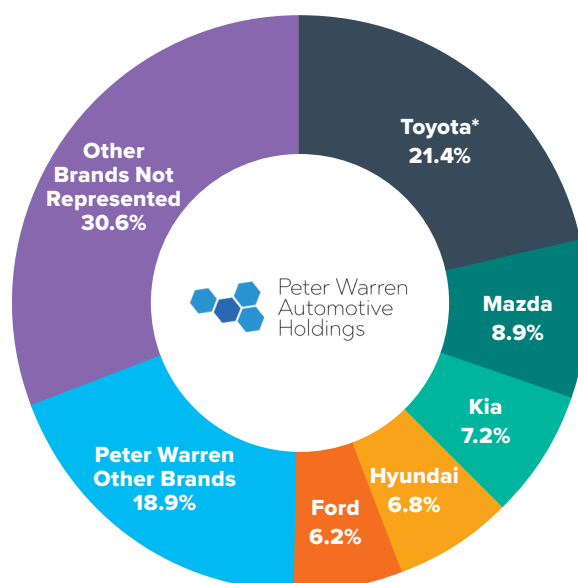
Warwick Farm (WF Toyota)

Liverpool PMA 2022 Average Market Share	
Toyota	23.1%

National Representation

If the Proposed Transaction is successful, the brands represented by Peter Warren would have a national market share of 69.4% for 2022. This compares to pre-acquisition representation of brands with a national market share of 48%.

Proposed Market Share of Brands Represented by Peter Warren Post Acquisition



⁴ VFACTS December 2022, Peter Warren, Pitcher Partner Analysis.

* Subject to Proposed Transaction.

4.5. Financial performance

Revenue, gross margin and PBT for the Target Dealerships for FY20 to 2023H1 are set out below. There is minimal interest income and no interest expense other than floorplan interest charges, therefore PBT approximates EBIT for the purposes of the valuation. Normalisation adjustments for EBIT are outlined in section 7.2.2.

Aggregate Financial Performance of Target Dealerships					
	2020 \$'000	2021 \$'000	2022 \$'000	2023H1 \$'000	2023 (6A + 6B) \$'000
Units Sold (#)	4,715	5,245	4,342	2,315	4,818
Net Revenue	159,221	187,909	188,528	102,496	205,795
Gross Profit	5,377	8,489	9,314	5,263	10,127
Gross Margin (%)	3.4%	4.5%	4.9%	5.1%	4.9%
Other Revenue	6,435	6,908	5,676	2,813	5,303
Indirect expenses	(6,544)	(6,647)	(5,929)	(3,400)	(6,468)
PBT	5,268	8,749	9,060	4,676	8,963
Profit before Tax (%) ¹	3.2%	4.5%	4.7%	4.4%	4.2%
EBIT	5,264	8,749	9,060	4,675	8,961
EBIT (%) ²	3.2%	4.5%	4.7%	4.4%	4.2%

Source: Target Dealerships financial statements.

Note 1: PBT / (Net Revenue + Other Revenue)

Note 2: EBIT / (Net Revenue + Other Revenue)

All of the financial information contained within this report is based on 100% ownership.

We make the following observations in relation to the above financial performance of the aggregated Target Dealerships:

Revenue increased from \$159.2m in 2020 to \$187.9m in 2021. This increase was driven by demand returning after the impacts of COVID-19 and new vehicle price growth. 2022 revenue subsequently levelled out as a result of difficulties obtaining inventory.

Gross Margin has increased over the observed period as a result of demand led increases to gross profit per unit. Both brands have been impacted by stock shortages due to COVID-19, coupled with supply constraints in the new vehicle market over the four-year period. Gross Profit includes holdback and incentives. An additional contributor to the movements in gross margin is the sales mix between retail, fleet and government unit sales. Toyota have a significantly larger proportion of fleet and government unit sales which generate a lower gross profit per unit.

Other Revenue consists of finance and insurance net income, job keeper income, pre delivery income, key performance indicator income, interest income and apprenticeship training incentives. Fluctuations in other revenue are attributed to Jobkeeper income; since FY21 other revenue has gradually declined.

PBT was \$9.1m for 2022, with the PBT as a % of Net Revenue increasing to 4.7% in 2022 compared to 3.2% in 2020. This increase was a result of the following items:

- Gross Margins have increased consistently over the historical period.
- Operating expenses have been tightly managed in the historical period and are generally elastic based on the level of activity, however have reduced as a percentage of revenue.
- Floorplan interest expense (contained within gross margin) has fluctuated over the historical period due to the movements in the cash rate and level of inventory.

Overall PBT as a % of Net Revenue is consistent with current industry conditions and Peter Warren performance, taking into account the characteristics of the Target Dealerships.

4.6. Financial position / balance sheet acquired

Balance sheet items that will be acquired by Peter Warren are set out in the below table:

Adjusted Net Asset Value	Bathurst Dealerships \$'000
Cash and cash equivalents	152
Trade and other receivables	1,460
Inventories	5,958
Equipment	1,430
Trade and other payables	(1,820)
Floorplan	(5,703)
Contract liabilities and provisions	(671)
Income tax payable net of deferred tax assets	(133)
Pro-forma net assets	673

Adjusted Net Asset Value	WF Toyota \$'000
Inventory	11,390
Plant and equipment	490
Floorplan	(8,040)
Customer deposits	(1,887)
Contract liabilities	(86)
Leave liabilities	(750)
Acquisition net assets	1,117

Total net assets	1,790
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5. Industry overview

5.1. Introduction

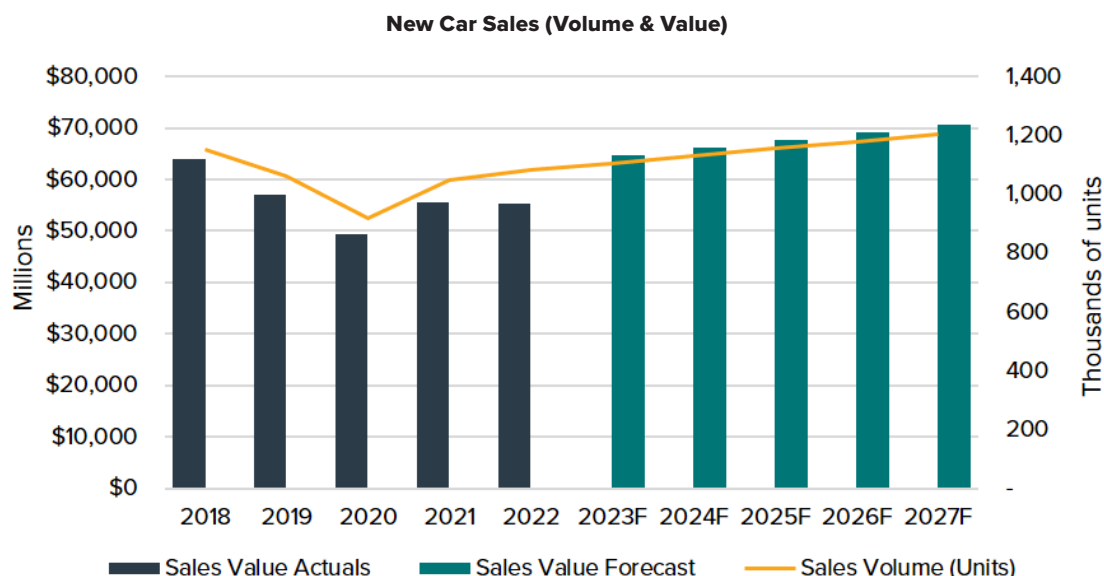
Peter Warren and the Target Dealerships operate within the Australian automotive retail industry, a competitive market with 70 brand participants, 52 of which are specifically motor car franchises⁵. This number is likely to continue to grow as new market entrants establish presence in Australia.

Peter Warren and the Target Dealerships participate within the retail new and used car, and light commercial vehicle (“LCV”) segments.

5.2. Automotive industry in Australia

The Australian automotive industry is broken into several segments including motor vehicle manufacturers, wholesalers and distributors, retailers, replacement parts wholesalers and retailers, as well as a thriving aftermarket segment that can either manufacture or import parts and accessories for sale within Australia.

The following graph illustrates the historical and forecast Australian new car sales and revenue:



Source: IBISWorld Report February 2023, Pitcher Partners Analysis.

In 2022, the Australian automotive market retailed more than a million new motor vehicles, with 1,081,429 units sold, representing volume growth of 3% over the corresponding 12-month period in 2021⁶. The Australian market is still heavily impacted by supply chain issues affecting the global automotive market following 3 years of COVID disruptions that continues to leave the Australian sales volume down by 7% from the record 2018 year.

The industry is expected to generate \$64.7bn in revenue in 2023⁷, which represents compounded annualised growth of 0.2% over the preceding 5-year period. As supply issues ease the industry revenue is estimated to rise 17.1% in 2023 alone, as consumers recover from delayed purchases during the COVID pandemic lockdown years. Increased logistics costs and vehicle shortages have inflated prices and dealers

have been able to benefit by increasing their profit margins during this period.

Industry revenue and volumes are forecast to increase by an annualised 2.2% in the forward estimate to 2028⁸.

Since 2018, the industry has experienced significant reductions in sales volumes. Australia was ravaged by bushfires from August 2019 to March 2020, only to be immediately followed by the disruptions generated by the global pandemic from March 2020.

2020 then saw a dramatic reduction in the number of motor vehicle sales as COVID lockdown measures were implemented by state and federal governments. Lockdowns for businesses and consumers led to industry-wide uncertainty that was challenging for the dealer networks resulting in the lowest Australian new car volumes in 20 years.

⁵ VFACTS - April 2023. Brand participants refers to vehicle brands that were sold in Australia in the 12 months to 30 April 2023. Motor car franchises are the number of brand participants that focus on passenger, SUV and/or light commercial vehicles.

⁶ VFACTS – December 2022.

^{7,8} IBISWorld Report March 2023.

Whilst 2021 and 2022 have both realised year-on-year growth for the automotive market, supply chain issues continued to impact the industry's full potential, particularly due to the supply shortage of semi-conductors. This situation is beginning to improve, however restrictions will remain a concern for the industry through until late 2023 and into 2024.

This 2018-23 period was also during a time where the Australian dollar weakened, impacting pricing for Australia's wholly imported motor vehicle market. Tighter motor vehicle borrowing conditions in 2018 also had a negative impact on the retail auto landscape as dealers found new consumer borrowing restrictions stifled retail activity.

The Ukraine – Russia conflict is also having a negative impact on the global automotive market due to further

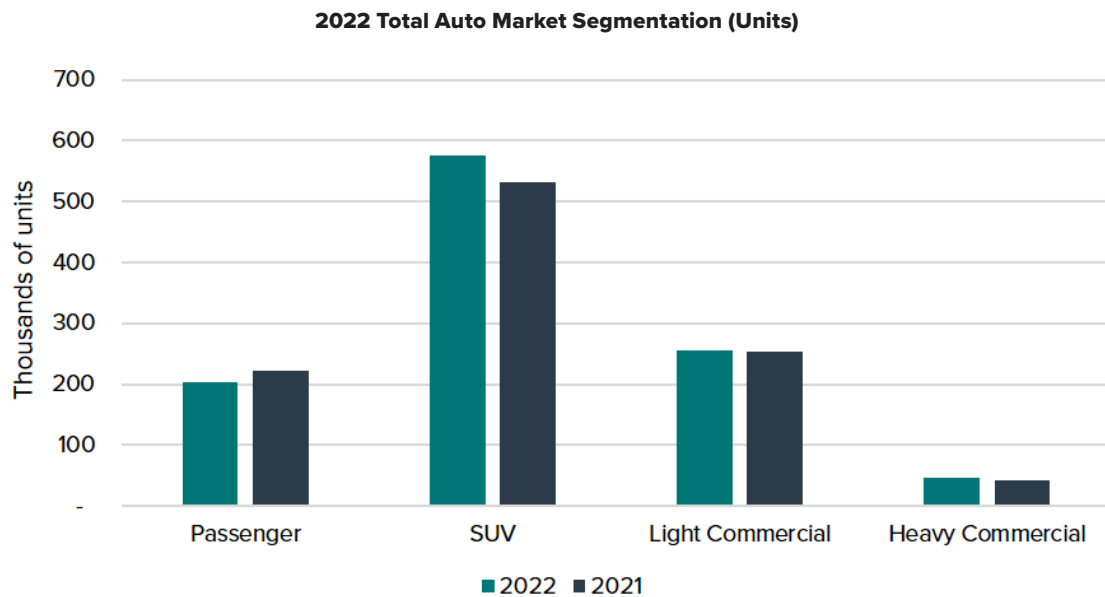
constraints this is placing on supply chains, particularly for the European manufacturers. This conflict is not only impacting vehicle production, with soaring global energy prices and also increased cost-of-living as a direct result of Russian energy being isolated from global markets.

The automotive industry is forecasting continued growth over the next five years, with consumer sentiment improving following three difficult trading years. As the supply lines of semi-conductors continues to recover, the rise in vehicle imports is likely to benefit retailers.

Growing public conscience over environmental factors has the potential to restrict demand for new vehicles, however, an increase in the availability of electric vehicles ("EVs") is likely to mitigate these concerns.

5.3. Market segmentation

The Australian market was once dominated by the passenger car segment; however, this has now pivoted towards the SUV segment that represents more than half the Australian auto market. VFACTS places the SUV segment at 53.1% of motor vehicle registrations, followed by LCV's with 23.7%, passenger cars at 18.8% and heavy commercial vehicles representing 4.4%⁹.

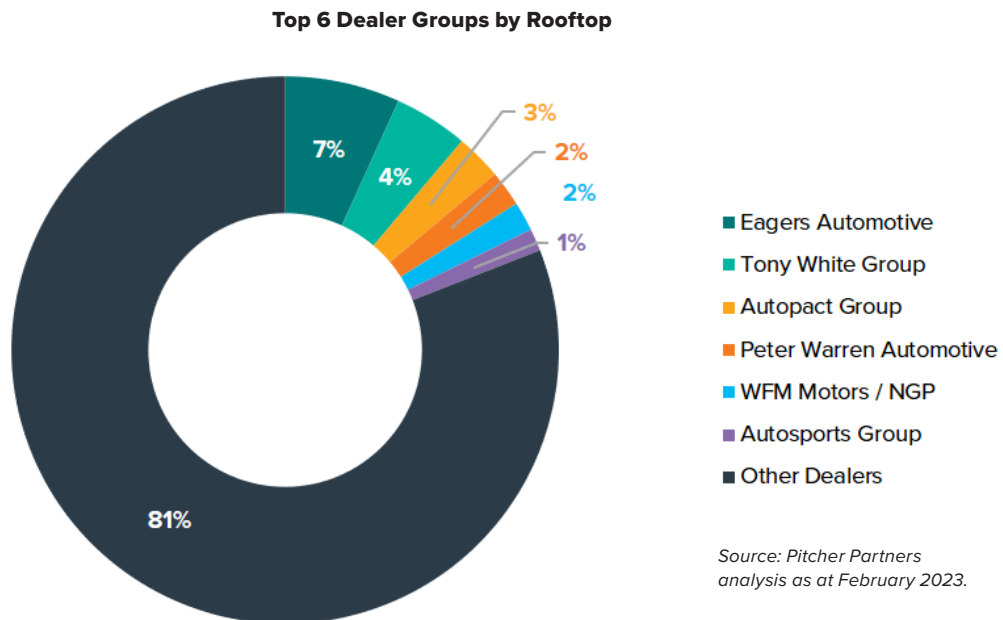


Source: 2022 December VFACTS.

⁹ VFACTS – December 2022.

5.4. Key Dealership Groups

The top six dealer groups (by number of rooftops¹⁰) in Australia include Eagers Automotive, Tony White Group, Autopact Group, Peter Warren, WFM Motors / NGP Group and Autosports Group. These 6 dealer groups alone represent 19.3% of the total number of dealership rooftops by accounting for 653 rooftops out of the current Australian total of 3,381 (including satellite dealership rooftops).



The Australian auto industry is becoming more concentrated as the larger dealer groups consolidate to gain efficiencies of scale with the top 11 dealer groups now representing approximately 24.6% of the total number of dealer rooftops within Australia.

Australian dealership landscape (by dealer group and rooftops)				
No of rooftops	No of dealers in range	Percentage of dealers	Total rooftops by range	Percentage of rooftops
50+	5	0.8%	608	18.0%
26-50	6	0.9%	222	6.6%
11-25	49	7.4%	714	21.1%
6-10	102	15.4%	753	22.3%
1-5	501	75.5%	1,084	32.1%
Totals	663	100.0%	3,381	100.0%

Source: Pitcher Partners analysis.

¹⁰ Rooftops are defined as the number of new car showroom locations where multiple franchises can occupy the same premises.

5.5. Key Industry Trends, Drivers and Risks

The key industry trends, drivers and risks are outlined below:

Motor Vehicle Market

- New sales are anticipated to recover to pre-pandemic levels in the next 12 months over the next few years as supply chain issues dissolve and vehicle stocks return. Whilst prices of new vehicles have increased significantly over the past two years, these are likely to return to more normalised levels once the industry returns to a supply-driven market again, thereby putting downward pressure on new vehicle values.
- Used car sales values have already begun to fall from their highs. These values began to fall during the second half of 2022 as new vehicle pipelines began to normalise and this is expected to continue throughout 2023.

Business Confidence

- Whilst confidence is generally higher than during the lock-down phases of COVID isolation measures, recent interest rate rises and the continuing Ukraine – Russia conflict is once again generating market uncertainties. Cost of living pressures will challenge the automotive market's rebound as the industry recovers from the global pandemic.

EV's

- EV's are expected to continue their growth following financial incentives that have been announced by State and Federal Governments. Australia is yet to introduce a national fuel efficiency standard across the automotive industry. If this were to happen, greater EV volumes would be an immediate outcome, subject to stock availability.
- As national EV infrastructure improves and the variety of model variants imported by manufacturers increases, accessibility for consumers will continue to grow sales volumes. With a global focus by manufacturers on improving efficiencies from EV batteries, and thereby increasing the kilometres achieved per charge, consumers range anxiety is diminishing, and EV volume is expected to increase.
- OEM's are also improving cost efficiencies in their battery production. The market costs of EV's continuing to reduce influences the consumer uptake of EV's.
- The Federal Government released its "Future Fuels and Vehicle Strategy" in November 2021, which anticipated battery electric and plug-in hybrid vehicles were forecast to make up 30% of annual passenger and LCV new vehicle sales in 2030.

Global Supply Chain Disruption

- Global supply chain disruption has been caused by the shortage of semi-conductors and the Ukraine – Russia conflict.

- Semi-conductor supply chain constraints continue to limit the stock availability of many manufacturers, particularly from Europe and Japan. This has been especially prevalent throughout 2021-22, and whilst supply is improving, it is likely to be 2023 or even into early 2024 before availability returns to pre-pandemic norms. With the recent relaxation of the Chinese Government's COVID zero policy, confidence in the supplies of global semi-conductors is expected to continue to improve, provided these Chinese restrictions are not reinstated.
- The Ukraine – Russia conflict is impacting several manufacturers supply lines, particularly those based in Europe that have had difficulty achieving their supplies of wiring harnesses that were manufactured in Ukraine. Several European manufacturers have had to source their wiring harnesses from alternative suppliers to fulfil their production orders.

Manufacturer Distribution Sales Models

- Motor vehicles in Australia have historically and currently been distributed throughout the respective brand dealer networks via the 'franchise model', where the franchisor (brand distributor) has a formal dealer agreement with the franchisee (the dealer). These dealer agreements typically range from 1 to 5 year periods and offer the dealer a level of exclusivity to represent that brand within an identified geographic location.
- As the likes of Tesla and other marques with EV variants distribute their vehicles directly to the consumer (either online or via their factory owned dealerships in Tesla's case), the franchise sales model has been revisited by manufacturers. Mercedes Benz and Honda have recently changed from the franchise distribution model to the agency model in Australia, whereby their dealer networks were appointed as agents for the brands and the fixed retail pricing is set by the manufacturers with the dealer given a fee for delivering the vehicle to the customer.
- In other markets, more manufacturers have announced their intention to move over to the agency sales model to distribute their vehicles.

Increasing Mergers and Acquisitions (M&A)

- Greater industry consolidation is taking place as smaller dealerships are being acquired by the larger public groups looking to develop their dealership portfolios and build scale into their business to further enhance growth aspirations.
- Another factor that is keeping M&A activity buoyant is the high level of profitability being realised across the market. New car volume has been suppressed due to stock availability, but supply constraints have led to high new and used vehicle sales and stronger dealership profitability.

6. Valuation methodology

6.1. Valuation approach

RG 111.86 states that it is generally appropriate for an expert to consider using the following methodologies:

- Capitalisation of future maintainable earnings;
- Discounted cash flow method;
- Amount that would be available for distribution to security holders on an orderly realisation of assets;
- Quoted price for listed securities, when there is a liquid and active market and allowing for the fact that the quoted price may not reflect their value, should 100% of the securities be available for sale; and
- Any recent genuine offers received by the company for any business units or assets as a basis for valuation of those business units or assets.

Capitalisation of Future Maintainable Earnings

The capitalisation of future maintainable earnings (“CFME”) methodology involves capitalising the estimated future maintainable earnings at an appropriate multiple. The multiple, which is the reciprocal of the capitalisation rate, represents the return on investment that would be required by a reasonable prudent investor in this type of business and reflects the risks and opportunities inherent in the business. The earnings multiple is applied to the future maintainable earnings.

Most commonly businesses are valued by reference to EBIT or EBITDA as such results are not affected by differing interest and taxation expenses, and in the latter depreciation, which can vary from business to business as a result of factors which do not relate to the nature of the business.

The selection of multiple is undertaken by reviewing either mergers and acquisition data and/or listed guideline company data.

In using the mergers and acquisition data, a review is undertaken of recent transactions of comparable businesses from which the implied earnings multiples are calculated. Multiples are then selected and applied to the subject entity to arrive at an indication of value. The multiples derived are generally based on an analysis of recent trades of entire companies and therefore reflect value for 100% of the business.

In using listed guideline company data, a portfolio of public companies is selected based on comparability of the subject company from which valuation multiples and other analytics are calculated. Multiples are then selected and applied to the subject entity to arrive at an indication of value. The multiples derived for guideline companies are based on share prices reflective of the trades of small parcels of shares. As such, they generally reflect multiples reflective of the prices at which portfolio interests change hands. The multiples may also be impacted by the level of liquidity in the particular stock.

Discounted Cash Flow

The discounted cash flow (“DCF”) methodology has regard to the expected future economic benefits discounted to present value. This is considered appropriate where a forecast of future cash flows can be made with a reasonable degree of certainty. This approach is particularly relevant to the valuation of a business in its early growth stage but is equally applicable to any business with expectations of significant growth or with volatility in cash flows.

In undertaking the DCF methodology regard is generally had to:

- The projected future cash flows;
- An appropriate discount rate; and
- The perpetuity or terminal value, if any.

Asset Based Approach

The asset based approach determines the value of the equity having regard to the value of the underlying assets and liabilities. This approach includes the following methodologies:

- Going concern method;
- Orderly realisation method; and
- Liquidation method.

Under a going concern method, the value is derived by assessing the market value of every asset and liability on a going concern basis, including intangible assets if appropriate. A net asset or cost based methodology is most appropriate for businesses where the value lies in the underlying assets and not the ongoing operations of the business (e.g. real estate, holding or non operating entities).

The orderly realisation method has regard to the amount that would be distributed to equity holders on the assumption that the entity would be wound up with the funds realised from the sale of its assets, after payment of all liabilities including realisation costs and taxes.

The liquidation method is based on the same principles except that in the orderly realisation method, the assets are realised in an orderly manner, whereas, the liquidation method assumes that the assets are sold within a shorter time frame and/or under duress.

Quoted Price

This approach looks at the value of the company having regard to the trades in the subject entity’s own equity. There is no premium for control incorporated within such pricing and the pricing may also be impacted by the level of liquidity in the particular stock. Where the shares are illiquid, this is not considered an appropriate valuation methodology.

Recent Genuine Offers

Any recent genuine offers received by the company for any business units or assets may be used as a basis for valuation of those business units or assets or for assessing implied multiples which may be utilised when undertaking the CFME approach.

Industry Specific Methodology

Depending on the industry in which the business operates, an industry specific approach may be appropriate in assessing value. Industry specific methodologies typically involve the application of a 'rule of thumb' which is accepted within the industry as an appropriate basis for benchmarking value.

Industry specific methodologies typically involve the application of a multiplier to an operating metric such as revenue, customer numbers or funds under management. The multiplier applied is determined with reference to common perception in the market, which is supported through empirical evidence from recently completed transactions.

For example, in the automotive retail industry, Net Tangible Assets ("NTA") plus Goodwill ("NTA+Goodwill") is a commonly used methodology. The NTA+Goodwill methodology involves calculating the goodwill value of the business using the maintainable PBT multiplied by a 'Goodwill Multiple'. PBT is used on the basis that interest charges from floorplan facilities and depreciation are considered operating expenses. The resultant Goodwill value is then added to the NTA of the business.

An industry specific methodology is most appropriate as a cross-check of the value determined by applying one of the above methodologies as a primary methodology.

6.2. Selection of approach and methodology

Ultimately, the methodology adopted is dependant on the nature of the underlying business and the availability of suitably robust information. A secondary methodology is often adopted as a cross-check to ensure reasonableness of outcome, with the valuation conclusion ultimately being a judgement derived through an iterative process.

In valuing the Target Dealerships we have adopted the CFME methodology as the primary valuation approach. We have also utilised the industry-specific NTA+Goodwill method as a test of reasonableness. In adopting this approach we had regard to the following:

- The DCF methodology has regard to projected future cash flows for a number of years. The Target Dealerships have not prepared long term cash flow forecasts. We note that forecasting long term cash flows in the automotive retailing industry is challenging given the cyclical nature of the industry and industry developments detailed in section 5.
- The CFME methodology requires us to determine an appropriate income stream to value at a multiple to reflect the risk and opportunities of the business. We have adopted this methodology as the Target Dealerships have demonstrated sustained profitability

which allows for a maintainable earnings to be assessed and there is no basis to expect any business units will be unable to continue indefinitely.

In the case of automotive retailing companies, multiples of EBIT after floorplan financing is commonly used since floorplan financing is considered to be operating, rather than financing, in nature.

- An asset-based approach has not been adopted as this approach would not adequately recognise the substantial goodwill in the Target Dealerships.
- The quoted price approach cannot be applied as the Target Dealerships are unlisted.
- We are not aware of any other recent genuine offers that have been received by the vendors for the Target Dealerships and therefore this approach has not been considered.

While recognising that the Proposed Transaction involves the effective acquisition of 80% and 95% shareholdings in the NewCo and PWA Regional respectively, we have adopted the following approach:

- Aggregated the financial information of the Target Dealerships (comprising WF Toyota and Bathurst Dealerships).
- Valued 100% of the equity in the aggregated NewCo and PWA Regional.
- Multiplied the above by 87% representing the weighted average shareholdings acquired (weighted based on the relative EBIT of the Target Dealerships in FY20 – FY22) to determine the value of the Total Sale Interest.

This approach has been adopted as:

- The WF Toyota and Bathurst Dealerships are substantially similar businesses, being automotive retail dealerships both representing the Toyota brand (Toyota represents 100% and >90% of new car units for WF Toyota and Bathurst Dealerships respectively).
- The Target Dealerships together represent a portfolio of three dealerships (two Toyota and one Volkswagen) located at two sites. Peter Warren has evaluated the Proposed Transaction in a consistent manner.
- We understand that the acquisitions of the WF Sale Interest and Bathurst Sale Shares have been negotiated as a combined package and are not available to be purchased separately. This is confirmed by the Notice of Meeting which includes the acquisitions of the WF Sale Interest and Bathurst Sale Shares within a single resolution. In addition, the sale agreements for the WF Sale Interest and Bathurst Sale Shares are interdependent.
- While the WF Toyota and Bathurst Dealerships each have minority shareholders, Peter Warren controls both NewCo and PWA Regional through the respective shareholder agreements.
- The minority interest in WF Toyota and Bathurst Dealerships are owned by the associated entities of the respective Dealer Principals, a requirement of Toyota. Peter Warren has the right to acquire the minority shareholdings in certain circumstances.

7. Value of Total Sale Interest

7.1. Approach

In determining the value of the Total Sale Interest, we have utilised the CFME approach as the primary methodology, and a NTA + Goodwill approach as a test of reasonableness.

In utilising the CFME approach, we have adopted the following process:

- Estimated future maintainable earnings of the Target Dealerships;
- Determined an appropriate earnings multiple;
- Concluded as to the enterprise value of the Target Dealerships;
- Adjusted for surplus assets and debt (other than floorplan finance) to derive the equity value; and
- Multiplied by the proportionate shareholding.

7.2. Future maintainable earnings

In order to determine the maintainable earnings of the Target Dealerships, it is necessary to consider the future earnings that can be achieved on an ongoing basis. As part of the Proposed Transaction process, Peter Warren has assessed the purchase price based on aggregated PBT of \$9.1m for the Target Dealerships which includes PBT of \$3.9m for the Bathurst Dealerships and \$5.2m for WF Toyota. Peter Warren has completed their own due diligence and concluded that these figures were reasonable.

We have reviewed the due diligence reports prepared by Peter Warren and calculated the aggregated normalised PBT and EBIT for the Target Dealerships. As part of our review, we were also provided with various financial information of WF Automotive and PWA Regional including:

- Monthly management accounts for the periods FY20 to YTD Dec-22 including key metrics;
- Monthly Budgets for FY23;
- Special Purpose Financial Statements (“SPFS”) for FY20 to FY22;
- YTD Dec-22 SPFS;
- Adjusting journals that reconciled the management accounts to the SPFS for the relevant periods; and
- Trading update Jan-April 23.

The FY20 SPFS of WF Automotive and PWA Regional were reviewed by Deloitte Touche Tohmatsu while the FY21 financial statements of PWA Regional had agreed upon procedures performed by the same firm. The FY21 SPFS of WF Automotive, FY22 and YTD Dec-22 SPFS of WF Automotive and PWA Regional did not have an external audit or review. After reviewing the information provided, we found that the financial statements of WF Automotive and PWA Regional showed an aggregated EBIT of \$5.3m (FY20), \$8.7m (FY21), and \$9.1m (FY22) and \$9.0m (FY23F (6A+6B)).

In order for us to be comfortable that there is a reasonable basis on which we can adopt the earnings information for the purpose of our valuation, or make adjustments where required, we performed a number of procedures. These procedures included:

- Reviewing the information provided to us for the FY20-FY22 management accounts to be comparable to the SPFS including the adjusting journals forming part of reconciliations.
- Reviewing the historic results for any normalisation adjustments including one-off and non-recurring items.
- Confirming that the YTD Dec-22 information was consistent with those of FY20-FY22 results.
- Comparing FY20 results to annualised FY20 (Covid-19 adjusted for Apr-20 to Jun-20) results.
- Comparing the key metrics (EBIT and PBT margins) of Target Dealership’s earnings to industry data.
- Reviewing the consistency of accounting policies applied for the FY20-FY22 period.

7.2.1. Reconciling the special purposes financial statements to the management accounts and aggregating the financial results of the Target Dealerships

We have reviewed the reconciliation of the management accounts to the SPFS for both WF Automotive and PWA Regional including the adjusting journals at financial year end. We noted that the management accounts reconcile to the respective SPFS.

The results of the Target Dealerships have been aggregated and the table below summarises the aggregated results for FY20 – FY22, YTD Dec-22 and FY23 (6A + 6B).

Aggregated for Target Dealerships Profit & Loss Statement						
\$'000	Ref	FY20	FY21	FY22	YTD Dec22	FY23 (6A+6B)
New Car (#)		2,999	3,565	3,325	1,796	3,616
Retail Used Car (#)		738	760	499	237	580
Wholesale Used Car (#)		978	920	518	282	622
Total Units (#)		4,715	5,245	4,342	2,315	4,818
Revenue						
Revenue	1	159,221	187,909	188,528	102,496	205,795
Cost of sales						
Cost of goods sold		(143,676)	(170,166)	(169,840)	(91,947)	(185,246)
Selling expenses	2	(3,397)	(2,480)	(2,459)	(1,437)	(2,936)
Direct expenses	2	(6,771)	(6,774)	(6,915)	(3,849)	(7,486)
Total cost of sales		(153,844)	(179,421)	(179,214)	(97,233)	(195,667)
Gross profit						
		5,377	8,489	9,314	5,263	10,127
Gross profit margin %	3	3.4%	4.5%	4.9%	5.1%	4.9%
<i>Gross profit / net revenue</i>						
Gross profit margin %	4	9.8%	9.4%	9.9%	10.3%	10.0%
<i>Excludes selling and direct expenses</i>						
Gross profit margin %	5	13.0%	12.6%	12.9%	13.0%	12.6%
<i>Excludes selling and direct expenses, includes F&I and other income</i>						
F&I net income	6	2,252	2,620	2,193	944	2,173
Other income	7	2,851	3,369	3,483	1,869	3,131
Job keeper		1,332	919	-	-	-
Total other revenue		6,435	6,908	5,676	2,813	5,303
Operating expenses						
Indirect expenses		(6,544)	(6,647)	(5,929)	(3,400)	(6,468)
Total Expenses		(6,544)	(6,647)	(5,929)	(3,400)	(6,468)
PBT		5,268	8,749	9,060	4,676	8,963
PBT %	8	3.3%	4.7%	4.8%	4.6%	4.2%
Adjustments						
Interest Income	9	(3)	(0)	(0)	(1)	(1)
EBIT		5,264	8,749	9,060	4,675	8,961
EBIT %	10	3.3%	4.7%	4.8%	4.6%	4.2%

Notes:

1. Holdback income, which includes annual incentive programs with OEM's such as Toyota and Volkswagen, is included in revenue.
2. To ensure consistency with Target Dealerships management reporting, selling and direct expenses have been included in gross profit calculations, which other companies may exclude from their financial disclosures.
3. Gross profit margin % calculated as gross profit divided by net revenue.
4. Gross profit margin % excludes selling and direct expenses.
5. Gross profit margin % excludes selling and direct expenses and includes finance and insurance income ("F&I") and other income.
6. Finance and insurance net income includes revenue and expenses related to F&I.
7. Other income includes pre delivery income, key performance indicator ("KPI") income, interest income and apprenticeship training incentives.
8. PBT % calculated as PBT divided by net revenue (including other revenue).
9. Interest income includes all corporate interest income / expenses. Floorplan interest expense is excluded and is considered part of normal business operations.
10. EBIT % calculated as EBIT divided by net revenue (including other revenue).

7.2.2. Review of the historic results for any one-off and non-recurring items

The table below summarises the normalisation adjustments applied to the aggregated financial results of the Target Dealerships:

Aggregated Normalised Earnings						
\$'000	Ref	FY20	FY21	FY22	YTD Dec22	FY23 (6A+6B) ¹
PBT	2	5,268	8,749	9,060	4,676	8,963
Normalisation Adjustments:		(1,288)	(1,020)	(112)	37	75
Job keeper	3	(1,332)	(905)	-	-	-
Insurance Claim	4	-	(190)	-	-	-
AASB16 Adjustment	5	-	-	27	-	-
Director salaries	6	75	75	75	37	75
Commissions	7	-	-	(71)	-	-
Rent expense	8	(30)	-	(152)	-	-
Other adjustments	9	-	-	9	-	-
Normalised PBT		3,980	7,729	8,948	4,714	9,037
Normalised PBT %		2.4%	4.0%	4.6%	4.5%	4.3%
Interest Income	10	(3)	-	-	(1)	(1)
Normalised EBIT		3,977	7,729	8,948	4,713	9,036
Normalised EBIT %		2.4%	4.0%	4.6%	4.5%	4.3%

Notes:

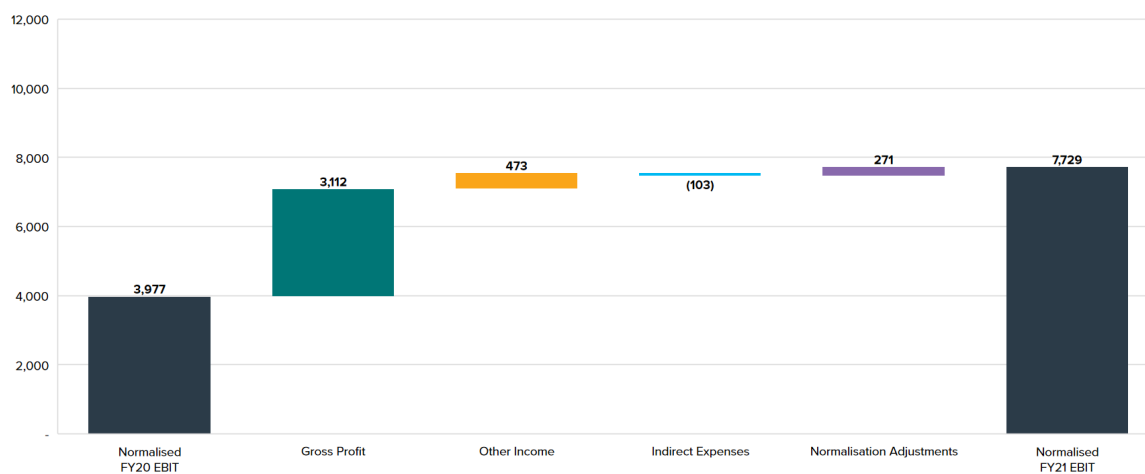
1. The FY23 and YTDDec22 normalisation adjustments are calculated using the pro-rata amounts for the respective periods.
2. Refer to section 7.2.1. for details.
3. Job keeper income received in FY20 and FY21 has been excluded.
4. The hail insurance claim impacting vehicle stock has been excluded.

5. For the Bathurst Dealerships, an adjustment has been made to reverse the impact of AASB16 accounting standard to present a cash-focused normalised earnings in relation to leases.
6. To ensure consistency, an adjustment has been made to bring the Target Dealerships directors' salaries in line with Peter Warren pay scales. Although this adjustment was advised for FY22, it has been applied to all periods.
7. Target Dealerships has quantified commissions that should have been accrued on 30 June 2022.
8. The FY20 rent expense adjustment of \$30k refers to a one-off government payment during COVID-19. The FY22 adjustment of \$152k reflects the required rent to be paid. The aggregate of the following adjustments represents the adjustment amount:
 - Bathurst Dealership: Cushman & Wakefield ("C&W") completed market rent assessments for 6 & 8 Corporation Avenue Lease, being related party leases. Annual market rent being estimated at \$677k. FY22 SPFS considers \$614k as rent expenses. Hence the differential of \$63k is an adjustment.
 - WF Toyota: We understand the annual WF Toyota premises rent was \$779k. Only \$690k rent expense was included in the FY22 SPFS. Hence the \$89k adjustment to normalise the FY22 rent expense.
9. Peter Warren has identified additional one-off items including prepaid expenses and accrued fees and we concur with these adjustments.
10. Interest income includes all corporate interest income/expenses. Floorplan interest expense is considered as part of normal business operations.

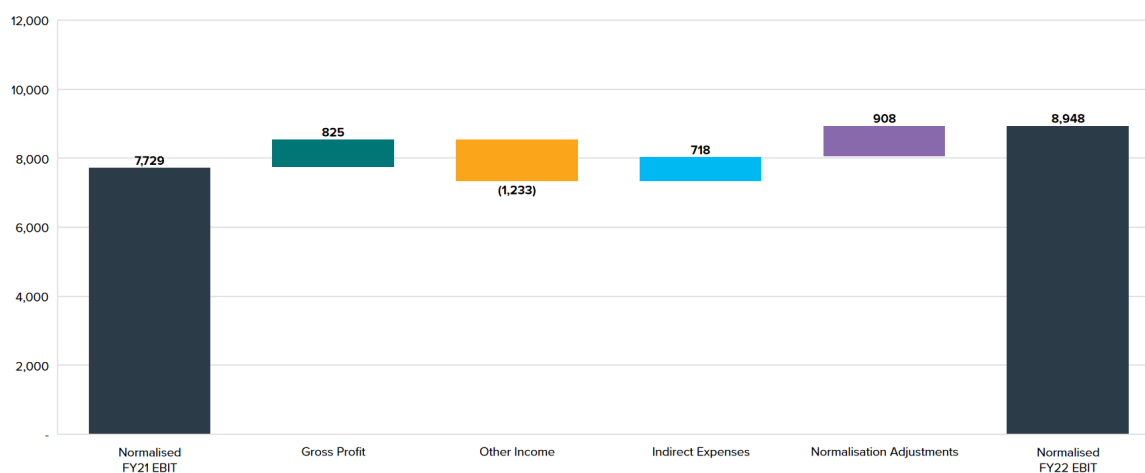
7.2.3. Reviewing PBT bridges presenting the normalised results of the Target Dealerships

In assessing the maintainability of normalised earnings, we have considered the movements from FY20 to FY23 (6A + 6B). The bridge for each respective period is shown below:

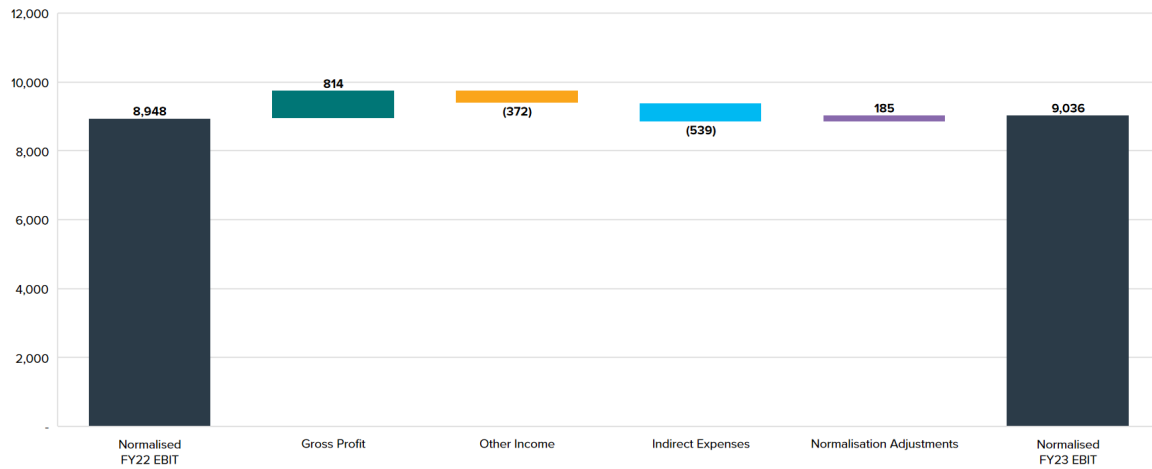
Normalised EBIT Bridge between FY20 and FY21 (\$'000)



Normalised EBIT Bridge between FY21 and FY22 (\$'000)



Normalised EBIT Bridge between FY22 and FY23 (\$'000)



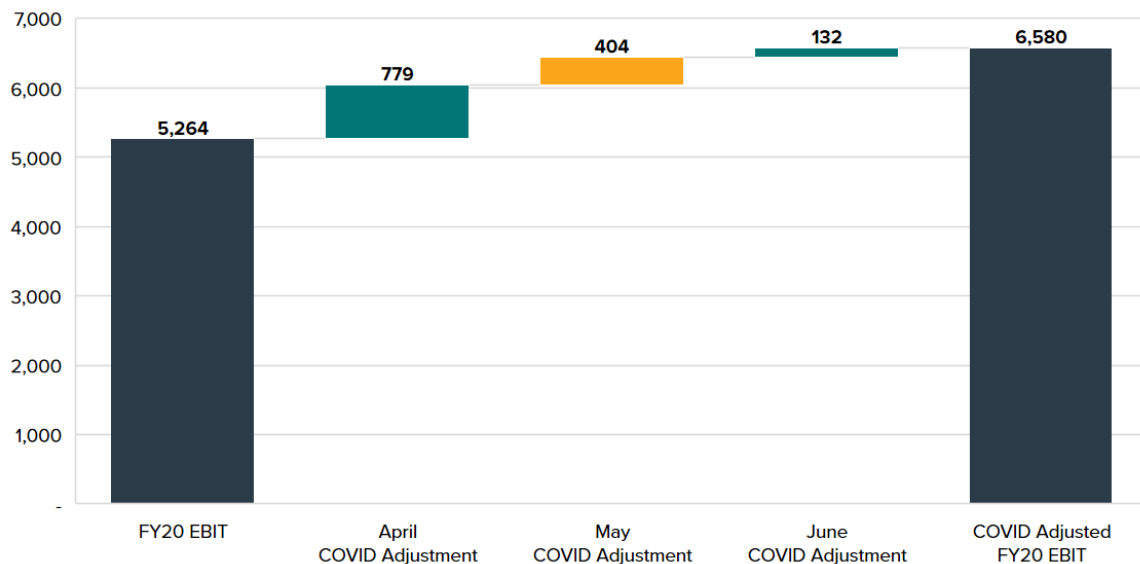
7.2.4. Comparison of Target Dealership's normalised earnings to annualised FY20 results (Covid-19 adjusted and unadjusted).

FY20 is an outlier in terms of EBIT and PBT. A key reason is the impact COVID-19 had on months April 2020 – June 2020. Historically, months May and June have achieved 25% and 67% greater EBIT respectively when compared to July to April.

In our review, we have applied an annualised FY20, taking the months July 19 – March 20 and applying a historical average for the months April 20 – June 20. The historical average is the respective relative monthly averages using data from FY21, FY22, YTD Dec-22 and budgeted Jan 23 – June 23.

The graph below demonstrates the bridge between FY20 and normalised FY20:

FY20 EBIT Bridge (\$'000)



7.2.5. Trading Update

We have reviewed the monthly management accounts of the Target Dealerships for the period of January 2023 to April 2023. Upon comparing the actual performance with the budget for these four months, we note a decline in revenue primarily due to the supply of stock to the Toyota network. However, the order book has continued to grow.

On reviewing the aggregated results of the Target Dealerships for the January-April 2023 period, we note that the PBT fell short of the budget by \$135k. This represents a variance of 1.5% from the FY23 (6A+6B) earnings. After considering the performance of the Target Dealerships during the analysed period, the \$135k shortfall (while not material) is considered in evaluating the budgeted FY23 earnings.

7.2.6. Compared the key metrics of Target Dealership earnings to the industry benchmarks and the comparable companies' data

We reviewed the EBIT margin for the Target Dealerships and their listed competitors. The listed competitors include:

- Autosports Group Limited (ASX:ASG)
- Eagers Automotive Limited (ASX:APE)
- Motorcycle Holdings Limited (ASX:MTO)
- The Colonial Motor Company Limited (NZSE:CMO)
- Peter Warren (ASX:PWR)

Details of the listed comparable companies' business activities are outlined in Appendix 3. Appendix 7 contains industry benchmarks by segment for the top 30% of dealers. The historic EBIT margins for the Target Dealerships are consistent with the listed automotive retailers in FY20-FY21 and lower in FY22-FY23E. The FY22 EBIT margins for the Target Dealerships are also lower than the calendar year 2022 industry benchmarks.

Comparable Company Metrics				
EBIT Margin	FY20	FY21	FY22	FY23E
Target Dealerships	3.3%	4.7%	4.8%	4.2%
Autosports Group Limited (ASX:ASG)	2.0%	4.2%	5.3%	5.4%
Eagers Automotive Limited (ASX:APE)	3.1%	5.6%	5.3%	4.8%
MotorCycle Holdings Limited (ASX:MTO)	5.0%	8.2%	6.7%	7.4%
Peter Warren (ASX:PWR)	1.3%	4.6%	5.2%	5.2%
The Colonial Motor Company Limited (NZSE:CMO)	4.1%	4.8%	5.4%	N/A
Min	1.3%	4.2%	5.2%	4.8%
Max	5.0%	8.2%	6.7%	7.4%
Average	3.1%	5.5%	5.6%	5.7%
Median	3.1%	4.8%	5.3%	5.3%

Source: S&P Capital IQ, Pitcher Partners analysis, Management Accounts.

7.2.7. Conclusion on Maintainable Earnings of Target Dealerships

Having regard to the above, we estimated the future maintainable earnings based on the following observations:

- The normalised EBIT and PBT of the Target Dealerships are summarised below:

Aggregated Normalised Earnings						
\$'000	Ref	FY20	FY21	FY22	YTD Dec22	FY23 6A+6B
Normalised EBIT	Section 7.2.2	3,977	7,729	8,948	4,713	9,036
Normalised PBT	Section 7.2.2	3,980	7,729	8,948	4,714	9,037

- FY20 is an outlier year heavily impacted by COVID-19. The uplift in FY21 and FY22 financial performance is mainly due to a shift in the industry fundamentals including the impact of supply chain challenges.
- Higher levels of dealership profitability have been achieved across the market over the last few years. New car volume has been suppressed due to stock availability and these supply constraints have been a catalyst for higher new and used vehicle gross margins and strong dealership profitability.
- While supply chain constraints have started to ease, some parts of the supply chain may remain under pressure for a period due to factors like availability of semi-conductors.
- Greater vehicle supply over time is expected to lower dealership gross margins and PBT margins, offset to some extent by increasing revenue as supply chains ease.
- Toyota is the market leading Volume brand with the largest market share. These attributes provide the Target Dealerships with relatively defensive characteristics in an industry context.
- Based on the above, future maintainable EBIT and PBT is considered to have some downside risks compared with FY22 earnings.

Having regard to the above, we have assessed the future maintainable EBIT and PBT for the Target Dealerships to be in the range of \$8.0m to \$9.0m. We note that PBT approximates EBIT due to minimal net interest other than floorplan finance which is included in both EBIT and PBT.

7.3. Capitalisation multiples

In determining an appropriate range of capitalisation multiples for the Dealership Targets, we have considered the following:

- Acquisition multiples implied by recent transactions involving automotive retail companies;
- Trading multiples of comparable listed automotive retail companies; and
- The specific characteristics of the Target Dealerships.

7.3.1. Transaction multiples

The following table sets out a summary of transactions involving companies operating in the Australian automotive retail industry:

Target	Transaction date	Transaction Value \$'000	Property Value \$'000	Implied Enterprise Value \$'000	Goodwill \$'000	PBT/EBIT \$'000	EBIT ⁴ Multiple	Goodwill ⁴ Multiple
Motorline Businesses	2-February-23	66,000	-	66,000	60,000	12,000 ³	5.5x	5.0x
Auckland City BMW ²	1-August-22	62,083	-	62,083	49,558	9,371 ³	6.6x	5.3x
ACT Dealership Group	15-July-22	193,000	110,000	83,000	75,000	15,000	5.5x	5.0x
Bill Buckle Auto Group	30-June-22	92,000	43,500	48,500	45,434	8,700	5.6x	5.2x
Average		103,271		64,896	57,498	11,268	5.8x	5.1x
Median		79,000		64,042	54,779	10,686	5.6x	5.1x

Source: ASX Announcements, Pitcher Partners analysis.

Note 1: Numbers may not add due to rounding.

Note 2: Converted to A\$ from NZ\$ using 1 August 2022 exchange rate.

Note 3: Due to the lack of publicly available information, PBT has been assumed to approximate EBIT.

Note 4: See Appendix 4 for a detailed breakdown of the calculations.

Our observations in relation to the above transactions are as follows:

- Motorline Businesses relates to the ASG acquisition of Motorline BMW, Motorline Mini, Motorline Bodyshop, Gold Coast BMW and Gold Coast Mini. Both BMW and Mini are luxury brands with higher end target demographics.
- Auckland City BMW relates to ASG's acquisition of Auckland City BMW. Auckland City BMW was a privately owned New Zealand company comprising 5 dealerships selling BMW, Mini, and Rolls-Royce. These dealerships represent approximately 37% of BMW market share, 50% of MINI market share and 100% of Rolls-Royce market share in New Zealand.
- ACT Dealership Group relates to APE's acquisition of a portfolio of dealerships and associated properties located in Canberra, acquired from a related party of the company, WFM Group. The dealerships operate at 13 sites and comprise a suite of brands including Toyota, Lexus, Volo, Volkswagen, Ford, Jeep, Subaru, Mitsubishi, and GMSV.
- Bill Buckle Auto Group relates to Australian Motor Group's acquisition of a group of dealerships and associated properties owned by APE. The dealerships have operated in Sydney's Northern Beaches since 1963 and retail a suite of brands including Toyota, Subaru, Volkswagen, and Jaguar.

We also note the following anecdotal evidence of Goodwill Multiples:

Target	Purchaser	Goodwill Multiple
19 dealership transactions completed over the period 2007 - 2019	Eagers	Median of 6.1x ¹ Average of 5.8x ¹
Penfold	Peter Warren	Within (but at the top-end given this is a 'premium' acquisition) of the typical 3-6x PBT range ²

Note 1: Source Eagers Independent Expert Report dated 19 May 2022 prepared by PricewaterhouseCoopers Securities Ltd.

Note 2: Source Morgans broker report dated 8 November 2021, Morgan Stanley broker report dated 7 November 2021.

We also note that:

- Transactions involving automotive retailers operating outside of Australia and New Zealand have not been considered comparable as they are subject to different regulatory frameworks, demographic trends, rates of economic growth and risks.
- The Australian automotive industry is highly fragmented, comprising primarily small and private operators. While many transactions were identified, only four transactions contained available financial information necessary to calculate EBIT or Goodwill Multiples.

7.3.2. Trading multiples

The following table sets out the EBIT and Adjusted EBIT multiples for the most comparable listed automotive retail companies operating in Australia and New Zealand:

Company	EV ²	Adjusted ⁵ EV	EBIT LFY ³	EBIT NFY ⁴	Adjusted ⁵ EBIT LFY	EV/EBIT		Adjusted ⁵ EV/EBIT
	(\$m)	(\$m)	(\$m)	(\$m)	(\$m)	LFY	NFY	LFY
Eagers Automotive (APE)	6,848	4,598	476	511	379	14.4x	13.4x	12.1x
Peter Warren (PWR)	1,051	411	89	105	65	11.8x	10.0x	6.3x
Autosports Group (ASG)	1,189	598	99	135	82	12.0x	8.8x	7.3x
The Colonial Motor Company (CMO) ¹	496	201	48	N/A	36	10.2x	N/A	5.5x
MotorCycle Holdings (MTO)	296	199	31	37	28	9.7x	8.1x	7.1x
Average	1,976	1,201	149	197	118	11.6x	10.1x	7.7x
Median	1,051	411	89	120	65	11.8x	9.4x	7.1x

Source: S&P Capital IQ (as at 12 May 2023), Pitcher Partners analysis.

Note 1: Where appropriate, values have been translated to Australian dollars at the historical exchange rate with the exception of EV which has been calculated at 12 May 2023.

Note 2: Share prices of publicly listed companies represents a minority interest as small parcels of shares are exchanged through stock markets. We have applied a control premium of 25% to the market capitalisation of each listed comparable company.

Note 3: LFY is last financial year. LFY reflects information obtained from each company's latest annual report.

Note 4: NFY is next financial year. NFY reflects broker forecasts obtained from S&P Capital IQ.

Note 5: Adjustments to EV and LFY EBIT are described below. See Appendix 4 for a detailed breakdown of the calculations.

Note 6: Descriptions of the above companies are outlined in Appendix 3.

Note 7: Numbers may not add due to rounding.

Adjustments

We have identified several necessary adjustments to EV and EBIT to calculate an earnings multiple based on the operating performance of the comparable companies.

Enterprise Value is adjusted as follows:

- Add net debt including lease liability but excluding floorplan finance.

We have considered the impact of AASB 16 on the calculation of EV and EBIT due to the recognition of a ROU asset and lease liability in the balance sheet, and the recognition of lease expenses through depreciation and interest. For the purpose of calculating the operating performance of the comparable companies, we have removed the ROU asset and lease liability from the balance sheet and included lease liability interest in the calculation of EBIT. The ROU depreciation and lease liability interest combined are a proxy for rental expense.

Floorplan finance is a unique characteristic of the automotive retail industry which is used for working capital purposes to acquire inventory for sale. Dealerships utilise floorplan or bailment finance to fund inventory for both new and used vehicles. New vehicles are purchased from the OEM using financing provided by a floorplan finance provider, who retains title in the vehicle until it is subsequently sold by the

dealership to the end customer. Vehicles financed under floorplan plans are recognised as inventory with the corresponding floorplan liability owing to the finance providers.

Given the operating and revolving nature of this financing, we believe it is appropriate to incorporate the floorplan debt in the calculation of EV and floorplan interest in the operating earnings. Our approach is consistent with the treatment by those within the automotive retail industry.

- Less the value of land and buildings and ROU assets.

Many automotive retail companies have built up property portfolios in desirable locations. The presence of these property portfolios makes it challenging to compare normalised earnings between companies as the cost of owned property utilisation is not adequately reflected in the profit and loss. We therefore believe it is necessary to calculate the value of these comparable companies by first excluding the value of owned property and including a notional rental charge.

ASG carries land and buildings at historical cost less accumulated depreciation whilst all other comparable companies carry land and buildings at market value.

EBIT is adjusted as follows:

- Include interest on floorplan financing and lease liability interest;
- Include a notional rent charge; and
- Exclude (add back) depreciation on owned properties.

Comparable companies

Our observations in relation to the comparable listed companies are as follows:

- APE, PWR, and ASG sell, service and finance motor vehicles primarily in Australia. While these companies have many similarities, we note the following in relation to each of these companies:
 - APE is the largest and most diversified of the three, with dealerships in over 250 locations across Australia and New Zealand representing almost 30 car brands. Although primarily focused on the sale, service and financing of motor vehicles, the company is also involved in the sale of trucks. We estimate that the contribution to total group sales revenue from non-car segments is approximately 2.6%.
 - PWR services the east coast of Australia, retailing 26 brands through 79 dealerships in NSW, QLD, and VIC. Whilst primarily focused on the sale of new and used vehicles, PWR also provides related services including vehicle maintenance, repair, and other aftermarket products.
 - ASG operates on the east coast of Australia and New Zealand with a focus on servicing higher end customers through prestige and luxury brands such as Maserati, McLaren, Mercedes-Benz, Aston Martin, BMW, Audi and Jaguar.
- CMO owns and operates motor vehicle dealerships across New Zealand with a primary focus on the Ford and Mazda brands. Although New Zealand is considered to be a highly comparable market to Australia, there are differences in local regulation and consumer trends that make CMO less comparable to the Target Dealerships.
- MTO operates across 41 retail locations throughout NSW, QLD, VIC and ACT. While the motorcycle industry is exposed to similar macroeconomic factors as the car industry, we note that motorcycle sales are influenced by different business drivers and target a much smaller segment of the overall automotive market. We have therefore placed less reliance on MTO as a comparable company.

7.3.3. Specific characteristics of the Target Dealerships

Whilst multiples implied by trading and transactions provide a useful benchmark in determining an appropriate EBIT multiple for the Targets Dealerships, it is also necessary to consider the specific attributes of the Target Dealerships:

- The brands that automotive retailers are licensed to sell plays a significant role in determining an appropriate multiple due to the varying success that different brands have across the Australian market. The Toyota brand sold by the Target Dealerships is considered to be a highly sought after brand in the Australian market due to the consistently high sales volume and good brand reputation.
- The comparable transactions are a relatively similar size to the Target Dealerships, excluding the value of properties. The ACT Dealership Group and Bill Buckle Auto Group transactions both include the Toyota and Volkswagen brands amongst a broader brand portfolio. The Target Dealerships are predominantly Toyota.
- The identified listed comparable companies are significantly larger than the Target Dealership and therefore less comparable than the identified transactions. Discounts are generally applied to smaller and private companies to account for differences such as the diversification of operations, access to capital markets, reporting quality, reduced marketability and management and governance processes.

7.3.4. Conclusion on multiples

In concluding on an appropriate multiple range, we have considered the following:

- The transaction EBIT multiples ranged from 5.5x to 6.6x with a median of 5.6x. We note that transaction multiples are generally considered to be a more appropriate and relevant benchmark when considering the value of smaller, private transactions.
- The unadjusted prospective EBIT trading multiples range from 8.1x to 13.4x with a median of 9.4x. The historical adjusted EBIT trading multiples range from 5.5x to 12.1x with a median of 7.1x. Based on the listed comparable companies identified, we believe that Peter Warren is the most comparable company to the Target Dealerships with an unadjusted prospective and adjusted historical EBIT multiple of 10.0x and 6.3x respectively. However, we note that Peter Warren is significantly larger and more diversified than the Target Dealerships.
- Toyota is considered to be a premium brand in the Australian automotive retail market, supporting a relatively stronger multiple.
- Based on the considerations identified above, we have concluded on a multiple range of 5.5 – 6.0x.

7.4. Surplus assets and net debt

To arrive at the equity value of the Target Dealerships it is necessary to consider the surplus assets and net debt (other than floorplan finance). We understand that NewCo and PWA Regional will have no surplus assets or net debt (other than floorplan finance) in target net assets at completion.

7.5. Value of equity

Based on the above, we have derived a value for the Total Sale Interest as follows:

	Low \$'000	High \$'000
Estimated future maintainable EBIT	8,000	9,000
EBIT Multiple	5.5x	6.0x
Enterprise Value	44,000	54,000
Surplus Assets / Net Debt	0	0
Equity Value	44,000	54,000
Proportionate Shareholding ¹	87%	87%
Total Sale Interest	38,280	46,980
Rounded	38,300	47,000

Note 1: Refer to section 6.2.

7.6. Cross-check

In order to test the reasonableness of the valuation derived using the CFME approach, we have also considered the NTA+Goodwill approach. We understand that the book values of tangible all assets and liabilities are representative of fair value, with the only major tangible assets being working capital including floorplan finance and plant and equipment.

We have cross-checked the implied Goodwill multiple applying the NTA+Goodwill approach to the value derived utilising the CFME methodology as follows:

	Low \$'000	High \$'000
Equity value using the CFME approach	44,000	54,000
Less: NTA	(1,790)	(1,790)
Implied Goodwill	42,210	52,210
Normalised PBT FY22	N/A	8,948
Normalised PBT FY23 budget	9,037	N/A
Implied Goodwill Multiple (x)	4.7	5.8

We have sensitised the implied Goodwill Multiple based on changes to the EV of the Target Dealerships and maintainable EBIT (EBIT approximates PBT):

Sensitivity Analysis – Implied Goodwill Multiple						
	Enterprise Value \$'000					
	39,000	44,000	49,000	54,000	59,000	
	7,500	5.0x	5.6x	6.3x	7.0x	7.6x
	8,000	4.7x	5.3x	5.9x	6.5x	7.2x
Maintainable PBT \$'000	8,500	4.4x	5.0x	5.6x	6.1x	6.7x
	9,000	4.1x	4.7x	5.2x	5.8x	6.4x
	9,500	3.9x	4.4x	5.0x	5.5x	6.0x

In our opinion, the cross-check supports the estimated value of the Total Sale Interest applying the CFME primary valuation method.

8. Assessment of proposal

8.1. Approach

To assess whether the Proposed Transaction is fair, we have compared the Consideration to the estimated value of the Total Sale Interest. Refer to section 8.2.

In considering whether the Proposed Transaction is reasonable, we have considered the advantages and disadvantages to the Non-associated Shareholders from the Proposed Transaction proceeding. Refer to section 8.3 below.

8.2. Fairness assessment

The Proposed Transaction will be fair if the value of the Total Sale Interest is equal to or greater than the Consideration.

Our analysis of fairness of the Proposed Transaction is summarised below:

Fairness assessment	Low \$'000	High \$'000
Estimated Value of Total Sale Interest	38,300	47,000
Consideration	45,012	45,012

Source: Pitcher Partners Analysis.

8.3. Assessment of reasonableness

While RG11 provides that an offer which is fair will also be considered reasonable, we have also considered other factors which should be brought to the attention of Non-associated Shareholders, as outlined below.

Advantages

a. Toyota is market leading brand that compliments Peter Warren's existing portfolio of brands

Toyota has been the number one brand in Australia by units sold for the last 20 years¹¹. Both Target Dealerships have Toyota franchises, a brand that Peter Warren does not currently represent.

The Toyota and Volkswagen franchises operate in the Volume and Prestige segments of the market respectively, which compliments Peter Warren's existing dealerships. Both Toyota dealerships have market shares that exceed the national average and in the case of Bathurst Toyota, by a considerable margin with a market share greater than 30% during the first half of 2022.

b. Reunification of dealership previously part of the Company

Until 2016, WF Toyota and the Bathurst Dealerships were within the brand portfolio of the then unlisted Peter Warren, however they were divested in 2016 when Quadrant acquired an equity interest in Peter Warren.

Following Peter Warren's IPO in 2021, Quadrant divested its equity interest in 2022. This provided the Company with the opportunity to reacquire these Toyota dealerships.

The Proposed Transaction is an opportunity to reunify these two dealerships back within the Company. The Target Dealerships and their management teams are therefore already well-known to Peter Warren and mitigate acquisition and integration risk.

The acquisition of Toyota completes the reunification of Toyota into the Peter Warren portfolio of brands and cements Peter Warren as an industry leader, representing top brands in each segment of the market.

c. Operating efficiencies

Peter Warren should be able to achieve operating efficiencies from both the Warwick Farm and Bathurst locations from areas such as group marketing, staff movements and reallocation, used vehicle supply optimisation and purchasing power that comes from functioning within a larger company. WF Toyota already operates within the Peter Warren auto mall in Warwick Farm.

This will enable greater site optimisation at Warwick Farm where vehicles can be directed to the most appropriate locations within the broader Peter Warren auto mall to maximise customer exposure and financial return. Toyota vehicles traded by the Company can now be located within

¹¹ VFACTS 2003 - 2023.

the WF Toyota dealership site to optimise exposure to enquiring customers for that brand. The same can apply to non-Toyota units traded by WF Toyota. Staffing can also be optimised with quality staff who are internally developed can be retained as part of a larger group.

d. Regional presence

The Bathurst Dealerships provide a beachhead in Central Western NSW with a roughly one third market share in the Bathurst area. The Proposed Transaction provides Peter Warren a significant presence in Central Western NSW and better positions the Company for possible other dealership acquisition opportunities that may arise from being located within this region. The regional dealership landscape is rationalising as larger dealer groups expand.

e. Earnings per share ("EPS") accretive before synergies

The Proposed Transaction is expected to be EPS accretive for the Company, before synergies. The Proposed Transaction is anticipated to increase EPS in the region of 5% post acquisition after accounting for cost of funding.

Disadvantages

a. The acquisition will increase the gearing of Peter Warren (with gearing levels remaining in an acceptable range)

The Consideration of \$45 million is to be paid in cash. The acquisition will be funded through a mixture of cash reserves and new financing facilities, increasing the gearing of Peter Warren. The Company is not issuing any equity instruments to fund the acquisition. The debt facility will be secured against the existing property portfolio.

Peter Warren's total borrowings as at 31 December 2022 (including floorplan finance liabilities but excluding lease liabilities) was \$316.2 million against assets (excluding right of use assets) of \$938.1 million. The additional \$45 million would increase total borrowings to \$361.2 million, but does not result in a debt level that is considered highly leveraged. If floorplan finance was excluded, total borrowings pre acquisition decrease to \$62.4 million.

After forming an opinion that the Proposed Transaction is fair and after considering the advantages and disadvantages of the Proposed Transaction to the Non-associated Shareholders of Peter Warren, in our opinion the Proposed Transaction is also reasonable to the Non-associated Shareholders.

8.4. Conclusion

Having regard to the above, in our opinion the Proposed Transaction is both fair and reasonable to the Non-associated Shareholders of Peter Warren.

At December 2022, the Company's net debt to property value was 21.1%, post-acquisition this is expected to rise to 40.4%.

b. Automotive market cycles

Key industry and macroeconomic factors drive supply and demand for motor vehicles. Restricted supply of vehicles over the last few years has limited volume growth and been a major factor in increasing the price of vehicles and dealer gross margins relative to historical averages, not only for new vehicles but also in the used car market. While some supply chain challenges remain, there is a risk of contraction in gross margins as supply chain issues are addressed and new car supply increases.

In contrast, demand-side risks are posed by a sharply increasing interest rate environment and higher inflation settings. Mitigating factors include strong order books of the Target Dealerships and retention of incumbent senior management and geographical teams.

The identified industry supply and demand factors pose a risk of softer industry profits in the foreseeable future.

c. Integration risks and costs of integration

The risks associated with integration of the Target Dealerships are considered low given the extent of the working relationship already established between Peter Warren and the Target Dealerships. As noted in section 4.3, Peter Warren provides significant management and administrative support services through the Toyota SSA such as corporate governance, IT, human resources, and vehicle-related management functions including vehicle receiving, stock control, parts management, and fleet sales.

The integration risks for the Bathurst Dealership are considered low albeit higher than Warwick Farm due to the limited services currently provided by Peter Warren under the Toyota SSA. These risks are mitigated as Peter Warren has extensive experience with successful integrations of acquired dealerships in the recent past.

Additional Information

Appendices

Appendix 1: Glossary of Terms

Term	Description
1H	First half of financial year
4 & 8 Corporation Avenue Lease	Lease between PWA Regional and associated entity of Mr Paul Warren in relation to 4 & 8 Corporation Avenue Robin Hill NSW 2795
6A + 6B	Six months actual, six months budget
ACT	Australian Capital Territory
APE	Eagers Automotive Limited
APES 225	Accounting Professional & Ethical Standard Board Professional Standard APES 225 Valuation Services
ASG	Autosports Group Limited
ASIC	Australia Securities & Investments Commission
Bathurst Acquisition	Acquisition of Bathurst Sale Shares
Bathurst Dealerships	Bathurst Toyota and Volkswagen Dealerships
Bathurst Sale Shares	95% shareholding in PWA Regional
C&W	Cushman & Wakefield
Captive OEM Financing	Includes Volkswagen Financial Services, Mercedes-Benz Financial Services and Toyota Financial Services
CFME	Capitalisation of Future Maintainable Earnings
CMO	The Colonial Motor Company Limited
Company	Peter Warren Automotive Holdings Limited
Consideration	Amount of \$45m
DCF	Discounted Cashflow
Dealer Principal Shareholder	LPB Corp Pty Ltd as trustee of The Gilchrist Family Trust
EBIT	Earnings Before Interest and Taxes
EBITDA	Earnings Before Interest, Taxes, Depreciation and Amortisation
EMA	Equitable Mortgage Agreement
EPS	Earnings Per Share
EV	Enterprise Value or Electric Vehicle (based on context)
F&I	Finance & Insurance
FY	Financial year
Goodwill Multiple	Goodwill divided by PBT
IPO	Initial Public Offering
KPI	Key Performance Indicator
LCV	Light Commercial Vehicles
MTO	MotorCycle Holdings Limited
NewCo	Warwick Farm Automotive Pty Limited
NewCo Shared Services Agreement	Shared Services Agreement between WF Automotive and PWA in relation to NewCo
NSW	New South Wales
NTA	Net Tangible Assets

Term	Description
NTA+Goodwill	Net Tangible Assets plus Goodwill
OEM	Original Equipment Manufactures
PAT	Profit After Tax
PBT	Profit Before Tax
Peter Warren	Peter Warren Automotive Holdings Limited
Pitcher Partners	Pitcher Partners Sydney Corporate Finance Pty Ltd
PMA	Prime Marketing Area
Proposed Transaction	WF Acquisition and Bathurst Acquisition
PWA	Peter Warren Automotive Pty Ltd
PWA Regional	PWA Regional Automotive Pty Limited
PWA Regional Shared Services Agreement	New Shared Service Agreement between PWA Regional and PWA
PWR	Peter Warren Automotive Holdings Limited
QLD	Queensland
Quadrant	Quadrant Private Equity
RG111	ASIC Regulatory Guide 111 Content of expert reports
RG112	ASIC Regulatory Guide 111 Independence of experts
ROU	Right of Use
SPFS	Special Purpose Financial Statements
Target Dealerships	WF Toyota and Bathurst Dealerships
TFAL	Toyota Finance Australia Limited
Total Sale Interest	WF Sale Interest and Bathurst Sale Shares
Toyota SSA	Peter Warren Shared Service Agreement with WF Automotive and PWA Regional
VIC	Victoria
Volkswagen	Volkswagen Group Australia Pty Ltd
VWFS	Volkswagen Financial Services Australia Pty Limited
Warren Family	The Warren Family Pty Ltd as trustee for The Peter Warren Family Trust
WF Acquisition	The effective acquisition of the WF Sale Interest
WF Automotive	WF Automotive Pty Ltd
WF Sale Interest	80% shareholding in NewCo
WF Toyota	Peter Warren Toyota dealership at Warwick Farm
YTD	Year to date

Appendix 2: Sources of information

In preparing this report we have had regard to the following sources of information:

- Annual Reports of Peter Warren for three years ended 30 June 2022.
- Half Year Report of Peter Warren for the period ended 31 December 2022.
- IBISWorld Report on Motor Vehicle Dealers in Australia dated February 2023.
- FY20 – YTDDec22 Special Purpose Finance Statements of Target Dealerships.
- FY20 – YTDDec22 management accounts and adjusting journals of Target Dealerships.
- FY23 forecast management accounts of Target Dealerships.
- Trading update: Jan-23 to Apr-23 monthly P&L of Target Dealerships.
- Financial Due Diligence reports on Target Dealerships prepared by Peter Warren.
- Executed Share Purchase Agreement for shares in PWA Regional and Executed Business Purchase Agreement relating to WF Toyota.
- S&P Capital IQ.
- ASX announcements of Peter Warren and comparable companies.
- Latest annual reports of comparable companies.
- APE Independent Expert Report dated 19 May 2022
- Morgans broker report dated 8 November 2021 and Morgan Stanley broker report dated 7 November 2021
- VFACTS 2003 – 2023.
- Discussions with Management of Peter Warren.

Appendix 3: Benchmark Listed Companies

Ticker	Company	Company Description
ASX:APE	Eagers Automotive Limited	Eagers Automotive Limited engages in the ownership and operation of motor vehicle and truck dealerships in Australia and New Zealand. It operates through: Car Retailing, Truck Retailing, and Property segments. The Car Retailing segment offers a range of automotive products and services, including new and used vehicles, vehicle maintenance and repair services, vehicle parts, service contracts, vehicle brokerage services, vehicle protection products, and other aftermarket products. It also facilitates financing for vehicle purchases through third-party sources; and engages in the motor auction business and forklift rental business. The Truck Retailing segment offers various products and services comprising new and used trucks, truck maintenance and repair services, truck parts, service contracts, truck protection products, and other aftermarket products; and facilitates financing for truck purchases through third-party sources. The Property segment acquires and rents commercial properties. The company was formerly known as A.P. Eagers Limited and changed its name to Eagers Automotive Limited in July 2020. Eagers Automotive Limited was founded in 1913 and is based in Newstead, Australia.
ASX:PWR	Peter Warren	Peter Warren engages in the retail of new and used cars in Australia. The company also provides vehicle maintenance and repair services, parts, and protection and other aftermarket products; and extended service contracts, as well as financing and insurance services. It operates 79 franchise operations. The company was founded in 1958 and is based in Sydney, Australia.
ASX:ASG	Autosports Group Limited	Autosports Group Limited, together with its subsidiaries, engages in the motor vehicle retailing business in Australia. The company sells new and used motor vehicles, aftermarket products, and spare parts; distributes finance and insurance products; and provides motor vehicle servicing and collision repair services. As of August 2022, it operates 47 franchised dealerships. The company also operates 3 used motor vehicle outlets; 3 franchised motorcycle dealerships; and 7 motor vehicle collision repair facilities. Autosports Group Limited was founded in 2006 and is based in Leichhardt, Australia.
NZSE:CMO	The Colonial Motor Company Limited	The Colonial Motor Company Limited, together with its subsidiaries, owns and operates franchised motor vehicle dealerships in New Zealand. The company operates 12 Ford motor vehicle dealerships, including 7 Mazda franchises. It also engages in the distribution and retail of Kenworth and DAF heavy duty trucks; and retails New Holland, Case IH, and Kubota tractors and equipment. The Company was founded in 1859 and is based in Wellington, New Zealand.
ASX:MTO	MotorCycle Holdings Limited	MotorCycle Holdings Limited owns and operates motorcycle dealerships in Australia. It operates through two segments, Motorcycle Retailing and Motorcycle Accessories Wholesaling. The company is involved in the sale of new motorcycles, used motorcycles, accessories and parts, and mechanical protection plan contracts; wholesaling and retailing of motorcycle accessories; and financing and insurance services for motorcycle purchases through third-party sources, as well as servicing and repair of motorcycles. It serves motorcyclists who are primarily leisure riders, recreational users, commuters, farmers, and adventure sports enthusiasts through 39 retail and 3 wholesale outlets in QLD, NSW, VIC, ACT in Australia, as well as in New Zealand. MotorCycle Holdings Limited was founded in 1989 and is based in Slacks Creek, Australia.

Source: S&P Capital IQ.

Appendix 4: Multiple calculations

Transaction Multiples

Target \$'000	Transaction date	Transaction value	Property	Implied Enterprise Value	Net Tangible Assets ¹	Goodwill	EBIT ²	PBT ²	EBIT Multiple	PBT Multiple
		[A]	[B]	[C] = [A] - [B]	[D]	[E] = [C] - [D]	[F]	[G]	[H] = [C] / [F]	[I] = [E] / [G]
Motorline Businesses	02-Feb-23	66,000	-	66,000	6,000	60,000	12,000	12,000	5.5x	5.0x
Auckland City BMW	01-Aug-22	62,083	-	62,083	12,525	49,558	9,371	9,371	6.6x	5.3x
ACT Dealership Group	15-Jul-22	193,000	110,000	83,000	8,000	75,000	15,000	15,000	5.5x	5.0x
Bill Buckle Auto Group	30-Jun-22	92,000	43,500	48,500	3,066	45,434	8,700	8,700	5.6x	5.2x
Average		103,271	38,375	64,896	7,398	57,498	11,268	11,268	5.8x	5.1x
Median		79,000	21,750	64,042	7,000	54,779	10,686	10,686	5.6x	5.1x

Source: ASX Announcements, Pitcher Partners analysis.

Note 1: We assume that transactions were completed with no net debt other than floorplan finance. To the extent that AASB 16 is applicable, we assume that ROU assets approximate lease liabilities.

Note 2: We assume that PBT approximates EBIT after floorplan finance, and EBIT is after internal/notional rent charges for transactions with existing property ownership.

Trading Multiples

\$'m											EV / EBIT		Adjusted							
	Market Cap ¹	Net Debt	EV (Control)	ROU Assets	Book Value of Properties	Bailment Finance	EV (Adjusted)	Net Tangible Assets	Goodwill	EBIT LFY	Less: Bailment Interest	Add: Depreciation Buildings	Less: ROU Liability Interest	Less: Notional Rent Charge	EBIT LFY Adjusted	Less: Corporate Debt	PBT LFY	LFY	FY + 1	LFY
Eagers Automotive Limited	4,663	2,186	6,848	801	577	872	4,598	387	4,276	476	26	9	46	35	379	17	362	14.4x	13.4x	12.1x
Warren Automotive Holdings Limited	532	519	1,051	188	198	254	411	245	287	89	4	2	10	12	65	1	64	11.8x	10.0x	6.3x
Autosports Group Limited	589	600	1,189	181	98	312	598	-29	618	99	5	1	7	6	82	4	78	12.0x	8.8x	7.3x
The Colonial Motor Company Limited	348	149	496	17	210	69	201	282	66	48	1	2	1	13	36	2	34	10.2x	n/a	5.5x
MotorCycle Holdings Limited	155	141	296	51	0	46	199	41	114	31	1	0	2	0	28	0	28	9.7x	8.1x	7.1x
Median	532	519	1,051	181	198	254	411	245	287	89	4	2	7	12	65	2	64	11.8x	9.4x	7.1x
Average	1,257	719	1,976	248	217	310	1,201	185	1,072	149	7	3	13	13	118	5	113	11.6x	10.1x	7.7x

Source: S&P CapitalIQ, Pitcher Partners analysis.

Note 1: As share prices of publicly listed companies represent a minority interest, we have applied a control premium of 25% to the market capitalisation of each listed comparable company.

Appendix 5: Financial performance

The tables below set out the separate financial performance of the Bathurst Dealerships and WF Toyota respectively.

Table 1

\$'000	Bathurst Dealerships Profit & Loss					
	FY20	FY21	FY22	YTD Dec22	FY23 (6A+6B)	
New Car	616	801	807	401	852	
Retail Used Car	348	317	245	96	235	
Wholesale Used Car	124	99	90	47	100	
Total Units	1,088	1,217	1,142	544	1,187	
Revenue						
Revenue	1	48,505	60,983	60,269	29,326	62,164
Net revenue		48,505	60,983	60,269	29,326	62,164
Cost of sales						
Cost of goods sold		(43,562)	(54,278)	(53,305)	(25,901)	(55,271)
Selling expenses	2	(514)	(545)	(532)	(272)	(589)
Direct expenses	2	(1,838)	(2,053)	(2,254)	(1,283)	(2,506)
Total cost of sales		(45,915)	(56,876)	(56,092)	(27,456)	(58,367)
Gross profit		2,591	4,106	4,177	1,870	3,797
Gross profit margin %	3	5.3%	6.7%	6.9%	6.4%	6.1%
Gross profit / net revenue						
Gross profit margin %	4	10.2%	11.0%	11.6%	11.7%	11.1%
Excludes selling and direct expenses						
Gross profit margin %	5	13.4%	13.8%	15.5%	16.5%	14.9%
Excludes selling and direct expenses, includes F&I and other income						
F&I net income	6	818	942	931	411	970
Other income	7	725	743	1,418	1,015	1,385
Jobkeeper		349	389	-	-	-
Total other revenue		1,893	2,074	2,349	1,426	2,356
Operating expenses						
Indirect expenses		(2,537)	(2,697)	(2,640)	(1,479)	(2,930)
Total Expenses		(2,537)	(2,697)	(2,640)	(1,479)	(2,930)
PBT		1,946	3,484	3,886	1,818	3,222
PBT %	8	4.0%	5.7%	6.4%	6.2%	5.2%
Adjustments						
Interest Income	9	(3)	(0)	(0)	(1)	(1)
EBIT		1,943	3,484	3,886	1,817	3,221
EBIT %	10	4.0%	5.7%	6.4%	6.2%	5.2%

Notes:

1. Holdback income which includes annual incentive programs with OEM's such as Toyota and Volkswagen is included in revenue.
2. To ensure consistency with Target Dealerships management reporting, selling and direct expenses have been included in gross profit calculations, which other companies may exclude from their financial disclosures.
3. Gross profit margin % calculated as gross profit divided by net revenue.
4. Gross profit margin % excludes selling and direct expenses.
5. Gross profit margin % excludes selling and direct expenses and includes F&I and other income.
6. F&I net income includes revenue and expenses related to F&I.
7. Other income includes pre delivery income, KPI income, interest income and BAC training incentives.
8. PBT % calculated as PBT divided net revenue.
9. Interest income includes all corporate interest income/expenses. Floorplan interest expense is excluded and is considered part of normal business operations.
10. EBIT % is calculated as EBIT divided by net revenue.

Table 2

WF Toyota Profit & Loss						
\$'000		FY20	FY21	FY22	YTD Dec22	FY23 (6A+6B)
New Car		2,383	2,764	2,518	1,395	2,764
Retail Used Car		390	443	254	141	345
Wholesale Used Car		854	821	428	235	522
Total Units		3,627	4,028	3,200	1,771	3,631
Revenue						
Revenue	1	110,715	126,927	128,259	73,171	143,631
Net revenue		110,715	126,927	128,259	73,171	143,631
Cost of sales						
Cost of goods sold		(100,114)	(115,888)	(116,535)	(66,046)	(129,975)
Selling expenses	2	(2,882)	(1,935)	(1,927)	(1,165)	(2,346)
Direct expenses	2	(4,933)	(4,721)	(4,667)	(2,581)	(4,984)
Total cost of sales		(107,929)	(122,544)	(123,129)	(69,792)	(137,306)
Gross profit		2,786	4,382	5,130	3,378	6,326
Gross profit margin %	3	2.5%	3.5%	4.0%	4.6%	4.4%
Gross profit / net revenue						
Gross profit margin %	4	9.6%	8.7%	9.1%	9.7%	9.5%
Excludes selling and direct expenses						
Gross profit margin %	5	12.8%	12.1%	11.7%	11.6%	11.6%
Excludes selling and direct expenses, includes F&I and other income						
F&I net income	6	1,433	1,678	1,262	533	1,248
Other income	7	2,126	2,626	2,065	854	1,745
Jobkeeper		983	530	-	-	-
Total other revenue		4,542	4,834	3,327	1,387	2,993
Operating expenses						
Indirect expenses		(4,007)	(3,951)	(3,283)	(1,906)	(3,578)
Total Expenses		(4,007)	(3,951)	(3,283)	(1,906)	(3,578)
PBT		3,322	5,266	5,174	2,859	5,741
PBT %	8	3.0%	4.1%	4.0%	3.9%	4.0%
Adjustments						
Interest Income	9	-	-	-	-	-
EBIT		3,322	5,266	5,174	2,859	5,741
EBIT %	10	3.0%	4.1%	4.0%	3.9%	4.0%

Notes:

1. Holdback income which includes annual incentive programs with OEM such as Toyota is included in revenue.
2. To ensure consistency with Target Dealerships management reporting, selling and direct expenses have been included in gross profit calculations, which other companies may exclude from their financial disclosures.
3. Gross profit margin % calculated as gross profit by net revenue.
4. Gross profit margin % excludes selling and direct expenses.
5. Gross profit margin % excludes selling and direct expenses and includes F&I and other income.
6. F&I net income includes revenue and expenses related to F&I.
7. Other income includes pre delivery income, KPI income, interest income and BAC training incentives.
8. PBT % calculated as PBT by net revenue.
9. Interest income includes all corporate interest income/expenses. Floorplan interest expense is excluded and is considered part of normal business operations.
10. EBIT % is calculated as EBIT divided by net revenue.

Table 3

Table shows the aggregation of Target Dealership results.

Entity comparison						
\$'000	FY20 Bathurst	FY20 WF Toyota	FY21 Bathurst	FY21 WF Toyota	FY22 Bathurst	FY22 WF Toyota
Revenue	48,505	110,715	60,983	126,927	60,269	128,259
PBT	1,946	3,322	3,484	5,266	3,886	5,174
PBT %	4.0%	3.0%	5.7%	4.1%	6.4%	4.0%
EBIT	1,943	3,322	3,484	5,266	3,886	5,174
EBIT %	4.0%	3.0%	5.7%	4.1%	6.4%	4.0%

Entity comparison				
\$'000	YTD Dec22 Bathurst	YTD Dec22 WF Toyota	FY23 (6A+6B) Bathurst	FY23 (6A+6B) WF Toyota
Revenue	29,326	73,171	62,164	143,631
PBT	1,818	2,859	3,222	5,741
PBT %	6.2%	3.9%	5.2%	4.0%
EBIT	1,817	2,859	3,221	5,741
EBIT %	6.2%	3.9%	5.2%	4.0%

Appendix 6: Declarations, qualifications and consents

Declarations

The report has been prepared at the request of the Independent Directors of Peter Warren and is to be incorporated in the Notice of Meeting and Explanatory Statement to be given to Shareholders. Accordingly, it has been prepared only for the benefit of the Directors and those persons entitled to receive the Notice of Meeting and Explanatory Memorandum and should not be used for any other purpose. Pitcher Partners expressly disclaims any liability to any Peter Warren shareholder who relies or purports to rely on the report for any other purpose and to any other party who relies or purports to rely on the report for any purpose whatsoever.

Other than this report, neither Pitcher Partners nor its related entities has been involved in the preparation of the Notice of Meeting and Explanatory Memorandum or any other document prepared in respect of the Proposed Transaction. Accordingly, we take no responsibility for the content of the Notice of Meeting and Explanatory Memorandum as a whole or other documents prepared in respect of the Proposed Transaction.

Statements and opinions contained in this report are given in good faith but, in the preparation of this report, Pitcher Partners has relied upon the information provided by the Directors and Management of Peter Warren. Pitcher Partners does not imply, nor should it be construed, that it has carried out any form of audit or verification on the information and records supplied to us other than as required in accordance with RG111. Drafts of our report were issued to the Directors for confirmation of factual accuracy.

Furthermore, recognising that Pitcher Partners may rely on information provided by Peter Warren and their respective officers and/or associates, Peter Warren has agreed to make no claim against Pitcher Partners to recover any loss or damage which Pitcher Partners, or its associates may suffer as a result of that reliance and also has agreed to indemnify Pitcher Partners against any claim arising out of this engagement, in relation to any and all losses, claims, damages and liabilities arising out of or related to the performance of these services and which arise from reliance on information received which is provided by the Peter Warren or material information Peter Warren had in its possession and was not provided to us.

Pitcher Partners is a licensed corporate advisory entity of Pitcher Partners Sydney, Chartered Accountants. Pitcher Partners Sydney is a chartered accounting firm providing a full range of accounting and advisory services.

Neither Pitcher Partners nor any partner or executive or employee thereof has any financial interest in the outcome of the Proposed Transaction. Pitcher Partners is to receive a fee relating to the preparation of this report of approximately \$175,000 plus GST based on time spent at normal professional rates.

This report has been prepared in accordance with APES 225 "Valuation Services".

Qualifications

The Directors of Pitcher Partners involved in the preparation of this report are Alan Max and Steven Bragg. Alan Max, B. Com (Hons) FCA has many years of experience in the provision of corporate finance advice, including specific advice on valuations, mergers and acquisitions, as well as the preparation of expert reports. Steven Bragg, B.B.A. (Hons) has many years of experience in the provision of corporate finance advice, including extensive experience specialising in the Australian motor industry preparing valuations, providing specific advice on mergers and acquisitions, as well as preparation of independent expert reports.

Consent

The report represents solely the expression by Pitcher Partners of its opinion as to whether the whether the Proposed Transaction is fair and reasonable to Non-associated Shareholders. Pitcher Partners consents to this report being incorporated in the Notice of Meeting and Explanatory Statement.

Appendix 7: Profit benchmarking by segment category

Net Profit % of Revenue	Low	High
Volume	5.4%	5.9%
Prestige	5.5%	6.1%
Luxury	5.8%	6.1%

Source: Deloitte.

These benchmarks are a measure of 'best practice' drawn from the top 30% of dealers.