

15 August 2018

**EXISTING CONVERTIBLE BONDS TO REDEEM OR CONVERT ON MONDAY 1 OCTOBER 2018 AT
HOLDER ELECTION
AND NEW BOND OFFER CONSIDERED**

We are writing to you as a holder of interest bearing secured convertible bonds (NZX: TRAHB) (*Existing Convertible Bonds*) issued by Turners Automotive Group Limited (then known as Turners Limited). As the scheduled maturity date is a Sunday, the Existing Convertible Bonds redemption or conversion will occur on the following business day, Monday, 1 October 2018.

- You have the option to convert your Existing Convertible Bonds at maturity into fully paid shares in Turners, by giving notice by 5.00 pm on 30 August 2018 as set out below.
- If you do not elect to convert your Existing Convertible Bonds, they will instead be redeemed (and the principal amount repaid, in accordance with their terms) at maturity.
- Turners is also considering making a new offer of 3 year secured subordinated fixed rate bonds (*New Bonds*), to replace the Existing Convertible Bonds. The New Bonds are expected to be offered to Existing Convertible Bondholders on the basis set out below.

A form of conversion notice for the Existing Convertible Bonds is included with this letter. Further details are set out below. **If you would like to convert your Existing Convertible Bonds, you must return a completed conversion notice in time to be received by Computershare by 5.00pm on 30 August 2018.**

Turners is considering making a new offer of up to \$25 million of New Bonds, with the ability to accept up to \$5 million oversubscriptions at Turners' discretion, to replace the Existing Convertible Bonds.

The interest rate for the New Bonds is expected to be set at 5.5% per annum. The New Bonds will not have a conversion feature.

The New Bonds are expected to be offered to Existing Convertible Bondholders and to other investors who are New Zealand residents.

In the event of any scaling of applications, Turners intends to give preference to Existing Convertible Bondholders who are New Zealand resident and who have not elected to convert their Existing Convertible Bonds. Turners intend to allow such holders to request that Turners apply some or all of the redemption proceeds from their Existing Convertible Bonds to subscribe for New Bonds.

Investors can register their interest in the new offer by contacting Turners or their financial advisor. Indications of interest will not constitute an obligation or commitment of any kind.

No money is currently being sought and applications for the New Bonds cannot currently be made. If Turners offers the New Bonds, the offer will be made in accordance with the Financial Markets Conduct Act 2013.

Further details and instructions for conversion of Existing Convertible Bonds

The conversion of an Existing Convertible Bond will occur on the basis of the following formula:

$$\text{Number of Shares} = \frac{\text{Principal Amount}}{\text{Conversion Amount}}$$

The Conversion Amount for each Existing Convertible Bond is the lesser of:

- (a) \$3.75; and
- (b) a 5% discount to the average daily volume weighted price of the Shares in the 90 days prior to the maturity date as determined by an independent adviser appointed by Turners.

Existing Convertible Bonds that are not converted by the holder are scheduled to be redeemed on Monday 1 October 2018 (being the business day immediately following the scheduled maturity date, which is a Sunday).

Holders who wish to convert their Existing Convertible Bonds should complete the conversion notice included with this letter and return it to the office of the registrar, Computershare, or alternatively to a Primary Market Participant or approved financial intermediary. Completed conversion notices must be returned in time to be received by Computershare by 5.00pm on 30 August 2018.

If you are in any doubt as to whether conversion is desirable, you should seek advice from an NZX Advisor or other financial adviser.

Yours sincerely

Todd Hunter
Chief Executive Officer
Turners Automotive Group Limited