



Product Disclosure Statement

Offer of secured subordinated fixed rate bonds
issued by Turners Automotive Group Limited

Date: 28 August 2018

This document gives you important information about this investment to help you decide whether you want to invest. There is other useful information about this offer on www.companiesoffice.govt.nz/disclose.

Turners Automotive Group Limited has prepared this document in accordance with the Financial Markets Conduct Act 2013. You can also seek advice from a financial adviser to help you to make an investment decision.

Arranger and Joint Lead Manager

FNZC

Joint Lead Manager



1 KEY INFORMATION SUMMARY

What is this?

This is an offer (*Offer*) of secured subordinated fixed rate bonds (*Bonds*). The Bonds are debt securities issued by Turners Automotive Group Limited (*Turners*). You give Turners money, and in return Turners promises to pay you interest and repay the money at the end of the term.

If Turners runs into financial trouble, you might lose some or all of the money you invested.

About Turners and its subsidiaries (the *Turners Group*)

Turners is a New Zealand owned and operated company listed on the NZX Main Board and ASX (ticker code: TRA). As at close of the business day before the date of this product disclosure statement (*PDS*), Turners has a market capitalisation on the NZX of approximately \$250 million. The Turners Group is an integrated automotive financial services group helping wholesale and retail customers in three integrated areas; buying and selling vehicles, finance and insurance and debt management services. It is New Zealand's largest seller of cars, trucks and machinery. It also finances them and insures them for mechanical breakdown, accident and loan repayments with a wide range of products.

Purpose of this Offer

The net proceeds of this Offer are expected to be applied towards repaying existing financing for Turners, including the interest bearing convertible bonds maturing 30 September 2018 issued by Turners (then known as Turners Limited) and quoted on the NZX Debt Market (NZX: TRAHB) (*Existing Convertible Bonds*). This is expected to provide additional debt capacity to fund future business opportunities.

Key terms of the Offer

Issuer	Turners Automotive Group Limited
Description	Secured subordinated fixed rate debt obligations of Turners.
Guarantee	The Bonds will be guaranteed (the <i>Guarantee</i>) by certain subsidiaries of Turners (each a <i>Guarantor</i>) as described further below. Guarantors may be added or resign in certain circumstances.
Offer amount	Turners is offering for subscription up to \$25 million in Principal Amount of Bonds, with the ability to accept up to \$5 million of oversubscriptions at its discretion.
General Offer and Exchange Offer	The Bonds are offered in New Zealand to investors who are New Zealand residents (the <i>General Offer</i>). In addition, if you are a holder of Existing Convertible Bonds in New Zealand, have not elected to convert those Existing Convertible Bonds into ordinary shares in Turners (<i>Shares</i>), and are resident in New Zealand, you may request that Turners applies some or all of the redemption proceeds from those Existing Convertible Bonds to subscribe for Bonds (the <i>Exchange Offer</i>). See section 3 of this PDS (<i>Terms of the Offer</i>).
Offer opening and closing dates	The Offer (including both the General Offer and the Exchange Offer) is expected to open on 28 August 2018 and close at 12.00 noon on 24 September 2018.
Term	3 years maturing on 30 September 2021 (the <i>Maturity Date</i>). If an event of default as described in the Bank Facilities (<i>Bank Default</i>) has occurred or would result from the redemption of the Bonds on the Maturity Date, Turners will not be permitted to redeem the Bonds until that Bank Default is remedied. If Turners fails to repay the Bonds on the Maturity Date when permitted there will be a standstill period of 90 days before the Supervisor can take enforcement action. See section 5 of this PDS (<i>Key Features of the Bonds</i>).
Interest rate	The Bonds will bear a fixed rate of interest of 5.5% per annum from the Issue Date (expected to be 1 October 2018) until the Maturity Date.

Interest payments	<p>Interest is scheduled to be paid quarterly in arrear in equal amounts on 30 March, 30 June, 30 September and 30 December of each year, including for the period from the Issue Date to 30 December 2018.</p> <p>If a Bank Default has occurred or will occur as a result of the making of a payment of interest to Bondholders, Turners will not be permitted to pay the relevant amount. Interest will continue to accrue on the Principal Amount of the Bonds and is required to be paid when the Bank Default is remedied or when the Bank Default will not occur as a result of the making of the payment. If Turners fails to pay any interest to Bondholders when permitted there will be a standstill period of 90 days before the Supervisor can take enforcement action. See section 5 of this PDS (<i>Key Features of the Bonds</i>).</p>
Further payments, fees or charges	<p>Applicants are not required to pay brokerage or any charges to Turners in relation to the Offer. However, you may have to pay brokerage to the firm from whom you receive an allocation of Bonds. Contact your Primary Market Participant for further information on applicable fees.</p> <p>Taxes may be deducted from interest payments on the Bonds. See section 7 of this PDS (<i>Tax</i>) for further details.</p> <p>The offer is subject to certain selling restrictions and you will be required to indemnify certain people if you breach these. See section 5 of this PDS (<i>Key Features of the Bonds</i>).</p>
Application amounts	<p>The minimum subscription amount is \$2,000 and multiples of \$1,000 thereafter.</p>

Who is responsible for repaying you?

Turners is responsible for the repayment of the Bonds.

The Bonds will be guaranteed by certain subsidiaries of Turners pursuant to the Security Agreement. The Guarantors are Oxford Finance Limited, Buy Right Cars (2016) Limited, EC Credit Control (NZ) Limited, Estate Management Services Limited, Payment Management Services Limited, EC Web Services Limited, Turners Group NZ Limited, Turners Fleet Limited and Turners Property Holdings Limited.

The Bonds are not guaranteed by any other member of the Turners Group. Any subsidiary of Turners that becomes an additional guarantor under the Bank Security Trust Deed is also required to become a Guarantor. A Guarantor may resign if no Event of Default is continuing or would occur as a result of the resignation, and it has ceased to be a guarantor under the Bank Security Trust Deed.

How you can get your money out early

There is no right or obligation for Turners, Bondholders or any other person to redeem the Bonds prior to the Maturity Date, except following the occurrence of an Event of Default (see section 5 of this PDS (*Key Features of the Bonds*) for further details).

Turners intends to quote these Bonds on the NZX Debt Market. This means you may be able to sell them on the NZX Debt Market before the end of their term if there are interested buyers. If you sell your Bonds, the price you get will vary depending on factors such as the financial condition of the Turners Group and movements in market interest rates. You may receive less than the full amount you paid for them.

How the Bonds rank for repayment

On a liquidation of Turners:

- The Bonds will rank behind the indebtedness owing under the Bank Facilities. Turners and the Guarantors may, without the consent of Bondholders or the Supervisor, incur further indebtedness to the Bank Lenders from time to time which ranks in priority to the Bonds. Other liabilities preferred by law (for example, Inland Revenue for certain unpaid taxes) will also rank ahead of the Bonds.
- The Bonds will rank equally among themselves, and Turners may also incur additional secured liabilities that rank equally with the Bonds.
- The Bonds will rank ahead of other unsecured creditors of Turners (other than those who are preferred by law), and any subordinated creditors and holders of Shares.

Further important information on the ranking of the Bonds on the liquidation of the Turners Group (including in relation to securitisation and liabilities that are secured over other assets of the Turners

Group) can be found in section 5 of this PDS (*Key Features of the Bonds*).

What assets are these Bonds secured against?

The Bonds and the Guarantee will be secured by a general security agreement (the *Security Agreement*) over the assets of Turners and each Guarantor (the *Security*). The Security is granted in favour of the Supervisor (Public Trust). The Security is subordinated to security held by the Bank Security Trustee for the Bank Lenders (the *Bank Security*). You should also read section 5 of this PDS (*Key Features of the Bonds*).

Key risks affecting this investment

Investments in debt securities have risks. A key risk is that Turners does not meet its commitments to repay you or pay you interest (credit risk). Section 6 of this PDS (*Risks of Investing*) discusses the main factors that give rise to the risk. You should consider if the credit risk of these debt securities is suitable for you.

The interest rate for these Bonds should also reflect the degree of credit risk. In general, higher returns are demanded by investors from businesses with higher risk of defaulting on their commitments. You need to decide whether the offer is fair. Turners considers that the most significant risk factors are:

- **Risks specific to Turners' core business activities:** As the Turners Group operates a significant number of different businesses, it is exposed to different risks which, individually or together, may cause Turners to default on its obligations, including:
 - As a result of its finance activities, the Turners Group is exposed to a number of material risks. This includes the risk that borrowers default on a significant number of loans provided by the Turners Group, which may in turn cause Turners to default with its lenders (including Bondholders). Turners also requires substantial liquidity to manage its finance activities, and delays in payment from its borrowers may result in Turners defaulting on its payments on the Bonds when they become due.
 - The Turners Group's debt collection and credit management activities operate in Australia, and its motor vehicle activities include inventory imports (primarily from Japan). These activities are therefore exposed to foreign currency risks. Volatility in exchange rates may materially impact on the Turners Group's profits and financial position, thereby increasing the risk of default.
 - An increase in the number of claims in the Turners Group's insurance activities and changes in future trends may impact on the profitability of the Turners Group, and increase the risk of default.
- **Risks relating to Turners' financing structure:** The Bank Lenders are the principal lenders to the Turners Group and hold first ranking security over Turners and the Guarantors, which have jointly and severally guaranteed the obligations of Turners and each other.¹ The security held by the Bondholders ranks below the security held by the Bank Security Trustee for the Bank Lenders. The risk for Bondholders is if Turners or any Guarantor defaults, Bondholders may not receive interest and/or principal payments when due.

This summary does not cover all of the risks of investing in the Bonds. You should also read section 6 of this PDS (*Risks of Investing*) and section 5 of this PDS (*Key Features of the Bonds*).

No credit rating

Turners' creditworthiness has not been assessed by an approved rating agency. This means that Turners has not received an independent opinion of its capability and willingness to repay its debts from an approved source.

Where you can find other market information about Turners

Short-form disclosure is being used for the offer of the Bonds, as the Bonds will rank in priority to the Shares quoted on the NZX Main Board (NZX: TRA).

Turners is subject to a disclosure obligation that requires it to notify certain material information to the NZX for the purpose of that information being made available to participants in the market.

Turners' page on the NZX website, which includes information made available under the disclosure obligations referred to above, is available at <http://www.nzx.com/companies/TRA>.

¹ One of the Bank Lenders, Bank of New Zealand, provides funding to the Turners Group under the Bank Facilities and separately through a securitisation facility. See section 5 of this PDS (*Key Features of the Bonds*).

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2 KEY DATES AND OFFER PROCESS

Opening date	28 August 2018
Closing date	12.00 noon on 24 September 2018
Issue and allotment date	1 October 2018
Expected date of initial quotation and trading of the Bonds on the NZX Debt Market	2 October 2018
First Interest Payment Date	30 December 2018
Interest Payment Dates	30 March, 30 June, 30 September and 30 December in each year
Maturity Date	30 September 2021

These dates are indicative only and are subject to change. Turners may, in its absolute discretion and without notice, vary the timetable (including by changing the dates that the offer opens and/or closes) and accept late applications.

If the Offer closes on a different date to that expected, the remaining dates set out in this section may be changed accordingly. Any such changes will not affect the validity of any applications received.

Turners reserves the right to cancel the Offer and the issue of Bonds. If Turners cancels the Offer, all Application Monies received will be refunded (without interest) as soon as practicable, and in any event no more than 10 business days after such cancellation.

3 TERMS OF THE OFFER

Issuer	Turners Automotive Group Limited
Description	Secured subordinated fixed rate debt obligations of Turners.
Guarantee	<p>The Bonds will be guaranteed by certain subsidiaries of Turners pursuant to the Security Agreement described below.</p> <p>The Guarantors are Oxford Finance Limited, Buy Right Cars (2016) Limited, EC Credit Control (NZ) Limited, Estate Management Services Limited, Payment Management Services Limited, EC Web Services Limited, Turners Group NZ Limited, Turners Fleet Limited and Turners Property Holdings Limited.</p> <p>Guarantors may be added or resign in certain circumstances (see section 5 of this PDS (<i>Key Features of the Bonds</i>)).</p>
Offer amount	Turners is offering for subscription up to \$25 million in Principal Amount of Bonds, with the ability to accept up to \$5 million of oversubscriptions at its discretion.
General Offer and Exchange Offer	<p>The Bonds are offered in New Zealand to New Zealand resident investors.</p> <ul style="list-style-type: none"> • The <i>General Offer</i> is open to investors in New Zealand who are New Zealand residents. • The <i>Exchange Offer</i> is open to holders of Existing Convertible Bonds in New Zealand who have not elected to convert those Existing Convertible Bonds into Shares, and are resident in New Zealand. Such holders may request that Turners applies some or all of the redemption proceeds from those Existing Convertible Bonds to subscribe for Bonds. Any remaining redemption proceeds will be paid by Turners in accordance with the terms of the Existing Convertible Bonds. <p>Turners will also pay the final scheduled interest payment in accordance with the terms of the Existing Convertible Bonds, whether or not holders participate in the Exchange Offer.</p> <p>If you apply for Bonds under the Exchange Offer, you will not be able to sell, otherwise transfer, or Convert the Existing Convertible Bonds you have elected to include in the Exchange Offer.</p> <p>Applicants under the Exchange Offer may also participate in the General Offer.</p>
Scaling and priority	Turners reserves the right to scale applications at its discretion. Turners intends to give preference to holders of Existing Convertible Bonds applying through the Exchange Offer.
Offer opening and closing dates	The Offer (including both the General Offer and the Exchange Offer) is expected to open on 28 August 2018 and close at 12.00 noon on 24 September 2018.

Bond Documents	<p>The Bonds will be issued under a master trust deed and a supplemental deed, each dated 28 August 2018 between Turners and the Supervisor (together, as amended from time to time, the <i>Trust Deed</i>). Bondholders are bound by, and are deemed to have notice of, the Trust Deed.</p> <p>The Guarantee and the Security granted by Turners and each Guarantor is documented in the Security Agreement.</p> <p>The Security is subordinated to the Bank Security pursuant to a deed of subordination dated 28 August 2018 between Turners, the Guarantors, the Bank Security Trustee and the Supervisor (<i>Deed of Subordination</i>).</p> <p>You should read the Trust Deed and the Security Agreement (the <i>Trust Documents</i>), and the Deed of Subordination, as they contain the terms and conditions of the Bonds and other relevant information. Copies may be obtained from the offer register at www.companiesoffice.govt.nz/disclose.</p>
Issue price	\$1.00 per Bond.
Term	<p>3 years maturing on 30 September 2021.</p> <p>If a Bank Default has occurred or would result from the redemption of the Bonds on the Maturity Date, Turners will not be permitted to redeem the Bonds until that Bank Default is remedied. If Turners fails to repay the Bonds on the Maturity Date when permitted there will be a standstill period of 90 days before the Supervisor can take any enforcement action on behalf of Bondholders. See section 5 of this PDS (<i>Key Features of the Bonds</i>).</p>
Redemption	<p>Other than following an Event of Default, and subject to the terms of the Deed of Subordination, Bondholders have no right to require Turners to redeem the Bonds prior to the Maturity Date.</p> <p>Unless previously redeemed, or purchased and cancelled, the outstanding Principal Amount of each Bond and any accrued interest will, subject to the terms of the Deed of Subordination and to any deductions on account of tax, be payable on the Maturity Date.</p>
Interest Rate	The Bonds will bear a fixed rate of interest of 5.5% per annum from the Issue Date until the Maturity Date.
Interest payments	<p>Interest is scheduled to be paid quarterly in arrear in equal amounts on 30 March, 30 June, 30 September and 30 December of each year, including for the period from the Issue Date to 30 December 2018.</p> <p>If a Bank Default has occurred or will occur as a result of the making of the payment, Turners will not be permitted to pay interest to Bondholders. Interest will continue to accrue on the Principal Amount of the Bonds and is required to be paid when that Bank Default is remedied or when the Bank Default will not occur as a result of the making of the payment. If Turners fails to pay any interest to Bondholders when permitted there will be a standstill period of 90 days before the Supervisor can take any enforcement action on behalf of Bondholders. See section 5 of this PDS (<i>Key Features of the Bonds</i>).</p>

Ranking	<p>On a liquidation of Turners:</p> <ul style="list-style-type: none"> • The Bonds will rank behind the indebtedness owing under the Bank Facilities. Turners and the Guarantors may, without the consent of Bondholders or the Supervisor, incur further indebtedness to the Bank Lenders from time to time which ranks in priority to the Bonds. Other liabilities preferred by law (for example, Inland Revenue for certain unpaid taxes) will also rank ahead of the Bonds. • The Bonds will rank equally among themselves, and in certain circumstances Turners may also incur additional secured liabilities that rank equally with the Bonds. • The Bonds will rank ahead of other unsecured creditors of Turners (other than those who are preferred by law), and any subordinated creditors and holders of Shares. <p>Further important information on the ranking of the Bonds on the liquidation of the Turners Group (including in relation to securitisation and liabilities that are secured over other assets of the Turners Group) can be found in section 5 of this PDS (<i>Key Features of the Bonds</i>).</p>
Financial Covenants	<p>Financial Covenants are agreed between Turners and the Bank Lenders from time to time. See section 5 of this PDS (<i>Key Features of the Bonds</i>).</p>
Further payments, fees or charges	<p>Applicants are not required to pay brokerage or any charges to Turners in relation to the Offer. However, you may have to pay brokerage to the firm from whom you receive an allocation of Bonds. Contact your Primary Market Participant for further information on applicable fees.</p> <p>Taxes may be deducted from interest payments on the Bonds. See section 7 of this PDS (<i>Tax</i>) for further details.</p> <p>The offer is subject to certain selling restrictions and you will be required to indemnify certain people if you breach these. See section 5 of this PDS (<i>Key Features of the Bonds</i>).</p>
Application amounts	<p>The minimum subscription amount is \$2,000 and higher multiples of \$1,000.</p>
Quotation	<p>Application has been made to NZX for permission to quote the Bonds on the NZX Debt Market and all the requirements of NZX relating thereto that can be complied with on or before the date of this PDS have been duly complied with. However, the Bonds have not yet been approved for quotation and NZX accepts no responsibility for any statement in this PDS.</p> <p>NZX is a licensed market operator, and the NZX Debt Market is a licensed market, under the FMCA.</p> <p>NZX Debt Market ticker code TRA100 has been reserved for the Bonds.</p>
NZX waiver and ruling	<p>NZX has provided Turners with:</p> <ul style="list-style-type: none"> • a ruling that, for the purpose of the NZX Main Board/Debt Market Listing Rules, the Minimum Holding for the Bonds is a holding with \$1,000 Principal Amount; and • approval under Listing Rule 11.1.5 to enable Turners to decline to accept or register a transfer of the Bonds if the transfer would result in the transferor or the transferee holding or continuing to hold Bonds with a Principal Amount of less than \$1,000 (if not zero) or if the transfer is not in multiples of \$1,000.

Bond Registrar and Paying Agent	Computershare Investor Services Limited
Supervisor	Public Trust

4 PURPOSE OF THE OFFER

The net proceeds of this Offer are expected to be applied towards repaying existing financing for Turners, including the Existing Convertible Bonds. This is expected to provide additional debt capacity to fund future business opportunities.

The use of the money raised will not change depending on the total amount that is raised.

The offer is not underwritten.

5 KEY FEATURES OF THE BONDS

The following is a summary of the principal provisions of the Trust Documents not set out elsewhere in this PDS.

The Supervisor and the Bondholders

The Supervisor is appointed under the Trust Deed to act as trustee for the Bondholders.

The Supervisor does not guarantee the payment of interest or the Principal Amount on the Bonds.

Issue and form of the Bonds

The Trust Deed does not create any security over the assets of Turners, the Guarantors or any of their subsidiaries or other entities in which Turners has an interest. The security is granted separately under the Security Agreement.

The Trust Deed provides that Turners may issue the Bonds. Turners also has the power to incur other indebtedness under separate documentation. Any such indebtedness may or may not be guaranteed and may rank equally with or subordinate to the Bonds or may be secured by assets over which the Bondholders do not have security.

Because the Bonds are to be registered (rather than bearer) securities, the Supervisor and Turners are entitled to rely on the Bond Register as the sole and conclusive record of the Bonds held by a Bondholder, despite any discrepancy between the Bond Register and any certificate issued in respect of any Bonds. A certificate will not constitute a document of title.


Ranking and security

Ranking

On a liquidation of Turners:

- The Bonds will rank behind the indebtedness owing under the Bank Facilities, as discussed below. Turners and the Guarantors may, without the consent of Bondholders or the Supervisor, incur further indebtedness to the Bank Lenders from time to time which ranks in priority to the Bonds. Other liabilities preferred by law (for example, Inland Revenue for certain unpaid taxes) will also rank ahead of the Bonds.
- The Bonds will rank equally among themselves, and in certain circumstances Turners may also incur additional secured liabilities that rank equally with the Bonds.
- Pursuant to the Security discussed below, the Bonds will rank ahead of unsecured creditors of Turners (other than those who are preferred by law), and any subordinated creditors and holders of Shares.

The below diagram summarises the ranking of the Bonds on a liquidation of the Turners Group. In the event of a liquidation of the Turners Group, the actual priority amounts may differ.

Ranking			Indicative amounts of existing liabilities/equity of the Turners Group as at 31 March 2018 adjusted for expected issue proceeds (\$000)¹
 High	<i>Liabilities that rank in priority to the Bonds on a liquidation of the Turners Group</i>	Liabilities preferred by law (including some employee entitlements)	8,383
		Bank Facilities ²	78,427
		Securitisation ³	139,568
		Insurance statutory fund liabilities and other secured liabilities of the Turners Group ⁴	136,535
Low	<i>Liabilities that rank equally with the Bonds on a liquidation of the Turners Group⁵</i>	Bonds	25,000
		Other secured liabilities that rank equally with the Bonds	-
	<i>Liabilities that rank below the Bonds on a liquidation of the Turners Group</i>	Unsecured liabilities (other than liabilities preferred by law)	20,934
	<i>Equity</i>	Amounts in relation to the Shares, reserves and retained earnings	233,494

Notes:

- 1 The diagram is a summary of indicative amounts only. Amounts are based on the Turners Group's consolidated financial position as at 31 March 2018, adjusted to reflect the changes in the value of the Turners Group's assets and liabilities that Turners reasonably expects to result from the issue of the Bonds, based on an issue size of \$25 million. If additional amounts are issued, it is expected that they would be used to repay secured liabilities under the Bank Facilities, which would decrease by a corresponding amount (and the amount of the Bonds in the above diagram would increase accordingly).
- 2 The Bonds will rank behind the indebtedness owing under the Bank Facilities in relation to the assets included in the Security. As at 31 March 2018 the aggregate value of the assets included in the Security was approximately \$364,842,000. This amount has been adjusted to reflect the changes in the value of Turners' assets and liabilities that Turners reasonably expects to result from the issue of the Bonds (based on an issue size of \$25 million), and includes amounts in relation to goodwill and intangibles totalling approximately \$131 million.
- 3 The Turners Group has a wholesale funding facility with Bank of New Zealand under which it securitises finance receivables through the Turners Marque Warehouse Trust 1 (the *Trust*). The Trust is not a Guarantor. Under the facility, Bank of New Zealand provides funding to the Trust secured by finance receivables sold to the Trust from the finance sector. The securitised finance receivables are recognised as assets in Turners' consolidated financial statements. Bondholders do not have recourse to these securitised finance receivables and Bank of New Zealand does not (in respect of this funding) have recourse to the assets included in the Security for Holders.
- 4 This amount includes:
 - (a) certain insurance liabilities of DPL Insurance Limited (which is not a Guarantor) that have priority in respect of its statutory fund established under the Insurance (Prudential Supervision) Act 2010 (approximately \$68,606,000); and
 - (b) secured liabilities of other members of the Turners Group that are not Guarantors (approximately \$65,092,000). As these companies are not Guarantors, Bondholders do not have direct recourse to the assets of these companies, and on a liquidation of the Turners Group creditors in respect of those liabilities would be paid from the statutory fund or secured assets (as the case may be) before any remainder became available to Bondholders as creditors of the parent company, Turners. Such creditors do not (in respect of these liabilities) have any security over the assets included in

the Security for Holders. Liabilities that are not supported by DPL Insurance Limited's statutory fund and are unsecured are included in the "Unsecured liabilities" category.

- 5 The Existing Convertible Bonds rank equally with the Bonds. The above diagram does not include an amount relating to the Existing Convertible Bonds, as the amounts have been adjusted to reflect the fact that the Existing Convertible Bonds are due to be redeemed or converted on the Issue Date of the Bonds. The diagram assumes that at maturity 75% of the Existing Convertible Bonds (\$19,171,000) will be converted into Shares, and the remainder will be redeemed. If more Existing Convertible Bonds are converted, the amount of additional equity, and the amount of repayment of the Bank Facilities, would change accordingly.

Further borrowing and security

Turners may, from time to time, without the consent of the Bondholders or the Supervisor, issue further bonds, or incur other debts (including bank debt), which rank equally with or in priority to the Bonds (whether as to payment of interest, principal or otherwise).

The Financial Covenants and other contractual provisions described below will restrict the amount of debt the Turners Group can incur but otherwise there are no restrictions, as between Turners and the Bondholders, on the amount of debt which Turners may issue or guarantee.

Restrictions on further borrowing – Financial Covenants of Turners and the Guarantors

The Financial Covenants will initially be as summarised below, and are agreed between Turners and the Guarantors, and the Bank Lenders from time to time. All Financial Covenants may be amended at any time by consent of the Bank Lenders and without consent of Bondholders or the Supervisor.

- An interest cover ratio (being the ratio of EBITDA to interest expense for Turners and the Guarantors) at all times, and as tested on 31 March, 30 June, 30 September and 31 December in each year (each a *Test Date*), to be greater than or equal to 2.00 times.
- A leverage ratio (being the ratio of the outstanding amount of certain general Bank Facilities to EBITDA of Turners and the Guarantors) at all times, and as tested on each Test Date, to be less than or equal to 2.50 times. As this ratio is tested on Bank Facilities, it does not restrict the amount of additional borrowing that Turners may incur ranking equally with the Bonds.

Restrictions on further borrowing – other financial covenants provided by the Turners Group

There are also financial covenants in the Bank Facilities and other contracts which indirectly affect Turners' ability to borrow further sums. Bondholders do not have the benefit of any of these covenants and they may be amended at any time without the consent of the Bondholders or the Supervisor.

As at the date of this PDS, these include the following financial covenants provided to the Bank Lenders in relation to finance receivables of members of the Turners Group:

- a debt drawings to eligible receivables ratio, which is to be equal to or less than 80%;
- an impairment ratio, which is to be less than 5%;
- a loan arrears ratio, which is to be less than 5%; and
- a ratio of the par value of marine receivables to net receivables, which is to be less than 12.5%; and
- a ratio of the par value of property receivables to net receivables, which is to be less than the lesser of 12.5% and \$7 million.

As a consequence of the unremedied breach of any of the above covenants, the Bank Lenders may demand immediate repayment of all outstanding monies owed by Turners to it, and if not repaid the Bank Security Trustee may take enforcement action under the Bank Security.

Restrictions on granting further security

Under the Security Agreement, Turners and the Guarantors have agreed not to grant security to other parties, except in certain circumstances including the following:

- security granted in favour of the Bank Security Trustee;
- security which the Bank Lenders have consented to in accordance with the Bank Facilities;
- purchase money security interests;
- liens arising by operation of law; and
- netting and set off arrangements.

These securities may rank ahead of or behind the security granted in relation to the Bonds. The consent of Bondholders or the Supervisor is not required to any of these, and neither the Bank Security Trustee nor the Bank Lenders are required to consult with the Supervisor before consenting to a security.

The Security

Pursuant to the Security Agreement (and subject to the Deed of Subordination discussed below), all payments due by Turners and the Guarantors in relation to the Bonds are secured by the Security.

The Security provides second ranking subordinated security over the assets of Turners and the Guarantors. First ranking security over the assets of Turners and the Guarantors is held by the Bank Security Trustee for the Bank Lenders.

The Security has been granted by Turners and each Guarantor in favour of the Supervisor over all of their present and after acquired assets. As at 31 March 2018 (adjusted as described below), the aggregate value of these assets was approximately \$364,842,000.² This amount has been adjusted to reflect the changes in the value of Turners' assets and liabilities that Turners reasonably expects to result from the issue of the Bonds (based on an issue size of \$25 million).

There are no limits on the amount of the liability that is secured by the Security.

Subject to the Deed of Subordination (including the 90 day standstill) as described below, the Supervisor may, and will if directed to do so by Extraordinary Resolution of Bondholders, enforce the Security while an Event of Default is continuing.

The Deed of Subordination

The Supervisor has entered into a Deed of Subordination with Bank of New Zealand as the Bank Security Trustee. This subordinates the Bonds and the Security Agreement to the Bank Security Trustee and the Bank Security. The key terms of the Deed of Subordination are:

- Interest may only be paid to Bondholders if no event of default exists under any of the Bank Facilities and no event of default will occur as a result of the interest payment. In these circumstances, interest will continue to accrue on the Principal Amount of the Bonds but will not be paid and the failure to pay interest will not be an Event of Default;
- Turners may not repay the Bonds in advance of the Maturity Date and the Bonds can only be repaid on the Maturity Date if no event of default exists under any of the Bank Facilities and no event of default will occur as a result of the repayment.
- If Turners fails to repay the Bonds on the Maturity Date or any interest to Bondholders when permitted pursuant to the terms of the Deed of Subordination there will be a standstill period of 90 days before the Supervisor can take any enforcement action on behalf of Bondholders;
- The Bank Lenders may advance further money to Turners; and
- Any breach by Turners of the terms of the Deed of Subordination will be an event of default under the Bank Facilities entitling the Bank Security Trustee to enforce the Bank Security.

² This includes amounts in relation to goodwill and intangibles totalling approximately \$131 million.

Guarantees

Under the Guarantee, the Bonds are guaranteed by the companies that are from time to time party to the Security Agreement. The Guarantors are Oxford Finance Limited, Buy Right Cars (2016) Limited, EC Credit Control (NZ) Limited, Estate Management Services Limited, Payment Management Services Limited, EC Web Services Limited, Turners Group NZ Limited, Turners Fleet Limited and Turners Property Holdings Limited.

Each Guarantor is a member of the Turners Group.

Any subsidiary of Turners that becomes an additional guarantor under the Bank Security Trust Deed is required to become a Guarantor under the Bonds. A Guarantor may resign if no Event of Default is continuing or would occur as a result of the resignation, and it has ceased to be a guarantor under the Bank Security Trust Deed.

The Guarantors each jointly and severally and unconditionally guarantee to the Supervisor and the Bondholders, the due and punctual payment of all monies payable on or in relation to the Bonds as and when the same shall become due and payable in accordance with the terms and conditions of the Bonds or under the Trust Documents. In the event that Turners defaults in the due and punctual payment of any monies payable on or in relation to the Bonds, each Guarantor has agreed, immediately upon demand by the Supervisor, to pay to the Supervisor all amounts then due and unpaid in relation to the Bonds.

There are no limits on the amount of the obligations guaranteed under the Guarantee, and no conditions applicable to the Guarantee other than as to non-performance by Turners and demand by the Supervisor as described above.

The Guarantee is secured by the Security. As described above, the Security provides second ranking subordinated security over the assets of the Guarantors, and there are no limits on the amount of the liability that is secured by the Security. Turners believes that the assets that constitute the Security are sufficient and are reasonably likely to be sufficient to pay:

- all monies payable on or in relation to the Bonds (being the liability of the Guarantee); and
- all other liabilities that a security interest over the assets that constitute the Security secures and that rank in priority to, or equally with, the Guarantee.

Payments

If any due date for payment falls on a weekend or public holiday, payment of the relevant amount will be made on the next Business Day without adjustment or further payment as a result thereof.

Each payment of interest or principal will be made to the relevant Bondholder on the Register as at the Record Date, which will be 10 days prior to the relevant due date for payment. Should the Record Date fall on a weekend or public holiday, the relevant interest payment will be made to the Bondholder on the Register on the previous Business Day.

Events of Default

The Events of Default are set out in the Trust Documents. A summary of the key Events of Default is set out below:

- Non-payment of any amount in relation to the Bonds on its due date if the default continues for a period of five business days;
- Turners or a Guarantor defaults in its obligations under the Trust Documents and the default is not remedied within 10 days after the relevant company becomes aware of the default and the default has or is likely to have a material adverse effect (in the reasonable opinion of the Supervisor);

- any representation, warranty or statement made by Turners or a Guarantor in the Trust Documents is untrue or incorrect in a material respect and is not remedied within 30 days of the relevant company becoming aware of the misrepresentation;
- any indebtedness for borrowed money of Turners or a Guarantor in excess of \$100,000 becomes due and payable as a result of an event of default by that company;
- the Security Agreement is terminated or any of the provisions are amended or waived in a manner materially adverse to the interests of the Bondholders (in the reasonable opinion of the Supervisor);
- Turners or a Guarantor ceases to carry on all or substantially all of its business or an order is made for their dissolution, except in certain circumstances;
- Turners or a Guarantor is unable to pay its debts as they fall due or is insolvent; and
- a receiver, liquidator, statutory manager or other officer is appointed to Turners or a Guarantor or a moratorium or other creditor's compromise is entered into by Turners or a Guarantor.

Interest may only be paid to Bondholders if no event of default exists under any Bank Facilities and no event of default will occur as a result of the interest payment. In these circumstances, interest will continue to accrue on the Principal Amount of the Bonds but will not be paid and the failure to pay interest to Bondholders will not be an Event of Default.

Except to the extent permitted by law, Bondholders have no direct enforcement rights and they may not bring proceedings directly against Turners and the Guarantors for the enforcement of any of their rights or remedies under the Trust Documents, unless the Supervisor has failed to enforce such rights or remedies after having become bound to do so under the provisions of the Trust Documents.

The Supervisor's rights of enforcement will be limited by the terms of the Deed of Subordination (as described above). This includes a standstill period of 90 days after default before the Supervisor can take any enforcement action on behalf of Bondholders.

For full details of the Events of Default see Condition 17.1 of the Bonds (set out in Schedule 1 of the Master Trust Deed).

Selling restrictions

Turners does not intend that Bonds be offered for sale in any jurisdiction other than New Zealand and no action has been or will be taken by Turners to permit a public offering of Bonds in any jurisdiction where action is required for that purpose, other than New Zealand. You may only offer for sale or sell any Bond in conformity with all applicable laws and regulations in any jurisdiction in which it is offered, sold or delivered. This PDS may not be published, delivered or distributed in or from any country or jurisdiction other than New Zealand.

By subscribing for or otherwise acquiring a Bond, you agree to indemnify Turners, the Supervisor and the Arranger and the Joint Lead Managers for any liability, cost, loss or damages suffered by any one or more of them by reason of any breach by you of the above selling restrictions.

Transfers

You may transfer all or part of your holding of Bonds. However, no transfer of any part of your holding may be made if it would result in you or the transferee holding Bonds with an aggregate Principal Amount that is not a multiple of \$1,000.

NZX has provided Turners with:

- a ruling that, for the purpose of the NZX Main Board/Debt Market Listing Rules, the Minimum Holding for the Bonds is a holding with \$1,000 principal amount; and
- approval under Listing Rule 11.1.5 to enable Turners to decline to accept or register a transfer of the Bonds if the transfer would result in the transferor or the transferee holding or continuing

to hold Bonds with a Principal Amount of less than \$1,000 (if not zero) or if the transfer is not in multiples of \$1,000.

Amendment of Trust Documents

The terms of the Trust Documents may be altered with the approval of Bondholders by an Extraordinary Resolution and, in limited circumstances as set out in the Trust Documents, with the approval only of the Supervisor.

The Supervisor may also waive (temporarily or indefinitely) any breach or anticipated breach of the Trust Documents if it is satisfied that interests of Bondholders generally will not be materially prejudiced by the waiver.

Any amendment to the Trust Documents will be binding on all Bondholders and will only be effective if it is in writing and signed by Turners and the Supervisor.

Other relevant information about the Trust Documents

The Trust Deed includes certain other undertakings that Turners has agreed for the benefit of the Supervisor and Bondholders. In particular Turners may not make any distributions to any person if an Event of Default is continuing or the distribution would cause an Event of Default. See Condition 13.2 of the Bonds (set out in Schedule 1 of the Master Trust Deed) for full details of this covenant.

The Trust Deed also contains a number of standard provisions, including relating to:

- the role of the Supervisor and the powers and duties of the Supervisor;
- the process for replacement of the Supervisor;
- the right of the Supervisor to be indemnified; and
- the payment of fees, expenses and other amounts owing to the Supervisor (including that amounts owing to the Supervisor are, on default, paid from the proceeds of enforcement before payments to Bondholders).

The Trust Deed also contains detailed provisions relating to procedures for holding meetings of Bondholders, transfer and registration of Bonds and various other matters.

6 RISKS OF INVESTING

General risks

An investment in the Bonds is subject to the following general risks:

Credit risk on Turners and the Guarantors

The principal risk of Bondholders not being able to recover in full their principal investment is that:

- Turners may become insolvent, may be placed in receivership, liquidation or statutory management or otherwise may be unable to and/or fail to make any payment; and
- the Guarantors may be unable to meet their obligations under the Guarantee.

In that event, investors might not recover all of the Principal Amount of their Bonds or receive the expected returns.

Payments under the Bonds may also be deferred under the Deed of Subordination, meaning amounts may not be paid on the Bonds when scheduled. See section 5 of this PDS (*Key Features of the Bonds*) for a summary of the Deed of Subordination and the circumstances in which payments may be deferred.

Secondary market risk

Turners intends to quote the Bonds on the NZX Debt Market, which means Bondholders may be able to sell them on the NZX Debt Market before the end of their term if there are interested buyers. However, there may be no active trading market and an investment in Bonds may not be very liquid. The price at which you may be able to sell Bonds may also be affected by factors related to the creditworthiness of Turners, and market-related factors such as movements in market interest rates.

The possibility of payment deferrals under the Deed of Subordination may also mean that the market price of the Bonds may be volatile, and more sensitive generally to adverse changes in Turners' financial condition, than other debt securities which are not subject to such deferrals.

Therefore, you may not be able to sell your Bonds easily or at prices that will provide you with a return comparable to similar investments that have a developed secondary market, and you may receive less on a sale of your Bonds than the amount you paid for them.

Specific risks relating to Turners' creditworthiness

Turners is aware of the following circumstances that exist or are likely to arise that significantly increase the risk that Turners may default on any of its payment obligations under the Bonds.

Key risks outlined in this section are based on an assessment of the probability of a risk occurring and potential impact (individually or in combination with other key risks) at the date of this PDS. There may be risks in addition to those set out above and below and investors considering an investment in Bonds should consider the risk factors below in conjunction with the other information specified in this PDS. There may be additional risk factors that Turners is currently unaware of, or that Turners currently deems immaterial which may in the future become material risk factors.

Where practical, Turners seeks to implement risk mitigation strategies to minimise exposure to some of the risks outlined below. However, there can be no assurance that these risk mitigation strategies will fully protect Turners from all or any of these risks.

The key potential impacts to you of any of these risks occurring, or a failure of the risk management systems or strategies, are:

- actual or perceived reduction in credit quality of Turners leading to a loss in the market value of Bonds, if sold on the secondary market; and
- default by Turners in repaying the Bonds or paying interest due on them.

The general content of this PDS and risks as set out in this section do not take into account the personal circumstances of individual investors, including financial position or investment requirements. Investors should have consideration for the suitability of an investment in the Bonds in light of personal appetite for risk, investment objectives and personal circumstances.

Funding and finance activities

Members of the Turners Group operate in a number of sectors and rely on a significant amount of debt funding for their businesses. The Turners Group may not be able to refinance such funding on acceptable terms or at all. This may result in increased reliance on Turners to obtain funding, and increased net borrowing by the Turners Group, which may in turn increase the risk of the Turners Group defaulting on its obligations including payment of principal and/or interest on the Bonds. See also "Turners' Financing Structure" below.

The Turners Group's primary finance activities include Oxford Finance Limited and Turners Finance Limited (which is a member of the Turners Group but not a Guarantor). These companies rely on borrowers to repay their loans and make interest payments on due date. They take security over assets to secure most of the loans they make. However if a borrower fails to repay the loan on its due date and the value of the secured asset (if the loan is secured) and/or the amount recovered under any guarantee is insufficient to cover the outstanding payments, the relevant company will make a loss on that loan (credit risk). If this occurs in relation to a significant number of loans, Turners may default with its lenders (including Bondholders).

Oxford Finance Limited and Turners Finance Limited have low customer concentration, with the largest 10 loans (as at 30 June 2018) representing approximately 12% of their total book value of receivables.

The profitability of the Turners Group is affected by the difference between the cost of funds raised by Turners and the revenues that Oxford Finance Limited and Turners Finance Limited generate via the interest rates charged on funding facilities made available to borrowers (interest margin risk). If market conditions dictate that the interest rates chargeable on funding facilities offered by those companies must decrease or the interest rates offered by Turners to investors in securities must increase, the Turners Group's profitability may be materially adversely affected which may impact its ability to meet its obligations to Bondholders.

Motor vehicle, debt collection and credit management activities

The Turners Group is exposed to foreign currency risk, particularly in relation to its motor vehicle business and its debt collection and management business. Inventory (including to be sold by Turners Group NZ Limited and as part of the used car dealership network of Buy Right Cars (2016) Limited) is purchased in overseas markets, particularly Japan, and imported to New Zealand. EC Credit Control (Aust) Pty Limited (which is a member of the Turners Group but not a Guarantor) operates in Australia and has Australian dollars as its functional currency. Volatility in the exchange rate between the New Zealand dollar and other currencies may materially increase the costs faced by these businesses, increase the liabilities of the Turners Group in New Zealand dollars, and adversely affect the Turners Group's profits and financial position.

To keep its exposure in relation to EC Credit Control (Aust) Pty Limited at an acceptable level, the Turners Group uses a comprehensive transfer pricing policy and related measures. As at 31 March 2018, the Turners Group had a net exposure to Australian dollars of approximately NZ\$1,088,000.

In relation to inventory purchases in overseas markets, the Turners Group seeks to limit the risk of foreign currency movements by hedging the anticipated cash flows on such purchases when the commitment is made.

Insurance activities

Whilst DPL Insurance is not a Guarantor, its activities impact on Turners so the material risks of the Turners Group's insurance activities are outlined below.

The Turners Group's insurance activities are focused on a range of life and non-life consumer products, including consumer vehicle and finance related products related to the motor industry. Significant increases in claims could affect the Turners Group's cash flows, and may result in a change in underlying actuarial assumptions, provision policy and therefore future profitability. This may affect Turners' ability to make payments on the Bonds when due. Insurance risk is controlled by ensuring underwriting standards adequately identify potential risk, retaining the right to amend premiums and risk policies where appropriate.

Turners' financing structure

Turners is part of an overall borrowing group principally funded by the Bank Lenders, which hold first ranking security over Turners and the Guarantors.³ Each Guarantor has jointly and severally guaranteed the obligations of Turners and each other Guarantor. Should Turners or any Guarantor default on the Bank Facilities, the Bank Security Trustee may enforce the Bank Security and seek to recover the Bank Lenders' indebtedness from all or some of Turners and the Guarantors.

The principal risk for Bondholders here is that they may not receive interest and/or principal payments when due if a Bank Default occurs. Further, Bondholders may be unable to recoup some or all of their original investment amount if the Bank Security Trustee as first ranking charge holder enforces any or all of the Bank Security, although Turners believes that the assets that constitute the Security are sufficient and are reasonably likely to be sufficient to pay all monies payable on or in relation to the Bonds.

³ As discussed above, one of the Bank Lenders, Bank of New Zealand, provides funding to the Turners Group under the Bank Facilities and separately through a securitisation facility.

Regulation affecting the Turners Group

Turners operates in several highly regulated industries in New Zealand. The finance and insurance services sectors in particular are becoming subject to a greater degree of regulation, including consumer protection requirements and minimum capital requirements. Further changes to such regulations may result in substantial cost to the Turners Group and otherwise limit its business. Further, while Turners believes it is currently in compliance with applicable laws and regulations, a failure to comply could result in significant regulatory fines and sanctions, and compensatory actions. No assurance can be given that current laws and regulations or the adoption of new laws and regulations may not have a material impact on the operations, compliance costs, financial performance or prospects of Turners.

7 TAX

New Zealand tax residents will have resident withholding tax deducted from the interest that is payable under the Bonds, unless they produce to the Bond Registrar a valid certificate of exemption, or other acceptable evidence of an exemption from resident withholding tax, on or before the Record Date for the relevant payment.

If you receive payments of interest on the Bonds subject to the non-resident withholding tax rules, an amount equal to any approved issuer levy payable (*AIL*) will be deducted from payments to you in lieu of deducting non-resident withholding tax (except where you elect otherwise and Turners agrees, or it is not possible under any law, in which case non-resident withholding tax will be deducted).

If the AIL regime applies, Turners will apply a zero rate of AIL if possible, and otherwise pay AIL at the applicable rate.

In the event of any change of law to the AIL regime, Turners reserves the right not to pay AIL. See the Trust Deed for further details.

If, in respect of any of your Bonds, the Bond Registrar or Turners becomes liable to account for withholding taxes, or make any payment of, or on account of, tax payable by you, then the Bond Registrar and Turners shall be indemnified by you in respect of such liability. See the Trust Deed for further details.

There may be other tax consequences from acquiring or disposing of the Bonds.

The above generalised summary is based on the taxation laws in force in New Zealand as at the date of this document. Future changes to these or other laws may affect the tax consequences of an investment in the Bonds.

If you have any queries relating to the tax consequences of an investment in the Bonds, you should obtain professional advice on those consequences.

8 WHO IS INVOLVED?

Issuer	Turners Automotive Group Limited	Issuer of the Bonds
Supervisor	Public Trust	Holds certain covenants on trust for the benefit of Bondholders, including the right to enforce Turners' obligations under the Bonds. The Supervisor provides independent oversight of Turners' compliance with its issuer obligations, and supervises Turners' performance in order to ascertain whether the assets of Turners and each Guarantor that are or may be available, whether by way of security or otherwise, are sufficient or likely to be sufficient to discharge the amounts of Bonds as they become due. Turners has prepared this PDS
Arranger	First NZ Capital Securities Limited	Provides assistance to Turners in arranging the Offer, and assists with the quotation, marketing and distribution of the Offer
Joint Lead Managers	First NZ Capital Securities Limited ANZ Bank New Zealand Limited	Assist Turners with marketing and distribution of the Offer
Bond Registrar	Computershare Investor Services Limited	Maintains register of Bondholders
Solicitors to the issuer	Chapman Tripp	Provides legal advice to Turners in respect of the Offer
Solicitors to Supervisor	Lowndes Limited	Provides legal advice to Public Trust in respect of the Offer

Role of the Arranger and the Joint Lead Managers

This PDS does not constitute a recommendation by the Arranger, any Joint Lead Manager, or any of their respective directors, officers, employees, agents or advisers to purchase any Bonds.

The role of the Arranger in relation to the Offer is solely to provide professional assistance to Turners with arranging the Offer and quotation of the Bonds. The Joint Lead Managers will assist with the marketing and distribution of the Bonds. The Arranger and the Joint Lead Managers are otherwise not involved in the Offer.

The Arranger has participated in the due diligence process for the Offer undertaken by Turners, but neither it, nor the other Joint Lead Manager, nor any of their respective directors, employees, agents and advisers have independently verified the content of the PDS.

You must make your own independent investigation and assessment of the financial condition and affairs of Turners before deciding whether or not to invest in the Bonds.

9 HOW TO COMPLAIN

Complaints about the Bonds can be directed to:

- Turners at:
The Group Compliance Officer
Turners Automotive Group Limited
Level 8
34 Shortland Street
Auckland 1010

Tel: (09) 308 4964
- The Supervisor at:
Manager Client Services
Public Trust
Level 9
34 Shortland Street
Auckland

Tel: 0800 371 471

The Supervisor is a member of an external, independent dispute resolution scheme operated by Financial Services Complaints Limited (*FSCL*) and approved by the Ministry of Consumer Affairs. If the Supervisor has not been able to resolve your issue, you can refer the matter to FSCL by emailing complaints@fscl.org.nz, or calling FSCL on 0800 347 257, or by completing the complaints form online at www.fscl.org.nz/complaints/complaint-form, or by writing to FSCL at PO Box, 5967, Wellington 6145.

The scheme will not charge a fee to any complainant to investigate or resolve a complaint.

Complaints may be made to the Financial Markets Authority through their website www.fma.govt.nz.

10 WHERE YOU CAN FIND MORE INFORMATION

Further information relating to Turners and the Bonds is available on the offer register at www.companiesoffice.govt.nz/disclose. A copy of the information on that register is also available on request to the Registrar of Financial Service Providers at registrar@fspr.govt.nz.

Turners is subject to a disclosure obligation that requires it to notify certain material information to the NZX for the purpose of that information being made available to participants in the market. Turners' page on the NZX website, which includes information made available under the disclosure obligations referred to above, is available at www.nzx.com/companies/TRA.

Enquiries about the Bonds can be made to the Bond Registrar (see section 12 of this PDS (*Contact Information*)).

11 HOW TO APPLY

Applications to subscribe for the Bonds must be made on the relevant Application Form in accordance with the application instructions included at the back of this PDS.

The Application Form for the General Offer is included at the back of this PDS. The Application Form for the Exchange Offer will be sent to holders of Existing Convertible Bonds together with a copy of this PDS. See section 3 of this PDS (*Terms of the Offer*) for further details on the General Offer and the Exchange Offer.

You should complete the relevant Application Form in accordance with the application instructions and apply to Turners by lodging the Application Form with the Bond Registrar, or alternatively by lodging the Application Form with any Joint Lead Manager or another Primary Market Participant or approved

financial intermediary. Any application must be lodged (together with payment, in the case of the General Offer) in time for it to be received by the Bond Registrar before 12.00 noon on 24 September 2018, or such other closing date as may be determined by Turners. Turners may, in its absolute discretion, accept late applications.

Turners reserves the right to scale applications at its discretion. Turners intends to give preference to holders of Existing Convertible Bonds applying through the Exchange Offer. If Turners determines not to accept your application for Bonds in whole or in part (whether for the purposes of scaling or otherwise):

- in the case of an application under the General Offer, the relevant balance of Application Monies received from you will be refunded (without interest) as soon as practicable, and in any event no more than 10 business days after Turners determines not to accept your application; and
- in the case of an application under the Exchange Offer, the relevant balance of the redemption proceeds from your Existing Convertible Bonds will be paid to you in accordance with the terms of the Existing Convertible Bonds.

Applicants should not attempt to sell any Bonds until they know whether, and how many, Bonds have been issued to them. Turners does not accept any liability should any applicant attempt to sell or otherwise deal with the Bonds before the applicant receives his, her or its holding statement.

12 CONTACT INFORMATION

Turners may be contacted at:

Turners Automotive Group Limited
Level 8
34 Shortland Street
Auckland 1010

Tel: (09) 308 4964

The Bond Registrar may be contacted at:

Computershare Investor Services Limited
Level 2, 159 Hurstmere Road
Takapuna, Auckland
Private Bag 92119
Victoria Street West
Auckland 1142

Tel: +64 (9) 488 8777

Email: enquiry@computershare.co.nz

The Arranger and Joint Lead Managers may be contacted at:

First NZ Capital Securities Limited (Arranger and Joint Lead Manager)
Level 39, ANZ Centre
23-29 Albert Street
Auckland 1010

Tel: (09) 302 5500
or 0800 005 678

ANZ Bank New Zealand Limited (Joint Lead Manager)
Level 10
171 Featherston Street
Wellington 6011

Tel: 0800 269 476

GLOSSARY

The following definitions apply throughout this PDS unless the context requires otherwise.

Agency Agreement	the agreement for the provision of registry services between Turners and the Bond Registrar.
AIL	approved issuer levy.
Application Form	an application form for the General Offer or the Exchange Offer in the form attached to or distributed with this PDS.
Application Monies	money received by Turners from applicants who have applied for Bonds under the General Offer.
Arranger	First NZ Capital Securities Limited.
Bank Default	an event of default as described in the Bank Facilities.
Bank Facilities	<p>the facilities provided under:</p> <ul style="list-style-type: none"> the multi option facility agreement dated 4 May 2018 between Turners and the Guarantors, the Bank Lenders and the other parties named therein; the trade finance facility agreement dated 4 May 2018 between Turners Fleet Limited, Buy Right Cars (2016) Limited and ASB Bank Limited; and each additional or successor facility agreement secured under the Bank Security Trust Deed, <p>(in each case as amended or replaced from time to time), and <i>Bank Facility</i> means any of them.</p>
Bank Lenders	Bank of New Zealand and ASB Bank Limited, and/or any replacement or additional bank(s) which provide debt funding to Turners from time to time, or otherwise have the benefit of the Bank Security.
Bank Security	the security held by the Bank Security Trustee from time to time in relation to the obligations of Turners and the Guarantors under the Bank Facilities.
Bank Security Trust Deed	the security trust deed dated 4 May 2018 between, among others, Turners, the Guarantors and the Bank Security Trustee.
Bank Security Trustee	Bank of New Zealand as security trustee for the Bank Lenders, and any successor or replacement.
Bond Register	the register of bonds maintained by the Bond Registrar in accordance with the provisions of the Trust Deed and the Agency Agreement.
Bond Registrar	Computershare Investor Services Limited.
Bondholder	a person whose name is recorded on the Bond Register as the holder of a Bond.

Bonds	the secured subordinated fixed rate bonds offered pursuant to this PDS.
Business Day	a day (other than a Saturday, a Sunday or a public holiday) on which registered banks are open for general banking business in Auckland and Wellington.
CSN	Common Shareholder Number.
Deed of Subordination	the Deed of Subordination dated 28 August 2018 between Turners, the Guarantors, the Bank Security Trustee and the Supervisor.
Event of Default	has the meaning given to that term in the Trust Deed, as summarised in this PDS. The key Events of Default are summarised in this PDS.
Exchange Offer	the offer of Bonds under this PDS to holders of Existing Convertible Bonds in New Zealand, who have not elected to convert those Existing Convertible Bonds into Shares and are resident in New Zealand, to apply some or all of the redemption proceeds from those Existing Convertible Bonds to subscribe for Bonds.
Extraordinary Resolution	a resolution passed at a meeting of Bondholders, duly convened at which at least 75% of the persons voting at the meeting upon a show of hands or, if a poll is duly demanded, then at least 75% of the votes given on such a poll voted in favour of the resolution.
Financial Covenants	the financial covenants described in Condition 13.1 of the Bonds (set out in Schedule 1 to the Master Trust Deed). The Financial Covenants are summarised in this PDS.
FMCA	the Financial Markets Conduct Act 2013.
General Offer	the general offer of Bonds under this PDS in New Zealand to investors who are New Zealand residents.
Guarantee	the guarantee provided by the Guarantors under the Security Agreement.
Guarantors	Oxford Finance Limited, Buy Right Cars (2016) Limited, EC Credit Control (NZ) Limited, Estate Management Services Limited, Payment Management Services Limited, EC Web Services Limited, Turners Group NZ Limited, Turners Fleet Limited and Turners Property Holdings Limited and includes any person (other than Turners and the Supervisor) who becomes a party to the Security Agreement in accordance with its terms from time to time after the date of this PDS but excludes any person who is released from the Security Agreement.
Interest Payment Dates	30 March, 30 June, 30 September and 30 December in each year.
Interest Rate	5.5% per annum.
Issue Date	1 October 2018.
Issue Price	\$1.00 per Bond.
Joint Lead Managers	First NZ Capital Securities Limited and ANZ Bank New Zealand Limited.

<i>Maturity Date</i>	30 September 2021.
<i>NZX</i>	NZX Limited.
<i>NZX Debt Market</i>	the registered market for trading debt securities operated by NZX.
<i>NZX Main Board</i>	the main registered market for trading equity securities operated by NZX.
<i>Offer</i>	the offer of Bonds by Turners under this PDS, and includes the General Offer and the Exchange Offer.
<i>Principal Amount</i>	in relation to a Bond, the amount (other than interest, fees and costs) payable on redemption or repayment of that Bond, being an amount recorded as such in the Register in respect of that Bond.
<i>PDS</i>	this product disclosure statement for the Bonds dated 28 August 2018.
<i>Record Date</i>	in relation to a payment due on the Bonds, 5.00pm on the tenth calendar day before the due date for that payment.
<i>Security</i>	the security granted by Turners and the Guarantors under the Security Agreement.
<i>Security Agreement</i>	the security agreement (including a cross guarantee) dated 28 August 2018 between Turners, the Supervisor and the Guarantors.
<i>Shares</i>	ordinary shares issued by Turners.
<i>Supervisor</i>	Public Trust as trustee for the Bondholders or any successor or replacement.
<i>Test Date</i>	31 March, 30 June, 30 September and 31 December in each year.
<i>Trust Deed</i>	the master trust deed and supplemental deed, each dated 28 August 2018, between Turners and the Supervisor.
<i>Trust Documents</i>	the Trust Deed and the Security Agreement.
<i>Turners</i>	Turners Automotive Group Limited.
<i>Turners Group</i>	Turners and its subsidiaries.

APPLICATION INSTRUCTIONS

There are separate application forms for the General Offer and the Exchange Offer (for holders of Existing Convertible Bonds who wish to apply some or all of the redemption proceeds from those Existing Convertible Bonds to subscribe for Bonds).

You should read this PDS carefully before completing the relevant Application Form.

An application will constitute an irrevocable offer by the applicant to subscribe for and acquire the Principal Amount of Bonds specified in the Application Form (or such lesser number which Turners may determine) on the terms and conditions set out in this PDS, the Trust Deed and the Application Form despite any changes to dates. An Application Form cannot be withdrawn or revoked by the applicant once it has been submitted.

Turners' decision on the aggregate Principal Amount of Bonds to be allotted to an applicant and as to whether to accept or reject an Application Form, or to treat it as valid, will be final.

Turners reserves the right to refuse all or any part of any application for Bonds without giving a reason including (but without limitation) where an applicant has not provided account details for payments by direct credit.

The Application Form

Please complete all relevant sections of the relevant Application Form using BLOCK CAPITAL LETTERS. Turners may accept any Application Form not correctly completed as being valid, and may correct errors and omissions, in its sole discretion.

- **Full name details (General Offer only):** Enter your FULL NAME. Up to three applicants may apply jointly. Note that ONLY LEGAL ENTITIES are allowed to hold Bonds. Applications must be in the name(s) of natural persons, companies or other legal entities acceptable to Turners. At least one full given name and surname is required for each natural person. The name of the beneficiary or any other non-registrable name may be included by way of an account designation if completed exactly as described below.

Type of investor

- Individual - use given name in full, not initials.
- Company - use company title, not abbreviations.
- Trusts - do not use the name of the trust, use the trustee(s)' personal names. All trustees must apply as joint applicants.
- Deceased estates - do not use the names of deceased, use the executor(s)' personal names.
- Clubs / Unincorporated bodies - do not use names of clubs etc, use the office bearer(s)' personal names.
- Superannuation Funds - do not use name of fund, use name of trustee.

Applications using the wrong form of name may be rejected.

- **Contact details:** Enter your POSTAL ADDRESS for all correspondence. For applications under the Exchange Offer, this will be pre-printed at the top of the form. All communications to you from Turners (holding statements, periodic reports, correspondence etc) will be mailed to the person(s) at the address as shown. For joint applicants, only one address is to be entered.

Enter your EMAIL ADDRESS if you would like to receive those communications that Turners considers appropriate to be sent by electronic means. If you do not provide your email address you will receive the communications by mail. If necessary, the Bond Registrar may contact you at your email address (if one is provided) regarding your application.

Tick the relevant box if you wish to receive communications from Turners by electronic means (where possible).

Please enter your TELEPHONE NUMBER(S) and contact name in case we need to contact you in relation to your application.

- **Common shareholder number:** If you currently have a Common Shareholder Number (CSM), please enter it in the box provided. For applications under the Exchange Offer, this will be pre-printed at the top of the form.

- **Existing Convertible Bonds:** In the case of the Exchange Offer, please indicate the Principal Amount of Existing Convertible Bonds you hold which you have not elected to convert.
- **Principal Amount of Bonds applied for:** Please enter the TOTAL Principal Amount of Bonds that you wish to apply for under the General Offer or Exchange Offer (as applicable). Each Bond has a Principal Amount of \$1.00. The Principal Amount of Bonds applied for under the Exchange Offer must be less than or equal to the number of Existing Convertible Bonds held which you have not elected to convert.
- **Interest and Principal Amount payments:** Please complete only one option by ticking the appropriate box to select the method of payment for all interest and Principal Amount when they become payable.

If you currently receive interest or dividend payments from the Bond Registrar (Computershare Investor Services Limited) by direct credit, and wish payments in respect of the Bonds to be direct credited to the same account, then do not complete this section of the Application Form.

If you wish to be paid by direct credit and the Bond Registrar does not already hold your bank account details or you wish to have your payments credited to another bank account, please tick the box in respect of Option 1 and enter the details of the account.

- **IRD number:** Please enter your IRD NUMBER and elect the rate at which you wish resident withholding tax to be deducted by ticking the relevant box. For joint applicants, only one IRD number is required.

Indicate by ticking the relevant box whether you hold a resident withholding tax exemption certificate.

If you hold an exemption certificate, Turners will still be obliged to deduct resident withholding tax on interest payments if it has not seen the relevant certificate (or other acceptable evidence of exemption from resident withholding tax). A copy of the certificate must be attached to the Application Form.

- **Declaration and signature:** Read the declaration and the terms and conditions on the Application Form carefully and SIGN and DATE the Application Form. The Application Form must be signed by, or on behalf of, each applicant. If the applicant is a company or other entity it should be signed by a duly authorised person in accordance with any applicable constitution or by-laws.

If the Application Form is signed by an attorney, a copy of the power of attorney document is required to be lodged unless already held by Computershare Investor Services Limited, but the attorney must complete the certificate of non-revocation of power of attorney on the reverse of the Application Form.

Payment (*General Offer only*)

The following description applies to applications under the General Offer only. Payment in full of the aggregate Principal Amount of Bonds applied for must accompany the completed Application Form. Payments must be made in New Zealand dollars and will only be accepted as set out below. If you return your Application Form by email, you must select direct debit.

- personal cheque made out to “Turners Automotive Group Limited”, drawn on and payable at any bank in New Zealand;
- bank cheque made out to “Turners Automotive Group Limited”, issued by and payable at any bank in New Zealand;
- bank draft drawn on and payable at any bank in New Zealand; or
- direct debit from an account of any bank in New Zealand to the New Zealand dollar trust account established by Turners (details of which are set out in the Application Form). If you choose the direct debit option you must tick the box authorising the Bond Registrar to direct debit the bank account nominated in the Application Form, on the day the application is received by the Bond Registrar, for the Principal Amount of Bonds applied for on the Application Form (or such lesser Principal Amount of Bonds in respect of which your application is accepted). You cannot specify a direct debit date. The bank account must be with a New Zealand registered bank and you must ensure that the bank account details are correct and that the account you

nominate is a transactional account eligible for direct debit transactions. By signing the Application Form you confirm that the person(s) giving the direct debit instructions has/have the authority to operate the bank account. If requested, a direct debit authority form and conditions will be provided to you by the Bond Registrar.

Cheques will be banked upon receipt into a New Zealand dollar trust account established by Turners pending allotment of Bonds. The banking of Application Monies does not constitute confirmation of allotment of any Bonds or acceptance of an offer to subscribe for Bonds.

Processing of applications under the Offer and the banking of cheques will take place on the day of receipt by the Bond Registrar (or the first Business Day after that day if it is not a Business Day). Application Monies received will be held in trust until the Bonds are issued under the Offer. Receipts for payment will not be issued. Sufficient cleared funds should be held in your account, as cheques returned unpaid are likely to result in your application being rejected or your allotment being cancelled. In addition, Turners may pursue the defaulting applicant for any damages suffered as a result of the payment being dishonoured.

Institutional investors must pay in immediately cleared funds.

Delivery

Applicants need to return a completed Application Form (with payment, for applications under the General Offer) to the Bond Registrar, or alternatively with any Joint Lead Manager or another Primary Market Participant or approved financial intermediary.

Turners reserves the right to cancel the Offer of Bonds at any time before allotment of Bonds, in which case all Application Monies received will be refunded (without interest) as soon as practicable, and in any event no more than 10 business days after such cancellation.

Any Application Monies received in respect of an application which is not accepted by Turners in whole or in part, will be returned (without interest) to the applicant as soon as practicable, and in any event no more than 10 business days after Turners decides not to accept the application.

Where an applicant's payment for Bonds is dishonoured, Turners may cancel the Bonds issued to that applicant, and may pursue the defaulting applicant for damages suffered by Turners.

APPLICATION FORM – GENERAL OFFER

Broker Stamp

Advisor Code

Please complete this form using BLOCK CAPITAL LETTERS

This Application Form is issued with the product disclosure statement dated 28 August 2018 (PDS) for an offer of secured subordinated fixed rate bonds (Bonds) by Turners Automotive Group Limited (Turners). This Application Form should be used by holders of Existing Convertible Bonds who have elected to convert their Existing Convertible Bonds into Shares, and to other investors who are New Zealand residents, who are applying under the General Offer. This Application Form represents an offer to subscribe for Bonds described in the PDS.

Please read the PDS and the accompanying application instructions carefully before completing the Application Form. Capitalised words used in this Application Form have the same meaning given to them in the PDS. A copy of the PDS and other useful information about this offer may also be obtained from www.companiesoffice.govt.nz/disclose.

Applicants should return a completed Application Form together with payment of the Application Monies payable in respect of the Bonds applied for, to the Registrar, Computershare Investor Services Limited (Computershare), or your Primary Market Participant or financial intermediary for forwarding to Computershare. You may scan a copy of your completed application form to turners@computershare.co.nz. Applications must be received by Computershare by 12 noon on 24 September 2018.

If you are a holder of Existing Convertible Bonds and have not elected to convert those Existing Convertible Bonds, you may apply using the separate Exchange Offer Application Form to request that Turners applies some or all of the redemption proceeds from those Existing Convertible Bonds to subscribe for Bonds.

A. Full name details (see “Full name details” and “Type of investor” on page 25 of the PDS)

Applicant #1:	Title	First name(s)	Surname
Joint applicant #2:	Title	First name(s)	Surname
Joint applicant #3:	Title	First name(s)	Surname
Company / Trust / Account Designation (if applicable):			

B. Contact details

Number and street:			
Suburb:	City:	Postcode:	
Email address:			
Home phone:	Mobile phone:	Work phone:	

Tick this box and ensure your email address is entered above if you would like to receive communications from Turners in future by electronic means (rather than by mail).

C. Common Shareholder Number (CSN)

If you currently have a Common Shareholder Number (CSN), please insert it here.

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A CSN is a nine digit number commencing with 31, 32 or 33. The registered holder name(s) for the CSN must match the name(s) on this Application Form. If the name(s) do not match, you will be allocated a new CSN under the name(s) provided on this Application Form.

D. Principal Amount of Bonds applied for under the General Offer

Total Principal Amount (\$) of Bonds applied for

\$

You may choose only ONE of the payment options below, please tick the box next to your selected option (✓). Application Forms returned by email must select direct debit.

Option 1: Please direct debit my bank account stated below for the total Principal Amount of Bonds applied for above. By ticking this box and signing this Application Form, I agree that Computershare is authorised to direct debit my account for the Total Principal Amount of Bonds applied for (or such lesser Principal Amount in respect of which my application is accepted).
Direct debit the following account

Bank	Address																
Account:																	
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Bank	Branch	Account No.	Suffix														

PLEASE CONFIRM WITH YOUR BANK THAT THIS ACCOUNT CAN BE DIRECT DEBITED.

Option 2: Please find attached my payment by cheque or bank draft made payable to “Turners Limited”.

E. Interest and Principal Amount payments

Please complete only one option by ticking the appropriate box to select the method of payment for all interest and principal when they become payable. Please provide your New Zealand bank account details for future interest and principal payments if this is different from the account provided above for direct debit purposes or if you paid by cheque or bank draft.

If you currently receive interest or dividend payments from Computershare by direct credit, Computershare will pay interest on the Bonds to the same account unless you indicate otherwise.

Payments will only be made by direct credit or credit to a cash management account.

Option 1: Payment to another nominated New Zealand bank account

Pay by direct credit to the following account

Bank	Address		
Account:	<input type="text"/>	<input type="text"/>	<input type="text"/>
Bank	Branch	Account No.	Suffix

Option 2: Payment to my cash management account with my broker

Pay by direct credit to my cash management account

Broker	Cash management account number
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F. IRD number

Current IRD number (only one IRD number is required in respect of a joint application)

Elect resident withholding tax rate (tick one):

10.5%
 17.5%
 28%*
 30%
 33%
 EXEMPT**

*Only available if applicant is a company. **If exempt from resident withholding tax please attach a copy of the Certificate of Exemption.

G. Declaration and signature

I/We hereby confirm that I/we have received and read the PDS for the Bonds, and apply for Bonds as set out above. I/We agree to accept the Bonds in the Principal Amount applied for or any lesser amount that may be issued to me/us. I/We agree to be bound by the terms and conditions of Bonds, the Trust Deed, this Application Form and by the provisions of the PDS.

I/We declare that all details and statements made by me/us in this Application Form are complete and accurate. I/We certify that, where information is provided by me/us in this form about another person, I am/we are authorised by such person to disclose the information to you.

I/We have taken this Application Form from the PDS, which I/we have read and understood. I/We acknowledge that an application cannot be withdrawn or revoked by the applicant once it has been submitted. **Please read the whole of this Application Form before signing.**

Signature	Applicant/director #1	Date	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
			> Day	> Month	> Year	1 8
Signature	Applicant/director #2	Date	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
			> Day	> Month	> Year	1 8
Signature	Applicant/director #3	Date	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
			> Day	> Month	> Year	1 8

INFORMATION: Any personal information provided by applicants subscribing for Bonds will be held by Turners or Computershare at the addresses shown in the PDS or such other place as is notified. This information will be used for the purposes of managing your investment in Turners. Under the Privacy Act 1993, you have the right to access and correct any personal information held about you.

SELLING RESTRICTIONS: The Bonds are offered in New Zealand to New Zealand resident investors. The PDS may not be used for the purposes of, and does not constitute, an offer or invitation in any jurisdiction other than New Zealand. Turners reserves the right to reject any application for Bonds under the Offer that it believes comes from a person who is not a New Zealand resident investor. The PDS is intended for use only in connection with the Offer and does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. No action has been taken to register the PDS or permit an offering of the Bonds to persons in any jurisdiction outside New Zealand. The PDS is not to be sent or given to any person in circumstances in which the Offer or distribution of the PDS would be unlawful. The distribution of the PDS (including an electronic copy) outside New Zealand may be restricted by law. If you come into possession of the PDS, you should seek your own advice on any restrictions and observe them. Any failure to comply with such restrictions may contravene applicable securities laws. Turners disclaims all liability to such persons. Except as set out in the PDS, no person may purchase, offer, sell, distribute or deliver Bonds, or be in possession of, or distribute to any other person, any offering material or any documents in connection with the Bonds, in any jurisdiction other than in compliance with all applicable laws and regulations. Turners and its directors accept no responsibility whatsoever for determining whether a person is able to participate in the Offer. By applying for Bonds, each investor agrees to indemnify Turners and its directors, officers, employees and agents in respect of any loss, cost, liability or expense sustained or incurred as a result of the investor breaching the selling restrictions described above.

Certificate of non-revocation of power of attorney (only complete this section if you are acting as attorney of the applicant)

I	Name	of	Address
Occupation		certify	
1. That by deed dated the	Day	day of	Month/Year
Name of person for whom attorney is signing			

appointed me his / her / its attorney on the terms and conditions set out in that deed.

2. That I have executed this Application Form as attorney under that appointment and pursuant to the powers thereby conferred upon me.

3. That I have not received notice of any event revoking the power of attorney.

Signed at this day of 2018

*A copy of the relevant power of attorney document must accompany this form unless already held by Computershare.