

7 April 2020

Dear shareholder

Notice to ineligible foreign shareholders regarding non-renounceable rights offer

As you may be aware, LatAm Autos Limited (**LAA**) announced to ASX Limited (**ASX**) on 7 April 2020 a non-renounceable pro rata rights offer (**Offer**) to LAA shareholders in Australia and New Zealand (**eligible shareholders**) to acquire 2 new ordinary shares (**New Shares**) at \$0.03 each for every 7 existing fully paid ordinary shares held at 5:00 pm (Melbourne time) on Wednesday 15 April 2020.

If not all of the rights are taken up and there is consequently a shortfall (i.e. the difference between the total number of New Shares that could be issued under the Offer if all rights were to be taken up in full and the total number of New Shares to be issued in consequence of the rights that are actually taken up), those eligible shareholders who subscribe for their full entitlement will also have the opportunity to apply for additional shares in the shortfall at the same price of \$0.03 per share.

If eligible shareholders do not subscribe for the total number of shares that could be issued under the Offer and there is a shortfall, Perennial Investment Management Limited, a key shareholder in the Company, has agreed to subscribe for (including under the Shortfall) up to \$1,900,000 worth of New Shares (subject to scale back where total subscriptions for New Shares under the shortfall facility exceed the maximum available New Shares offered under the Offer).

Log Creek Pty Ltd, an entity controlled by Company chairman Mike Fitzpatrick, has also committed to fully subscribe for its entitlements under the Offer. Further, Log Creek has agreed to underwrite the Offer (for no fee) by subscribing for additional shares remaining after the allocation of any Shortfall (to Perennial or others) to the extent that the total amount of New Shares subscribed for by or on behalf of Log Creek (including through its participation in the Offer and through underwriting) does not exceed the lesser of:

- (a) \$3,175,000 (potentially up to approximately 106 million New Shares); or
- (b) the amount by which the maximum amount that could be raised under the Offer exceeds total subscriptions received from Eligible Shareholders (including both tranches of subscriptions from Perennial), including for any Shortfall.

If following the Offer, the pre-commitment and the underwriting not all the rights have been taken up, including under the above shortfall, the directors reserve the right to issue such shortfall shares at their discretion to any person at an issue price not less than the price that the securities were offered to shareholders under the Offer at any time within 3 months of the close of the Offer in accordance with exception 3 of ASX Listing Rule 7.2.

There are currently on issue approximately 592 million fully paid ordinary shares in LAA (all of which are quoted on ASX). Assuming the Offer is fully subscribed and there is no other change to the issued share capital, approximately 169 million new fully paid ordinary shares will be issued (subject to rounding of fractional entitlements) raising up to approximately \$5.1 million, before costs. As a result, LAA's total number of issued shares will (assuming the Offer is fully subscribed and subject to the aforementioned rounding of entitlements) increase to approximately 761 million fully paid ordinary shares. Once issued, the new shares issued under the Offer will rank equally with all other fully paid ordinary shares then on issue.

A prospectus in relation to the Offer has been lodged with ASIC and given to ASX and is available to view on the ASX website and LAA's website at www.latamautos.com.

The Offer is currently scheduled to close at 5:00 pm (Melbourne time) on Tuesday 28 April 2020.

LAA has decided that it is unreasonable to make offers under this Offer to shareholders with registered addresses outside Australia and New Zealand (**ineligible foreign shareholders**). It has made this decision after discussing the offer with a number of foreign shareholders who have large parcels of shares, having regard to the small number of ineligible foreign shareholders, the small number and value of the New Shares ineligible foreign shareholders would be willing to take up and the cost of complying with the legal and regulatory requirements in the relevant overseas jurisdictions. Accordingly, you are not eligible to participate in the Offer.

If you have any query or question about the Offer, please contact the company secretary, Melanie Leydin, by telephone on +61 3 9692 7222, by facsimile on +61 3 9077 9233 or by email at mleydin@leydinfreyer.com.au, or the Company's share registrar, Boardroom Pty Limited, as follows:

Telephone: 1300 737 760 (within Australia)
+61 2 9290 9600 (outside Australia)
between 8:30 am and 5:00 pm (Melbourne time) Monday to Friday

Yours faithfully



Michael Fitzpatrick
Chairman