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If you sell or transfer or have sold or otherwise transferred all of your Shares, please forward this document (but not any personalised Form of Proxy), as soon as possible to the purchaser or transferee, or to the bank, stockbroker or other agent through whom the sale or transfer was effected, for onward transmission to the purchaser or transferee. If you have sold or otherwise transferred only part of your holding of Shares, please consult the bank, stockbroker or other agent through whom the sale or transfer was effected. If you receive this document from another Shareholder, as a purchaser or transferee, please contact the Registrar for a personalised Form of Proxy.

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LOOKERS PLC

Lookers plc

(Incorporated and registered in England and Wales with Registered No. 00111876)

Proposed Disposal of Parts and Notice of General Meeting

Peel Hunt

Financial adviser and Sponsor

This document should be read as a whole. Your attention is drawn to the letter from the Chairman of Lookers which is set out in Part I of this Circular and which contains the unanimous recommendation by the Lookers Directors that you vote in favour of the resolution to be proposed at the General Meeting. The Disposal will not take place unless the resolution is passed at the General Meeting.

Notice of the General Meeting, to be held at the registered office of Lookers, 776 Chester Road, Stretford, Manchester M32 0QH at 10.30 a.m. on 29 September 2016, is set out at the end of this Circular. Shareholders will find enclosed with this Circular a Form of Proxy for use in connection with the General Meeting. Whether or not you intend to attend the General Meeting in person, please complete and sign the enclosed Form of Proxy in accordance with the instructions printed on it and return it to the Company's Registrar, Capita Asset Services, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU as soon as possible and, in any event, by no later than 10.30 a.m. on 27 September 2016. You may alternatively register your vote online by visiting Capita's website at www.capitashareportal.com. In order to register your vote online, you will need to enter your investor code which is set out on the enclosed Form of Proxy, and you will need to ensure that your vote is registered online not later than 10.30 a.m. on 27 September 2016.

If you hold your Shares in CREST, and you wish to appoint a proxy or proxies through the CREST electronic proxy appointment service, you may do so by using the procedures described in the CREST Manual (available via www.euroclear.com). In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST Proxy Instruction must be properly authenticated in accordance with Euroclear's specifications, and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by Capita, ID RA10 by 10.30 a.m. on 27 September 2016.

The completion and return of a Form of Proxy will not prevent you from attending the General Meeting and voting in person should you so wish and be so entitled.

Peel Hunt, which is authorised and regulated by the Financial Conduct Authority in the United Kingdom, is acting solely for Lookers and no one else in connection with the Disposal and, save for any responsibility which may arise under FSMA or the regulatory regime established thereunder, will not be responsible to anyone other than Lookers for providing the protections afforded to the respective clients of Peel Hunt or for providing advice in connection with the Disposal, the contents of this document or any transaction, arrangement or other matter referred to in this document.

This document is a circular relating to the Disposal which has been prepared in accordance with the Listing Rules and approved by the Financial Conduct Authority. For a discussion of the risks relating to the Disposal, see the discussion of risks and uncertainties set out in Part II (*Risk Factors Relating to the Disposal*) of this Circular.

Capitalised terms have the meaning ascribed to them in Part VIII (*Definitions*) of this Circular.

A summary of action to be taken by Shareholders is set out on page 8 of this Circular and in the Notice of General Meeting set out at the end of this Circular.

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EXPECTED TIMETABLE OF PRINCIPAL EVENTS

	Time and Date
Announcement of the Disposal	10 August 2016
Publication of and posting of this Circular, the Notice of General Meeting and the Form of Proxy	7 September 2016
Latest time and date for receipt of Forms of Proxy, CREST Proxy Instructions and registration of online votes from Shareholders in respect of the General Meeting.....	10.30 a.m. on 27 September 2016
General Meeting	10.30 a.m. on 29 September 2016
Expected date of completion of the Disposal (subject to approval).....	Last Quarter 2016

Notes:

- (1) All references in this Circular to times are to London times unless otherwise stated.
- (2) The timetable may be subject to change. If any of the above times and/or dates should change, the new times and/or dates will be notified to the Financial Conduct Authority and announced to Shareholders through a Regulatory Information Service.

Forward looking statements

This document contains certain “forward looking statements” relating to the Group, the Continuing Group, the Parts Division and the Disposal, including with respect to certain of the Group’s plans and its current goals and expectations relating to its future financial condition, performance, results, strategy and objectives. Statements containing the words “believes”, “intends”, “should”, “plans”, “pursues”, “seeks” and “anticipates” (or negatives thereof), and variations thereof or words of similar meaning, are forward looking. By their nature, all forward looking statements involve assumptions, risk and uncertainty because they relate to future events and circumstances which are beyond Lookers’ control including, among other things, the domestic and global economic and business conditions, market-related risks such as fluctuations in interest rates and exchange rates, and the performance of financial markets generally, the policies and actions of regulatory authorities, the impact of competition, inflation and deflation; the timing, impact and other uncertainties of future acquisitions or combinations within relevant industries and the impact of changes in capital, solvency or accounting standards, and tax and other legislation and any regulations in the jurisdictions in which Lookers and its affiliates operate. As a result, Lookers’ actual future financial condition, performance and results may differ materially from the plans, goals and expectations set forth in the forward looking statements and no assurances can be given that the forward looking statements in this document will be realised.

Any forward looking statements made herein speak only as of the date they are made. Except as required by the Financial Conduct Authority, the London Stock Exchange or any other applicable law or regulation, Lookers expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward looking statements contained in this document to reflect any change in Lookers’ expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

Forward looking statements contained in this document do not in any way seek to qualify the working capital statement contained in Section 10 of Part VII (*Additional Information*) of this document.

**DIRECTORS, COMPANY SECRETARY, REGISTERED OFFICE
AND ADVISERS**

DIRECTORS

Philip M. White CBE (*Non-Executive Chairman*)
Andrew C. Bruce (*Chief Executive*)
Robin A. Gregson (*Finance Director*)
Nigel J. McMinn (*Managing Director – Motor Division*)
Neil A. Davis (*Managing Director – Parts Division*)
William Holmes (*Senior Non-Executive Director*)
Douglas C. A. Bramall (*Non Executive Director*)
Richard S. Walker (*Non-Executive Director*)
Sally J. Cabrini (*Non-Executive Director*)

COMPANY SECRETARY

Glenda MacGeekie

REGISTERED OFFICE

776 Chester Road
Stretford
Manchester
M32 0QH

**FINANCIAL ADVISER AND SPONSOR
TO LOOKERS**

Peel Hunt
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London
EC2Y 5ET

LEGAL ADVISER TO LOOKERS

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M1 5ES

REGISTRARS TO LOOKERS

Capita Asset Services
The Registry
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Beckenham
Kent
BR3 4ZF

**AUDITORS TO LOOKERS AND
REPORTING ACCOUNTANTS**

Deloitte LLP
2 Hardman Street
Manchester
M3 3HF

PART I

LETTER FROM THE CHAIRMAN OF LOOKERS

Lookers plc

(Incorporated and registered in England and Wales with Registration No. 00111876)

Directors:

Philip M. White CBE (*Non-Executive Chairman*)
Andrew C. Bruce (*Chief Executive*)
Robin A. Gregson (*Finance Director*)
Nigel J. McMinn (*Managing Director – Motor Division*)
Neil A. Davis (*Managing Director – Parts Division*)
William Holmes (*Senior Non-Executive Director*)
Douglas C. A. Bramall (*Non-Executive Director*)
Richard S. Walker (*Non-Executive Director*)
Sally J. Cabrini (*Non-Executive Director*)

Registered office:

776 Chester Road
Stretford
Manchester
M32 0QH

Dear Shareholder,

PROPOSED DISPOSAL OF PARTS

1. INTRODUCTION

On 10 August 2016, the Lookers Board announced that Lookers had entered into a conditional agreement with respect to the sale of the entire issued share capital of FPS Distribution Limited, which comprises the Parts Division of the Group, to Alliance Automotive for a consideration of approximately £120 million on a debt free and cash free basis, subject to customary adjustments. This agreement was subsequently novated on 7 September 2016 such that Alliance Automotive Holding replaced Alliance Automotive as the purchaser.

We are pleased with the progress that the Parts Division has made to date and, prior to being approached by Alliance Automotive, we had expected to continue to own the Parts Division as part of a diversified strategy. However, the Lookers Board believes that Alliance Automotive's offer for the Parts Division represents an attractive sale price for Lookers and an opportunity for the Group to deploy further capital into acquisitions for the Motor Division, which is the business area in which the Board believes greater value can be created for shareholders.

Use of proceeds

The Disposal is expected to generate net proceeds of approximately £119 million on a debt free and cash free basis, excluding customary adjustments. Lookers intends to use those proceeds to pursue acquisitions in the Motor Division over the short and medium-term, given its strong track record of delivering acquisitions over the last three years. The Group has announced recently two acquisitions on 15 and 22 August 2016 relating to (i) the acquisition of the Drayton Group for £55.4 million comprising of seven Mercedes Benz dealerships located in the West Midlands, completion of which is subject to completion of the Disposal, followed by (ii) the simultaneous exchange and completion of the acquisition of the entire issued share capital of Knights North West Limited which trades as Knights Mini and BMW and has dealerships located in Staffordshire, Stoke-on-Trent and Crewe for £27.2 million.

Financial effects of the Disposal

An unaudited statement of the net assets of the Group has been prepared for illustrative purposes only to show the effect of the Disposal as if it had occurred at 30 June 2016. This statement is set out in Part VI of this Circular. Parts contributed approximately 6 per cent. of the Group revenues, 14 per cent. of the Group's underlying operating profit⁽¹⁾ and represented 10 per cent. of the Group's gross assets for the 31 December 2015 year end.

⁽¹⁾ Profit from operations before amortisation, share based payments, impairment of goodwill and exceptional items

Given the current low level of interest rates available on cash deposits, the sale of the Parts Division will be earnings dilutive to the Group until the capital can be successfully redeployed via acquisitions in the Motor Division.

Shareholder Approvals

Due to its size, the Disposal constitutes a class 1 transaction for the Company under the Listing Rules and is conditional upon, amongst other things, the approval of Shareholders under the Listing Rules. A General Meeting is to be held at the registered office of Lookers, 776 Chester Road, Stretford, Manchester M32 0QH at 10.30 a.m on 29 September 2016 for the purpose of seeking such approval. A notice convening the General Meeting, at which the Disposal Resolution will be proposed, is set out at the end of this Circular.

This Circular sets out the proposed terms of the Disposal, including the background to and reasons for the Disposal, and explains why the Lookers Board considers the Disposal to be in the best interests of Lookers and the Shareholders as a whole.

2. PRINCIPAL TERMS AND CONDITIONS OF THE DISPOSAL

The Disposal Agreement between the Company, Lookers Motors (as “Seller”) and Alliance Automotive was entered into on 9 August 2016, pursuant to which the Seller has conditionally agreed to sell its Parts Division through the sale of the entire issued share capital of FPS Distribution Limited. The Disposal Agreement was novated on 7 September 2016 such that Alliance Automotive Holding replaced Alliance Automotive as the purchaser (“Purchaser”). All other terms of the Disposal Agreement remain the same.

The consideration for the Disposal has been calculated on a debt free and cash free basis at the time of Completion, subject to the Parts Division retaining sufficient working capital agreed by the parties by reference to the period from 1 January 2016 to 30 June 2016. Accordingly the consideration is the aggregate of:

- (a) the repayment of the inter-company debt of approximately £9.1 million (excluding VAT) arising on the transfer to the Parts Division at current net book value of three real estate properties currently owned by Bolling Investments (a wholly owned subsidiary of the Company) and which are currently leased to the Parts Division;
- (b) a balancing payment of approximately £114.0 million (which includes a payment of approximately £3 million in respect of surplus cash in the Sale Company) in respect of the equity value of the Sale Company; and
- (c) payment of a daily sum of £32,812 to be paid for each Business Day from 1 July 2016 to (but excluding) the date of Completion as an interest payment under the locked box mechanism payable by the Purchaser to the Seller at Completion.

The Purchase Price assumes that at or immediately prior to Completion, the Parts Division will have no debt and no cash, save for cash or debt in the Parts Division in accordance with maintaining a normal level of working capital.

The Purchaser will fund the acquisition from its own resources and Completion is not subject to any financing conditions.

The Disposal is expected to complete in the last quarter of 2016. Completion is conditional upon (i) delivery by Lookers Motors of the agreed form property transfers duly executed by Bolling Investments to the relevant transferees; (ii) merger control clearance being given by the European Commission, or any competent authority of one or more Member States to whom the European Commission refers the Disposal; and (iii) the approval of the Shareholders at the General Meeting of Lookers.

Neil A Davis, the managing director of the Parts Division and a Director will resign from his position as an employee of the Company and as a Director and Terence Wainwright who is also a key employee of the Parts Division will resign from his employment with the Company. Both Neil and Terence will take up employment with FPS on new terms to be agreed which will take effect from the date of Completion.

⁽²⁾ Profit from operations before amortisation, share based payments, impairment of goodwill and exceptional items

Further details of the Disposal Agreement are set out in Part III (*Principal Terms and Conditions of the Disposal*).

3. INFORMATION ON PARTS

The primary activity of the Parts Division is the distribution of automotive parts within the UK to business customers. For the financial year ended 31 December 2015, Parts generated £219 million of total revenue and £12.6 million of underlying operating profit⁽²⁾.

Parts comprises three operating units: BTN Turbo (a specialist turbo distributor), FPS (a distributor of general automotive products primarily) and Apec Braking (a specialist braking distributor). There are also two dormant subsidiaries of BTN Turbo: Turboparts and Turbotune.

Financial information set out in this paragraph 3 has been extracted without material adjustment from the financial information relating to the Parts Division, set out in Part IV (*Financial Information Relating to the Parts Division*) of this Circular.

4. INFORMATION ON ALLIANCE AUTOMOTIVE HOLDING

The principal activity of Alliance Automotive Holding is acting as a holding company for certain subsidiary companies that primarily undertake the distribution of automotive and commercial vehicle parts to the independent aftermarket in the UK, France & Germany. Such subsidiaries service independent repairers, body shops, auto centres, fast fit companies and end consumers with parts and equipment through a network of national and regional logistics platforms as well as networks of local distributors comprising the subsidiaries and independent members.

The ultimate parent undertaking of Alliance Automotive Holding is Alize LuxCo 1 Sàrl, a company incorporated in Luxembourg. In the opinion of Alliance Automotive Holding's directors, the company is ultimately controlled by certain private equity investment funds managed by affiliates of The Blackstone Group L.P.

5. TREND INFORMATION

On 17 August 2016, the Group issued Lookers' 2016 Half Year Results. The following text has been extracted from that statement:

"The group has produced excellent results for the first six months of the year. Growth in our new car volumes has resulted in a further increase in gross profits, we have a healthy order book for the delivery of new cars in the important month of September and the UK new car market is expected to show modest growth during the rest of this year. We have also benefited from further increases in used car volumes, increasing our share of this market and our aftersales business continues to perform well.

The company has achieved outstanding growth in recent years and we believe the significant investment we are making in upgrading our facilities to reflect the latest manufacturer retail standards and multi-channel customer experience will give us a competitive advantage and further improve our position of leadership in the motor retail sector. These factors, together with the broad base of our franchise representation leave us very well positioned for future growth.

The group balance sheet has been further strengthened with exceptionally strong cash flow in the period and we have substantial headroom in our bank facilities with both net debt and net debt to EBITDA being at relatively low levels. This provides secure funding capacity and financial security to grow the business through further strategic acquisitions at a time when there are significant consolidation opportunities within the sector.

The excellent performance of the group in the first half of the year builds on what was already a strong comparative in the previous year. However, the result of the referendum has created a degree of uncertainty in the UK economy, although it is fair to say that we have not noticed any significant difference in terms of customer behaviour so far, particularly in respect of orders for new and used cars. Notwithstanding the uncertainties over consumer confidence and the Pound : Euro exchange rate, the board is confident that the group will make further progress during the rest of this year with revenue and profits ahead of last year's performance."

6. RISK FACTORS

For a discussion of the risks and uncertainties which you should take into account when considering whether to vote in favour of the Disposal Resolution, please refer to Part II (*Risk Factors Relating to the Disposal*) of this Circular.

7. GENERAL MEETING

A notice convening the General Meeting to be held at the registered office of Lookers, 776 Chester Road, Stretford, Manchester M32 0QH at 10.30 a.m on 29 September 2016 is set out at the end of this Circular.

As a Class 1 transaction for the purposes of the Listing Rules, Lookers requires the approval of the Shareholders to proceed with the Disposal. Completion is therefore conditional upon the passing of the Disposal Resolution at the General Meeting, as well as the other conditions set out in Part III (*Principal Terms and Conditions of the Disposal*) of this Circular.

8. ACTION TO BE TAKEN

You will find enclosed with this document a Form of Proxy for use in respect of the Disposal Resolution to be proposed at the General Meeting. Whether or not you intend to be present at the General Meeting, you are requested to complete the Form of Proxy in accordance with the instructions printed on it, and return it as soon as possible, but in any event so as to be received by Capita, by hand or by post, at, Capita Asset Services, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU, **not later than 10.30 a.m. on 27 September 2016 or by logging onto www.capitashareportal.com using your investor code and other details as printed on the form of proxy and following the online instructions.**

If you hold your Ordinary Shares in CREST, and you wish to appoint a proxy or proxies through the CREST electronic proxy appointment service, you may do so by using the procedures described in the CREST Manual (available via www.euroclear.com). In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST Proxy Instruction must be properly authenticated in accordance with Euroclear's specifications, and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by Capita, ID RA10, **not later than 10.30 a.m. on 27 September 2016.**

The return of a completed Form of Proxy, the registration of your vote online or the giving of a CREST Proxy Instruction will not prevent you from attending the General Meeting and voting in person if you so wish and are so entitled.

9. ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in Part VII (*Additional Information*) of this Circular. You are advised to read the whole of this Circular and not just rely on the key summarised information in this letter.

10. DIRECTORS' RECOMMENDATION

The Board has received financial advice in respect of the Disposal from Peel Hunt. In providing their advice, Peel Hunt have placed reliance on the Board's commercial assessment of the Disposal.

In the Board's opinion, the Disposal is in the best interests of the Company and its Shareholders as a whole. Accordingly, the Board unanimously (save in respect of Neil A. Davis who shall abstain from voting on this occasion) recommends that its Shareholders vote in favour of the Disposal Resolution to be proposed at the General Meeting, as the Directors intend to do in respect of their own aggregate shareholdings of 65,063,640 Ordinary Shares, representing approximately 16.4 per cent. of the existing issued Ordinary Share capital of the Company.

Yours faithfully,

Philip M. White CBE

Non-Executive Chairman

PART II

RISK FACTORS RELATING TO THE DISPOSAL

This section describes the risk factors which are considered by the Lookers Directors to be material in relation to the Disposal, the new material risks to the Group as a result of the Disposal and the existing material risks which may be impacted by the Disposal, as well as the material risks to the Group if the Disposal were not to proceed. However, these should not be regarded as a complete and comprehensive statement of all potential risks and uncertainties. Additional risks and uncertainties not presently known to the Directors, or that the Board considers immaterial, or that the Board considers material to the Group but will not be impacted by the Disposal, may also adversely affect the Group's business, results of operations or financial condition. If any or a combination of the following risks materialise, the Group's business, financial condition, operational performance, future performance and share price could be materially adversely affected. In such circumstances, the market price of the Shares could decline and you may lose all or part of your investment. The information given is as of the date of this Circular and, except as required by the FCA, the London Stock Exchange, the Listing Rules, the Prospectus Rules, the Disclosure and Transparency Rules or any other applicable law or regulation, will not be updated.

You should consider carefully the risks and uncertainties described below, together with all other information contained in this Circular and the information incorporated by reference herein, before deciding whether to vote in favour of the Disposal Resolution. The risks described below are not set out in any order of priority.

1. RISKS RELATING TO THE DISPOSAL

1.1 The Group's operations after the Disposal will be less diversified

Following the Disposal the Continuing Group's business will be less diversified commercially and will comprise primarily of the Motor Division. Weak performance in the Motor Division, or in any particular part of Motor's businesses, may have an adverse impact on the financial condition of the Continuing Group. However, the Directors are of the opinion that, given the Parts Division only represented approximately 14 per cent. of the Group's underlying operating profit⁽³⁾ for the financial year ended 31 December 2015, the diversification which Parts provided the Group was limited.

1.2 Warranties and undertakings given by the Seller to the Purchaser

The Disposal Agreement contains customary warranties and a tax indemnity in respect of the Parts Division given by Lookers Motors in favour of Alliance Automotive (the benefit of which has been novated to Alliance Automotive Holding), details of which are set out in Part III (*Principal Terms and Conditions of the Disposal*) of this Circular. Whilst due diligence has been undertaken and limitations of liability have been negotiated as part of the Disposal Agreement to minimise the risk of liability under these provisions, any liability to make a payment arising from a successful claim by the Purchaser under the warranties could have a material adverse effect on the Company's business, financial condition and results of operations.

2. RISKS RELATING TO THE DISPOSAL NOT PROCEEDING

2.1 The Disposal may not complete

The Disposal Agreement is conditional upon the passing of the Disposal Resolution at the General Meeting and there can be no guarantee that Shareholders will approve the Disposal Resolution. It is also subject to merger control clearances (see section 1.4 of Part III (*Principal Terms and Conditions of the Disposal*)), and delivery of various property transfer documents by Lookers Motors. In the event that such conditions are not met or have not been satisfied (or where applicable waived) by the long stop date of 31 December 2016, the Disposal may not be completed and the Disposal Agreement may terminate. Should the Disposal fail to complete, Lookers would be obliged to pay out-of-pocket fees incurred in relation to the transaction without being able to set these off against the Disposal proceeds.

⁽³⁾ Profit from operations before amortisation, share based payments, impairment of goodwill and exceptional items

2.2 Potentially disruptive effect on the Group

The success of Parts depends on the continued contribution of key personnel and on maintaining strong relationships with key customers over the long term. If the Disposal does not proceed, Parts' key management and employees may be demotivated and key management or employees may choose to leave Parts. This may have a negative effect on the performance of Parts under Lookers' ownership. There may also be uncertainty for customers of Parts as to Lookers' future intentions for Parts. In the event that the Disposal does not take place, in order to maintain shareholder value, Lookers may be required to allocate additional time and resources to the ongoing supervision and development of Parts.

2.3 Loss of opportunity to realise significant value for the Parts business

The Board believes that the Disposal is in the best interests of the Company and its Shareholders taken as a whole and that it currently provides the best opportunity to realise an attractive and certain value for Parts. If the Disposal does not complete, there can be no certainty around the timing of the next suitable and available opportunity to realise this value in respect of Parts for Shareholders.

2.4 Effect on the timing of the acquisition of Warwick Holdings Limited and Drayton Group Limited

Completion of the acquisition of seven Mercedes Benz dealerships located in the West Midlands which trade as the Drayton Group (which includes the purchase of the entire issued share capital of both Warwick Holdings Limited and Drayton Group Limited) by MB South Limited (an indirect wholly owned subsidiary of the Company) is conditional upon the completion of the Disposal due to the fact that it is intended that this acquisition will be funded by the proceeds of the Disposal. If the Disposal does not complete, it is possible that this acquisition will also not complete. It is currently envisaged that this share acquisition will complete shortly following completion of the Disposal. If the conditions set out in the Disposal Agreement are not satisfied on or by midday on 31 December 2016, the Disposal Agreement may terminate and therefore, the sale and purchase agreement relating to the acquisition of the Drayton Group which contains the same long-stop date as the Disposal Agreement may also terminate with immediate effect unless otherwise agreed by the parties.

PART III
PRINCIPAL TERMS AND CONDITIONS OF THE DISPOSAL

The following is a summary of the principal terms of the Disposal Agreement. As set out in Section 14 of Part VII (*Additional Information*), the Disposal Agreement is available for inspection by Shareholders.

1. DISPOSAL AGREEMENT

1.1 Parties and Structure

The Disposal Agreement was entered into on 9 August 2016 between: (i) the Company (as “Parent”); (ii) Lookers Motors (as “Seller”); and (iii) Alliance Automotive. Under the terms of the Disposal Agreement, the Seller has agreed, subject to the satisfaction of certain conditions, to sell the entire issued share capital of the Sale Company. The Disposal Agreement was novated on 7 September 2016 such that Alliance Automotive Holding replaced Alliance Automotive as the purchaser (“Purchaser”). All other terms of the Disposal Agreement remain the same.

1.2 Consideration

The consideration for the Disposal is the aggregate of:

- (a) the repayment of the inter-company debt of approximately £9.1 million (excluding VAT) arising on the transfer to the Sale Company at current net book value of three real estate properties currently owned by Bolling Investments and which are currently leased to the Parts Division (the “Transferring Properties”);
- (b) a payment of approximately £114.0 million (which includes a payment of approximately £3 million in respect of surplus cash in the Sale Company) in respect of the equity value of the Sale Company; and
- (c) payment of a daily sum of £32,812 to be paid for each Business Day from 1 July 2016 to (but excluding) the date of Completion as an interest payment under the locked box mechanism payable by the Purchaser to the Seller at Completion (the “Locked Box Interest”).

The consideration payable assumes that at or immediately prior to Completion, the Sale Company will have no debt and no cash, save for cash or debt in accordance with maintaining a normal level of working capital.

There is no cap on the amount of Locked Box Interest, although it is only payable if Completion occurs and is subject to the longstop date for Completion of 31 December 2016 (or such later date as the parties may agree in writing) (the “Longstop Date”) (see also paragraph 1.6 below).

1.3 Locked box and pre-Completion undertakings

The Seller has provided certain covenants and undertakings to Alliance Automotive, which have been novated to the Purchaser that in the period commencing on 1 July 2016 and ending on and including the date of Completion, there has been no transfer of value from the Parts Division to or for the benefit of the Continuing Group, other than pursuant to certain agreed actions. In the event of any breach of such covenants or undertakings, the Seller has agreed to pay to the Purchaser a sum equal to the aggregate of: (i) the amount which would be necessary to put the relevant member of the Parts Division into the financial position which would have existed had there been no breach; and (ii) any liabilities, costs and expenses incurred by the Purchaser or a member of its group in recovering such amount.

The Seller has also undertaken to cause the Parts Division to operate in the ordinary course of business during the period from the date of the Disposal Agreement to Completion, and has given a number of specific undertakings to the Purchaser regarding the conduct of the business and affairs of the Parts Division during such period.

1.4 **Conditions to Completion**

Completion is conditional upon:

- (a) the passing of the Disposal Resolution at the General Meeting (the "Shareholder Consent Condition");
- (b) the relevant antitrust approvals having been obtained from the European Commission or any competent authority of one or more Member States to whom the European Commission refer the Disposal (the "Regulatory Condition"); and
- (c) the transfer of the Transferring Properties to the Parts Division (the "Property Condition").

The Purchaser and the Seller have each agreed to use all reasonable endeavours to achieve satisfaction of the Regulatory Condition as soon as practicable and in any event on or before midday on the Longstop Date. The Company has also agreed that it shall use all reasonable endeavours to achieve satisfaction of the Shareholder Consent Condition as soon as reasonably practicable and in any event on or before midday on 31 December 2016. The Company has further agreed not to withdraw, modify, qualify or amend the recommendation of the Lookers Board to the Company's Shareholders to vote in favour of the Disposal except and only to the extent that the Lookers Board has determined (having taken appropriate advice) that any such action is required in order for the members of the Lookers Board to comply with their fiduciary duties. The Seller has agreed to use all reasonable endeavours to achieve satisfaction of the Property Condition as soon as reasonably practicable and in any event on or before midday on the Longstop Date.

1.5 **Warranties, indemnities and limitations on liability**

The Company and the Seller have provided certain warranties to Alliance Automotive, which have been novated to the Purchaser, with respect to themselves. These warranties relate to, among other things capacity and authority. The Seller has also provided warranties as to its title over the shares in the Sale Company.

In addition, the Seller has provided certain warranties to Alliance Automotive, which have been novated to the Purchaser, with respect to the business of the Parts Division (the "Business Warranties"). The Seller will also provide a covenant in respect of certain tax matters relating to the Parts Division arising on or before Completion (the "Tax Covenant").

The Seller's liability for all claims under the Business Warranties and claims under the Tax Covenant is subject to (i) a threshold equivalent to 0.125 per cent. of the total consideration payable to the Seller (in respect of a single claim or series of related claims), (ii) a threshold equivalent to 1.25 per cent. of the total consideration payable to the Seller (in respect of all claims when aggregated together), and (iii) a cap equivalent to 40 per cent. of the total consideration payable to the Seller. The Seller's overall aggregate liability for all claims (including a claim for a breach of a warranty as to title, capacity or authority) under the Disposal Agreement is capped at the total consideration payable to the Seller.

1.6 **Termination**

The Disposal Agreement may be terminated by written notice from either party to the other party in the event that:

- (a) the Shareholder Consent Condition has not been satisfied by midday on the Longstop Date;
- (b) the Regulatory Condition has not been satisfied by midday on Longstop Date;
- (c) the Property Condition has not been satisfied by midday on Longstop Date; or
- (d) Completion does not take place on the date set for Completion because the other party has failed to comply with any of its Completion obligations under the Disposal Agreement.

1.7 **Parent guarantee**

The Company, as parent company of the Seller, has given an irrevocable and unconditional guarantee to the Purchaser of the Seller's payment obligations under the Disposal Agreement.

1.8 **Governing law**

The Disposal Agreement is governed by the laws of England and Wales.

PART IV
FINANCIAL INFORMATION RELATING TO THE PARTS DIVISION

1. NATURE OF FINANCIAL INFORMATION

The Financial Information table in this Part IV (*Financial Information Relating to the Parts Division*) of this Circular presented below relates to the Financial Information of the Parts Division of Lookers Group for the three years ended 31 December 2015 and the six months ended 30 June 2016. The Parts Division Financial Information represents an aggregation of the Apec Braking, BTN Turbo, FPS Distribution Limited, Turboparts and Turbotune ('the Parts Division entities').

The Financial Information has been extracted from the audited statutory accounts of the Parts Division entities for the years ended 31 December 2013, 31 December 2014 and 31 December 2015, and from the unaudited and not reviewed consolidation schedules from the unaudited and not reviewed interim statements of Lookers for the six month period ended 30 June 2016. This Financial Information has been prepared under IFRS as adopted by the EU. The accounting policies used are consistent with the accounting policies adopted in Lookers published consolidated financial statements for the years ended 31 December 2013, 31 December 2014, 31 December 2015 and the unaudited and not reviewed interim statements for the six months ended 30 June 2016.

The Financial Information contained in this Part IV (*Financial Information Relating to the Parts Division entities*) of this Circular does not constitute statutory accounts within the meaning of section 434(3) of the Companies Act. The consolidated statutory accounts of Lookers for the financial years ended 31 December 2013, 31 December 2014 and 31 December 2015 have been delivered to the Registrar of Companies. The auditors' reports in respect of Lookers and the Parts Division entities for the financial years ended 31 December 2013, 31 December 2014 and 31 December 2015 were unqualified and did not contain statements under section 498 (2) or (3) of the Companies Act (as applicable). Deloitte LLP were the auditors for the Group, including the Parts Division entities, in respect of the three years ended 31 December 2015, and did not review the unaudited interim statements of Lookers for the six month period ended 30 June 2016. Shareholders should read the whole of this Circular and not rely solely on the Financial Information contained in this Part IV (*Financial Information Relating to the Parts Division*) of this Circular.

2. INCOME STATEMENTS OF PARTS DIVISION

	Year ended 31 December 2013 £'000	Year ended 31 December 2014 £'000	Year ended 31 December 2015 £'000	Unaudited Six months ended 30 June 2016 £'000
Revenue	197,141	205,590	218,810	115,230
Cost of sales	(163,698)	(171,014)	(182,154)	(95,328)
Gross profit	33,443	34,576	36,656	19,902
Selling and distribution costs	(7,411)	(7,927)	(8,347)	(4,000)
Administrative expenses	(14,650)	(13,815)	(15,754)	(8,409)
Profit from operations	11,382	12,834	12,555	7,493
Interest payable	(116)	(147)	(124)	(79)
Interest receivable	104	101	145	105
Profit on ordinary activities before taxation	11,370	12,788	12,576	7,519
Tax charge	(2,588)	(2,642)	(2,614)	(1,496)
Profit after tax	8,782	10,146	9,962	6,023

- (1) The financial information above and the net assets presented in section 3, have been extracted without material adjustment from an aggregation of the audited financial statements of the Parts Division entities for the 3 years ended 31 December 2015. The results for the 6 month period to 30 June 2016 figures have been extracted, without material adjustment from the consolidation schedules of the consolidated interim results for the Lookers Group. Intergroup dividends and trading have been eliminated from the above numbers.
- (2) The tax charge shown above for the 3 years ended 31 December 2015 has been extracted and aggregated from the audited financial statements of the statutory entities within the Parts Division entities. The tax charge for the 6 months to 30 June 2016 has been calculated based on an effective tax rate of 19.9 per cent, in line with the tax rate of the total Lookers Group's estimated tax charge for the 6 months to 30 June 2016.

3. NET ASSETS OF PARTS DIVISION

	As at 31 December 2015 £'000s	As at 30 June 2016 £'000s
Non-current assets		
Property, plant and equipment	5,196	5,873
Investments in subsidiaries	13,350	13,350
Deferred tax assets	1,059	1,059
	<u>19,605</u>	<u>20,282</u>
Current assets		
Inventories	62,945	60,948
Trade and other receivables	66,087	73,562
Cash and cash equivalents	7,346	13,202
Derivative financial instruments	—	293
	<u>136,378</u>	<u>148,005</u>
Total assets	<u>155,983</u>	<u>168,287</u>
Current liabilities		
Bank loans and overdrafts	—	(699)
Trade and other payables	(76,546)	(83,146)
Current tax liabilities	(2,708)	(1,496)
Short-term provisions	(317)	(512)
	<u>(79,571)</u>	<u>(85,853)</u>
Net current assets	<u>56,807</u>	<u>62,152</u>
Total assets less current liabilities	<u>76,412</u>	<u>82,434</u>
Non-current liabilities		
Long term provisions	(783)	(783)
Total liabilities	<u>(80,354)</u>	<u>86,636</u>
Net assets	<u>75,629</u>	<u>81,652</u>

- (1) As noted in section 2, the net asset statements have been compiled from an aggregation of the 31 December 2015 statutory accounts and the consolidation schedules of the consolidated interim results for the Lookers Group. Accordingly no elimination has been made for the investment in subsidiaries balance which would have occurred had a consolidation been performed.

PART V
PROFIT FORECAST FOR THE GROUP

PROFIT FORECAST FOR THE GROUP FOR THE YEAR ENDING 31 DECEMBER 2016

1. PROFIT FORECAST

On 17 August 2016, the Group issued Lookers' 2016 Half Year Results, which included the following statement:

"The excellent performance of the group in the first half of the year builds on what was already a strong comparative in the previous year. However, the result of the referendum has created a degree of uncertainty in the UK economy, although it is fair to say that we have not noticed any significant difference in terms of customer behaviour so far, particularly in respect of orders for new and used cars. Notwithstanding the uncertainties over consumer confidence and the Pound : Euro exchange rate, the board is confident that the group will make further progress during the rest of this year with revenue and profits ahead of last year's performance."

This statement set a floor on the Board's expectation for the profits for the year ended 31 December 2016 and is, therefore, to be construed as a profit forecast under the Prospectus Rules.

Accordingly, the Group states that it is expecting to report pre-tax profits of more than approximately £62.8 million for the year ending 31 December 2016 (including the impact of the proposed transaction), with £62.8 million being the reported pre-tax profits for the year ending 31 December 2015.

The profit forecast as stated above (the "**Profit Forecast**") is correct as at the date of publication of this document and is supported by latest available internal forecasts. The basis of preparation and assumptions underlying the Profit Forecast are set out below.

BASIS OF PREPARATION

The Profit Forecast has been prepared on a basis consistent with the accounting policies adopted by the Group in the financial information set out in Part IV of this document. The Profit Forecast has been prepared on the basis of IFRS.

PRINCIPAL ASSUMPTIONS

The Profit Forecast has been properly compiled by the Directors on the basis of the principal assumptions below:

The principal assumptions which are exclusively outside the influence of the Directors:

- total number of overall UK market new car sales in the six months ended 31 December 2016 broadly flat versus the six months ended 31 December 2015
- GBP:Euro average exchange rate remaining at approximately 1.2
- key manufacturing partners continuing to trade and provide financing
- no significant change in current interest rates
- no material change in applicable laws

The principal assumptions that the Directors can influence include:

- Lookers having approximately 150 dealerships open in the six months between 1 July 2016 and 31 December 2016
- average selling price of new cars remaining consistent with the year ended 31 December 2015, to the extent the Directors are able to control
- Lookers maintaining its current supplier relationships, commercial agreements and financing arrangements
- operating expenses remaining consistent as a percentage of the Group's sales
- Lookers complying with all applicable laws

PART VI

UNAUDITED PRO FORMA STATEMENT OF NET ASSETS OF THE GROUP

The unaudited pro forma statement of net assets set out below (the “*Pro Forma Financial Information*”) is based on the Financial Information relating to the Group set out in Part IV (*Financial Information Relating to the Lookers Group plc*) of this Circular.

The Pro Forma Financial Information has been prepared pursuant to Listing Rule 13.3.3R, and on the basis of the notes set out below, to illustrate the effect of the Disposal on the IFRS financial position of the Group as if the Disposal had occurred on 30 June 2016.

The Pro Forma Financial Information is shown for illustrative purposes only. Due to its nature, it addresses a hypothetical situation and, therefore, does not represent the Continuing Group’s actual financial position or results following the Disposal.

Shareholders should read the whole of this Circular and not rely solely on the Pro Forma Financial Information contained in this Part VI (*Unaudited Pro Forma Statement of Net Assets of the Group*) of this Circular.

Deloitte’s report on the Pro Forma Financial Information is set out in this Part VI (*Unaudited Pro Forma Statement of Net Assets of the Group*) of this Circular.

Unaudited pro forma statement of net assets of the Group as at 30 June 2016

	Lookers Group plc as at 30 June 2016 £m Note 1	Adjustments			Un-audited pro forma Continuing Group as at 30 June 2016 £m Note 5
		Parts Division as at 30 June 2016 £m Note 2	Other adjustments £m Note 3	Net proceeds £m Note 4	
Non-current assets					
Goodwill	96.4	—	(6.2)	—	90.2
Intangible assets	64.0	—	(9.4)	—	54.6
Property, plant and equipment	268.9	(5.9)	(9.1)	—	253.9
Investments in subsidiaries	—	(13.3)	13.3	—	—
Deferred tax assets	—	(1.1)	1.1	—	—
	<u>429.3</u>	<u>(20.3)</u>	<u>(10.3)</u>	<u>—</u>	<u>398.7</u>
Current assets					
Inventories	797.1	(60.9)	—	—	736.2
Trade and other receivables	330.0	(73.6)	—	—	256.4
Rental fleet vehicles	63.9	—	—	—	63.9
Cash and cash equivalents	27.1	(13.2)	—	124.9	138.8
Derivative financial instruments	—	(0.3)	0.3	—	—
	<u>1,218.1</u>	<u>(148.0)</u>	<u>0.3</u>	<u>124.9</u>	<u>1,195.3</u>
Total assets	<u>1,647.4</u>	<u>(168.3)</u>	<u>(10.0)</u>	<u>124.9</u>	<u>1,594.0</u>
Current liabilities					
Bank loans and overdrafts	(20.6)	0.7	—	—	(19.9)
Trade and other payables	(1,081.0)	83.1	—	—	(997.9)
Current tax liabilities	(17.6)	1.5	—	—	(16.1)
Short-term provisions	(0.6)	0.5	—	—	(0.1)
Derivative financial instruments	(4.8)	—	(0.3)	—	(5.1)
	<u>(1,124.6)</u>	<u>85.8</u>	<u>(0.3)</u>	<u>—</u>	<u>(1,039.1)</u>
Net current assets	<u>93.5</u>	<u>(62.2)</u>	<u>—</u>	<u>124.9</u>	<u>156.2</u>
Total assets less current liabilities	<u>522.8</u>	<u>(82.5)</u>	<u>(10.3)</u>	<u>124.9</u>	<u>554.9</u>
Non-current liabilities					
Bank loans	(81.4)	—	—	—	(81.4)
Trade and other payables	(34.6)	—	—	—	(34.6)
Retirement benefit obligations	(77.8)	—	—	—	(77.8)
Deferred tax liabilities	(20.8)	—	2.0	—	(18.8)
Long term provisions	(0.7)	0.8	—	—	0.1
	<u>(215.3)</u>	<u>0.8</u>	<u>2.0</u>	<u>—</u>	<u>(212.5)</u>
Total liabilities	<u>(1,339.9)</u>	<u>86.6</u>	<u>1.7</u>	<u>—</u>	<u>(1,251.6)</u>
Net assets	<u>307.5</u>	<u>(81.7)</u>	<u>(8.3)</u>	<u>124.9</u>	<u>342.4</u>

Notes:

The unaudited pro forma statement of net assets as at 30 June 2016 has been compiled on the following basis:

- (1) The net assets of the Group have been extracted without material adjustment from Lookers' unaudited interim financial statements for the six months ended 30 June 2016 prepared in accordance with IAS 34: "Interim Financial Reporting" as adopted by the European Union.

- (2) These adjustments remove the assets and liabilities relating to the Parts Division, reflecting the fact that, following the Disposal, the Group will no longer consolidate the results of the Parts Division. The Financial Information on the Parts Division has been extracted, without material adjustment, from the historical financial information of the Parts Division set out in Part IV (*Financial Information Relating to the Parts Division*) of this Circular.
- (3) The other adjustments column represents adjustments made to reclassify assets held in the Parts Division against related liabilities within the Lookers Group and to remove investment in subsidiaries and intercompany balances which are eliminated in the consolidated accounts. The adjustment also reflects the removal of related goodwill, intangible assets and deferred tax liabilities that arise on consolidation in the Lookers Group and property, plant and equipment to be transferred as part of the Disposal.
- (4) The adjustment reflects the estimated cash proceeds for the equity of the Parts Division of £114.0 million, plus £2.8 million to be received from 1 July 2016 to the assumed completion date of 31 October 2016 (which is subject to, amongst other things, merger approval) based on payment of the sum of £32,812 for every business day from 1 July 2016 to 31 October 2016. The amount also includes £9.1 million to be received from the transfer and disposal of 3 properties from the Lookers Group to the target group to be acquired by the Purchaser, less associated costs of the Disposal of an estimated £1 million. As part of the completion of the transaction, intercompany balances owed to Lookers plc totalling c.£7.5m will be settled from cash held by the Parts Division at the completion date.
- (5) No adjustments have been made to reflect the trading or other transactions of the Group since 30 June 2016. The unaudited pro forma statement of net assets does not constitute statutory accounts within the meaning of section 434 of the Companies Act.

ACCOUNTANTS' REPORT ON UNAUDITED PRO FORMA STATEMENT OF NET ASSETS OF THE CONTINUING GROUP

Deloitte LLP
PO Box 500
2 Hardman Street
Manchester
M60 2AT

The Board of Directors
on behalf of Lookers plc
776 Chester Road
Stretford
Manchester
M32 0QH

Peel Hunt LLP
Moor House
120 London Wall
London
EC2Y 5ET

7 September 2016

Dear Sirs,

Lookers plc (the "Company")

We report on the pro forma Financial Information (the "Pro forma Financial Information") set out in Part VI of the Class 1 circular dated 7 September 2016 (the "Investment Circular"), which has been prepared on the basis described in the notes 1 to 5, for illustrative purposes only, to provide information about how the transaction might have affected the Financial Information presented on the basis of the accounting policies adopted by the Company in preparing the Interim Financial Report for the period ended 30 June 2016. This report is required by the Commission Regulation (EC) No 809/2004 (the "Prospectus Directive Regulation") as applied by Listing Rule 13.3.3R and is given for the purpose of complying with that requirement and for no other purpose.

Responsibilities

It is the responsibility of the directors of the Company (the "Directors") to prepare the Pro forma Financial Information in accordance with Annex II items 1 to 6 of the Prospectus Directive Regulation as applied by Listing Rule 13.3.3R.

It is our responsibility to form an opinion, as to the proper compilation of the Pro forma Financial Information and to report that opinion to you in accordance with Annex II item 7 of the Prospectus Directive Regulation as applied by Listing Rule 13.3.3R.

Save for any responsibility which we may have to those persons to whom this report is expressly addressed and which we may have to Shareholders as a result of the inclusion of this report in the Investment Circular, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Listing Rule 13.4.1R (6), consenting to its inclusion in the Investment Circular.

In providing this opinion we are not updating or refreshing any reports or opinions previously made by us on any Financial Information used in the compilation of the Pro forma Financial Information, nor do we accept responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions were addressed by us at the dates of their issue.

Basis of Opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. The work that we performed for the purpose of making this report, which involved no independent examination of any of the underlying Financial Information, consisted primarily of comparing the unadjusted Financial Information with the source documents, considering the evidence supporting the adjustments and discussing the Pro forma Financial Information with the Directors.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the Pro forma Financial Information has been properly compiled on the basis stated and that such basis is consistent with the accounting policies of the Company.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in jurisdictions outside the United Kingdom, including the United States of America, and accordingly should not be relied upon as if it had been carried out in accordance with those standards or practices.

Opinion

In our opinion:

- (a) the Pro forma Financial Information has been properly compiled on the basis stated; and
- (b) such basis is consistent with the accounting policies of the Company.

Yours faithfully

Deloitte LLP

Chartered Accountants

Deloitte LLP is a limited liability partnership registered in England and Wales with registered number OC303675 and its registered office at 2 New Street Square, London EC4A 3BZ, United Kingdom. Deloitte LLP is the United Kingdom member firm of Deloitte Touche Tohmatsu Limited ("DTTL"), a UK private company limited by guarantee, whose member firms are legally separate and independent entities. Please see www.deloitte.co.uk/about for a detailed description of the legal structure of DTTL and its member firms.

PART VII
ADDITIONAL INFORMATION

1. RESPONSIBILITY

The Company and the Directors, whose names appear on page 4 and paragraph 3 below, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Company and the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

2. LOOKERS PLC

The Company was incorporated and registered in England and Wales on 26 September 1910 under the Companies Consolidation Act 1908 as a company limited by shares with registered number 00111876 with the name of Lookers Limited.

The registered office of the Company is 776 Chester Road, Stretford, Manchester M32 0QH and its telephone number is +44 (0)161 291 0043.

3. DIRECTORS

The Directors and their principal functions are as follows:

Andrew Campbell Bruce	<i>Chief Executive</i>
Robin Anthony Gregson	<i>Finance Director</i>
Philip Michael White	<i>Chairman</i>
Nigel John McMinn	<i>Managing Director – Motor Division</i>
Neil Anthony Davis	<i>Managing Director – Parts Division</i>
Douglas Charles Antony Bramall	<i>Non-executive Director</i>
William Holmes	<i>Senior Independent non-executive Director</i>
Richard Scott Walker	<i>Independent non-executive Director</i>
Sally Joanne Cabrini	<i>Independent non-executive Director</i>

4. DIRECTORS' SHAREHOLDINGS

4.1 Shares

As at 6 September 2016 (being the latest practicable date prior to the publication of this document) the interests of the Directors in the share capital of the Company were as follows:

Director	Number of Ordinary Shares	Percentage of Ordinary Shares
Andrew C. Bruce	657,426	0.2
Robin A. Gregson	373,155	0.1
Nigel J. McMinn	160,000	0.0
Neil A. Davis	277,041	0.1
Douglas C.A. Bramall and family	63,487,636	16.0
William Holmes	54,666	0.0
Philip M. White	53,716	0.0

4.2 Share options

Prior to 2015, long term incentive awards were made under the Lookers Executive Share Option Scheme (ESOS). The Lookers plc Long Term Incentive Plan (LTIP) was introduced in 2015 and the Company now makes long term incentive awards pursuant to the rules of the LTIP scheme through the application of a performance target based on growth in adjusted earnings per share (AEPS) measured over a financial year. Depending upon the percentage AEPS growth, this will determine whether the awards will vest in full. Awards vest on the third anniversary of grant.

As at 6 September 2016 (being the latest practicable date prior to the publication of this document) the following options to acquire Ordinary Shares have been granted to the Directors and remained outstanding under the Lookers Share Option Schemes:

Executive Directors' interests in share options granted under the terms of the Lookers Executive Share Option Scheme (ESOS) and The Lookers plc Long Term Incentive Plan (LTIP):

Director	Scheme	Date of Grant	Earliest Exercise Date	Latest Exercise Date	Exercise Price (pence)	Number as at 6 Sept 2016
A.C. Bruce	ESOS	5.1.2011	5.1.2014	5.1.2021	61.0	269,836
A.C. Bruce	ESOS	30.6.2014	30.6.2017	30.6.2024	121.0	289,256
A.C. Bruce	LTIP	25.6.2015	25.6.2018	25.6.2025	130.0	274,615
A.C. Bruce	LTIP	12.4.2016	12.4.2019	12.4.2026	185.0	196,810
R. A. Gregson	ESOS	5.1.2011	5.1.2014	5.1.2021	61.0	269,836
R.A. Gregson	ESOS	30.6.2014	30.6.2017	30.6.2024	121.0	221,074
R. A. Gregson	LTIP	25.6.2015	25.6.2018	25.6.2025	130.0	209,884
R. A. Gregson	LTIP	12.4.2016	12.4.2019	12.4.2026	185.0	150,436
N. A. Davis	ESOS	30.6.2014	30.6.2017	30.6.2024	121.0	183,057
N. A. Davis	LTIP	25.6.2015	25.6.2018	25.6.2025	130.0	173,792
N. A. Davis	LTIP	12.4.2016	12.4.2019	12.4.2026	185.0	124,285
N. J. McMinn	ESOS	30.6.2014	30.6.2017	30.6.2024	121.0	221,074
N. J. McMinn	LTIP	25.6.2015	25.6.2018	25.6.2025	130.0	209,844
N. J. McMinn	LTIP	12.4.2016	12.4.2019	12.4.2026	185.0	150,436

Executive Directors interests in share options granted under the terms of the Company's savings related share option scheme (SAYE):

Director	Date of Grant	Earliest Exercise Date	Expiry Date	Exercise Price (pence)	Number as at 6 Sept 2016
A.C. Bruce	6.10.2014	1.12.2017	1.6.2017	108.80	8,272
A.C. Bruce	6.10.2015	1.12.2018	1.6.2018	144.91	6,210
R.A. Gregson	6.10.2014	1.12.2017	1.6.2017	108.80	8,272
R. A. Gregson	6.10.2015	1.12.2018	1.6.2018	144.91	6,210
N. A. Davis	6.10.2014	1.12.2017	1.6.2017	108.80	16,544
N. J. McMinn	6.10.2014	1.12.2017	1.6.2017	108.80	16,544

5. DIRECTORS' SERVICE CONTRACTS

Save for the service contracts and letters of appointment described below, there are no existing or proposed service contracts between any Director or proposed director of the Company and the Company and its subsidiary undertakings. Your attention is drawn to the details of the service contracts and letters of appointment set out on pages 47 to 56 of the published annual report of the Group for the year ended 31 December 2015 that are incorporated by reference into this document and a summary of which is provided below.

Director	Date of service contract or appointment letter	Salary/Fees per annum (£)	Notice Period
Andrew C. Bruce	11 May 2006	364,100	6 months for executive Director and 12 months by the Company
Robin A. Gregson	22 February 2010	278,307	6 months for executive Director and 12 months by the Company
Neil A. Davis	2 February 2012	229,928	6 months for executive Director and 12 months by the Company
Nigel J. McMinn	19 August 2013	278,307	6 months for executive Director and 12 months by the Company
Philip M. White	4 September 2006	122,500	three months
Douglas C.A. Bramall	30 June 2006	41,500	none specified
William Holmes	12 June 2008	46,000	three months
Sally J. Cabrini	1 January 2016	41,500	one month
Richard S. Walker	4 February 2014	41,500	one month

In addition to their salaries, the executive Directors also receive the following benefits, the costs of which are borne by the Company:

- 5.1 incentive cash bonus up to 150 per cent. of each Director's salary earned by reference to the financial year and paid in March following the end of the financial year providing a reward for performance against targets based on adjusted profit before tax of the Group or divisional targets where appropriate;
- 5.2 the provision of company cars;
- 5.3 health insurance and life insurance premiums;
- 5.4 the opportunity to join the Company's SAYE and participate in the Company's LTIP which has now replaced the ESOS in respect of the grant of share options to be awarded; and
- 5.5 20 per cent. of salary up to a maximum of the annual allowance, paid into money purchase pension arrangements, with any excess paid as a salary supplement.

Neither the executive Directors or non-executive Directors are entitled to any specific benefits upon termination of employment.

6. MAJOR SHAREHOLDERS

As at 6 September 2016 (being the latest practicable date prior to the publication of this document) the Company is aware of the following holdings in 3 per cent. or more of the Company's issued ordinary share capital (each, a "Notifiable Interest"):

Shareholder	Number of Ordinary Shares	Percentage of issued ordinary share capital holding (%)
Standard Life Investments	39,387,056	9.9%
Fidelity International	20,004,247	5.0%
BlackRock	18,219,900	4.6%
BAE Systems Pensions	14,762,070	3.7%
Schroder Investment Management	13,633,376	3.4%
JPMorgan Asset Management	12,959,219	3.3%

Save as set out above, the Company is not aware of any other Notifiable Interests.

7. RELATED PARTY TRANSACTIONS

- 7.1 Save as summarised in paragraphs 7.2 and 7.3 below, there have been no related party transactions (which for these purposes are those set out in the standard adopted according to Regulation (EC) No 1606/2002) that the Group has entered into during the financial years ended 31 December 2013, 2014 and 2015, other than the related party transactions that are disclosed in pages 91 (of 2013 Annual Report), 96 (of 2014 Annual report) and 103 (of 2015 Annual report) of the Annual Reports for the years ended 31 December 2013, 2014 and 2015.
- 7.2 On 30 December 2015 the Company sold the Toyota and Lexus businesses operated by it to Meridian Motor Group Limited for circa £12.68 million, a company of which Philip M White is a 30 per cent. shareholder. This disposal was considered for the purposes of Listing Rule 11.1.10 to be a smaller related party transaction and Numis (acting as Sponsor) confirmed that the transaction was fair and reasonable.
- 7.3 The interests of the Directors in the share capital of the Company, share options and pension entitlements are given on pages 21 to 23 of this document. The Directors have continued to receive emoluments including salary, benefits in kind and pension contributions in the period in line with the details given in the Directors' remuneration report on pages 44 to 52 of the Annual Report for the year ended 31 December 2015.

8. MATERIAL CONTRACTS

The Continuing Group

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by members of the Continuing Group: (i) within the two years immediately preceding the date of this document which are or may be, material; or (ii) which contain any provision under which any member of the Continuing Group has any obligation or entitlement which is material to the Continuing Group as at the date of this document:

- 8.1 A summary of the principal terms of the Disposal Agreement is set out in Part III *Principal Terms and Conditions of the Disposal* of this document.
- 8.2 On 7 September 2016, Lookers, the Seller, Alliance Automotive and Alliance Automotive Holding entered into an agreement in connection with the novation by Alliance Automotive of its contractual rights and obligations pursuant to the Disposal Agreement to Alliance Automotive Holding who is the new proposed Purchaser of the Parts Division. Such novation agreement was also in respect of the Key Employee Agreement referred to at section 8.5 below between Lookers Motors, the Company and Alliance Automotive such that Alliance Automotive Holding replaced Alliance Automotive as a party to this agreement.
- 8.3 On 22 August 2016, Lookers Motors entered into an agreement with Peter Julyan Brookes and others for the purchase of the entire issued share capital of Knights North West Limited for £27.2 million payable in cash on completion but subject to adjustment pursuant to a completion account mechanism.
- 8.4 On 15 August 2016, MB South Limited (a wholly owned subsidiary of the Company) entered into a conditional agreement to acquire the entire issued share capital of Warwick Holdings Limited and part of the issued share capital of Drayton Group Limited for £55.4 million payable in cash on completion. This acquisition is conditional upon the Disposal Agreement and will terminate if that condition has not been satisfied by or on 31 December 2016 unless otherwise agreed between the parties.
- 8.5 On 9 August 2016, and in connection with the Disposal Agreement, Lookers Motors, the Company and Alliance Automotive entered into an agreement in connection with the future employment of each of Neil A Davis and Terence Wainwright who are each considered to be key employees of the Parts Division ("Key Employee Agreement"). Under the terms of this Agreement, the Company is under an obligation to release each of the key employees from employment on agreement of the new contracts of employment between each of them and FPS to be entered into on the date of completion of the Disposal. Under the terms of this agreement, Lookers Motors and Alliance Automotive enter into cross indemnities relating to liabilities incurred should the key employees fail to enter into their new employment or should an employment claim be made. As referred to in paragraph 8.2, the Key Employee Agreement was novated on 7 September 2016 such that Alliance Automotive Holding replaced Alliance Automotive as party to the agreement.
- 8.6 On 22 January 2016 Lookers Motors and Addison Motors Limited disposed of three Honda dealerships located in Derby, Nottingham and Stockton-On-Tees to Vertu Motors plc for approximately £2 million in cash.
- 8.7 On 30 October 2015, Lookers Motors acquired the business and assets of a Skoda dealership carried on in the name of Claybank Motor Company for an undisclosed sum.
- 8.8 On 30 December 2015, Addison Motors Limited (an indirect wholly owned subsidiary of the Company) and the Company (acting as guarantor) entered into a sale and purchase agreement to dispose of two Toyota businesses located in Leeds and Wakefield and a Lexus dealership located in Leeds to Meridian Motor Group Limited for £12.68 million which was paid in cash on completion of the transaction.
- 8.9 The Company, Addison Motors Limited and the subsidiaries acquired as part of the transaction described at paragraph 8.11 below entered into an accession deed on 12 November 2015 acceding to the Facilities Agreement dated 14 September 2006 (as subsequently amended and restated and as more fully described at paragraph 8.10) and the same parties also entered into a security accession deed to the debenture dated 29 May 2009.

- 8.10 On 2 September 2015, the Company entered into the Sixth Amendment and Re-statement Agreement relating to the Facilities Agreement dated 14 September 2006 as previously amended and restated on 26 October 2007, 29 May 2009, 25 June 2009, as amended on 18 November 2010, as amended and restated on 29 November 2011 and 7 February 2014.
- 8.11 On 2 September 2015 Lookers Motors and the Company (acting as guarantor) entered into a sale and purchase agreement to acquire the entire issued share capital of Addison Motors Limited from John Squires and others trading as Benfield Motor Group for £87.5 million in cash.
- 8.12 On 2 September 2015, Lookers Motors and the Company (acting as guarantor) disposed of the business and assets carried on at the Bristol Trade Centre for an undisclosed sum payable by way of cash on completion and three deferred payments of equal sums which were paid on 31 March 2016, 31 May 2016 and 31 July 2016.
- 8.13 On 29 August 2015, Lookers Motors acquired the business and assets of the Amersham Jaguar dealership from Lancaster Motor Company Limited trading as Jardine Motors Group for an undisclosed sum.
- 8.14 On 29 May 2015, MB South Limited (being an indirect wholly owned subsidiary of the Company) entered into a share purchase agreement with Darren Dawkins to buy the entire issued share capital of Vikings Canterbury Limited for an undisclosed sum.

Save as disclosed in this paragraph 8, there are no contracts (other than contracts entered into in the ordinary course of business) which have been entered into by members of the Continuing Group: (i) within the two years immediately preceding the date of this document which are or may be, material; or (ii) which contain any provision under which any member of the Continuing Group has any obligation or entitlement which is material to the Continuing Group as at the date of this document.

9. LITIGATION

- 9.1 There are no governmental, legal or arbitration proceedings (including where any such proceedings are pending or threatened of which the Company is aware), during a period covering at least the previous 12 months which may have, or have had in the recent past, a significant effect on the Continuing Group's financial position or profitability.
- 9.2 There are no governmental, legal or arbitration proceedings (including where any such proceedings are pending or threatened of which the Company is aware), during a period covering at least the previous 12 months which may have, or have had in the recent past, a significant effect on the Parts Division's financial position or profitability.

10. WORKING CAPITAL

The Company is of the opinion that, taking into account the net cash proceeds from the Disposal and the facilities available to the Continuing Group, the Continuing Group has sufficient working capital for its present requirements, that is, for at least the next 12 months from the date of publication of this document.

11. SIGNIFICANT CHANGES

11.1 The Continuing Group

There has been no significant change in the financial or trading position of the Continuing Group since 30 June 2016, the date to which the last published Interim Financial Report prepared.

11.2 The Parts Division

There has been no significant change in the financial or trading position of the Parts Division since 30 June 2016, the date to which the historical financial information relating to the Parts Division in Part IV (*Financial Information relating to the Parts Division*) was prepared.

12. INCORPORATION BY REFERENCE

The table below sets out the various sections of the documents which are incorporated by reference into this document:

Document	Information incorporated	Page numbers in this document
Annual Report and Accounts 2015	Details of service contracts and letters of appointment of the Directors (pages 47 to 56)	22 and 23 (paragraph 5)
Annual Report and Accounts 2015	Related Party Transactions (Notes to the Consolidated Financial Statements, note 30, page 103)	23 (paragraph 7)
Annual Report and Accounts 2014	Related Party Transactions (Notes to the Consolidated Financial Statements, note 31, page 96)	23 (paragraph 7)
Annual Report and Accounts 2013	Related Party Transactions (Notes to the Consolidated Financial Statements, note 31, page 96)	23 (paragraph 7)

13. CONSENTS

- (a) Peel Hunt has given and not withdrawn its written consent to the inclusion of its name in this document in the form and context in which it is included.
- (b) Deloitte has given and not withdrawn its written consent to the inclusion of its report in Part VI of this document in the form and context in which it is included.

14. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents may be inspected during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) at the registered office of the Company at 776 Chester Road, Stretford, Manchester M32 0QH and at the offices of Eversheds LLP, Eversheds House, 70 Great Bridgewater Street, Manchester M1 5ES up to and including the date of the General Meeting:

- (a) the Memorandum and Articles of Association of the Company;
- (b) the consent letters referred to in paragraph 13 above;
- (c) the consolidated audited accounts of the Group for each of the three financial years ended 31 December 2013, 31 December 2014 and 31 December 2015;
- (d) this document; and
- (e) the Disposal Agreement.

Dated: 7 September 2016

PART VIII
DEFINITIONS

The following definitions apply throughout this Circular, unless the context requires otherwise:

Apec Braking	Apec Limited, company registration number 00851110, a private limited company incorporated under the laws of England and Wales with its registered office at 776 Chester Road, Stretford, Manchester, M32 0QH
Articles	the articles of association of Lookers as amended from time to time
Alliance Automotive	Alliance Automotive UK Limited, company registration number 03430230, a private limited company incorporated under the laws of England and Wales with its registered office at No 1 Colmore Square, Birmingham, B4 6AA
Alliance Automotive Holding	Alliance Automotive Holding Limited, company registration number 09149949, a private limited company incorporated under the laws of England and Wales with its registered office at 90 Chancery Lane, London WC2A 1EU
Board or Lookers Board	the board of directors of Lookers
Bolling Investments	Bolling Investments Limited, company registration number 001000651, a private limited company incorporated under the laws of England and Wales with its registered office at 776 Chester Road, Stretford, Manchester, M32 0QH
BTN Turbo	BTN Turbo Charger Service Limited, company registration number 01173050, a private limited company incorporated under the laws of England and Wales with its registered office at 776 Chester Road, Stretford, Manchester, M32 0QH
Business Day	a day (other than a Saturday or Sunday or public holiday) on which banks are open for business in London
Circular or this document	this shareholder circular dated 7 September 2016
Charles Hurst Limited	Charles Hurst Limited, company registration number NI004882, a private limited company incorporated in the United Kingdom under the Companies Act 2006 with its registered office at 62 Boucher Road, Belfast, County Antrim, BT12 6LR
Companies Act	the Companies Act 2006, as amended from time to time
Company or Lookers	Lookers PLC, company registration number 00111876, a public limited company incorporated under the laws of England and Wales with its registered office at 776 Chester Road, Stretford, Manchester, M32 0QH
Completion	the completion of the Disposal in accordance with the terms, and subject to the conditions, of the Disposal Agreement

Continuing Group	the Group, with effect from Completion
CREST	the electronic transfer and settlement system for the paperless settlement of trades in listed securities operated by Euroclear
CREST Manual	the manual, as amended from time to time, produced by Euroclear describing the CREST system and supplied by Euroclear to users and participants thereof
CREST Proxy Instruction	the instruction whereby CREST members send a CREST message appointing a proxy for the General Meeting and instructing the proxy how to vote and containing the information set out in the CREST Manual
CREST Regulations	the Uncertificated Securities Regulations 2001 (SI 2001 No. 01/378), as amended
Drayton Group	the trading name used for the seven Mercedes Benz dealerships operated by Warwick Holdings Limited and Drayton Group Limited to be acquired by the Group pursuant to a sale and purchase agreement entered into on 15 August 2016
Deloitte	Deloitte LLP, auditors to Lookers and reporting accountants
Directors	the directors of the Company as at the date of this document whose names are set out on page 4 of this document
Disclosure and Transparency Rules	the Disclosure and Transparency Rules as published by the FCA
Disposal	the proposed disposal of the Parts Division by the Seller pursuant to the terms of the Disposal Agreement
Disposal Agreement	the sale and purchase agreement dated 9 August 2016 between the Company, the Seller and Alliance Automotive, further details of which are set out in Part III (<i>Principal Terms and Conditions of the Disposal</i>) of this Circular as novated on 7 September 2016
Disposal Resolution	the ordinary resolution to be proposed and considered at the General Meeting to approve the Disposal, as set out in the Notice of General Meeting forming part of this Circular
EU	the economic and political confederation of European nations which share a common foreign and security policy and co-operate on justice and home affairs known as the European Union
Euroclear	Euroclear UK & Ireland Limited, the operator of CREST (as defined in the CREST Regulations)
Financial Conduct Authority or FCA	the United Kingdom Financial Conduct Authority
FPS	Ferraris Piston Service Limited, company registration number 04148298, a private limited company incorporated under the laws of England and Wales with its registered office at 776 Chester Road, Stretford, Manchester, M32 0QH

FPS Distribution Limited	FPS Distribution Limited, company registration number 4169831, a private limited company incorporated under the laws of England and Wales with its registered office at 776 Chester Road, Stretford, Manchester, M32 0QH
Form of Proxy	the form of proxy for use at the General Meeting which accompanies this Circular
FSMA	the Financial Services and Markets Act 2000, as amended from time to time
General Meeting	the general meeting of Lookers to be held at the registered office of Lookers at 776 Chester Road, Stretford, Manchester M32 0QH at 10.30 a.m. on 29 September 2016 to consider and, if thought fit, pass the Disposal Resolution
Group or Lookers Group	Lookers, its subsidiaries and subsidiary undertakings from time to time
IFRS	International Financial Reporting Standards, as issued by the International Accounting Standards Board and endorsed by the EU
Issued Ordinary Share Capital	the issued Ordinary Shares of the Company
Key Employee Agreement	the agreement dated 9 August 2016 between Lookers Motors, the Company and Alliance Automotive as novated on 7 September 2016. Further details of which are set out in section 8 of Part VII (Additional Information) of this Circular
Latest Practicable Date	6 September 2016, being the latest practicable date prior to the publication of this Circular
Listing Rules	the listing rules made by the FCA under section 73A of FSMA
London Stock Exchange	London Stock Exchange plc
Lookers Directors or Directors	the directors of Lookers
Lookers Motors or Seller	Lookers Motor Holdings Limited, company registration number 00601147, a private limited company incorporated under the laws of England and Wales with its registered office at 776 Chester Road, Stretford, Manchester, M32 0QH and an indirect wholly owned subsidiary of the Company
Lookers' 2013 Annual Report and Accounts	the annual report and accounts prepared by Lookers for the financial year ended 31 December 2013 and published by Lookers on 5 March 2014
Lookers' 2014 Annual Report and Accounts	the annual report and accounts prepared by Lookers for the financial year ended 31 December 2014 and published by Lookers on 4 March 2015
Lookers' 2015 Annual Report and Accounts	the annual report and accounts prepared by Lookers for the financial year ended 31 December 2015 and published by Lookers on 9 March 2016

Lookers' 2016 Half Year Results	the half year results prepared by Lookers for the six month period ended 30 June 2016 and published by Lookers on 17 August 2016
Lookers Share Option Schemes	The Lookers Executive Share Option Scheme (referred to herein as ESOS), the Lookers Long Term Incentive Plan (referred to herein as the LTIP) and the Lookers savings related share option scheme (referred to herein as the SAYE)
Motors or Motor Division	the Motors business which primarily comprises of, as at the date hereof, Lookers Motors and Charles Hurst Limited together with each of their direct and indirect subsidiaries and subsidiary undertakings
Notice of General Meeting	the notice of General Meeting contained in this Circular
Notifiable Interest	has the meaning given to it at paragraph 6 of Part VII of this document
pence, £ and pounds sterling	the lawful currency of the United Kingdom
Parts or Parts Division	the Parts business which comprised, as at the date hereof, the Sale Company, together with its direct and indirect subsidiaries and subsidiary undertakings
Peel Hunt	Peel Hunt LLP
Pro Forma Financial Information	has the meaning given to such term in Part VI (<i>Unaudited Pro Forma Statement of Net Assets of the Group</i>) of this Circular
Prospectus Rules	the rules for the purposes of Part VI of FSMA in relation to offers of securities to the public and the admission of securities to trading on a regulated market
Purchaser	Alliance Automotive Holding
Registrar or Capita	Capita Asset Services, or any other registrar appointed by the Company from time to time
Regulatory Information Service	one of the regulatory information services authorised by the FCA to receive, process, and disseminate regulatory information from listed companies
Sale Company	FPS Distribution Limited
Share(s) or Ordinary Shares	the ordinary shares of 5 pence each in the share capital of Lookers
Shareholders	holders of Shares
Sponsor	Peel Hunt
Turboparts	Turboparts Limited, company registration number 01365332, a private limited company incorporated under the laws of England and Wales with its registered office at 776 Chester Road, Stretford, Manchester, M32 0QH and a wholly owned subsidiary of the Company

Turbotune	Turbotune Limited, company registration number 02324372, a private limited company incorporated under the laws of England and Wales with its registered office at 776 Chester Road, Stretford, Manchester, M32 0QH and an indirect wholly owned subsidiary of the Company
UK or United Kingdom	United Kingdom of Great Britain and Northern Ireland
US or United States	United States of America

All references to legislation in this Circular are to the legislation of England and Wales unless the contrary is indicated. Any reference to any provision of any legislation shall include any amendment, modification, re-enactment or extension thereof.

For the purpose of this Circular, “subsidiary” and “subsidiary undertaking” have the meanings given by the Companies Act.

Words importing the singular shall include the plural and *vice versa*, and words importing the masculine gender shall include the feminine or neutral gender.

NOTICE OF GENERAL MEETING

LOOKERS PLC

(incorporated and registered in England and Wales under the Companies Act 2006 with registered number 00111876)

NOTICE OF GENERAL MEETING

NOTICE IS GIVEN that a General Meeting of Lookers PLC (“**Lookers**” or the “**Company**”) will be held at the registered office of Lookers, 776 Chester Road, Stretford, Manchester M32 0QH at 10.30 a.m. on 29 September 2016 to consider and, if thought fit, pass the following resolution which will be proposed as an ordinary resolution:

ORDINARY RESOLUTION

THAT the disposal of the Parts Division on the terms, and subject to the conditions, of the disposal agreement between (i) the Company; (ii) ; Lookers Motor Holdings Limited; and (iii) Alliance Automotive UK Limited dated 9 August 2016 (as novated to Alliance Automotive Holding Limited on 7 September 2016) and all agreements entered into pursuant to or in connection with such disposal (the “**Disposal**”), as summarised in the circular to shareholders dated 7 September 2016 of which this Notice forms part, with such modifications (if any) as may be made in the manner specified below, be and is approved and the Directors of the Company be and are authorised to complete the Disposal in accordance with such terms and conditions and to agree such modifications to and such variations, waivers and extensions of any of the terms and conditions of the Disposal as they may deem necessary, expedient or appropriate, provided that any such modifications to, or variations, waivers and extensions of, the terms and conditions of the Disposal are not material.

7 September 2016

Registered office:
776 Chester Road
Stretford
Manchester
M32 0QH

By order of the Board

Glenda MacGeekie
Company Secretary

Notes:

1. The holders of Ordinary Shares in the Company are entitled to attend the General Meeting and are entitled to vote. A member entitled to attend and vote at the meeting is also entitled to appoint one or more proxies to exercise all or any of their rights to attend, speak and, on a poll, vote instead of him. The proxy need not be a member of the Company.
2. A Form of Proxy is enclosed with this notice. To be effective, the Form of Proxy must be completed and returned, together with any power of attorney or authority under which it is completed or a certified copy of such power or authority, so that it is received by the Company's registrars at the address specified on the Form of Proxy not less than 48 hours (excluding any part of a day that is not a working day) before the time for holding the meeting (or, in the event of an adjournment, not less than 48 hours before the stated time of the adjourned meeting (excluding any part of a day that is not a working day)). Returning a completed Form of Proxy will not preclude a member from attending the meeting and voting in person.
3. Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 (the "Act") to enjoy information rights (a "Nominated Person") may, under an agreement between him and the shareholder by whom he was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights. The statement of the rights of shareholders in relation to the appointment of proxies in paragraphs 1 and 2 above does not apply to Nominated Persons. The rights described in paragraphs 1 and 2 can only be exercised by shareholders of the Company.
4. To be entitled to attend and vote at the General Meeting (and for the purposes of the determination by the Company of the number of votes they may cast), members must be entered on the Company's register of members by close of play on 27 September 2016 (or, in the event of an adjournment, by the close of business two days prior to the adjourned meeting (excluding any part of a day that is not a working day)). Changes to entries on the register of members after this time shall be disregarded in determining the rights of any person to attend or vote at the meeting.
5. As at 6 September 2016 (being the last Business Day prior to the publication of this notice) the Company's issued share capital consists of 396,463,593 ordinary shares of 5 pence each, carrying one vote each. Therefore, the total voting rights in the Company as at 6 September 2016 are 396,463,593.
6. To be effective an appointment of proxy must be returned using one of the following methods:
 - i. sending the form of proxy (together, if appropriate, with the power of attorney or other written authority under which it is signed or a certified copy of such power of attorney) in the reply paid envelope provided to the office of the Company's registrars, Capita Asset Services, PXS, 34 Beckenham Road, Beckenham, Kent, BR3 4TU; or
 - ii. logging on to www.capitashareportal.com using your investor code and other details printed on the form of proxy and following the online instructions; or
 - iii. the case of CREST members, by utilising the CREST proxy voting service in accordance with notes 7 to 10 (inclusive) below.
7. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
8. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications, and must contain the information required for such instruction, as described in the CREST Manual (available via www.euroclear.com).

The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent ID RA10 by 10.30 a.m. on 27 September 2016. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Application Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

9. CREST members and, where applicable, their CREST sponsors, or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
10. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5) (a) of the Uncertificated Securities Regulations 2001.
11. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.
12. Any member attending the meeting has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the meeting but no such answer need be given if (a) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information, (b) the answer has already been given on a website in the form of an answer to a question, or (c) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.
13. A copy of this notice, and other information required by section 311A of the Act, can be found at www.lookersplc.com.
14. You may not use an electronic address provided in either this Notice of General Meeting or any related documents (including the Form of Proxy) to communicate with the Company for any purposes other than those expressly stated.

