

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document or the action you should take you should consult your stockbroker, bank manager, solicitor, accountant or other independent financial adviser duly authorised under the Financial Services and Markets Act 2000 who specialises in advising on the acquisition of shares and other securities.

If you sell or transfer, or have sold or otherwise transferred, all of your Ordinary Shares, please send this document together with the accompanying Proxy Form as soon as possible to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer is or was effected for onward transmission to the purchaser or transferee, save that you should not forward or transmit such documents in or into any jurisdiction in which to do so would constitute a violation of that jurisdiction's relevant laws. If you sell or have sold or otherwise transferred only part of your holding of Ordinary Shares, you should retain this document and the accompanying Proxy Form.

This document is being sent to you solely for the purpose of convening the General Meeting referred to below and to provide information to you as a member of the Company to help you to decide how to cast your vote in respect of the Resolution. No reliance may be placed on this document for any other purpose. This document is not an admission document and does not constitute, and the Company is not making, an offer to the public within the meaning of sections 85 and 102B of FSMA. This document is, therefore, not an approved prospectus for the purposes of section 85 of FSMA, and has not been prepared in accordance with the Prospectus Rules and, as such, neither its contents nor its issue have been approved by the FCA or any competent authority for the purposes of the Prospectus Rules.



Vertu Motors plc

(Registered in England and Wales with registered number 05984855)

Underwritten Placing to raise £50.0 million

Proposed acquisition of Albert Farnell Limited and Notice of General Meeting

Application has been made for the Placing Shares to be admitted to trading on AIM. The Placing Shares will, on Admission, rank in full for all dividends and other distributions declared, made or paid on Ordinary Shares on or after the date of this document. It is expected that Admission will become effective on 10 June 2013.

AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the United Kingdom Listing Authority. A prospective investor should be aware of the potential risks in investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. London Stock Exchange plc has not itself examined and approved the contents of this document.

The Placing Shares have not been, and will not be, registered under the United States Securities Act of 1933, as amended, or with any securities regulatory authority of any state or other jurisdiction of the United States or under the applicable securities laws of Australia, Canada, Japan, New Zealand or the Republic of South Africa. The distribution of this document in jurisdictions other than the United Kingdom may be restricted by law and, therefore, persons in receipt of this document should inform themselves of and comply with such restrictions. This document does not constitute an offer to issue or sell, or the solicitation of an offer to subscribe for or buy, any shares in any jurisdiction.

Espirito Santo Investment Bank, which conducts its UK investment banking business through Execution Noble Limited ("ESIB"), and Panmure Gordon (UK) Limited, each of which is authorised and regulated in the United Kingdom by the FCA, are respectively acting exclusively for the Company and no one else in connection with the Placing and will not regard any other person (whether or not a recipient of this document) as a client in relation to the Placing and will not be responsible to anyone other than the Company for providing the protections afforded to their respective clients or for providing advice in connection with the Placing or any other matter. The obligations of Panmure Gordon (UK) Limited, as nominated adviser to the Company, are owed solely to London Stock Exchange plc.

Your attention is drawn to the letter from the Chairman of the Company which is set out in part I of this document, which includes a recommendation from the Board of Directors that you vote in favour of the Resolution to be proposed at the General Meeting to be held at the offices of Bond Dickinson LLP at St Ann's Wharf, 112 Quayside, Newcastle upon Tyne NE1 3DX at 11.00 a.m. on 7 June 2013.

Notice of the General Meeting is set out at the end of this document. A Proxy Form for use in connection with the General Meeting accompanies this document and should be completed by Shareholders and returned in accordance with the instructions printed thereon as soon as possible and in any event to be received by no later than 11.00 a.m. on 5 June 2013. If you hold Ordinary Shares through CREST you may appoint a proxy by completing and transmitting a CREST proxy instruction to Capita Registrars (CREST participant ID RA10) so that it is received by no later than 11.00 a.m. on 5 June 2013. Completion and return of a Proxy Form or CREST proxy instruction will not preclude Shareholders from attending and voting in person at the General Meeting should they subsequently wish to do so.

Copies of this document will be available free of charge during normal business hours on any week day (except Saturdays, Sundays and public holidays) at the offices of **Panmure Gordon, One New Change, London EC4M 9AF**, from the date of this document until close of business on 7 June 2013 and at the Company's website www.vertumotors.com/investors/.

Certain statements included in this document contain forward-looking information concerning the Group's strategy, operations, financial performance or condition, outlook, growth opportunities or circumstances in the sectors or markets in which the Group operates. By their nature, forward-looking statements involve uncertainty because they depend on future circumstances, and relate to events, not all of which are within the Company's control or can be predicted by the Company. Although the Company believes that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to have been correct. Actual results could differ materially from those set out in the forward-looking statements. Nothing in this document should be construed as a profit forecast and no part of these results constitutes, or shall be taken to constitute, an invitation or inducement to invest in the Company, and must not be relied upon in any way in connection with any investment decision. Any forward-looking statements made herein by or on behalf of the Company speak only as of the date they are made. Except as required by the FCA, the AIM Rules or applicable law, the Company 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 changes in the Company's expectations with regard thereto or any changes in events, conditions or circumstances on which any such statement is based.

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STATISTICS

Number of Existing Ordinary Shares in issue before the Placing	200,075,904
Number of Placing Shares to be issued pursuant to the Placing	131,578,948
Placing Price per Placing Share	38 pence
Gross proceeds of the Placing	£50.0 million
Estimated net proceeds of the Placing	£47.7 million
Number of Ordinary Shares in issue immediately following issue of the Placing Shares	331,654,852
Placing Shares as a percentage of Enlarged Share Capital	39.7%

EXPECTED TIMETABLE

Posting of this document and Proxy Form to Shareholders	21 May 2013
Latest time and date for receipt of Proxy Forms for the General Meeting	11.00 a.m. on 5 June 2013
General Meeting	11.00 a.m. on 7 June 2013
Admission of the Placing Shares	8.00 a.m. on 10 June 2013
CREST accounts to be credited for Placing Shares in uncertificated form	10 June 2013
Expected date for posting of share certificates for Placing Shares (where applicable)	by 17 June 2013
Completion of the Acquisition	by 18 June 2013

Note: Each of the dates and times in the above timetable are subject to change. All times stated are British Summer Time.

DEFINITIONS

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

“Act”	the Companies Act 2006, as amended
“Acquisition”	the proposed acquisition by the Company of the entire issued share capital of Farnell on the terms described in this document
“Acquisition Agreement”	the conditional sale and purchase agreement dated 21 May 2013 between the Seller and the Company in respect of the Acquisition
“Admission”	the admission of the Placing Shares to trading on AIM becoming effective in accordance with the AIM Rules
“AIM”	the AIM market operated by London Stock Exchange plc
“AIM Rules”	the AIM Rules for Companies as published by London Stock Exchange plc, as amended
“Board” or “Directors”	the directors of the Company whose names are set out on page 6 of this document
“Business Day”	any day other than a Saturday, Sunday or public holiday on which banks are open in the City of London for the transaction of general commercial business
“certificated” or “in certificated form”	an Ordinary Share which is not in uncertificated form (that is, not in CREST)
“Companies Act”	the Companies Act 2006, as amended
“Company” or “Vertu”	Vertu Motors plc
“Completion”	completion of the Acquisition
“Consideration”	£31.0 million payable to the Seller under the terms of the Acquisition Agreement
“Co-operative”	Co-operative Group Motors Limited
“CREST”	the relevant systems (as defined in the Uncertificated Securities Regulations 2001, as amended) for paperless settlement of share transfers and the holding of shares in uncertificated form of which Euroclear is the operator as defined by such regulations
“CREST Regulations”	the Uncertificated Securities Regulations 2001 (SI 2001 No. 2001/3755), as amended
“Enlarged Share Capital”	the entire issued Ordinary Share capital of the Company immediately following completion of the allotment and issue of the Placing Shares
“ESIB” or “Espirito Santo”	Execution Noble Limited, which carries out its UK investment banking business as Espirito Santo Investment Bank and is authorised and regulated in the United Kingdom by the FCA
“Euroclear”	Euroclear UK & Ireland Limited
“Existing Ordinary Shares”	the 200,075,904 Ordinary Shares currently in issue as at the date of this document
“Farnell”	Albert Farnell Limited
“FCA”	the Financial Conduct Authority

“Final Results”	the audited consolidated results of the Company for the twelve months ended 28 February 2013 which were announced on the date of this document
“FSMA”	the Financial Services and Markets Act 2000, as amended
“General Meeting”	the general meeting of the Company to be held at the offices of Bond Dickinson LLP at St Ann’s Wharf, 112 Quayside, Newcastle upon Tyne NE1 3DX at 11.00 a.m. on 7 June 2013, or any adjournment thereof, notice of which is set out in Part II of this document
“Group”	the Company and its subsidiary undertakings (as defined in the Companies Act)
“Joint Underwriters”	ESIB and Panmure Gordon
“Notice”	the notice of General Meeting set out in part II of this document
“Ordinary Shares”	ordinary shares of 10 pence each in the capital of the Company
“Overseas Shareholder”	any Shareholder resident in, or a citizen of, a jurisdiction or territory outside of the United Kingdom
“Panmure Gordon”	Panmure Gordon (UK) Limited, the Company’s nominated adviser, which is authorised and regulated in the United Kingdom by the FCA
“Placing”	the proposed placing of the Placing Shares at the Placing Price by Espirito Santo and Panmure Gordon as agents for the Company
“Placing Price”	38 pence per Placing Share
“Placing Shares”	131,578,948 new Ordinary Shares to be placed with institutional and certain other investors at the Placing Price pursuant to the Placing
“Proxy Form”	the form of proxy enclosed with this document for use by Shareholders in connection with the General Meeting
“Regulatory Information Service”	any of the services approved by the London Stock Exchange plc for the distribution of AIM announcements and included within the list maintained on the website of London Stock Exchange plc
“Resolution”	the special resolution to be proposed at the General Meeting as set out in the Notice
“Shareholders”	holders from time to time of Ordinary Shares
“UK” or “United Kingdom”	the United Kingdom of Great Britain and Northern Ireland
“uncertificated” or “in uncertificated form”	recorded on a register of securities maintained by Euroclear in accordance with the CREST Regulations as being in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST
“Underwriting and Placing Agreement”	the conditional agreement dated 21 May 2013 between the Company and the Joint Underwriters relating to the Placing
“US” or “United States”	the United States of America (including the District of Columbia)

All references in this document to “Sterling”, “£”, “pence” or “p” are to the lawful currency of the United Kingdom.

PART I

LETTER FROM THE CHAIRMAN OF THE COMPANY



VERTU MOTORS PLC

(Incorporated and registered in England and Wales with registered number 05984855)

Directors:

Paul Williams *(Non-Executive Chairman)*
Robert Forrester *(Chief Executive)*
Michael Sherwin *(Finance Director)*
William Teasdale *(Non-Executive Director)*
David Forbes *(Non-Executive Director)*
Nigel Stead *(Non-Executive Director)*

21 May 2013

Dear Shareholder

Proposed placing of 131,578,948 Placing Shares at 38 pence per share to raise £50.0 million Proposed acquisition of Farnell and Notice of General Meeting

1. Introduction

The Company has today announced the proposed Acquisition of Farnell for £31.0 million and a fully underwritten Placing to raise approximately £50.0 million (before expenses) through the issue of 131,578,948 Placing Shares at 38 pence per share.

The Placing has been fully underwritten by the Joint Underwriters and is conditional, *inter alia*, upon shareholder approval of the Resolution which is to be proposed at a General Meeting of the Company to be held at 11.00 a.m. on 7 June 2013 at the offices of Bond Dickinson LLP at St Ann's Wharf, 112 Quayside, Newcastle upon Tyne NE1 3DX.

The Acquisition is conditional, *inter alia*, on completion of the Placing.

The purpose of this document is to explain the background to and reasons for the Placing and the Acquisition and to request the support of the Shareholders for the Resolution. The Company has also today announced its final results for the financial year ended 28 February 2013, a summary of which is included in paragraph 6 of this document.

2. Background to the Placing and Acquisition

Since its establishment in 2006, the Group has pursued a strategy to grow a scaled, asset backed, automotive retail business through the acquisition and consolidation of UK motor retail businesses with the potential for performance improvement. The Board is pleased to report that the Group has grown through acquisition and the development of the organic business to become the UK's seventh largest motor retailer by revenue, representing 15 marques and is currently operating 96 sales and aftersales outlets.

The Group's successful execution of its strategy to deliver enhanced business performance from acquired dealerships through the implementation of consistent business processes and systems has been a prime component of its financial success to date. Dealership management is a critical factor and the recruitment, development and retention of high performing automotive retail professionals has always been a key element of the Group's strategy. The Group's objective is for well-managed operations to enhance the experience of its customers and, in turn, to secure significant gains in each franchise's vehicle sales territory.

The Directors continue to believe that there are opportunities for further growth, both in terms of geography and in expanding the range of franchises which the Group represents. The highly fragmented nature of the UK automotive retail sector means that significant growth remains possible through continued strategic acquisitions.

The Group has built a strong network of retail outlets with a significant focus on volume franchises. Over the last 24 months, Vertu has continued to broaden the range of franchises which it represents, opening its first Volvo franchise in March 2013 in Derby and becoming the largest UK franchise partner of Honda. The Board wishes to continue this process of diversification with the aim of creating a balanced portfolio more closely reflecting the UK market share of vehicle manufacturers. The Board believes that it would be advantageous to develop the Group's exposure to premium marques particularly as premium marques have been gaining significant market share over volume marques in recent years in the UK as they have extended their product ranges. Strong residual values have also aided the affordability of premium new cars to retail customers, who take out finance arrangements to fund their purchase. Premium manufacturers also continue to be financially strong and to invest in new product development. Whilst the required investment levels are expected to be higher, the Group does expect premium franchised dealerships to generate enhanced margins and returns.

The Acquisition announced today will provide the Group with its first Land Rover operations and represents a further step in building the Group's portfolio of marques. It is a further important expansion of Vertu's overall activities.

3. Acquisition of Farnell

3.1. *Background and reasons for the Acquisition*

Farnell operates four outlets within the West Yorkshire region comprising three award winning Land Rover dealerships in Leeds, Bradford and Guiseley and one multi-franchise premium used vehicle outlet in Guiseley. The Farnell brand has represented Land Rover in West Yorkshire for 65 years. Land Rover was voted the most desirable franchise in the UK in 2012 by UK automotive retailers, as surveyed by the National Franchise Dealers Association, and Land Rover has achieved significant recent sales growth with global year-on-year volumes up 36 per cent. The Acquisition will provide a significant entry point into this premium marque that has a strong pipeline of new products to drive customer demand. There is also further potential to develop the Jaguar Land Rover relationship, including potential future expansion with Jaguar.

Unaudited financial information on Farnell:

	<i>Year ended 31 December 2010</i>	<i>Year ended 31 December 2011</i>	<i>Year ended 31 December 2012</i>
Revenue	£89.3m	£96.7m	£113.4m
Gross profit	£8.0m	£9.1m	£11.0m
EBITDA	£2.8m	£3.2m	£4.3m
Operating profit	£2.7m	£2.9m	£3.9m

Source: Unaudited management accounts

Farnell has continued to perform strongly in the 2013 financial year with strong demand in both new and used vehicle sales. It is currently on track to grow profitability in the current financial year.

The aggregate adjusted net assets of Farnell's Land Rover operations to be acquired were approximately £12.5 million as at 31 December 2012. This includes £2.1 million of freehold land and buildings in Guiseley and £1.4 million of leasehold improvements recently incurred upgrading the Leeds and Bradford showrooms to manufacturer standards. At Completion net assets are expected to be approximately £14.0 million and there will be no net cash or net indebtedness.

3.2. **Terms of the Acquisition**

Under the terms of the Acquisition Agreement, the Group has conditionally agreed to acquire the entire issued share capital of Farnell from Co-operative for a total consideration of approximately £31.0 million. This represents a multiple of 7.2 times Farnell's unaudited EBITDA for the year ended 31 December 2012. The Consideration comprises a payment of £14.0 million for the book value of the assets being acquired and a goodwill payment of £17.0 million. The Board has carried out appropriate due diligence on Farnell and is confident in the sustainability and quality of its business, which justifies a payment of goodwill to Co-operative.

A non-refundable deposit of £1.0 million has been paid to the Seller on signing under the terms of the Acquisition Agreement. The remaining consideration is payable in cash at Completion, subject to final agreement of asset values. Completion of the Acquisition is conditional, *inter alia*, upon the passing of the Resolution and Admission.

The leasehold properties are subject to assignment to Farnell from the Seller's other group undertakings. One of these assignments remains outstanding as at the date of this announcement pending a third party consent.

The Acquisition Agreement contains warranties and indemnities in favour of the Company customary for a transaction of this type, and contains restrictive covenants given by the Seller, which apply for two years from Completion.

3.3. **Integration of the Acquisition and further development of the Group**

Following completion of the Acquisition, the Group intends to continue developing the Farnell business, led by Farnell's existing management team who have played an important role in delivering the growth in revenue and profits of Farnell over the last three years. Farnell will represent a new division within the Group under the leadership of the current Operations Manager of Farnell, Jatinder Aujla. Jatinder will become an Operations Director within the Group.

The Board expects that there will be further acquisition opportunities in both the premium and volume marque segments and as such the Placing comprises an additional £19.0 million (before expenses) in excess of the Consideration to pursue these opportunities. Vertu also intends to utilise its strengthened balance sheet and debt capacity to fund future acquisitions in the coming years. The Group has arranged a new £13.5 million vehicle stocking facility in relation to the Acquisition and also has £9.0 million of undrawn acquisition debt facilities. As a result, following Completion and the proposed Placing, the Group expects to have approximately £41.5 million (before expenses) available to fund future acquisitions. The Board believes that the increased financial strength will provide greater comfort to vendors and enhance the ability of the Group to execute the purchase of acquisition opportunities.

The Directors expect that the Acquisition will be earnings enhancing in the first full year of ownership.

4. **Terms of the Placing**

The Company intends to raise approximately £50.0 million before expenses by the allotment and issue of 131,578,948 Placing Shares pursuant to the Placing. The Placing Price of 38 pence per Placing Share represents a 7.3 per cent. discount to the closing mid-market price of Vertu's Ordinary Shares of 41 pence on 20 May 2013, being the last practicable date before the publication of this document. The Placing Shares represent approximately 65.8 per cent. of the Existing Ordinary Shares, and 39.7 per cent. of the Enlarged Share Capital. The Group proposes to use:

- £31.0 million of the proceeds of the Placing to fund the Acquisition; and
- the remainder for future acquisitions and general corporate purposes.

Under the terms of the Underwriting and Placing Agreement, the Joint Underwriters agreed, as agents of the Company, to use reasonable endeavours to procure subscribers for the Placing Shares at the Placing Price. The Placing has been underwritten by the Joint Underwriters.

The Placing is conditional, *inter alia*, upon:

- the Resolution being passed at the General Meeting without amendment;
- the Underwriting and Placing Agreement having become unconditional in all respects (save for the condition relating to Admission) and not having been terminated in accordance with its terms; and
- Admission taking place by no later than 8.00 a.m. on 10 June 2013 (or such later date as the Company may agree with the Joint Underwriters).

The Underwriting and Placing Agreement contains customary warranties given by the Company to the Joint Underwriters as to matters relating to the Group and its business and as to matters relevant to Farnell and the Acquisition and a customary indemnity to the Joint Underwriters in respect of liabilities arising out of or in connection with the Placing. The Underwriting and Placing Agreement also contains customary rights of termination which could enable the Joint Underwriters to terminate the Placing in certain limited circumstances. The Placing is not conditional on the Acquisition being completed. In the unlikely event that the Placing is completed and completion of the Acquisition does not then take place, the Directors will assess the Group's ongoing funding needs, including other acquisition opportunities, taking account of Shareholders' best interests.

Application will be made to London Stock Exchange plc for the Placing Shares to be admitted to trading on AIM. It is expected that Admission will become effective and that dealings in the Placing Shares will commence on 10 June 2013. The Placing Shares when issued, will be credited as fully paid and will rank in full for all dividends and other distributions declared, made or paid on the Ordinary Shares and otherwise rank *pari passu* in all respects with the Existing Ordinary Shares. For the avoidance of doubt the Placing Shares shall rank in full for the final dividend declared in respect of the year ended 28 February 2013 of 0.45 pence per Ordinary Share, which was announced today and for which the ex-dividend date will be 26 June 2013. Further details in relation to the final dividend are included in the Final Results.

The Placing Shares have not been made available to the public and have not been offered or sold in any jurisdiction where it would be unlawful to do so. The Board strongly believes that raising equity finance using the flexibility provided by a non pre-emptive placing is the most appropriate fundraising structure for the Company at this time. The Placing allows both existing institutional investors and new institutional investors to participate whilst avoiding the need for a prospectus which, if required, would be significantly more costly and time-consuming.

5. Directors' participation in the Placing

The participation of the Directors in the Placing is set out in the table below:

<i>Director</i>	<i>Beneficial holding of Ordinary Shares before Placing</i>	<i>Number of Placing Shares of 10p each to be purchased</i>	<i>Beneficial holding of Ordinary Shares after Placing</i>	<i>% of expected Enlarged Share Capital</i>
<i>Robert Forrester</i>	6,364,762	157,000	6,521,762	1.97
<i>Michael Sherwin</i>	201,371	105,000	306,371	0.09
<i>Nigel Stead</i>	30,000	26,200	56,200	0.02
<i>David Forbes</i>	300,000	52,600	352,600	0.11
<i>William Teasdale</i>	563,850	52,600	616,450	0.19
			<u>7,853,383</u>	<u>2.37</u>

6. Final Results

The Final Results for the year ended 28 February 2013 were announced today and are available on the Company's website (www.vertumotors.com/investors/). The Group has delivered a record underlying operating profit reflecting better market conditions and the delivery of an enhanced performance from acquired businesses, which have benefitted from the Vertu turnaround model.

Set out below are selected highlights extracted from that announcement:

	<i>Year ended 28 February 2013 (FY2013)</i>	<i>Year ended 29 February 2012 (FY2012)</i>
Revenue	£1,259.3m	£1,088.3m
Adjusted EBITDA*	£13.5m	£12.3m
Adjusted operating profit*	£9.4m	£8.4m
Adjusted profit before tax*	£8.2m	£7.3m
Adjusted earnings per share*	3.22p	3.19p
EBITDA	£9.8m	£10.8m
Operating profit	£5.4m	£6.7m
Exceptional charges	£3.3m	£1.3m
Profit before tax	£4.5m	£5.5m
Earnings per share	1.77p	2.53p
Operating cash inflow	£13.0m	£7.5m
Net (debt)/cash	£(6.2)m	£3.5m
Net assets per share	53.3p	50.4p
Tangible net assets per share	43.7p	41.6p

* Adjusted for exceptional charges, amortisation of intangible assets and share based payments credit/charge.

The following key highlights have been extracted from the Final Results announced today:

The Group has demonstrated continued growth in all areas. Revenue increased by 15.7 per cent. to £1.3 billion with like-for-like revenues up 6.0 per cent. In total the Group sold close to 95,000 new and used vehicles in the financial year, an increase of 13.5 per cent. The Group's service revenues, which have higher margins, also rose 4.5 per cent. on a like-for-like basis, marking the third successive year of growth in this area.

Vertu has delivered growth in adjusted operating performance from continuing operations of 31.0 per cent. demonstrating the impact of the integrated acquisitions, which are now delivering an enhanced performance. Operating cash inflow also increased by 73.3 per cent. to £13.0 million (FY2012: £7.5 million). The Group has also been able to increase the full year dividend by 16.7 per cent. to 0.7 pence (FY2012: 0.6 pence).

The Group has continued to implement its acquisition and turnaround strategy, which is a key driver of current and future profit growth. The number of outlets increased to 96 (FY2012: 83) with 20 new outlets acquired or opened in the year. The acquisitions undertaken in previous periods also continue to exhibit performance improvements in line with the Group's expectations.

The strong operational performance of the Group has enabled the business to fund significant investments of £19.7 million during the financial year to acquire new businesses and fund capital expenditure to increase productive capacity. As at 28 February 2013 the Group continued to have a low level of net debt at £6.2 million, which represents 46 per cent. of adjusted EBITDA.

The annual report and accounts for the year ended 28 February 2013 will be sent to Shareholders shortly. Copies will also be available from the Company's website.

7. Current trading

As stated in the Final Results, the Group has traded significantly ahead of the prior year and our budget in March and April reflecting the stronger new car market and increased contribution from recently acquired dealerships.

March is the most significant month for the profitability of UK automotive retail as a consequence of the plate change and its impact on new car demand and the seasonality of servicing. UK new car registrations to private buyers ("the retail market") in March and April increased by 13.8 per cent. showing a continuation of the strong growth seen throughout last year. The Group's like-for-like new retail volumes

increased by 15.0 per cent. and manufacturer targets were achieved at a high level reflecting the strong penetration of the Group's local retail markets. Profitability from new retail sales moved forward strongly as a consequence and was also aided by the newly acquired dealerships for which this was their first March within the Group.

The Group's like-for-like used retail volumes were flat year-on-year in March and April. Margins strengthened and the Group delivered an enhanced profit performance in used cars. Dealerships acquired in recent years are again exhibiting improved used car returns as they move towards Group average performance.

Service profitability since the year-end has run ahead of the prior year and continues to benefit from the customer retention initiatives being executed by the Group.

The outlook for the new car market in the UK remains favourable with anticipated growth in the private market. The used car market remains stable, and aftersales represents an opportunity for growth as customer service and retention is improved. The Board remains confident that the Group is well placed to maximise the opportunity for profitable growth as recent acquisitions are turned around and the core business continues to improve profitability. The Board considers there is considerable potential for future acquisition growth and to add new franchises to the Group's portfolio.

8. General Meeting

In Part II of this document you will find the Notice convening the General Meeting which is to be held at the offices of Bond Dickinson LLP at St Ann's Wharf, 112 Quayside, Newcastle upon Tyne, NE1 3DX at 11.00 a.m. on 7 June 2013. At the General Meeting a single special resolution of the Company will be proposed, the primary purpose of which is to give the Directors authority:

- to allot new equity securities (including Ordinary Shares) in connection with the Placing until the date of the next annual general meeting of the Company up to a maximum nominal amount of £13,157,894.80 which represents approximately 39.7 per cent. of the Enlarged Share Capital; and
- to issue the Placing Shares on a non pre-emptive basis pursuant to the Placing.

In addition to the authority given to the Directors to allot new equity securities pursuant to the Placing, the Resolution also gives the Directors authority to allot new equity securities on a non pre-emptive basis pursuant to the terms of the subscription agreement entered into by the Company in connection with the acquisition by the Company of the entire issued share capital of Dobies (Carlisle) Limited, details of which were contained in the announcement released by the Company on 8 January 2013.

In order for the Placing to take place, the Resolution must be passed. If the Resolution is not passed it will not be possible for the Placing to take place or for the Acquisition to complete.

9. Action to be taken

You will find enclosed with this document a Proxy Form for use at the General Meeting. Whether or not you propose to attend the General Meeting in person, you are requested to complete and return the Proxy Form to the Company's registrars, Capita Registrars, PXS, 34 Beckenham Road, Beckenham, BR3 4TU in accordance with the instructions printed on it and return it by post or (during normal business hours only) by hand as soon as possible and, in any event, so as to be received by no later than 11.00 a.m. on 5 June 2013. Completion and return of a Proxy Form will not preclude you from attending the General Meeting and voting in person if you wish to do so.

If you hold Ordinary Shares through CREST you may alternatively appoint a proxy by completing and transmitting a CREST proxy instruction to Capita Registrars (CREST participant ID RA10) so that it is received no later than 11.00 a.m. on 5 June 2013. Completion and return of a CREST proxy instruction form will not preclude you from attending and voting in person at the General Meeting should you subsequently wish to do so.

10. Recommendation

The Directors believe that the Acquisition and the Placing, as described in this document, are in the best interests of the Company and the Shareholders as a whole. Accordingly, the Directors unanimously recommend that you vote in favour of the Resolution to be proposed at the General Meeting, as they intend to in respect of their own beneficial holdings amounting in aggregate to 10,287,468 Ordinary Shares, which represent approximately 5.1 per cent. of the Company's Existing Ordinary Shares.

Yours faithfully

Paul Williams

Non-Executive Chairman

PART II

NOTICE OF GENERAL MEETING



Vertu Motors plc

(Incorporated in England and Wales with registered number 05984855)

NOTICE IS HEREBY GIVEN that a general meeting of Vertu Motors plc (the “**Company**”) will be held at the offices of Bond Dickinson LLP at St Ann’s Wharf, 112 Quayside, Newcastle upon Tyne NE1 3DX on 7 June 2013 at 11.00 a.m. for the purpose of considering and, if thought fit, passing the following resolution as a special resolution of the Company:

SPECIAL RESOLUTION

1 THAT:

- 1.1 subject to and in accordance with Article 15.1 of the Company’s articles of association, and in substitution of the authority granted by the resolution numbered 9 passed at the Company’s annual general meeting on 24 July 2012, the Directors be generally and unconditionally authorised for the purpose of section 551 of the Companies Act 2006 (the “**Act**”) to exercise all the powers of the Company to allot or grant rights to subscribe for or to convert any security into shares in the Company up to an aggregate nominal amount of £13,670,715.30 provided that:
 - (a) except as provided in paragraph 1.1(b) below, this authority shall expire on 23 October 2013 or, if earlier, the conclusion of the next annual general meeting of the Company;
 - (b) the Company may before such expiry make an offer or agreement which would or might require shares or equity securities, as the case may be, to be allotted or such rights granted after such expiry and the directors may allot shares or equity securities or grant such rights, as the case may be, in pursuance of such offer or agreement notwithstanding that the authority conferred by this resolution has expired; and
- 1.2 in substitution of the authority granted by the resolution numbered 10 passed at the Company’s annual general meeting on 24 July 2012, the Directors be empowered, pursuant to Article 16 of the Company’s articles of association and section 570 of the Act, to allot Ordinary Shares for cash up to an aggregate nominal amount of £13,670,715.30 pursuant to:
 - (a) the Placing described in the circular to shareholders dated 21 May 2013; and
 - (b) the terms of the subscription agreement entered into by the Company in connection with the acquisition by the Company of the entire issued share capital of Dobies (Carlisle) Limited details of which were contained in the announcement released by the Company on 8 January 2013.

Registered Office

Vertu House
Kingsway North
Team Valley
Gateshead
Tyne and Wear
NE11 0JH

By order of the Board

Karen Anderson
Company Secretary

21 May 2013

Notes:

Appointment of proxies

1. If you are a member of the Company at the time set out in note 9 below, you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at the General Meeting and you should have received a Proxy Form with this notice of meeting. If you do not have a proxy form and believe that you should have one, or if you require additional forms, please contact the Company's Registrars, Capita Registrars on 0871 664 0300 (calls cost 10p per minute plus network extras. Lines are open 8.30 a.m. — 5.30 p.m. Mon-Fri.) or, if calling from outside the UK, on +44 20 8639 3399. You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form.
2. A proxy does not need to be a member of the Company but must attend the General Meeting to represent you. Details of how to appoint the Chairman of the General Meeting or another person as your proxy using the Proxy Form are set out in the notes on the Proxy Form. If you wish your proxy to speak on your behalf at the General Meeting you will need to appoint your own choice of proxy (not the Chairman) and give your instructions directly to them.
3. You may appoint more than one proxy, provided that each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, you may photocopy the enclosed proxy form.
4. Appointment of a proxy does not preclude you from attending the General Meeting and voting in person. If you have appointed a proxy and attend the General Meeting in person, your proxy appointment will automatically be terminated.
5. The notes to the Proxy Form explain how to direct your proxy how to vote on the Resolution or withhold their vote. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the Resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to the Resolution and any other matter which is put before the General Meeting or any adjournment thereof.

Appointment of proxy using hard copy proxy form

6. To appoint a proxy using the Proxy Form, the form must be:
 - completed and signed;
 - sent or delivered to the Company's Registrars, Capita Registrars, PXS, 34 Beckenham Road, Beckenham, Kent, BR3 4TU;and
 - received by the Company's registrars no later than 11.00 a.m. on 5 June 2013 or, if the General Meeting is adjourned, not less than 48 hours before the time of the adjourned meeting.

In the case of a member which is a company, the Proxy Form must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which a Proxy Form is signed (or a duly certified copy of such power or authority) must be included with the Proxy Form.

Appointment of proxies through CREST

7. CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the meeting convened by this notice and any adjournment(s) thereof by utilising the procedures described in the CREST Manual (available from <https://www.euroclearcom/site/public/EU1>). CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting 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.

In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (CREST Proxy Instruction) must be properly authenticated in accordance with Euroclear UK & Ireland Limited's (EUI) specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by the issuer's agent (ID RA10) by the latest time for receipt of proxy appointments specified in note 6 above. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that EUI does not make available special procedures in CREST for any particular messages. 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(s), 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 service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

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.

Appointment of proxy by joint members

8. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).

Entitlement to attend and vote

9. Only those members registered on the Company's register of members at 6.00 p.m. on 5 June 2013 or, if the General Meeting is adjourned, at 6.00 p.m. two days prior to the adjourned meeting, shall be entitled to attend and vote at the General Meeting. Such shareholders may only cast votes in respect of shares held at such time. Changes to entries on the relevant register after that time shall be disregarded in determining the rights of any person to attend or vote at the meeting.

Corporate representatives

10. A corporation which is a member can appoint one or more corporate representatives who may exercise, on its behalf, all its powers as a member provided that no more than one corporate representative exercises powers over the same share.

Documents on display

11. Copies of this document will be available free of charge at the offices of Panmure Gordon, One New Change, London EC4M 9AF during normal business hours on any weekday (Saturdays, Sundays and public holidays excluded) from the date of this notice until the date of the General Meeting and at the General Meeting from at least 15 minutes prior to and until the conclusion of the General Meeting.

Communication

12. Except as provided above, members who have general queries about the General Meeting should contact the Company Secretary at Vertu Motors plc, Vertu House, Kingsway North, Team Valley, Gateshead, Tyne and Wear NE11 OJH or on 0191 491 2121 (no other methods of communication will be accepted).

You may not use any electronic address provided either:

- in this notice of General Meeting; or
- any related documents (including the Chairman's letter and Proxy Form), to communicate with the Company for any purposes other than those expressly stated.

ATTENDANCE CARD
VERTU MOTORS PLC GENERAL MEETING



If you plan to attend the General Meeting of Vertu Motors plc to be held at the offices of Bond Dickinson LLP, St Ann's Wharf, 112 Quayside, Newcastle upon Tyne NE1 3DX on Friday 7 June 2013, it will be helpful if you would sign this Attendance Card and hand it in on arrival at the meeting. Please note that the meeting is due to commence at 11.00 a.m.

Signature of
 person attending

Explanatory Notes

- As a member of the Company you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at a general meeting of the Company. You can only appoint a proxy using the procedures set out in these notes and the notes to the notice of the general meeting.
- Appointment of a proxy does not preclude you from attending the meeting and voting in person. If you have appointed a proxy and attend the meeting in person, your proxy appointment will automatically be terminated.
- A proxy does not need to be a member of the Company but must attend the meeting to represent you. To appoint as your proxy a person other than the Chairman of the meeting, insert their full name in the box. If you sign and return this proxy form with no name inserted in the box, the Chairman of the meeting will be deemed to be your proxy. Where you appoint as your proxy someone other than the Chairman, you are responsible for ensuring that they attend the meeting and are aware of your voting intentions.
- You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, you may photocopy the enclosed proxy form.
- To direct your proxy how to vote on the special resolution mark the appropriate box with an 'X'. To abstain from voting on a special resolution, select the relevant "Vote Withheld" box. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the special resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to the proposed special resolution and any other matter which is put before the meeting.
- To appoint a proxy using this form, the form must be:
 - completed and signed;
 - sent or delivered to the Company's Registrars, Capita Registrars PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU; and
 - received by the Company's Registrars no later than 11.00 a.m. on 5 June 2013 or, if this annual general meeting is adjourned, not less than 48 hours before the time of the adjourned meeting.
- In the case of a member which is a company, this proxy form must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company.
- Any power of attorney or any other authority under which this proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form.
- Shares held in uncertificated form (i.e. CREST) may be voted through the CREST Proxy Voting Service in accordance with the procedures set out in the CREST manual and the notes to the notice of the annual general meeting.
- In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).
- If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

FORM OF PROXY
VERTU MOTORS PLC GENERAL MEETING

V613G32336

I/We hereby appoint the Chairman of the meeting OR the following person

Name of Proxy

Number of shares

Please leave this box blank if you have selected the Chairman
 Do not insert your own name(s)

as my/our proxy to exercise all or any of my/our rights to attend, speak and vote in respect of my/our voting entitlement* on my/our behalf at the General Meeting of Vertu Motors plc to be held at the offices of Bond Dickinson LLP, St Ann's Wharf, 112 Quayside, Newcastle upon Tyne NE1 3DX on Friday 7 June 2013 at 11.00 a.m. and at any adjourned meeting.

Please indicate here if this proxy appointment is one of multiple appointments being made.

* For the appointment of one or more proxies please refer to Explanatory Note 4 (above)



SPECIAL RESOLUTION

Please mark 'X' to indicate
 how you wish to vote

To authorise the directors to allot shares or to grant rights to subscribe for or to convert any security into shares in accordance with section 551 of the Companies Act 2006 and to authorise the disapplication of pre-emption rights in accordance with section 570 of the Companies Act 2006.

For
 Against
 Vote Withheld



To assist with arrangements, if you intend attending the meeting in person please place a 'x' in the box opposite



Signature

Date

BUSINESS REPLY SERVICE
Licence No. RSBH - UXKS - LRBC



**CAPITA REGISTRARS
PXS
34 Beckenham Road
BECKENHAM
BR3 4TU**