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If you sell or otherwise 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.

Neither this document (or any part of it) nor its distribution shall form the basis of or be relied on in connection with any contract or as an inducement to enter into any contract or commitment whatsoever. 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 issued by the Financial Conduct Authority and, as such, neither its contents nor its issue have been approved by: (i) London Stock Exchange plc or by any authority which could be a competent authority for the purposes of the Prospectus Directive (Directive 2003/71/EC); or (ii) an authorised person within the meaning of FSMA.



Vertu Motors plc

(registered in England and Wales under the Companies Act 2006 with registered number 05984855)

Placing of 56,000,000 Ordinary Shares

at 62.5 pence per share

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 1 April 2016.

The distribution of this document and the accompanying Proxy Form in jurisdictions other than the United Kingdom may be restricted by law and, therefore, persons in receipt of these documents should inform themselves of and comply with any such restrictions. Any failure to comply with such restrictions may constitute a violation of the securities laws of any such jurisdiction. This document does not constitute or contain any offer or invitation, or form any part of any offer or invitation, to issue or sell, or the solicitation of an offer to subscribe for, purchase or otherwise acquire, any Placing Shares in any jurisdiction (including, but not limited to, the UK and the United States).

The Placing Shares have not been, and will not be, registered under the US Securities Act, or under any securities laws or with any securities regulatory authority of any state or other jurisdiction of the United States or under the applicable securities laws of Canada, Australia, New Zealand, the Republic of Ireland, the Republic of South Africa or Japan. The Placing Shares may not be offered or sold in the United States or to US Persons (as defined in Regulation S under the US Securities Act) unless they are registered under the US Securities Act or pursuant to an exemption from or in a transaction not subject to the registration requirements of the US Securities Act.

Outside of the United States, the Placing is being undertaken in reliance on Regulation S under the US Securities Act. Neither the Placing Shares nor the terms of any offering of the Placing Shares have been approved or disapproved by the US Securities and Exchange Commission, or any other securities commission or regulatory authority of the United States or of any state or other jurisdiction of the United States, nor have any of the foregoing authorities passed upon or endorsed the merits of the Placing Shares or the offering of the Placing Shares nor have they approved this document or confirmed the accuracy or adequacy of the information contained in this document or in any document pursuant to which the Placing Shares may be offered. Any representation to the contrary is a criminal offence.

The Placing Shares will not qualify for distribution under the relevant securities laws of Canada, Australia, New Zealand, the Republic of Ireland, the Republic of South Africa or Japan. The Placing Shares have not been, and will not be, registered under the applicable securities laws of Canada, Australia, New Zealand, the Republic of Ireland, the Republic of South Africa or Japan and no prospectus in relation to the Placing Shares been lodged with, or registered by, the Australian Securities and Investments Commission or the Japanese Ministry of Finance. Accordingly, subject to certain exemptions, the Placing Shares may not be offered, sold, taken up, delivered or transferred in, into or from the United States, Canada, Australia, New Zealand, the Republic of Ireland, the Republic of South Africa or Japan or any other jurisdiction where to do so would constitute a breach of local securities laws or regulations (each a **Restricted Jurisdiction**) or to or for the account or benefit of any national, resident or citizen of a Restricted Jurisdiction.

Your attention is drawn to the letter from the Chairman of the Company which is set out in Part I of this document, and which includes, amongst other things, 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 Bond Dickinson LLP, St Ann's Wharf, 112 Quayside, Newcastle upon Tyne NE1 3DX at 11:00 a.m. on 31 March 2016. A notice convening 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 Capita no later than 11:00 a.m. on 29 March 2016. If you hold Ordinary Shares through CREST you may appoint a proxy by completing and transmitting a CREST proxy instruction to Capita (CREST participant ID RA10) so that it is received by Capita no later than 11:00 a.m. on 29 March 2016. The time of receipt will be the time from which Capita is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. 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.

Liberum Capital Limited (**Liberum**), which is authorised and regulated in the United Kingdom by the Financial Conduct Authority (**FCA**), is acting as nominated adviser, broker and joint bookrunner 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. Liberum will not be responsible to anyone other than the Company for providing the protections afforded to the clients of Liberum or for providing advice in relation the contents of this document or in connection with the Placing or any other matter referred to herein. The obligations of Liberum, as nominated adviser to the Company, are owed solely to London Stock Exchange plc. Nothing in this paragraph shall serve to exclude or limit any responsibilities which Liberum may have under FSMA or the regulatory regime established thereunder.

Zeus Capital Limited (**Zeus**), which is authorised and regulated in the United Kingdom by the FCA, is acting as joint bookrunner 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.

Zeus will not be responsible to anyone other than the Company for providing the protections afforded to the clients of Zeus or for providing advice in relation the contents of this document or in connection with the Placing or any other matter referred to herein. Nothing in this paragraph shall serve to exclude or limit any responsibilities which Zeus may have under FSMA or the regulatory regime established thereunder.

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 Liberum Capital Limited, Ropemaker Place, Level 12, 25 Ropemaker Street London EC2Y 9LY from the date of this document until close of business on 31 March 2016 and at the Company's website at <http://www.vertumotors.com/>

Forward-looking statements

This document contains certain forward-looking information about the Group which are statements of intentions, beliefs or current expectations relating to the Group's strategy, results of operations, financial performance or condition, outlook, liquidity, prospects, dividend policy, growth opportunities or circumstances in the sectors or markets in which the Group operates. These forward-looking statements can be identified by the use of forward-looking terminology such as the terms "proposes", "may", "believes", "anticipates", "projects", "expects", "estimates", "forecasts", "intends", "will" or "should", or their negative variations or comparable terminology, or by discussions of strategies, plans, objectives, goals, future events or intentions which reflect the Company's or, as appropriate, the Company's Directors' current expectations and beliefs about future events. All statements included in this document other than matters which are historical facts are, or may be deemed to be, forward-looking statements.

By their nature, forward-looking statements involve risks, uncertainties and assumptions because they depend on future circumstances and relate to events that may or may not occur in the future, not all of which are within the Company's control or can be predicted by the Company. Past performance, trends or activities of the Company or its shares cannot be relied on as a guide to future performance, trends or activities. Any forward-looking statements contained in this document have been prepared on the basis of a number of assumptions which may prove to be incorrect. 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 and events could differ materially from those set out in such forward-looking statements as a result of, among other factors, changes in economic and market conditions, changes in the regulatory environment and other business and operational risks. Nothing in this document should be construed as a profit forecast and no part of this document 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 does not undertake any obligation to update or revise any forward-looking statements to reflect any changes in the Company's expectations with regard thereto or as a result of new information, future events, changes in events, conditions or circumstances or otherwise or to reflect the occurrence or non-occurrence of any events.

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STATISTICS

Number of Existing Ordinary Shares in issue before the Placing	341,269,839
Number of Placing Shares to be issued pursuant to the Placing	56,000,000
Placing Price	62.5 pence per Placing Share
Gross proceeds of the Placing	£35 million
Estimated net proceeds of the Placing	£33.6 million
Number of Ordinary Shares in issue immediately following the Placing	397,269,839
Placing Shares as a percentage of Enlarged Share Capital	14.1 per cent.

EXPECTED TIMETABLE

Posting of this document and Proxy Form to Shareholders	11 March 2016
Latest time and date for receipt of Proxy Forms for the General Meeting	11:00 a.m. on 29 March 2016
General Meeting	11:00 a.m. on 31 March 2016
Admission of the Placing Shares	8:00 a.m. on 1 April 2016
CREST accounts to be credited for Placing Shares in uncertificated form	1 April 2016
Expected date for posting of share certificates for Placing Shares (where applicable)	by 15 April 2016

Notes:

- (1) All times stated on or prior to 26 March 2016 are to Greenwich Mean Time and all times stated on or after 27 March 2016 are to British Summer Time.
- (2) Each of the dates and times stated in the above timetable and throughout this document are subject to change, in which event, details of the new times and/or dates will be notified to Shareholders via a Regulatory Information Service.

DEFINITIONS

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

Act	the Companies Act 2006 (as amended)
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 8 of this Circular
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
Capita	Capita Asset Services
certificated or in certificated form	an Ordinary Share which is not in uncertificated form
Circular	this document
Company or Vertu	Vertu Motors plc, a company incorporated in England and Wales with registered number 05984855
CREST	the relevant systems (as defined in the CREST Regulations) for paperless settlement of share transfers and the holding of shares in uncertificated form of which Euroclear is the operator, as defined by the CREST Regulations
CREST Regulations	the Uncertificated Securities Regulations 2001 (SI 2001 No. 2001/3755), as amended
EBITDA	earnings before interest, taxation, depreciation and amortisation
Enlarged Share Capital	the entire issued Ordinary Share capital of the Company immediately following completion of the allotment and issue of the Placing Shares
Euroclear	Euroclear UK & Ireland Limited
Existing Ordinary Shares	the 341,269,839 Ordinary Shares currently in issue as at the date of this Circular
FCA	Financial Conduct Authority
FSMA	the Financial Services and Markets Act 2000 (as amended)
General Meeting	the general meeting of the Company to be held at Bond Dickinson LLP, St Ann's Wharf, 112 Quayside, Newcastle upon Tyne NE1 3DX at 11:00 a.m. on 31 March 2016 (or any adjournment of it), the notice of which is set out in Part II of this Circular
Group	the Company and its subsidiary undertakings (as defined in the Act)
Joint Bookrunners	Liberum and Zeus

Liberum	Liberum Capital Limited (company number: 05912554), the Company’s nominated adviser, which is authorised and regulated in the United Kingdom by the FCA
Notice	the notice of General Meeting set out in Part II of this Circular
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
Placing	the proposed placing of 55,544,000 new Ordinary Shares at the Placing Price by the Joint Bookrunners as agents for the Company together with conditional subscriptions for an additional 456,000 new Ordinary Shares at the Placing Price by, <i>inter alia</i> , certain Directors and other senior employees of the Group
Placing Agreement	the conditional agreement dated 9 March 2016 between the Company and the Joint Bookrunners relating to the Placing
Placing Price	62.5 pence per Placing Share
Placing Shares	56,000,000 new Ordinary Shares to be issued at the Placing Price pursuant to the Placing
Proxy Form	the form of proxy enclosed with this Circular for use by Shareholders in connection with the General Meeting
Regulatory Information Service	any of the services approved by 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
Shareholder	a holder of Ordinary Shares from time to time
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
US or United States	the United States of America (including the District of Columbia)
US Person	has the meaning set out in Regulation S under the US Securities Act
US Securities Act	the United States Securities Act of 1933, as amended
Zeus	Zeus Capital Limited (company number: 04417845), which is authorised and regulated in the United Kingdom by the FCA

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

PART I

LETTER FROM THE CHAIRMAN OF THE COMPANY



Vertu Motors plc

(registered in England and Wales under the Companies Act 2006 with registered number 05984855)

Directors:

Peter Jones (*Non-Executive Chairman*)
Robert Forrester (*Chief Executive*)
Michael Sherwin (*Finance Director*)
Kenneth Lever (*Non-Executive Director*)
Nigel Stead (*Non-Executive Director*)
William Teasdale (*Non-Executive Director*)

11 March 2016

Dear Shareholder,

1. INTRODUCTION

On 9 March 2016, the Company announced a Placing to raise £35,000,000 (before expenses) through the issue of 56,000,000 Placing Shares at a price of 62.5 pence per Placing Share.

The Placing 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 31 March 2016 at Bond Dickinson LLP, St Ann's Wharf, 112 Quayside, Newcastle upon Tyne NE1 3DX.

The purpose of this document is to explain the background to and reasons for the Placing and to request that Shareholders vote in favour of the Resolution at the General Meeting.

2. BACKGROUND TO THE PLACING

2.1 Group strategy

Since its establishment in late 2006, the Group has pursued a strategy to grow a scalable, asset backed, automotive retail business through the acquisition and consolidation of UK automotive retail businesses with the potential for margin growth. The Group has grown through acquisition and the organic development of its business to become the UK's fifth largest automotive retailer, with a national presence and regional clusters. The Group now represents 21 marques and is currently operating 126 sales and aftersales outlets.

Group trading performance continues to be driven by improvements in recently acquired businesses, existing outlets and growth in the higher margin service area. The Group's objective is for well-managed operations to enhance the experience of its customers and, in turn, to secure significant market share gains in each franchise's vehicle sales territory.

Since 2010, the Group has added a number of premium franchises to its portfolio, and currently represents, amongst others, Mercedes-Benz, Jaguar, Land Rover, Volvo and Audi. The Board believes the premium franchises add resilience to the business and present further growth opportunities for Vertu. The Board continues to believe that there are opportunities for further growth, both in terms of geography and in expanding the range of both volume and premium franchises which the Group represents. The consolidation of the UK automotive retail sector continues to gather pace, and the

Company intends to take advantage of growth opportunities through continued acquisitions of both underperforming businesses that have significant turnaround potential and strong performing businesses that complement the Group's existing portfolio.

The Group is committed to its growth strategy and to ensuring that it has the right management team in place to deliver controlled and successful growth. Dealership management is a critical factor in the success of the Group, hence the recruitment, development and retention of high performing automotive retail professionals is of vital importance. Two new senior appointments have recently been made reflecting this objective:

- On 1 March 2016, Tim Tozer, former Chairman at Vauxhall Motors, joined the Operational Board to lead a new amalgamated division of Peugeot, Fiat Group and Hyundai dealerships. Tim has a wealth of experience with Vauxhall, Mitsubishi Motors, Inchcape and AutoBinck.
- The Group has also appointed Liz Cope as Chief Marketing Officer with effect from 1 April 2016, a new position for the Group. Liz was previously VP Global Marketing for Vax (incorporating brands such as Hoover and Dirt Devil), and Group Brand and Research Director for Dyson.

2.2 Recent acquisitions

The Group has completed approximately £50 million of acquisitions during the last six months. These are summarised below:

2.2.1 *Acquisition of Greenoaks Mercedes-Benz*

On 1 March 2016, the Company acquired the entire issued share capital of Sigma Holdings Limited and its subsidiary Greenoaks (Maidenhead) Limited (together **Greenoaks**) for a total cash consideration of approximately £21.9 million. In addition to the purchase of the share capital of Greenoaks, vendor shareholder loans of £9 million have been settled in cash on completion by Vertu. Greenoaks operates the Mercedes-Benz outlets in Reading, Ascot and Slough, with the Reading and Ascot outlets also representing the smart franchise and Ascot being an AMG performance centre. Greenoaks has represented Mercedes-Benz for over 30 years.

The acquisition introduces Mercedes-Benz, Mercedes AMG and smart to the Group, further progressing its strategic goal of growing the premium mix within the Group. These dealerships are freehold properties which will add further to the strong freehold backing of the Group's balance sheet. The total cash consideration includes initial consideration of approximately £18.4 million and has been settled from the Group's existing cash resources and borrowing facilities. A further £3.5 million is deferred for twelve months. The transaction includes goodwill of £13 million.

For the year ended 31 December 2015, Greenoaks achieved consolidated revenues of approximately £88 million, adjusted* EBITDA of approximately £2.4 million, adjusted* profits before tax of approximately £1.2 million and had net assets of approximately £6.8 million as at 31 December 2015. The Board expects this acquisition to be earnings enhancing in its first full year of ownership.

UK automotive retailers voted Mercedes-Benz the most sought after franchise in the recent National Franchised Dealers Association's dealer attitude survey. The marque also has a strong pipeline of new products.

* adjusted for non-recurring and non-corporate items

2.2.2 *Acquisition of three Honda dealerships in Nottingham, Derby and Stockton-on-Tees*

In January 2016, the Group acquired the trade and assets of three Honda dealerships in Nottingham, Derby and Stockton-on-Tees from Lookers plc for a total consideration of

approximately £2 million. The acquisition consolidated the Group as Honda's largest retail partner in Europe with 12 car dealerships, creating regional synergy opportunities with the Group's existing Honda operations.

For the year ended 31 December 2015, the three dealerships achieved unaudited revenues of £39 million and a break even trading result. The Board expects the acquisition to be earnings enhancing in its first full year of ownership.

2.2.3 Acquisition of Who's Ace Holdings Ltd

In November 2015, the Company acquired the entire issued share capital of Who's Ace Holdings Ltd, the parent company of a group which operates an established non-franchised on-line vehicle parts business headquartered in Kent. Total consideration is estimated at £2.2 million, including a five-year earn out.

For the year ended 31 March 2015, Who's Ace Holdings Ltd reported revenues of £4.8 million, a gross margin of 19 per cent. and EBITDA of £0.6 million. The Board expects the acquisition to be earnings enhancing in its first full year of ownership.

2.2.4 Acquisition of SHG Audi and Volkswagen

The Company acquired the entire issued share capital of SHG Holdings Limited, a group which operates established Audi, Volkswagen Passenger Cars and Volkswagen Commercials outlets in Hereford, on 1 October 2015. The business also includes two Volkswagen Group parts distribution operations, and a used car and aftersales facility. The acquisition introduced Audi to the Group as a new premium franchise, and also introduced Volkswagen Commercials to the Group for the first time. Total consideration was estimated at £14.3 million (£1.5 million of which was deferred for two years).

For the year ended 31 December 2014, SHG Holdings Limited recorded consolidated revenues of £77.5 million, EBITDA of £2.0 million and profits before tax of £1.5 million, and as at 31 December 2014 had net assets of £4.3 million. The Board expects the acquisition to be earnings enhancing in its first full year of ownership.

2.3 Near term acquisition pipeline

The Placing will enable the Group to further expand its portfolio through the acquisition of additional dealerships, which the Board expects to comprise both existing and new manufacturer partners.

Three near term acquisitions have already been identified by the Group with a combined consideration of approximately £26 million. Two of these planned acquisitions comprise both premium and volume dealerships, and, if they complete, will augment existing franchises in key geographies and also add a new manufacturer partner. The third acquisition comprises the acquisition of one freehold property and one long-leasehold property (both of which are currently occupied by the Group), and one of the two dealership acquisitions also includes a significant freehold portfolio.

Due diligence is progressing in relation to two of these three targets, both of which have heads of terms in place. The Board is targeting completion of all three acquisitions between March and June 2016. The remainder of the net Placing proceeds will be used to pursue other portfolio enhancing acquisition opportunities as industry consolidation continues.

2.4 Borrowing facilities

The Group is reviewing its borrowing facilities with a view to utilising the security of its substantial freehold property portfolio to introduce an element of long term debt into its capital structure.

The Board believes that the introduction of property backed, fixed interest, long-term debt of up to £50 million provides the potential to enhance shareholder returns, whilst maintaining the Group's strong and conservative balance sheet. This long-term debt, if executed, would replace an element of the Group's current debt facilities.

3. TERMS OF THE PLACING

The Company has conditionally raised £35,000,000 before expenses by the allotment and issue of 56,000,000 Placing Shares pursuant to the Placing. The Placing Price of 62.5 pence per Placing Share represents a discount of approximately 8.8 per cent. to the closing price of Existing Ordinary Shares of 68.5 pence on 8 March 2016, being the last practicable date before the publication of this document, and a discount of approximately 5.9 per cent. to the average of the closing price of Existing Ordinary Shares for the 30 days ended 8 March 2016, being 66.4 pence. The Placing Shares represent approximately 16.4 per cent. of the Existing Ordinary Shares, and will represent 14.1 per cent. of the Enlarged Share Capital.

The Group proposes to use the net proceeds of the Placing to fund near term and future acquisitions.

Under the terms of the Placing Agreement, the Joint Bookrunners agreed, as agents of the Company, to use their respective reasonable endeavours to procure subscribers for the Placing Shares at the Placing Price. The Placing has not been underwritten.

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

- the Resolution being passed at the General Meeting without amendment;
- the 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 1 April 2016 (or such later date as the Joint Bookrunners may agree, being not later than 5:00 p.m. on 8 April 2016).

The Placing Agreement contains customary warranties given by the Company to the Joint Bookrunners as to matters relating to the Group and its business and a customary indemnity to the Joint Bookrunners in respect of liabilities arising out of or in connection with the Placing. The Placing Agreement also contains customary rights of termination which could enable the Joint Bookrunners to terminate the Placing in certain limited circumstances.

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.

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 1 April 2016. The Placing Shares will, when issued, 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 any final dividend which may be declared in respect of the year ended 29 February 2016.

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.

4. DIRECTORS' AND OFFICER'S PARTICIPATION

The participation of the Directors and other officers of the Company (and/or their connected persons) in the Placing is set out in the table below:

<i>Director/Officer</i>	<i>Beneficial holding of Ordinary Shares before the Placing</i>	<i>Number of Placing Shares to be purchased</i>	<i>Beneficial holding of Ordinary Shares after the Placing</i>	<i>Percentage of expected Enlarged Share Capital</i>
Peter Jones	1,125,000	280,000	1,405,000	0.35%
Robert Forrester	6,632,973	80,000	6,712,973	1.69%
Michael Sherwin	364,597	48,000	412,597	0.10%
William Teasdale	616,450	32,000	648,450	0.16%
Nigel Stead	56,500	24,000	80,500	0.02%
Karen Anderson (<i>company secretary</i>)	737,095	16,000	753,095	0.19%
		480,000	10,012,615	2.52%

5. TRADING UPDATE

The Company issued its pre-close trading update on 8 March 2016, a copy of which is reproduced below.

Pre-close Trading Update

Trading ahead of expectations with record revenues and profits

Vertu Motors, the automotive retailer with a network of 126 sales and aftersales outlets across the UK, is pleased to announce the following update ahead of its preliminary results for the year ended 29 February 2016.

Overview

- The Board expects trading performance for the year ended 29 February 2016 to be ahead of current market expectations, anticipating record revenues and profits in the period.*
- In the five months ended 31 January 2016 ("the Period") the Group saw continued growth in volumes, revenue and profits:*

	<i>Increase (decrease) year-on-year</i>		
	<i>Total</i>	<i>Like-for-like</i>	<i>SMMT*</i>
<i>Group Revenues</i>	+17.6%	+7.2%	–
<i>Service Revenues</i>	+13.4%	+5.6%	–
<i>Volumes:</i>			
<i>New retail vehicles</i>	+13.1%	+6.5%	+3.6%
<i>Motability vehicles</i>	+2.3%	(3.7%)	(6.3%)
<i>New Commercial vehicles</i>	+24.7%	+15.4%	+11.1%
<i>New fleet cars</i>	+2.8%	(2.8%)	+9.0%
<i>Used retail vehicles</i>	+17.1%	+10.8%	–

**Society of Motor Manufacturer and Traders registration data*

- The high margin aftersales business continues to grow with improved customer retention into the service channel and continued success in selling service plans.*
- The acquisitions in the Period are being successfully integrated into the Group and the Board continues to examine further acquisitions and development opportunities.*
- The outlook for the March new vehicle market is strong with Group new retail like-for-like order take for March 2016, as at 26 February 2016, up by 11.6%.*

Aftersales

In the Period, the Group grew the key aftersales area of vehicle servicing like-for-like revenues by 5.6% which has helped to improve the Group's like-for-like aftersales gross profits which increased by 6.7%. These improvements in the Group's aftersales performance are a direct result of the Group's strategies in the key areas of customer retention into service and vehicle health checks performed on all vehicles visiting the Group's service departments.

Margins rose in each area of aftersales operated by the Group – service, parts, accident repair centres and petrol forecourts.

New Cars

The UK new car market achieved an all-time high level of vehicle registrations in the year ended 31 December 2015 with 2,633,503 new vehicles registered according to the SMMT. The key drivers of this strong new car market remained in place throughout the Period:

- *A positive consumer and business environment with record levels of employment in the UK.*
- *Continued strong push of new car product into the UK from European vehicle manufacturers facing declining export market prospects and slow domestic market growth in continental Europe.*
- *Continued high level of sterling versus the Euro.*

The Group benefited from these buoyant conditions and grew private new retail sales volumes by 6.5% during the Period, ahead of the UK market growth of 3.6% thus growing the Group's market share. The Group also grew like-for-like new vehicle gross profit per unit as manufacturer targets were achieved at high levels, generating strong growth in new vehicle profits.

Fleet & Commercial

The UK light commercial van market grew by 11.1% during the Period, according to SMMT, reflecting the continued appetite for the small and medium business sector to reinvest in their vehicle fleets. The Group continued to grow its market share in this key segment with like-for-like sales volumes up by 15.4% at improved margins. These trends led to improved levels of profitability.

The Group's fleet car business continues to shift away from supply to lower margin daily rental channels following the strategies of the Group's key manufacturer partners. Like-for-like gross profit performance has improved as a result.

Used Vehicles

The strength of the UK new vehicle market in the past few years has resulted in an increase in the supply of newer vehicles into the used car market following a number of years of supply constraints. The Group has increased used car marketing activity which has resulted in like-for-like volume growth of 10.8%. This is significantly ahead of the estimated overall used car market growth and resulted in the Group growing its market share. The Group has increased total gross margin in this key channel on a like-for-like basis by 5.4% demonstrating the success of this strategy.

Portfolio Development

The Group has continued to acquire and develop businesses, bringing both the Audi and Mercedes-Benz brands to the Group.

On 1 October 2015, the Group acquired SHG Holdings Limited, which operates Audi, Volkswagen and Volkswagen Commercials in Herefordshire through four outlets. This well-established business has been successfully integrated into the Group and retains the South Hereford Garages branding.

On 30 November 2015, the Group acquired Who's Ace Holdings Limited, an on-line vehicle parts business which specialises in the sale of non-franchised parts. This acquisition brings significant know-how to the

Group in the growing digital parts channel and there are synergies with the Group's existing on-line franchised parts operations.

On 22 January 2016, the Group acquired three Honda dealerships in Nottingham, Derby and Stockton. All of these dealerships are located in contiguous territories to existing Vertu Honda dealerships and this transaction consolidated the Group's position as Honda's largest retail partner in Europe.

In January 2016, the Group opened a new Renault/Dacia franchise operation in Leeds. This is currently in a temporary dealership location while a new dealership development is being built. The dealership is scheduled to begin operating from the new premises by the end of 2016.

On 1 March 2016, the Group acquired the entire issued share capital of Sigma Holdings Limited and its subsidiary Greenoaks (Maidenhead) Limited (together "Greenoaks") for a total consideration of £21.9m. In addition to the purchase of the share capital of Greenoaks, vendor shareholder loans of £9m have been settled in cash on completion by Vertu. Greenoaks operates the Mercedes-Benz outlets in Reading, Ascot and Slough, with the Reading and Ascot outlets also representing the SMART franchise and Ascot being an AMG performance centre.

Management

The Group is committed to its growth strategy and to ensuring that it has the management bandwidth to deliver controlled and successful growth. Two new senior appointments have been made reflecting this objective.

On 1 March 2016, Tim Tozer, former Chairman at Vauxhall Motors, joined the Operational Board to lead a new amalgamated division of volume dealerships. Tim has a wealth of experience both with leading manufacturers and in the retail sector with Inchcape and AutoBinck.

The Group has also appointed Liz Cope as Chief Marketing Officer with effect from 1 April 2016, a new position for the Group. Liz was previously VP Global Marketing for Vax (incorporating brands such as Hoover and Dirt Devil), and Group Brand and Research Director for Dyson.

Future Prospects

The Board now expects that the results for the year ended 29 February 2016 will be ahead of current market expectations.

The Board sees the UK new car market stabilising at current levels. The key drivers of supply push from European manufacturers are likely to stay in place for the medium term due to the importance of the UK market in the European context.

March remains the most significant month for the UK motor retail sector profitability due to the registration plate change. The order book for retail new cars on a like-for-like basis was 11.6% ahead of last year as at 26 February 2016 and whilst there is a long way to go to deliver a successful March, current trading is clearly robust.

In the context of a long period of rising new car sales, the used car market and aftersales area are also likely to show growth. The Group's marketing and retention strategies are delivering growth in market share in these important, higher margin channels.

The Board has identified a number of near term acquisitions comprising both premium and volume dealerships which would, if completed, augment existing franchises in key geographies and also add a new manufacturer partner. In order to finance such opportunities and the Group's on-going growth strategy, the Board is considering options to raise further capital for the Group, including a potential equity issue and a review of its borrowing facilities with a view to introducing property backed, fixed interest, long-term debt. Further announcements will be made as appropriate.

The Group will announce its preliminary results for the year ended 29 February 2016 on 11 May 2016.

6. GENERAL MEETING

In Part II of this document you will find the Notice convening the General Meeting which is to be held at Bond Dickinson LLP, St Ann's Wharf, 112 Quayside, Newcastle upon Tyne NE1 3DX at 11:00 a.m. on 31 March 2016. At the General Meeting, a single special resolution of the Company will be proposed, the purpose of which is to give the Directors authority to issue and allot the Placing Shares on a non pre-emptive basis pursuant to the Placing. The authority granted to the Directors under the Resolution is in addition to the existing authorities granted to the Directors (under resolutions 10 and 11) at the Company's annual general meeting in July 2015.

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.

7. 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 Asset Services, in accordance with the instructions printed on the Proxy Form and return it by post or (during normal business hours only) by hand to Capita Asset Services, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU as soon as possible and, in any event, so as to be received by no later than 11:00 a.m. on 29 March 2016. 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 (CREST participant ID RA10) so that it is received no later than 11:00 a.m. on 29 March 2016. 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.

8. RECOMMENDATION

The Directors believe that the Placing, as described in this document, is 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 8,795,520 Ordinary Shares, which represents approximately 2.58 per cent. of the Company's Existing Ordinary Shares.

Yours faithfully



Peter Jones

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 the general meeting of Vertu Motors plc (the **Company**) will be held at Bond Dickinson LLP, St Ann's Wharf, 112 Quayside, Newcastle upon Tyne NE1 3DX at 11:00 a.m. on 31 March 2016 to consider and, if thought fit, pass the following resolution as a special resolution:

Special resolution

1. THAT:

1.1 subject to and in accordance with Article 15.1 of the Company's articles of association (the **Articles**), and in addition to the authority granted by the resolution numbered 10 passed at the Company's annual general meeting on 23 July 2015, the directors of the Company 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 shares in the Company pursuant to the Placing, as described in the circular to shareholders dated 11 March 2016 (the **Circular**) up to an aggregate nominal amount of £5,600,000; and

1.2 in addition to the authority granted by the resolution numbered 11 passed at the Company's annual general meeting on 23 July 2015, the directors of the Company be given the general power, pursuant to Article 16 of the Articles and section 570 of the Act, to allot equity securities (as defined in section 560 of the Act) up to an aggregate nominal amount of £5,600,000 for cash pursuant to the Placing described in the Circular as if section 561(1) of the Act did not apply to such allotment,

provided that the authority and power granted by this resolution shall, unless renewed, varied or revoked by the Company, expire at 5:00 p.m. on 8 April 2016.

Registered Office

Vertu House
Fifth Avenue Business Park
Team Valley
Gateshead
Tyne and Wear
NE11 0XA
Registered in England and Wales No. 05984855

By order of the Board

Karen Anderson
Company Secretary
11 March 2016

Notes:

Appointment of proxies

1. If you are a member of the Company at the time set out in note 11 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 Asset Services, on 0871 664 0300 (calls cost £0.12 per minute plus your phone company's access charge) or, if calling from outside the United Kingdom, on +44 (0) 208 639 3399 (calls outside the United Kingdom will be charged at the applicable international rate). Lines are open 9:00 a.m. – 5:30 p.m., Monday – Friday excluding public holidays in England and Wales. 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 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 Asset Services at PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU; and
 - received by the Company's registrars, Capita Asset Services no later than 11:00 a.m. on 29 March 2016 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://my.euroclear.com/euilegal.html>). 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).

Termination of proxy appointments

9. A shareholder may change a proxy instruction but to do so, will need to inform the Company in writing by sending a signed hard copy notice clearly stating its intention to revoke its proxy appointment to Capita Asset Services at PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU. In the case of a shareholder which is a company, the revocation notice 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 revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice.

The revocation notice must be received by Capita Asset Services at PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU no later than 11:00 a.m. on 29 March 2016.

If you attempt to revoke your proxy appointment but the revocation notice is received after the time specified, your original proxy appointment will remain valid unless you attend the meeting and vote in person.

Alteration of proxy appointments

10. Shareholders may change proxy instructions by submitting a new proxy appointment using the methods set out above. The cut-off time for receipt of proxy instructions also applies in respect of amended instructions. Any amended proxy appointment received after the relevant cut-off time will be disregarded.

Where you have appointed a proxy using the hard-copy Proxy Form and would like to change the instructions using another hard-copy Proxy Form, please contact Capita Asset Services at PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU.

If you submit more than one valid proxy appointment to exercise rights attached to any one share, the appointment received last before the latest time for the receipt of proxies will take precedence.

Entitlement to attend and vote

11. Only those members registered on the Company's register of members at 6:00 p.m. on 29 March 2016 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

12. 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

13. Copies of this document will be available free of charge at the offices of Liberum Capital Limited at Ropemaker Place, Level 12, 25 Ropemaker Street, London EC2Y 9LY 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

14. Except as provided above, members who have general queries about the General Meeting should contact the Company Secretary at Vertu Motors plc, Vertu House, Fifth Avenue Business Park, Team Valley, Gateshead, Tyne and Wear NE11 0XA 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.